

Financial report

year ended
30 June 2009

ABN 50 084 642 571

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The Institute of
Chartered Accountants
in Australia

Financial commentary

For the year ended 30 June 2009

Principal activities

This year, the principal activities of the Institute were providing education and training to members, potential members and the broader business community, and providing member services. There were no significant changes in the nature of activities of the Institute during the year.

Financial results and review of operations

The Institute achieved a surplus of \$4.8m for the year (2008: \$1.8m). Revenue rose by 5.3% to \$79.5m. Expenditure increased by 1.4%, which was lower than originally anticipated. In response to the global economic downturn, the Institute undertook a review of its organisational structure. This review resulted in a more streamlined structure shifting from nine divisions to six. This, together with management's strong focus on cost efficiency, resulted in a lower increase in expenditure.

Revenue and expenditure

The major movements in revenue were as follows:

- > Growth in membership revenue was primarily due to increased member numbers of 5.7% combined with an increase in subscription rates of 4.5%, which produced \$3.1m of increased revenue from membership fees and related activities
- > There was growth in the Chartered Accountants Program revenue of \$0.8m. The Program recorded an 18.9% increase in initial student enrolments, and Module fees increased by 4.0%
- > Overall, Training & Development revenue increased by 1.4%. Two new activities were commenced during the year: Live Online Training (August) and the Candidate Development Program (September). In addition, there was an increase in revenue generated from customised in-house training solutions. Public training courses reflected a decrease in revenue of 5.3% as signs of the worsening economic climate began to take effect
- > Other revenue decreased by 12.7%, primarily due to decreased sponsorship revenue and *Charter* magazine advertising revenue, in line with the deteriorating economic climate.

Funds were channelled into a number of activities affecting expenditure as follows:

- > Service expenses decreased, primarily as a result of streamlining the Chartered Accountants Program and Training & Development delivery costs, which included increased use of internal facilities
- > Occupancy expenses increased, primarily due to rent increases and an increase in depreciation expense due to the additional fit-out and furniture in Erskine Street, Sydney
- > Marketing expenditure increased, primarily due to the 'spirit of being number one' advertising campaign
- > Administration expenses increased by 3.9%, primarily due to a 3.3% increase in payroll and related staff expenses. Expenses also increased due to careers marketing activities, including the Student Challenge to promote the Chartered Accountants brand
- > Other expenses decreased, primarily due to lower consultant fees in line with management's ongoing focus on cost efficiency. Furthermore, interest paid reduced by 94.7% as a result of the Institute's lower borrowing requirements this year.

Capital expenditure

Capital expenditure decreased by \$5.1m from the prior year. The major costs incurred during the year were for additional fit-out and renovation costs at our Erskine Street premises and regional offices of \$0.5m.

Other capital expenditure included the continued rollout and improvement of IT infrastructure of \$0.4m. The Institute has deployed two storage area networks and expanded its virtualised environment. This will enable the establishment of a fully functional disaster recovery site during the next financial year and will provide capacity for the initial stage of the Institute's applications upgrade.

Cash flow and liquidity

At balance date, the Institute had cash of \$15.1m due to the receipt of membership subscriptions in June. The Institute was in overdraft from April to early June 2009. The increase in the cash position at balance date reflects the \$25.6m membership subscriptions received in advance, an increase of 24.5% from the prior year, and the streamlining of expenses during the year. Borrowings were required to fund the 2007 acquisition of the Sydney premises (Erskine Street). These borrowings are expected to be required again in 2010 and 2011, but at a reduced level, to fund the computer systems upgrade.

Income statement

For the year ended 30 June 2009

Notes	2009 \$'000	2008 \$'000
Revenue from operating activities	77,709	73,985
Revenue from non-operating activities	1,835	1,538
Total revenue from ordinary activities	79,544	75,523
Service expenses	(16,964)	(17,859)
Marketing, promotion and publication expenses	(3,546)	(2,998)
Occupancy expenses	(5,293)	(4,657)
Administration expenses	(40,356)	(38,858)
Other expenses	(8,564)	(9,327)
Total expenses from ordinary activities	(74,723)	(73,699)
Surplus from ordinary activities	4,821	1,824

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet

As at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Current assets			
Cash and cash equivalents	6	15,146	4,475
Trade and other receivables	7	4,739	5,742
Total current assets		19,885	10,217
Non-current assets			
Receivables	7	350	350
Property, plant and equipment	8	58,877	60,682
Intangible assets	9	301	153
Total non-current assets		59,528	61,185
Total assets		79,413	71,402
Current liabilities			
Receipts in advance	10	33,296	26,515
Trade and other payables	11	4,887	9,309
Provisions	12	1,806	1,749
Total current liabilities		39,989	37,573
Non-current liabilities			
Trade and other payables	11	429	341
Provisions	12	514	320
Total non-current liabilities		943	661
Total liabilities		40,932	38,234
Net assets		38,481	33,168
Members' funds			
Reserves	13	3,196	2,704
Retained earnings	13	35,285	30,464
Total members' funds		38,481	33,168

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of recognised income and expense

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Surplus for the year	4,821	1,824
Total recognised income and expense for the year	4,821	1,824
Total recognised income and expense for the year is attributable to:		
Members of the Institute	4,821	1,824

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

Cash flow statement

For the year ended 30 June 2009

Notes	2009 \$'000	2008 \$'000
Cash flows from operating activities		
	46,170	40,579
	46,101	39,512
	(80,283)	(72,104)
	(344)	(1,100)
6	11,644	6,887
Cash flows from investing activities		
	20	14,040
	(1,195)	(6,219)
	224	205
	(951)	8,026
Cash flows from financing activities		
	5,409	14,000
	(5,409)	(24,000)
	(22)	(411)
	(22)	(10,411)
	10,671	4,502
	4,475	(27)
6	15,146	4,475

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2009

1. Corporate information

The Institute of Chartered Accountants in Australia ('the Institute') is a body corporate that is governed by its Supplemental Royal Charter and is incorporated and domiciled in Australia. The liability of its members is limited.

The registered office of the Institute is:
33 Erskine Street
Sydney NSW 2000

The principal activities of the Institute during the year were:

- > The delivery of pre- and post-admission education and services
- > The setting and maintaining of high standards as they apply to members to enhance their standing with the public and the business community
- > The continuing development of government relations and advocacy programs in pursuit of legislative and regulatory objectives
- > The continuing development of a program to enhance the market and personal value of the Chartered Accountant designation.

2. Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Consensus Views.

This financial report has been prepared on the basis of historical cost, except for freehold property which has been measured at fair value (refer Note 2(e)).

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards.

The Institute has early adopted AASB 8 *Operating Segments*. As the Institute is not a listed entity, the Institute has not included a note on an operating segment.

Adoption of new accounting standards

Certain Australian Accounting Standards and AASB interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Institute for the annual reporting period ended 30 June 2009. The interpretations as relevant to the Institute are as follows:

- > AASB 101 (Revised) and AASB 2007-8 *Presentation of Financial Statements* and consequential amendments to other Australian Accounting Standards – this introduces a statement of comprehensive income and other revisions on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends, and changes to the titles of the financial statements.

These amendments are only expected to affect the presentation of the Institute's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. This standard is for annual reporting periods beginning on or after 1 January 2009. The Institute has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.

(c) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet, which comprise cash at bank and in hand and short-term deposits, are stated at their nominal amount.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above and include deposits at call which are readily convertible to cash in hand and subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(d) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. An impairment provision is recognised when there is objective evidence that the Institute will not be able to collect the receivable. Individual debts which are known to be uncollectible are written off when identified.

Notes to the financial statements continued

For the year ended 30 June 2009

(e) Property, plant and equipment

Freehold property is measured at fair value less accumulated depreciation on buildings and building plant less any impairment losses recognised after the date of revaluation.

All plant and equipment is stated at historical cost less accumulated depreciation or amortisation and any accumulated impairment losses.

Depreciation of property, plant and equipment, other than land, is calculated on a straight-line basis at rates which take account of the remaining useful life of the relevant assets and their estimated residual values.

The cost of fixtures and fittings on leasehold premises is amortised over their estimated useful lives or the remainder of the lease period, dependent on whichever period is shorter.

Major depreciation periods are:

Freehold property:	
Building	50 years
Building plant	25 years
Furniture	10 years
Office equipment	5 years
Computer equipment	3 years
Fixtures and fittings on freehold premises	10 years
Fixtures and fittings on leasehold premises	Lease term
Motor vehicles	3 years

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

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised as expenditure in the Income Statement. Freehold property is measured at revalued amounts, and therefore impairment losses on freehold property are treated as a revaluation decrement.

(ii) Revaluations

Following initial recognition at cost, freehold property is carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Any revaluation increment is credited to the property revaluation reserve included in the members' funds section of the Balance Sheet, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the property revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

(iii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognised.

(f) Intangibles

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangibles are amortised as follows:

Computer software	3 years
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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

(g) Receipts in advance

Receipts in advance are carried at original invoice amount in respect of goods and services to be provided subsequent to balance date. Receipts in advance includes membership fees, Chartered Accountants Program enrolment fees, and Training & Development course fees.

(h) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Institute prior to the end of the financial year that are unpaid and arise when the Institute becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are non-interest bearing and are normally settled on a 30-day term.

(i) Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(j) Revenue and expense recognition

Revenue and expenses are recognised to the extent that it is probable that their respective economic benefits will flow to or be lost or consumed by the Institute, and the revenue and expenses can be reliably measured. The following specific recognition criteria must also be met before revenue or expenses are recognised.

(i) Member fees

The Institute's membership subscription year is 1 July to 30 June. Fees are payable annually in advance. Only those member fee receipts which are attributable to the current financial year are recognised as revenue.

Fee receipts relating to periods beyond the current financial year are shown, excluding any applicable taxes, in the Balance Sheet as Receipts in advance under the heading of current liabilities.

(ii) Other revenue-generating activities

The Institute undertakes certain activities which are accounted for on a work-in-progress basis including Chartered Accountants Program modules, Training & Development courses, Quality Reviews, Charter Journals, Congresses, and student activities. The Institute's policy of accrual accounting with respect to the recognition of revenue and expenses on such activities is as follows:

- > For activities which are completed on or before balance date, any surplus or deficit is incorporated into the year's results
- > For activities which take place wholly after the end of the financial year, any revenue received and expense incurred on such activities prior to balance date is deferred and carried forward in the Balance Sheet within receipts in advance and prepayments respectively
- > For activities which span the balance date, a proportion of the final projected net surplus is recognised in the financial year on the percentage of completion basis.

Revenue in regard to certain activities is deferred in cases where it is anticipated that refunds will be made in regard to discontinuation by attendees. The deferred amount is carried forward in the Balance Sheet within receipts in advance.

For activities which span the balance date, the methods adopted to determine the percentage of completion basis are as follows:

- > For Chartered Accountants Program modules, the percentage of completion is apportioned according to the time span between the commencement of the module and the completion of the examination
- > For other courses and activities that are delivered in a series of events, the percentage of completion is apportioned according to the number of events delivered at balance date compared to the total number of events in the series.

(iii) Sale of goods

The Institute recognises revenue from the sale of goods when physical control of the goods passes to the purchaser pursuant to an enforceable sales contract and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Notes to the financial statements continued

For the year ended 30 June 2009

(iv) Interest income and expense

Interest income on bank bills and deposits is recognised on an accrual basis (using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the investment) where the Institute attains control of a right to receive consideration for an investment.

Interest expense on borrowings is recognised on an accrual basis.

(v) Member groups

The Institute grants funds to certain intrastate and overseas member groups. These funds are paid to support and supplement membership activities controlled by members in those locations and are expensed by the Institute at the time of the payment to the groups.

(k) Income tax and other taxes

(i) Income tax

The Institute prepares its income tax returns by reference to the application of the principle of mutuality to the revenue and expenses of the Institute. The principle of mutuality is a common law principle arising from the premise that individuals cannot profit from themselves. Accordingly, receipts from members are deemed to be mutual income and not subject to income tax, and expenses in connection with mutual activities are therefore not deductible for taxation purposes. All other receipts and payments are classified in accordance with taxation legislation.

The Institute is liable for other taxes including fringe benefits tax.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets are measured at the tax rates that are expected to apply to the year when the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Where assets are revalued, no provision for potential capital gains tax has been made because of the long-term nature of the asset and the existence of accumulated tax losses.

(ii) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- > Where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- > Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

In respect of all receipts in advance that are subject to GST, a liability for GST payable is raised except for receipts in advance that have a settlement date in respect of the GST liability that occurs prior to balance date at which stage the liability will have already been settled.

Cash flows are included in the Cash Flow Statement on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Operating leases

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term. Lease incentives are recognised in the Income Statement as an integral part of the total lease expense.

(m) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(n) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(o) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(p) Impairment of assets other than goodwill

The carrying values of the Institute's assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflow, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of the asset is the greater of fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss and/or reversal is recognised in the Income Statement immediately.

(q) Significant accounting judgments, estimates and assumptions

In applying the Institute's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Institute.

All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ under different conditions from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

(i) Significant accounting judgments

Non-recovery of deferred tax assets

Deferred tax assets are not recognised for deductible temporary differences as management considers that it is not probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets

The Institute assesses impairment of all assets at each reporting date by evaluating conditions specific to the Institute and to the particular asset that may lead to impairment. These include the asset's use and performance, future expectations, economic and political environments and the assessment of the asset's carrying value. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value-in-use calculations, which incorporate a number of key estimates and assumptions.

(ii) Significant accounting estimates and assumptions

Long service leave provision

As disclosed in Note 2(i)(ii), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates, pay increases through promotion, and inflation have been taken into account.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management on an individual account basis. The impairment loss is outlined in Note 7.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as future expectations on use, lease terms (for leased equipment), and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least annually and considered against their remaining useful life. Adjustments to useful lives are made when considered necessary. Depreciation and/or amortisation charges are included in Note 8.

Notes to the financial statements continued

For the year ended 30 June 2009

3. Financial risk management objectives and policies

The Institute's principal financial instruments are comprised of cash, receivables and bank loans.

The Institute manages its exposure to key financial risks in accordance with the Institute's financial risk management policy. The objective of the policy is to support the delivery of the Institute's financial targets while protecting future financial security.

The main risks arising from the Institute's financial instruments are:

- > Interest rate risk
- > Credit risk
- > Liquidity risk.

The Institute uses different methods to measure and manage the risks to which it is exposed. These include:

- > Monitoring levels of exposure to interest rates
- > Monitoring assessments of market forecasts for interest rates
- > Ageing analysis and monitoring of specific credit balances to manage credit risk
- > Liquidity risk monitoring through the development of future rolling cash flow forecasts.

The Board reviews and agrees on policies for managing each of these risks. The policies are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The main component of market risk to the Institute is interest rate risk.

Interest rate risk refers to the risk that movements in variable interest rates will affect financial performance by increasing interest expenses or reducing interest income.

Interest rate risk arises from financial assets and liabilities that are subject to floating interest rates. The Institute's exposure to market interest rates relates primarily to:

- > Cash and cash equivalents
- > Bank overdraft
- > Borrowings.

Currently the Institute has an approved overdraft facility with a financial institution with a limit of \$19,000,000. The interest rate is based on the 30-day bank bill swap rate plus a margin.

The Institute collects subscription income at the beginning of the financial year. It is anticipated that the overdraft facility would be utilised from May 2010 to June 2010. Borrowings are expected to peak at approximately \$2,200,000 in May 2010. In order to minimise interest costs during the period that the Institute has surplus cash, the Institute has chosen not to fix any component of its borrowings. This is consistent with previous years, and enables the Institute to minimise borrowing costs and maximise the impact of positive cash flows in the first half of the financial year.

All of the Institute's revenues are denominated in its functional currency, namely expressed in Australian dollars.

In addition, the Institute has an insignificant exposure to foreign currency purchases. These are mainly comprised of overseas travel and accommodation charges which are generally settled through credit card transactions at the time of incurrence, contributions to IFAC, contributions to overseas member groups, and software licensing.

Consequently, the Institute is not exposed to any significant fluctuations in foreign currencies.

	Principal subject to floating interest rate \$'000	Principal subject to fixed interest rate \$'000	Non- interest bearing \$'000	Total \$'000	Average interest rate Floating	Average interest rate Fixed
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3. Financial risk management objectives and policies (continued)

2009

Financial assets						
Cash and cash equivalents	-	15,146	-	15,146	-	3.54%
Trade receivables	-	-	2,210	2,210	-	-
Other receivables	350	-	1,163	1,513	5.11%	-
Total financial assets	350	15,146	3,373	18,869		
Financial liabilities						
Trade and other payables	-	-	(5,316)	(5,316)	-	-
Total financial liabilities	-	-	(5,316)	(5,316)		

2008

Financial assets						
Cash and cash equivalents	-	4,475	-	4,475	-	4.70%
Trade receivables	-	-	3,221	3,221	-	-
Other receivables	350	-	1,342	1,692	8.40%	-
Total financial assets	350	4,475	4,563	9,388		
Financial liabilities						
Trade and other payables	-	-	(9,650)	(9,650)	-	-
Total financial liabilities	-	-	(9,650)	(9,650)		

Sensitivity analysis

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

A sensitivity of 50 basis points shift has been selected as this is considered reasonable given the current level of short-term Australian dollar interest rates.

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax surplus and members' funds would have been affected as follows:

	Post tax surplus increase/(decrease)		Members' funds increase/(decrease)	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
If there was 50 basis points higher in interest rates with all other variables held constant	76	22	76	22
If there was 50 basis points lower in interest rates with all other variables held constant	(76)	(22)	(76)	(22)

Notes to the Financial Statements continued

For the year ending 30 June 2009

3. Financial risk management objectives and policies (continued)

Credit risk

Credit risk refers to the loss that the Institute would incur if a debtor or other counterparty defaults under its contractual obligations.

Credit risk would arise from the financial assets of the Institute, which comprise trade and other receivables. The Institute's exposure to credit risk is limited as there is a significant amount of low value individual debtors located in multiple geographical areas. Receivable balances are monitored on a regular basis with the result that the Institute's exposure to bad debts is not significant.

Management believes that the Institute does not have a concentration of credit risk. The Institute's maximum exposure to credit risk is equal to the carrying value of the receivables held.

Liquidity risk

Liquidity risk includes the risk that, as a result of the Institute's operational liquidity requirements:

- > The Institute will not have sufficient funds to settle a transaction on the due date
- > The Institute will be forced to sell financial assets at a value which is less than what they are worth or
- > The Institute may be unable to settle or recover a financial asset at all.

To help reduce these risks, the Institute has:

- > A liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained
- > Readily accessible standby facilities and other funding arrangements in place.

The Institute receives a substantial part of its cash inflows at the beginning of the financial year and manages its expenditure within these cash inflows and approved funding arrangements.

The following table details the Institute's remaining contractual maturity for its financial liabilities. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Institute can be required to pay.

	Less than 6 months \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Total \$'000
2009				
Financial liabilities				
Trade and other payables	(4,887)	–	(429)	(5,316)
	(4,887)	–	(429)	(5,316)
2008				
Financial liabilities				
Trade and other payables	(9,309)	–	(341)	(9,650)
	(9,309)	–	(341)	(9,650)

	2009 \$'000	2008 \$'000
4. Revenue and expenses		
(a) Revenue		
Revenue from operating activities:		
Subscriptions and related revenue	37,748	34,683
Revenue from education and other services	39,961	39,302
Total revenue from operating activities	77,709	73,985
Revenue from non-operating activities:		
Rent	1,117	1,087
Royalties	494	246
Interest from other persons	224	205
Total revenue from non-operating activities	1,835	1,538
Total revenue	79,544	75,523
(b) Expenses included in the Income Statement		
Depreciation and amortisation of non-current assets		
Freehold property	783	820
Furniture and equipment	750	229
Computer equipment	777	554
Fixtures and fittings on freehold premises	604	928
Fixtures and fittings on leasehold premises	307	231
Motor vehicles	6	31
Depreciation of property, plant and equipment	3,227	2,793
Computer software	94	82
Depreciation and amortisation of non-current assets	3,321	2,875
Operating lease expense on premises	1,722	1,474
Employee benefits expense		
Wages and salaries	28,665	26,475
Superannuation	2,176	2,196
	30,841	28,671
Other expenses		
Bad debts written off	16	11
Finance costs		
Bank loans and overdraft	22	411

Notes to the financial statements continued

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
5. Income tax		
(a) Income tax expense		
The major components of income tax are:		
Current income tax	1,391	826
Adjustments in respect of current income tax of previous years	615	–
Benefit arising from previously unrecognised tax losses of prior periods used to reduce current income tax expense	(2,006)	(826)
(b) Numerical reconciliation between tax expense recognised in the income statement and prima facie income tax		
Surplus from ordinary activities	4,821	1,824
Prima facie tax expense at the rate of 30% (2008: 30%)	1,446	547
Adjustments in respect of current income tax of previous years	615	–
Entertainment	55	32
Depreciation of plant and equipment, and intangibles	996	863
Mutual activities	(1,106)	(616)
Benefit arising from previously unrecognised tax losses of prior periods used to reduce current income tax expense	(2,006)	(826)
Aggregate income tax expense	–	–

At balance date, accumulated revenue tax losses of \$13,920,000 (2008: \$15,926,000) existed, giving rise to a potential future tax benefit. The potential deferred tax asset attributable to the revenue tax profit is not recognised, as realisation is not probable. The deferred tax asset for revenue tax losses, which will offset future non-mutual income, will only be utilised if:

- > Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised
- > The conditions for deductibility imposed by tax legislation continue to be complied with
- > No changes in tax legislation adversely affect the Institute in realising the benefit.

Deferred tax assets not recognised in respect of deductible temporary differences amount to \$908,000 (2008: \$235,000).

	2009 \$'000	2008 \$'000
6. Cash and cash equivalents		
Cash at bank and on hand	6,646	4,475
Short-term deposits	8,500	–
	15,146	4,475

Cash and cash equivalents comprise cash on hand and cash at bank which is at call and which earned interest at floating rates and short-term deposits which earned interest at fixed rates.

The Institute has entered into an approved overdraft facility with a financial institution with a limit of \$19,000,000 and secured by a registered mortgage over the property situated at 33 Erskine Street, Sydney, NSW. The effective interest rate is based upon the 30-day bank bill swap rate plus a margin.

At 30 June 2009, the Institute had available \$19,000,000 (2008: \$25,000,000) of undrawn committed borrowing facilities.

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at the end of the financial year:

Cash and cash equivalents (per Balance Sheet)	15,146	4,475
Cash and cash equivalents (per Cash Flow Statement)	15,146	4,475

Reconciliation of net surplus after tax to net cash flows from operations

Net surplus from ordinary activities	4,821	1,824
Adjustment:		
Depreciation and amortisation of property, plant and equipment	3,227	2,793
Net (gain)/loss on disposal of property, plant and equipment and intangibles	3	(13)
Amortisation of intangible assets	94	82
Bad debt expense	(86)	65
Interest received	(224)	(205)
Interest paid	22	411
	3,036	3,133
Changes in working capital:		
Decrease/(increase) in receivables	1,089	(1,940)
Increase/(decrease) in payables	(4,334)	116
Increase/(decrease) in provisions	251	(84)
Increase in receipts in advance	6,781	3,838
	3,787	1,930
Net cash flows from operating activities	11,644	6,887

Notes to the financial statements continued

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
7. Trade and other receivables		
Current		
Trade receivables (a)	2,383	3,480
Allowance for impairment loss	(173)	(259)
	2,210	3,221
Non-trade receivables (b)		
Other receivables	1,163	1,342
Prepayments	1,366	1,179
Total trade and other receivables	4,739	5,742
Non-current		
Non-trade receivables (c)		
Loan	350	350

- (a) Trade receivables are non-interest bearing and are generally on 30-day terms. A provision for impairment loss has been made for estimated irrecoverable trade receivables determined by assessment made by management when there is objective evidence that an individual trade receivable is impaired. An impairment writeback of \$70,000 (2008: impairment loss \$76,000) has been recognised by the Institute in the current year. These amounts have been included in the other expenses line item in the Income Statement.

Included in the Institute's trade receivables are debtors with a carrying amount of \$738,000 (2008: 1,378,000) which are past due at the reporting date but not considered impaired as there has not been a significant change in credit quality and the Institute believes that the amounts are still considered recoverable. The Institute does not hold any collateral over these balances.

All other balances within trade and other receivables do not contain impaired assets and are not past due. Based on the credit quality of these other receivables, it is expected that those amounts will be received when due.

The Institute has no receivables with renegotiated credit terms that would have been past due under the original terms and conditions.

- (b) Current non-trade receivables are generally non-interest bearing and are normally payable at call. There are no non-trade receivables that are past due at the reporting date.
- (c) The Institute, in conjunction with CPA Australia and the National Institute of Accountants, has lent funds to the Association of Accounting Technicians (AAT) as agreed under a Memorandum of Understanding. The non-current loan to AAT is \$350,000 before interest which is charged monthly based on the 90-day bank bill rate plus 0.5%.

	2009 \$'000	2008 \$'000
7. Trade and other receivables (continued)		
At 30 June, the aging analysis of trade debtors is as follows:		
Neither past due nor impaired	1,472	1,843
Past due but not impaired:		
31 – 60 days	473	1,107
61 – 90 days	249	101
> 90 days	16	170
	738	1,378
Past due and impaired:		
31 – 60 days	70	111
61 – 90 days	4	90
> 90 days	99	58
	173	259
Total	2,383	3,480
Movements in the provision for impairment loss were as follows:		
At 1 July	259	194
Net (writeback)/charge for the year	(70)	76
Amounts written off	(16)	(11)
At 30 June	173	259

Notes to the financial statements continued

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
8. Property, plant and equipment		
Freehold property – at fair value	47,055	47,346
Furniture and equipment – at cost	4,512	2,819
Less: Accumulated depreciation	(2,245)	(1,666)
	2,267	1,153
Computer equipment – at cost	4,360	4,049
Less: Accumulated depreciation	(3,003)	(2,345)
	1,357	1,704
Fixtures and fittings on freehold premises – at cost	7,980	9,436
Less: Accumulated depreciation	(1,532)	(928)
	6,448	8,508
Fixtures and fittings on leasehold premises – at cost	3,177	3,087
Less: Accumulated amortisation	(1,427)	(1,124)
	1,750	1,963
Motor vehicles – at cost	86	112
Less: Accumulated depreciation	(86)	(104)
	–	8
Total property, plant and equipment	58,877	60,682

Motor vehicles

Motor vehicles are provided to certain senior staff in accordance with approved employment arrangements and together with residual benefits are included in employee remuneration packages.

Revaluation of freehold property

The fair value of freehold property is a directors' valuation and has taken into account an independent valuation undertaken as at 30 June 2009 based upon depreciated replacement cost. The valuation was carried out by McGees Property (NSW) Pty Limited.

2009	2008
\$'000	\$'000

8. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Freehold property

Carrying amount at beginning of the financial year	47,346	43,757
Additions	–	1,705
Revaluation	492	2,704
Depreciation expense	(783)	(820)
	47,055	47,346

Furniture and equipment

Carrying amount at beginning of the financial year	1,153	1,083
Additions	276	303
Reclassification	1,601	–
Disposals	(13)	(4)
Depreciation expense	(750)	(229)
	2,267	1,153

Computer equipment

Carrying amount at beginning of the financial year	1,704	1,075
Additions	434	1,202
Disposals	(4)	(19)
Depreciation expense	(777)	(554)
	1,357	1,704

Fixtures and fittings on freehold premises

Carrying amount at beginning of the financial year	8,508	7,105
Additions	145	2,331
Reclassification	(1,601)	–
Depreciation expense	(604)	(928)
	6,448	8,508

Fixtures and fittings on leasehold premises

Carrying amount at beginning of the financial year	1,963	1,695
Additions	94	504
Reclassification	–	–
Disposals	–	–
Amortisation	(307)	(231)
	1,750	1,963

Motor vehicles

Carrying amount at beginning of the financial year	8	64
Additions	–	–
Disposals	(2)	(25)
Depreciation expense	(6)	(31)
	–	8

Total

Carrying amount at beginning of the financial year	60,682	54,779
Additions	949	6,045
Revaluation	492	2,704
Disposals	(19)	(53)
Depreciation expense	(2,920)	(2,562)
Amortisation expense	(307)	(231)
	58,877	60,682

Notes to the financial statements continued

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
9. Intangibles		
Computer software	2,113	1,870
Less: Accumulated amortisation	(1,812)	(1,717)
	301	153
Reconciliation		
Carrying value at beginning of the financial year	153	69
Additions	242	174
Disposals	–	(8)
Amortisation	(94)	(82)
	301	153
10. Receipts in advance		
Members' fees	25,559	20,534
Development course fees	7,356	5,737
Other	381	244
	33,296	26,515
11. Trade and other payables		
Current		
Trade payables	4,023	8,146
Other payables	696	1,075
Lease liabilities	168	88
	4,887	9,309
Non-current		
Lease liabilities	429	341
	429	341

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Institute. Payables are normally settled on 30-day terms and no interest is incurred on these payables.

	2009 \$'000	2008 \$'000
12. Provisions		
Current		
Employee entitlements	1,806	1,749
	1,806	1,749
Non-current		
Employee entitlements	251	75
Make good provision	263	245
	514	320
Reconciliation make good provision		
Balance at beginning of year	245	356
Arising during year	–	31
Utilised during the year	–	(159)
Discount rate adjustment	18	17
	263	245

In accordance with the lease agreements with various third parties, the Institute must restore leased premises in various locations to their original condition before the cessation of their respective lease terms.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the make good provision is the costs that will ultimately be incurred. The provision has been calculated using a discount rate of 7.5%.

13. Reserves and retained earnings

Nature and purpose of reserves

The property revaluation reserve is used to record increments and decrements in the value of the property. The reserve is not distributable to members under the terms of the Supplemental Royal Charter of the Institute.

Movements in reserves:

Property revaluation reserve

Balance at beginning of the financial year	2,704	–
Increment on revaluation of property (refer Note 8)	492	2,704
Balance at end of the financial year	3,196	2,704

Movements in retained earnings:

Retained earnings

Balance at beginning of the financial year	30,464	28,640
Surplus from ordinary activities	4,821	1,824
Balance at end of the financial year	35,285	30,464

Notes to the financial statements continued

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
14. Commitments		
Operating leases – state branch office space		
Within one year	1,699	1,582
After one year but not later than five years	6,448	6,356
More than five years	4,128	5,600
	12,275	13,538

The leases are all non-cancellable operating leases. Three leases do not have a renewal option and are subject to market review at set intervals.

Expenditure commitments – within one year

Fit-out – Freehold property at 33 Erskine Street, Sydney	–	190
Marketing and advertising	–	1,500
	–	1,690

Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AuASB)

The Institute contributes towards the funding of the operations of two federal bodies, namely AASB and AuASB. Contributions in the 2010 financial year are expected to be \$22,000 to AASB and \$198,000 to AuASB.

Australian Professional Ethics and Standards Board (APESB)

The Institute, in conjunction with CPA Australia and the National Institute of Accountants, contributes funds to APESB as agreed under the Memorandum of Agreement. The Institute expects to contribute an amount of \$415,000 during the 2010 financial year.

15. Contingent liabilities

Indemnities for bank guarantees to the lessors of premises occupied under operating leases and security for rectification of damage to footpaths bounding the premises at 33 Erskine Street, Sydney.	758	754
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	2009 \$	2008 \$
16. Auditors' remuneration		
Audit services	170,550	159,220
Other services:		
Training & Development presentations	33,000	61,800
Tax and accounting advisory	78,313	129,264
	111,313	191,064

17. Unlisted shares in other entities

The Institute has an interest in the following corporation:

Name of Corporation	Country of Incorporation	Percentage of Ownership	
ICAA Nominees Pty Limited	Australia	100%	100%

The corporation is dormant and has not been consolidated as it is considered to be immaterial.

	2009 \$'000	2008 \$'000
18. Employee entitlements and superannuation arrangements		
The aggregate employment liability is comprised of:		
Accrued wages, salaries and on-costs	452	749
Provisions (current)	1,806	1,749
Provisions (non-current)	251	75
	2,509	2,573

Notes to the financial statements continued

For the year ended 30 June 2009

	Notes	Total \$'000	Loans and receivables \$'000	Financial liability measured at amortised cost \$'000
19. Financial instruments				
Fair values				
The estimated net fair values of financial assets and liabilities held at balance date are represented by their carrying amounts. The net fair value of a financial asset or liability is the amount at which the asset could be exchanged or the liability settled in a current transaction between willing parties after allowing for transaction costs.				
Financial assets and liabilities by categories:				
2009				
Current financial assets				
Cash and cash equivalents	6	15,146	15,146	–
Trade receivables	7	2,210	2,210	–
Other receivables	7	2,529	2,529	–
Total current financial assets		19,885	19,885	–
Non-current financial assets				
Receivables	7	350	350	–
Total financial assets		20,235	20,235	–
Current financial liabilities				
Trade and other payables	11	(4,887)	–	(4,887)
Non-current financial liabilities				
Trade and other payables	11	(429)	–	(429)
Total financial liabilities		(5,316)	–	(5,316)
Net financial assets/(liabilities)		14,919	20,235	(5,316)
2008				
Current financial assets				
Cash and cash equivalents	6	4,475	4,475	–
Trade receivables	7	3,221	3,221	–
Other receivables	7	2,521	2,521	–
Total current financial assets		10,217	10,217	–
Non-current financial assets				
Receivables	7	350	350	–
Total financial assets		10,567	10,567	–
Current financial liabilities				
Trade and other payables	11	(9,309)	–	(9,309)
Non-current financial liabilities				
Trade and other payables	11	(341)	–	(341)
Total financial liabilities		(9,650)	–	(9,650)
Net financial assets/(liabilities)		917	10,567	(9,650)

20. Related party transactions

The Institute made payments of a nature detailed below to certain parties, including partners or employees of director-related entities. The payments were made to all parties on the same terms and conditions:

- > Gifts and fees to guest speakers at Training & Development events
- > Author, group leader, reviewer, examination setting and examination marking fees in respect of the Chartered Accountants Program modules
- > Reviewer fees in respect of the Quality Review of certain practices.

The Institute also received the following fees from certain parties, including director-related entities.

- > The fees were received from all parties under the same terms and conditions:
- > Registration fees for attendance at Training & Development events
- > Fees in respect of enrolment of students in the Chartered Accountants Program modules
- > Fees in respect of the Quality Review of certain practices
- > Fees in respect of attendances at networking functions.

The following table provides the total amount of transactions that were entered into with director-related entities for the relevant financial year.

All the following transactions were carried out on normal terms and conditions during the year.

Director	Director-related entity	Transaction details and terms	2009 \$'000	2008 \$'000
R DiMonte	Deloitte Touche Tohmatsu	Preparation and presentation of educational courses	–	29
		Regional roadshows	–	76
R D Deutsch	PricewaterhouseCoopers	Contribution to PwC Transparency Awards	91	68
		Presentation of educational courses	11	4
		Advertising	–	2
P Green	University of Queensland	Contribution to research papers	7	–
		Venue hire	3	–
A Waters	KPMG	Preparation and presentation of educational courses	105	–

Notes to the financial statements continued

For the year ended 30 June 2009

21. Director and executive disclosures

(a) Details of key management personnel

(i) Directors

R D Deutsch	
M Spinks	
R M Grimes	
C Farrow	
M Watson	
F Bennett	
A R K Arkell	Retired 31 December 2008
M E Parker	Retired 31 December 2008
D X Parkin	Retired 31 December 2008
P Green	Appointed 1 January 2009
M Ashton	Appointed 1 January 2009
A Waters	Appointed 1 January 2009

(ii) Executives

G B Meyer	Chief Executive Officer	
E McFadzean	Deputy Chief Executive Officer	
W J Palmer	Director of Asia	Appointed 1 March 2009
A M McCotter	General Manager Learning & Business Solutions	
S E Frenkel	General Manager Chartered Accountants Program & Admissions	
S B M Grant	General Manager QLD	
M T Jones	General Manager SA/NT	
M J Nazzari	General Manager VIC/TAS	
C M Abbott	General Manager WA	Resigned 4 July 2008
G Arcus	General Manager WA	Appointed 15 September 2008
P Reddy	General Manager Corporate Services	
A Evans	General Manager NSW	Appointed 17 November 2008
R Le Grande	General Manager ACT	
B Bell	General Manager Corporate Strategy & Planning	
M A Maky	General Manager Human Resources	
L White	General Manager Leadership & Quality	Appointed 2 March 2009

	2009 \$'000	2008 \$'000
21. Director and executive disclosures (continued)		
(b) Compensation of key management personnel		
(i) Compensation policy		
Remuneration of the directors and senior management is determined by the Executive Review Committee, which also reviews remuneration levels for all staff. The Committee is appointed by the Board and consists of three members of the Board (currently the President, Deputy President, and the Chairman of the Governance Committee).		
(ii) Compensation of directors and executives for the year		
Compensation by category		
Short term	3,866	3,838
Other long-term leave payments	64	–
Terminations	207	–
	4,137	3,838

(iii) Loans to key management personnel

There are no loans between key management personnel and the Institute.

(iv) Other transactions of key management personnel and their personally related entities

There are no other transactions with key management personnel or their personally related entities.

22. Indemnification of directors and officers

The by-laws of the Institute indemnify the directors and officers, and provide that each director and officer:

- > Shall be indemnified against any losses or expenses that such a director or officer incurs or becomes liable to pay by reason of any act or deed done by the director or officer in the discharge of that director's or officer's duties except to the extent that such act or deed arises from the director's or officer's own wilful default
- > Shall not be liable for the acts of any person or for joining in any receipt or document or for any act of conformity or for any loss or expense happening to the Institute unless it arises from the director's or officer's own wilful default.

23. Members and members' liability

Total membership at 30 June 2009 is 51,473 (2008: 48,713).

In terms of the Institute's Charter and by-laws:

- > Members are not entitled to receive a dividend from the Institute
- > Members who cease to be members remain liable to the Institute for all monies which at the time of ceasing to be a member were due by that member to the Institute.

24. Events after balance date

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

Directors' declaration

The directors of the Institute of Chartered Accountants in Australia declare that the financial statements and notes set out on pages 39 to 65 which have been prepared as required under the by-laws of the Institute:

- (a) comply with Australian Accounting Standards and other mandatory professional reporting requirements
- (b) present fairly the financial position of the Institute as at 30 June 2009 and the results of its operations and its cash flows for the year ended on that date.

In the opinion of the directors, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.



R D Deutsch FCA
President



Michael Spinks FCA
Deputy President

Sydney, 25 August 2009

Independent auditor's report to the members of the Institute of Chartered Accountants in Australia

I have audited the accompanying financial report of the Institute of Chartered Accountants in Australia (the Institute), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Institute are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and in accordance with the By-laws of the Institute. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with Australian Accounting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 my 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, I consider internal controls 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 controls. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit I have met the independence requirements of the Australian professional accounting bodies. In addition to my audit of the financial report, I was engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired my independence.

Auditor's Opinion

In my opinion:

1. the financial report presents fairly, in all material respects, the financial position of the Institute of Chartered Accountants in Australia as of 30 June 2009, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards; and
2. the financial report also complies with Australian Accounting Standards.



Sean Van Gorp FCA
Auditor

Sydney, 25 August 2009

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