





## Contents

President's Report	2
CEO's Report	3
Essential Membership for all Tax Professionals	5
Tax Policy and Research	6
Products and Publications	7
Events – CPD	8
Education – Structured Education Program	9
Volunteers and Staff	10
Directors' Report	11
Directors' Declaration	13
Auditor's Independence Declaration	13
Directors' Particulars	14
Income Statement	16
Balance Sheet	17
Statement of Changes in Equity	18
Cash Flow Statement	19
Notes to the Financial Statements	20
Independent Audit Report	35

ABN 45 008 392 372

DISCLAIMER: The names, trademarks, service marks, logos and icons of the Taxation Institute of Australia appearing in this report may not be used in any manner without the express prior written permission of the Taxation Institute of Australia.

This document contains confidential and/or privileged information of the Taxation Institute of Australia and any dissemination, distribution or copying by other than the intended recipient(s) is prohibited.

MAR0057/08



## President's Report

The primary role of the Taxation Institute of Australia is to provide education for its Members. To this end the National Council, State Councils and the various committees that comprise the volunteer 'executive', together with the many employees in both the state and national offices strive to provide the most relevant and informative education possible.

To say that the Taxation Institute has enjoyed success in 2007 is an understatement. The financial result for our Taxation Institute ensures that it will be viable in the future, and also reflects the attendances at conferences and seminars during the year.

The attendance by you, our Members, has made many of our state and national conferences some of the most propitious in recent years, and many State Councils have reported increased attendances at many of the seminars conducted during the year.

It goes without saying that I am sure our Institute will continue to strive for improvement in the many varied benefits it provides to Members. With the very capable leadership of Sue Williamson (President 2008) and with Noel Rowland as CEO, our Institute remains in good hands.

2007 saw the aligning of the President's term with the calendar year to enable a much smoother transition from the outgoing President and committee to the incoming President and committee. This will enable the new committee to hit the ground running, as 2008 promises to be even busier than 2007.

In 2007 we also saw a significant amount of consultation undertaken with the ATO, Treasury and the Government. Perhaps the most controversial and difficult to achieve consensus on, was the regulation of tax agents. I note that Andrew Mills in his President's Report for 2006 referred to the same legislation as representing a significant amount of the time and effort expended by the Members involved in the consultation process. I hope that Sue Williamson will not be forced to pass on the baton before this legislation is finally enacted in a form that offers protection to taxpayers, but not at the expense of the agent.

The Taxation Institute comprises many Members and employees who provide an invaluable service and give very generously of their time.

I would like to thank the members of National Council for their support and counsel during the year. I wish them well for the coming year.

Perhaps the most controversial and most difficult to achieve consensus on, was the regulation of tax agents.

Many Members were involved in preparing submissions and attending consultations, often with very tight deadlines imposed by outside parties. I would like to express my gratitude to all of the members of the various committees and the co-opted members who gave their time so freely.

As I mentioned above, 2007 has seen record attendances at the various conferences and seminars held during the year. None of this would be possible without the army of volunteers who serve on committees and present during the year. These event successes are a testament to your hard work and dedication and I would like to thank you on behalf of all at the Taxation Institute.

This year I had the privilege of working closely with the staff of our Institute. Working with such enthusiastic and dedicated people has been a great pleasure and I would like to express my appreciation for all of their efforts during the year.

Finally I would like to thank the Taxation Institute CEO, Noel Rowland, for his support and guidance during the year, and wish Sue Williamson and her team a successful year for 2008.

A handwritten signature in blue ink that reads "Peter Moltoni". The signature is written in a cursive, flowing style.

Peter Moltoni  
President



## CEO's Report

Once again I am pleased to report on the many and varied activities and successes of the Taxation Institute in this, the 2007 Annual Report. 2007 was a year of significant growth across the majority of Institute activities. Members received access to many new products and services and existing products continued to be improved.

### 2007 MAJOR STRATEGIES AND INITIATIVES

Our major focus in 2007 was to build on the significant growth of Member services in the previous year, with a particular focus on providing Members with access to even better education, CPD and information products and services, whilst continuing to build the Institute as the 'Essential' membership for all tax professionals.

### 2007 HIGHLIGHTS AND ACHIEVEMENTS

#### Structured Education Program

The Structured Education Program is now well established, having been launched in 2006. In 2007 we are pleased to report that we doubled enrolments in the three courses: Foundation Tax; Applied Tax; and Advanced Tax.

By all reports we are in fact achieving our goal of providing a practical structured tax training program that builds productivity and thereby provides a quicker return on investment. Many employers now use our courses as the preferred training program for their staff, from graduates through to those with five years experience.

In December the Institute signed a memorandum of understanding with CPA Australia providing mutual recognition of tax courses, and more significantly offering an exemption for Applied Tax Students from the tax segment of the CPA program. In addition, greater articulation for students has been secured with the University of New South Wales (ATAX), giving advance standing in a number of awards.

#### Continuing Professional Development (CPD)

In 2007 the Institute delivered a massive increase in CPD, with 340 events providing approximately 800 hours to over 22,780 attendees across Australia.

Many of the Institute's signature events during the year achieved substantial increases in attendances, including: the 22nd National

Convention; Financial Services Conference; States' Taxation Conference; and National Intensives.

The Institute's state education committees continued to develop and deliver a vast array of CPD sessions for Members in all types of practice. The newly developed NSW Tax Forum in May was one of the year's largest successes, with over 400 attendees across the two days.

Products such as the Institute-produced CD-ROMs and CPE.TV were very successful in delivering CPD to our regional and remote Members, complementing the face-to-face sessions provided in various locations outside the CBD. It is an ongoing initiative to continue to source products that will assist in the continuing development of our Members in outer regions.

#### Sustainability of the profession

The Institute continued to focus on the growth of the tax profession by devoting resources to its younger professional strategy. Key elements of that strategy include:

- An ongoing relationship with the Australasian Tax Teachers Association;
- Offering a free student membership to students studying tax at an undergraduate level;
- A reduced fee for entry level Affiliate membership;
- Promotions at career fairs;
- Younger practitioner seminars in all states; and
- Delivering the Structured Education Program.

The benefits from our strategy will be achieved over a long period of time; however, we are pleased to be receiving feedback from many employers that their undergraduates have a heightened awareness of the opportunities, attractions and rewards of a career in tax through exposure to the Taxation Institute.

## CEO's Report (cont.)

### Information Products

During 2007 the Information Products team focused on developing a number of new practical products. An important new initiative was the mid-year launch of *Trusts & Estates: Taxation and Practice* authored by Bernard Marks. Other new titles published in 2007 included the *Div 7A Handbook* and *CGT: Small Business Reliefs Handbook*.

### International links

The Institute forged new alliances and we strengthened our ties with other international organisations, such as; the International Tax Directors' Forum (ITDF), Asia Oceania Tax Consultants' Association (AOTCA) and the Study Group of Asian Tax Administrators (SGATAR). The Institute's SGATAR involvement comes about due to its AOTCA role and provides the Institute with an insight into the thinking and activities of the tax administrations in our region. At the end of 2008, one of the Institute's former Presidents, Gil Levy, will move into the role as President of AOTCA, the umbrella association for Tax Institutes in the Asia Oceania region.

2008 will see the Institute moving into the international market with the delivery of an event in New Delhi, India, which will concentrate on tax issues and business relations between Australia and India and the new opportunities that are being pursued internationally.

### Advocating for a better tax system

2007 was a significant year on the advocacy front with Dr Michael Dirkis, Senior Tax Counsel, and his team active in many forums with the Government, ATO, Treasury, Inspector General of Taxation and Board of Taxation. Major projects included submissions on the Taxation of Financial Arrangements (TOFA) and the Tax Agent Services Bill.

The Institute continued to support the work of the Australian Tax Research Foundation (ATRF), providing administrative and other guidance to the organisation.

### Financial Result

As a result of the above-mentioned activities and success in 2007, the Institute achieved a financial surplus of \$405,815.

### Goals for 2008

Market research completed by the Institute at the end of 2007 provided us with invaluable feedback from Members and others on the range and quality of Institute products and services.

The research showed a high level of satisfaction with the various services, but also identified a number of opportunities for new ones. A thank you is extended to all Members who participated in this research. It is only with the assistance of our Members that we can continue to develop the Institute into the pre-eminent organisation for tax professionals.

## In 2007 the Institute delivered a massive increase in CPD.

Despite a significant increase in the use of Institute services, membership growth in 2007 was very limited. A major goal in 2008 is to build the attractiveness of membership to those who currently rely on it for information or education but have not yet decided to join.

### Acknowledgements

The growth of the Taxation Institute is not possible without many people working in synergy to produce a vast array of outstanding products and services.

I would like to thank everyone who has contributed to the Institute's success in 2007, from the staff through to our business alliance partners and the hundreds of volunteers, who give their valuable time to the Institute to make it the '**Essential**' membership body for all tax professionals.



Noel Rowland  
CEO



## Essential Membership for all Tax Professionals

Whether it's providing practical education and training, access to the latest technical developments in taxation, or simply providing you with a valuable network to socialise and share knowledge, the Taxation Institute is essential to anyone wanting to develop their business and career.

In 2007 the Taxation Institute of Australia continued to provide Members with:

- Leading edge education and CPD
- Premier tax technical information and knowledge
- Business and career status
- Extensive online tax knowledge base
- Networking opportunities
- Active representation of the profession
- High quality publications and products

Membership of the Institute consists of over 15,000 of the country's leading tax accountants, lawyers, tax agents, managers and academics. Many are active volunteers who provide materials and technical content for Taxation Institute education seminars, CPD, journals and cutting edge publications.

We are committed to providing all tax professionals with the services you need. To continue to understand your needs, we conducted a national Marketing Research Survey in 2007 to help identify the key areas that you want the Institute to focus on.

The Institute is highly rated (by both Members and non-members) as the leading provider of tax technical resources in the country. To this end we will continue to provide the highest quality products and services for all tax professionals. You asked us to address some areas concerning membership status and to aid in improving the marketing of the tax profession. In 2008 we will be actively creating and implementing strategies to support a business plan that will meet these needs.

Thank you to those who participated in the market research; your feedback has been most beneficial.

**The Taxation Institute provides the best value membership and is the organisation that best adapts to its Members' needs.**

As consistently rated by Members and non-members surveyed in the 2007 Market Research Survey



## Tax Policy and Research

In 2007 we experienced another interesting and challenging year in the tax arena. The Taxation Institute continued to work tirelessly for Members and the tax profession to bring about improvements to the tax system and its administration, including being at the forefront of consultations on major reforms to the fabric of Australia's tax regime.

In 2007 we drew on the expertise of various Members from different market segments to achieve some significant changes:

- Corporate practitioners provided an objective and respected voice on major tax changes. Of note was the response to the Government's proposals of the Taxation of Financial Arrangements (TOFA), venture capital, removing foreign loss and foreign tax credit quarantining. They also provided valuable input into the resolution of the outstanding tax consolidation issues and the non-final tax on managed fund distributions to non-residents issues;
- Small business practitioners provided an objective voice on major tax changes, particularly in response to the Government's proposals on improvements to the small business CGT concessions, improvements to family trust elections, improvements to Division 7A and the standardisation of the definition of small business for tax purposes.

We initiated common sense changes through direct representation to the Minister for Revenue and Assistant Treasurer and the Attorney General, such as removing foreign loss and foreign tax credit quarantining, trust cloning and changes to the consolidation tax cost setting rules when an entity joins a consolidated group or multiple entry consolidated group (MEC group) following a CGT roll-over affecting the membership interests of the joining entity.

In 2007 we sustained our position as a driving force for change through our ongoing consultations with Treasury on tax policy matters and the ATO on tax administration (including over 84 submissions), as well the Board of Taxation (in respect of its reviews of FSI anti-tax deferral measures and off market share buy-backs) and the Inspector General of Taxation (on matters like its review into objections to ATO decisions and its review into the ATO's administration of GST audits).

In 2008 we will continue to represent the interests of our Members and will continue to be an active voice for improvements to the tax system.

**The Taxation Institute of Australia is the strongest advocate for improvements in tax policy and administration.**

As consistently rated by Members and non-members surveyed in the 2007 Market Research Survey



## Products and Publications

The primary reason tax professionals join the Taxation Institute is to have access to tax-specific information, services and support. One of the main ways the Institute does this is through our technical publications and online resources.

As in previous years the Taxation Institute of Australia built upon its products and services for Members. In 2007 we introduced three new publications to our superior product suite: *Trusts & Estates: Taxation and Practice*, *Division 7A Handbook* and online learning module and the *CGT Small Business Reliefs Handbook* with online subscription.

These titles, and their online presence, bolstered the many leading edge publications that the Institute produced with expert tax specialists, including: the *Taxation in Australia*<sup>®</sup> journal – Australia's premier tax journal and key Member benefit; the *Trust Structures Guide* – in its fourth year of publication; *The Tax Specialist* – our specialist journal aimed at corporate tax advisers, accountants, lawyers and academics; and our quarterly academic journal, *Australian Tax Forum*.

All Members now have access to more CPD and training via convenient CD-ROM formats and online education resources such as the online learning modules and CPE.TV. These products are particularly useful to regional Members who are unable to access centralised education events in CBD locations.

Other valuable Member resources include TaxVine, your weekly e-newsletter, and the Taxation Institute's dedicated research service TaxLine and physical library. Our research librarians can assist Members with their research queries. Our library boasts one of the country's most extensive collections of tax publications.

All of the Institute's publications are designed to provide a detailed insight into the most important issues affecting the profession.

In 2007 the Taxation Institute continued to make improvements to the functionality of the leading 24/7 online tax knowledge base, [www.taxinstitute.com.au](http://www.taxinstitute.com.au) – it is faster and easier to navigate and users can now search the ATO site directly from the Institute's site. Content is added on a weekly basis and the website provides Members with access to the latest taxation news, events, products, seminar papers and education courses – plus you can download reference material from our extensive library – there is over a decade's worth of content available to you.

Last year, our website [www.taxinstitute.com.au](http://www.taxinstitute.com.au) provided online resources for the Institute's online books, including the *Trusts Structures Guide*, *Trusts & Estates*, *CGT Handbook* and *Division 7A Handbook*. A first for the Institute in 2007 was the development of our online learning modules for the *CGT Handbook* and *Division 7A Handbook*, another convenient tool for regional Members and those wishing to consolidate their learning.

**The Taxation Institute is the organisation that provides its Members with the most up-to-date, essential and relevant tax education and products.**

As consistently rated by Members and non-members surveyed in the 2007 Market Research Survey



## Events – CPD

In 2007 the Taxation Institute hosted over 340 education and training events around Australia. These events provide the opportunity for delegates to demystify the many issues that surround tax professionals via face-to-face and interactive forums. The 340-plus education events equated to over 800 CPD hours and event attendance by over 22,780 delegates in 2007.

The Institute continued to produce education and networking events to suit every practitioner's needs including:

- Concise updates on key issues at the monthly Breakfast Clubs and Bi-monthly Tax Briefings
- Extensive and sometimes streamed programs at the State and National Conventions
- National Conferences – Financial Services, GST Intensive and the popular National Tax Intensive held in Noosa twice a year
- Discussion groups
- Young Tax Practitioner events
- Corporate and Trusts Clubs

And of course many, many more.

Additionally, the Institute produced roadshows that travelled to areas outside the CBD to deliver key information on topics such as trusts and superannuation.

The technical information delivered at Taxation Institute events in 2007 was again highly rated for its practical elements as well as its delivery by specialists who deal with the same issues that many of the attending delegates manage on a daily basis.

The other benefit of attending Taxation Institute events in 2007 was the networking opportunities that lent themselves to most events, but particularly the larger seminars and conventions. There were also the specific social events conducted throughout the country, such as golf days and trivia nights. New activities were trialled in some states at the end of 2007, including the successful Women in Tax event in Queensland, which has now been replicated across the country.

### The Taxation Institute is the leader in tax education.

As consistently rated by Members and non-members surveyed in the 2007 Market Research Survey



## Education – Structured Education Program

As Australia's premier provider of tax education, it was a natural decision for the Taxation Institute to go to market with the Structured Education Program (SEP) in 2006. In 2007 the Structured Education Program continued to provide three levels of tax training that delivered a practical approach to education, benefiting all tax professionals at every stage in their career.

The Foundation Tax Course continued to be the key program for those beginning a career in tax. It has proven to be one of the most beneficial tools for bridging the gap between academic and workplace learning for those who have participated in the course.

Applied Tax and Advanced Tax supported professionals who were further along in their tax career, with two to five years experience.

It's not just individuals who benefited from the Structured Education Program – employers gained a lot by encouraging enrolment in our courses too:

- Immediate workplace application of the skills learnt; and
- Outsourced training saved time and money.

By encouraging employees to undertake courses in the Structured Education Program, you have increased workplace satisfaction and helped your company attract and retain staff.

Since the beginning of 2006, the Structured Education Program has already had:

- In excess of 1,400 students participate in Foundation Tax, Applied Tax and Advanced Tax; and
- Over 600 firms utilise the course as part of their annual training needs.

In 2008 the Taxation Institute will run another three study periods for both Foundation Tax and Applied Tax and another two study periods for Advanced Tax. As the reputations of the courses continue to grow we are confident that the number of successful graduates will substantially increase, ensuring that the Structured Education Program and the Taxation Institute of Australia become one of Australia's most sought after career partners.

For those Members seeking Fellow membership, the Advanced Tax Course is the answer. Not only is the Advanced Tax course attractive to those who want to increase their professional status, but as statistics are showing, many existing Fellows are undertaking the course to further develop their high-level planning and advisory skills and to add the Advanced Tax credential to their CV.

**The Taxation Institute's Structured Education Program has proved to be a rigorous and effective option in taxation education, delivering immediate benefits to candidates and their employers.**

Wayne Healy, Partner McGillivray Partners



## Volunteers and Staff

The Taxation Institute of Australia is extremely grateful for the time donated by the many generous volunteers who actively participated in over 40 committees and worked tirelessly to execute the hundreds of hours of presentations that made up the education program each year – their knowledge and dedication is second to none.

As already mentioned, throughout 2007 over 340 CPD events, equalling over 22,780 hours of education were held around Australia. What is more outstanding than these numbers is that fact that all of the Institute's CPD events are run by dedicated and diverse volunteers.

The Institute is very proud of the support that its thousands of volunteers provide each year. We are extremely appreciative of the many hours that are donated to creating exceptional education programs, products and publications. It is these people that help make the Institute the sustainable and successful organisation it is today.

The Taxation Institute also has a dedicated team of professional staff around the country. The Sydney head office houses the National Membership, National Education, Tax Policy and Research teams, as well as our Information Products, Finance, Marketing, IT and Structured Education teams.

The Taxation Institute also has a dedicated team of staff around the country. Each State office is managed by a State Manager and two support staff for your local needs.

The growth in the Institute's staffing needs is representative of the growth in the products and services provided for Members and the endeavour to continue to provide the highest quality customer service and benefits.

In 2008 and beyond the Institute will continue to provide you with essential membership services and hope that you continue to rate the Institute as your number one provider in tax education, products and services.

### The Taxation Institute attracts the best and brightest in tax.

As consistently rated by Members and non-members surveyed in the 2007 Market Research Survey

## 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 2007.

### DIRECTORS

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

Michael Flynn (appointed 28/03/07)  
Michael Frampton  
Clifford Hughes (appointed 28/03/07)  
Arlene Macdonald (appointed 20/02/07, resigned 21/02/07)  
Andrew Mills (resigned 28/03/07)  
Peter Moltoni (resigned 31/12/07)  
Peter Murray  
Harry Rigney (resigned 28/03/07)  
Joan Roberts  
Ken Schurgott  
Graeme Sheard (appointed 4/12/07, resigned 5/12/07)  
Stephen Westaway  
David Williams  
Sue Williamson

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 \$405,815 (2006: \$843,361). 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 considerable growing demand in the Institute's continuing professional development activities and investment in new activities, eg structured education.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

### AFTER BALANCE DATE EVENTS

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

### FUTURE DEVELOPMENTS

The Institute will continue to pursue its policy of improving its range of practical education and information services to Members and the public on taxation issues.

Likely developments in the operations of the Institute and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Institute.

### 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.

### AUDITOR'S 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.)

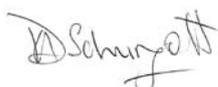
### DIRECTORS' MEETINGS

Attendance at Board and Board Committee meetings during the year ended 31 December 2007.

Name	Board of Directors		Investment Committee	
Total number of meetings held	8		4	
Directors	A	B	A	B
Michael Flynn	5	5		
Michael Frampton	8	5		
Clifford Hughes	5	5		
Arlene Macdonald (as alternate for Stephen Westaway)	1	1		
Andrew Mills	3	3		
Peter Moltoni	8	7	2	2
Peter Murray	8	5		
Harry Rigney	3	1		
Joan Roberts	8	8	2	2
Ken Schurgott	8	8		
Graeme Sheard (as alternate for Michael Frampton)	1	1		
Stephen Westaway	8	6		
David Williams	8	7		
Sue Williamson	8	8	4	4

Notes: 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 seventh day of March 2008

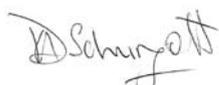
## Directors' Declaration and Auditor's Independence Declaration

### 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 2007 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.



Ken Schurgott, Director



David Williams, Director

Dated this seventh day of March 2008



### AUDITOR'S INDEPENDENCE DECLARATION

As an Auditor for the audit of Taxation Institute of Australia for the year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



WHK HORWATH SYDNEY



David Sinclair  
Principal

Dated this seventh day of March 2008

## Directors' Particulars

**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, States' Taxation Conference Committee 2007, Victorian Education Committee 2006–07, Victorian State Councillor 2006–07, Deputy Chair National Technical Committee 2007

**Michael Frampton** B Com, LLB, FTIA

Date of Birth 3/02/1959

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

**Clifford Hughes** BJuris, LLB, MTax, FTIA

Date of Birth 24/06/1968

Qualifications

Solicitor

Experience

Appointed to National Council March 2007

Responsibilities

Deputy Chair National Education Committee 2007, Member National Education Committee 2003–05, Member National GST Technical Sub-committee since 2002, Chair National Tax Intensive Organising Committee 2003–05, Member National Tax Intensive Organising Committee 2000–02, Member National Convention Program Committee 2003–05, Chair Queensland State Council 2006, Deputy Chair Queensland State Council 2005, Member Queensland State Council since 2003, Member Queensland Technical Committee since 2000, Chair Queensland Education Committee 2003, Member Queensland Education Committee 2000–02 and since 2004

**Arlene Macdonald** BA, LLB, GDLP, TEP, FTIA

Date of Birth 20/03/1952

Qualifications

Barrister-at-law

Experience

Appointed to National Council 2001, resigned March 2006  
Alternate Director 20 February 2007

Responsibilities

Member State Education Committee since 1997, South Australian State Councillor since 1998, Member National Education Committee since 2002, Chair South Australia Education Committee 2002–03, Deputy Chair National Education Committee 2004–06, Chair South Australia State Council 2006, Member Examinations and Quality Assurance Board

**Andrew Mills** B Bus, LLM, Grad Dip Tax Law, FTIA

Date of Birth 29/09/1961

Experience

Appointed to National Council 2001, resigned March 2007

Responsibilities

New South Wales State Councillor since 2000, New South Wales Chairman 2002–03, Chairman National Technical Committee March 2002 and 2005, Appointed Treasurer 2003–04, Vice-President 2005, President 2006

**Peter Moltoni** B Com, CA, FTIA

Date of Birth 27/04/1958

Qualifications

Chartered Accountant

Experience

Appointed to National Council 1996, resigned December 2007

Responsibilities

Western Australian State Councillor since 1991, Western Australian State Chairman 1996, Treasurer 2005, Vice-President 2006, Chair National Technical Committee 2006, President 2007

**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 and 2004, Member National Education Committee, Chairman National Information Products Working Group 2006, Chairman National Membership and Services Committee 2007

## Directors' Particulars

**Harry Rigney** LLB (Hons), LLM, Grad Dip Ed, FTIA

Date of Birth 02/04/1948

Qualifications

Barrister and Solicitor, Registered Tax Agent

Experience

Appointed to National Council 2004, resigned March 2007

Responsibilities

Queensland State Councillor 2004, Chair Queensland Regional Committee 2005, Chair Education Advisory Board 2006, Member National Technical Committee 2006

**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, Member National Education Committee, Chair National Membership and Services Committee 2005 and 2006, Treasurer 2007

**Ken Schurgott** BApp Sc, BA(Acy), LLB, MLS, LLM, MApp Fin, FTIA

Date of Birth 06/09/1949

Qualifications

Solicitor

Experience

Appointed to National Council 2005

Responsibilities

Member Education, Examinations and 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

**Graeme Sheard** B Comm, CA, A FIN, FTIA,

Date of Birth 18/05/1959

Qualifications

Chartered Accountant

Experience

Alternate Director 4 December 2007

Responsibilities

Western Australian State Councillor, since August 2001

**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, Chairman South Australian State Council 2007

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

Date of Birth 6/6/1953

Qualifications

Solicitor

Experience

Appointed to National Council 2003

Responsibilities

New South Wales State Councillor 1992–96 and since 2000, NSW State Chairman 2003–04, Chairman National Education Committee 2004–06, Member National Education Committee 2007, Deputy Chairman National Technical Committee March 2006–07, Chairman Information Products Working Group 2007

**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 2007, Treasurer 2006, Vice-President 2007

### 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 2007

	Note	2007	2006
		\$	\$
Revenue from ordinary activities	2	12,608,241	10,890,846
Employee benefits expense		(5,042,254)	(4,343,490)
Depreciation and amortisation expenses		(383,222)	(343,917)
Membership services		(4,861,965)	(3,702,841)
Administration expenses		(1,914,985)	(1,657,237)
Profit from ordinary activities before income tax expense		405,815	843,361
Income tax expense relating to ordinary activities	1(i)	-	-
<b>NET PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>		<b>405,815</b>	<b>843,361</b>

## Balance Sheet – For the year ended 31 December 2007

	Note	2007	2006
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	3,353,106	5,260,770
Trade and other receivables	6	1,352,914	744,472
Inventories	7	46	696
<b>TOTAL CURRENT ASSETS</b>		<b>4,706,066</b>	<b>6,005,938</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	11	2,102,014	-
Investment in subsidiary	8	6	6
Property, plant and equipment	10	928,408	1,075,047
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,030,428</b>	<b>1,075,053</b>
<b>TOTAL ASSETS</b>		<b>7,736,494</b>	<b>7,080,991</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	3,518,723	3,316,050
Short term provision	13	288,493	251,643
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,807,216</b>	<b>3,567,693</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term provisions	13	151,329	141,164
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>151,329</b>	<b>141,164</b>
<b>TOTAL LIABILITIES</b>		<b>3,958,545</b>	<b>3,708,857</b>
<b>NET ASSETS</b>		<b>3,777,949</b>	<b>3,372,134</b>
<b>EQUITY</b>			
Reserves	14	-	-
Retained profits		3,777,949	3,372,134
<b>TOTAL EQUITY</b>		<b>3,777,949</b>	<b>3,372,134</b>

Statement of Changes in Equity – For the year ended 31 December 2007

	Note	2007	2006
		\$	\$
<b>RETAINED EARNINGS</b>			
Opening retained earnings		3,372,134	1,733,769
Net profit for the year		405,815	843,361
Transfer from reserves on sale of assets		-	795,004
<b>RETAINED EARNINGS AT YEAR END</b>		<b>3,777,949</b>	<b>3,372,134</b>
<b>ASSET REVALUATION RESERVE</b>			
Opening reserves	14	-	795,004
Transfer to retained earnings on sale of assets		-	(795,004)
<b>BALANCE AT THE END OF THE YEAR</b>		<b>-</b>	<b>-</b>
<b>TOTAL EQUITY AT THE END OF THE YEAR</b>		<b>3,777,949</b>	<b>3,372,134</b>

## Cash Flow Statement – For the year ended 31 December 2007

	Note	2007	2006
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Members and other		13,623,994	10,173,148
Payments to suppliers and employees		(13,527,460)	(9,740,824)
Interest received		312,385	261,605
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	17(b)	<b>408,919</b>	<b>693,929</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(236,583)	(558,436)
Proceeds from sale of property		-	2,747,100
Purchase of financial assets		(2,080,000)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(2,316,583)</b>	<b>2,188,664</b>
Net increase/(decrease) in cash held		(1,907,664)	2,882,593
Cash at beginning of year		5,260,770	2,378,177
<b>CASH AT END OF YEAR</b>	17(a)	<b>3,353,106</b>	<b>5,260,770</b>

## Notes to the Financial Statements – For the year ended 31 December 2007

### NOTE 1. STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of the Taxation Institute of Australia for the year ended 31 December 2007 was authorised for issue by a resolution of the Directors on 7 March 2008.

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 and the Corporations Act 2001.

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 accounting policies set out below have been consistently applied to all years presented. The financial report has been prepared on an accruals basis and is based on historical costs.

#### Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). A statement of compliance with International Financial Reporting Standards cannot be made due to the Taxation Institute of Australia applying the not for profit sector specific requirements contained in the AIFRS.

#### Adoption of new accounting standard

The Institute has adopted AASB 7 Financial Instruments: Disclosures and all consequential amendments, which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the Institute.

#### (a) 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.

#### (b) Property, plant and equipment

Each class of property, 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 that 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.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### Depreciation

The depreciable amounts 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% – 33.3%
Development costs	20%

#### 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.

#### Critical accounting estimates and judgments

The Directors evaluate estimates and judgments 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 group.

#### Key estimates – impairments

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. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised for the year ended 31 December 2007.

#### (c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

## Notes to the Financial Statements – For the year ended 31 December 2007

### (d) Financial instruments

#### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### **Loans and receivables**

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### **Other financial assets**

Other financial assets include any financial asset not included in the above categories.

Other financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to the Income Statement.

#### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation.

#### **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 Institute assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

### (e) 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.

### (f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, and investments in money market instruments maturing within less than three months.

### (g) Revenue

Interest revenue is recognised on a proportional basis, taking into account the interest rates applicable to the financial asset 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.

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

### (h) 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.

### (i) Income tax

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

Notes to the Financial Statements – For the year ended 31 December 2007

	Note	2007	2006
		\$	\$
<b>NOTE 2. REVENUE</b>			
OPERATING ACTIVITIES			
Membership services including education		5,345,270	4,517,183
Rendering of services (conventions and events)		5,665,773	4,356,130
Sales of publications		1,099,376	1,118,941
Commercial sponsorship		49,073	31,825
Advertising revenue		114,351	64,402
		<b>12,273,843</b>	<b>10,088,481</b>
NON-OPERATING ACTIVITIES			
SUNDRY INCOME		<b>22,013</b>	<b>764</b>
OTHER INCOME			
Bank interest		312,385	261,605
Sale of property	(i)	-	539,996
		<b>312,385</b>	<b>801,601</b>
<b>TOTAL REVENUE</b>		<b>12,608,241</b>	<b>10,890,846</b>

(i) The Institute sold two floors of a building in the Sydney CBD. The sale price for the two floors totalled \$2,747,100 and the book profit on sale was \$539,996.

## Notes to the Financial Statements – For the year ended 31 December 2007

Note	2007	2006
	\$	\$
<b>NOTE 3. PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit from ordinary activities before income tax expense has been determined after:		
EXPENSES		
Depreciation of non-current assets		
• buildings	-	7,000
• plant and equipment	383,222	336,919
	<b>383,222</b>	<b>343,919</b>
REMUNERATION OF AUDITOR		
• audit or review	16,000	12,000
• other services	1,850	2,800
	<b>17,850</b>	<b>14,800</b>
RENTAL EXPENSE ON OPERATING LEASES		
• minimum lease payments	346,226	335,460
	<b>346,226</b>	<b>335,460</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 2007

	Note	2007	2006
		\$	\$
<b>NOTE 5. CASH AND CASH EQUIVALENTS</b>			
Cash at bank		3,351,956	5,259,570
Cash on hand		1,150	1,200
		<b>3,353,106</b>	<b>5,260,770</b>

**NOTE 6. TRADE AND OTHER RECEIVABLES**

CURRENT

Trade receivables		382,313	317,930
Prepayments		970,601	426,542
		<b>1,352,914</b>	<b>744,472</b>

**NOTE 7. INVENTORIES**

CURRENT

AT COST – GOODS FOR RESALE		<b>46</b>	<b>696</b>
----------------------------	--	-----------	------------

**NOTE 8. INVESTMENT IN SUBSIDIARY**

SHARES IN CONTROLLED ENTITY – AT COST		<b>6</b>	<b>6</b>
---------------------------------------	--	----------	----------

## Notes to the Financial Statements – For the year ended 31 December 2007

### NOTE 9. CONTROLLED ENTITIES

SUBSIDIARY: THE AUSTRALIAN INSTITUTE OF CERTIFIED TAX PRACTITIONERS PTY LTD

Country of incorporation: Australia

Percentage owned: 100% (2006: 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.

Note	2007	2006
	\$	\$
<b>NOTE 10. PROPERTY, PLANT AND EQUIPMENT</b>		
Plant and equipment – at cost	1,856,704	1,620,916
Less: accumulated depreciation	(956,583)	(598,380)
	<b>900,121</b>	<b>1,022,536</b>
Development costs	75,522	74,722
Less: amortisation on development	(47,235)	(22,211)
	<b>28,287</b>	<b>52,511</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>928,408</b>	<b>1,075,047</b>

Notes to the Financial Statements – For the year ended 31 December 2007

	Plant and equipment	Development costs	Total
	\$	\$	\$

**NOTE 10. PROPERTY, PLANT AND EQUIPMENT (cont.)**

**(a) Movements in carrying amounts**

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Balance at the beginning of the year	1,022,536	52,511	1,075,047
Additions	235,783	800	236,583
Depreciation or amortisation expense	(358,198)	(25,024)	(383,222)
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>900,121</b>	<b>28,287</b>	<b>928,408</b>

	2007	2006
	\$	\$

**NOTE 11. FINANCIAL ASSETS**

<b>INVESTMENTS AT UNIT TRUSTS, AT FAIR VALUE</b>	<b>2,102,014</b>	<b>-</b>
--	------------------	----------

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.

**NOTE 12. TRADE AND OTHER PAYABLES**

**CURRENT**

Trade payables	617,548	599,390
Income in advance	2,901,175	2,716,660
	<b>3,518,723</b>	<b>3,316,050</b>

## Notes to the Financial Statements – For the year ended 31 December 2007

	Note	2007	2006
		\$	\$
<b>NOTE 13. PROVISIONS</b>			
CURRENT			
Employee benefits		288,493	251,643
NON-CURRENT			
Employee benefits		84,581	84,581
Make good on premises		66,748	56,583
		<b>151,329</b>	<b>141,164</b>
(A) AGGREGATE EMPLOYEE BENEFITS		<b>373,074</b>	<b>336,224</b>
(B) NUMBER OF EMPLOYEES AT YEAR END		<b>53</b>	<b>40</b>

### NOTE 14. RESERVES

#### ASSET REVALUATION RESERVE

The asset revaluation reserve records revaluations of non-current assets measured at fair value.

Notes to the Financial Statements – For the year ended 31 December 2007

Note	2007	2006
	\$	\$
<b>NOTE 15. CAPITAL AND LEASING COMMITMENTS</b>		
OPERATING LEASE COMMITMENTS		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments		
• not later than one year	411,125	349,615
• later than one year but not later than five years	938,543	977,546
• later than five years	-	-
	<b>1,349,668</b>	<b>1,327,161</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 16. SEGMENT REPORTING**

The Institute is a not for profit Industry Association with branches in each State 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 2007

	Note	2007	2006
		\$	\$
<b>NOTE 17. 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:			
CASH ON HAND AND AT BANK		<b>3,353,106</b>	<b>5,260,770</b>
<b>(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax</b>			
Profit from ordinary activities after income tax		405,815	843,361
Non-cash flows in profit from ordinary activities			
Depreciation		383,222	343,917
Sundry income		(22,014)	-
Profit on sale of assets		-	(539,996)
CHANGES IN ASSETS AND LIABILITIES			
(Increase)/decrease in receivables		(608,442)	31,145
(Increase)/decrease in other assets		-	(105,995)
Decrease in inventories		650	636
Decrease in payables		202,673	55,559
Increase in provisions		47,015	65,302
CASH FLOWS FROM OPERATIONS		<b>408,919</b>	<b>693,929</b>

## Notes to the Financial Statements – For the year ended 31 December 2007

### NOTE 18. 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, 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 rates 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 designated in cash flow hedged:

	2007	2006
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	3,353,106	5,260,770

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

For the year ended 31 December 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:

	2007	2006
	\$	\$
	Post-tax profit higher/(lower)	
+1% (100 basis points)	48,887	44,340
-1% (100 basis points)	(48,887)	(44,340)

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

## Notes to the Financial Statements – For the year ended 31 December 2007

### NOTE 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

#### *Price risk*

The Institute's exposure to commodity and 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, and 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 had moved by 5%, the effect on the 2007 profit would have been \$105,100.

#### *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*

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations, such as property, plant and equipment, and investments in working capital, eg inventories and trade receivables. These assets are considered in the Institute's overall liquidity risk.

Notes to the Financial Statements – For the year ended 31 December 2007

**NOTE 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)**

	<6 months	6-12 months	1-5 years	>5 years	Total
<b>Year ended 31 December 2007</b>	\$	\$	\$	\$	\$
FINANCIAL ASSETS					
Cash and cash equivalents	3,353,106	-	-	-	3,353,106
Trade and other receivables	1,352,914	-	-	-	1,352,914
Available for sale financial assets	-	-	-	2,102,014	2,102,014
	<b>4,706,020</b>	<b>-</b>	<b>-</b>	<b>2,102,014</b>	<b>6,808,034</b>
FINANCIAL LIABILITIES					
Trade and other payables	3,518,723	-	-	-	3,518,723
<b>NET MATURITY</b>	<b>1,187,297</b>	<b>-</b>	<b>-</b>	<b>2,102,014</b>	<b>3,289,311</b>
<b>Year ended 31 December 2006</b>					
FINANCIAL ASSETS					
Cash and cash equivalents	5,260,770	-	-	-	5,260,770
Trade and other receivables	744,472	-	-	-	744,472
Available for sale financial assets	-	-	-	-	-
	<b>6,005,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,005,242</b>
FINANCIAL LIABILITIES					
Trade and other payables	3,316,050	-	-	-	3,316,050
<b>NET MATURITY</b>	<b>2,689,192</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,689,192</b>

## Notes to the Financial Statements – For the year ended 31 December 2007

### NOTE 19. 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 20. 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

## Notes to the Financial Statements – For the year ended 31 December 2007

### NOTE 21. 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 four weeks annual leave
- entitlement to ten 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 the 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

#### Key management personnel

2007		2006	
Noel Rowland	Chief Executive Officer	Noel Rowland	Chief Executive Officer
Michael Dirkis	Senior Tax Council	Michael Dirkis	Senior Tax Council
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	Deborah Patison	Manager, Marketing

	2007	2006
	\$	\$

#### REMUNERATION FOR KEY MANAGEMENT PERSONNEL

Base salaries	1,041,918	974,541
Superannuation	93,591	87,709
Bonuses	43,783	39,319
<b>TOTAL REMUNERATION</b>	<b>1,179,292</b>	<b>1,101,569</b>

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

#### DIRECTOR'S REMUNERATION

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

The President is paid for services he provides to the company.	67,670	66,020
--	--------	--------

## Independent Audit Report – To the Members of the Taxation Institute of Australia



### Scope

We have audited the accompanying financial report of Taxation Institute of Australia (the Institute), which comprises the balance sheet as at 31 December 2007, 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 of the Institute for the year ended 31 December 2007.

### 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 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. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

### 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 Institute's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

WHK Horwath Sydney

David Sinclair  
Principal

Dated this seventh day of March 2008

## EXECUTIVE TEAM

Noel Rowland	Chief Executive Officer
Michael Dirkis	Senior Tax Counsel
Ruth Ferraro	General Manager, Education
Zeina Khodr	General Manager, Information Products
Deborah Patison	General Manager, Marketing
Des Reynolds	General Manager, Finance and Administration

## NATIONAL OFFICE

Chief Executive Officer

Noel Rowland

Level 2, 95 Pitt Street, Sydney 2000

Telephone: (02) 8223 0000

Fax: (02) 8223 0099

Email: ceo@taxinstitute.com.au

## STATE DIVISIONS

### New South Wales/ACT

Chairman

Tracey Rens

Manager

Claire Kasses

Level 2, 95 Pitt Street,  
Sydney 2000

Telephone: (02) 8223 0040

Facsimile: (02) 8223 0077

Email: nsw@taxinstitute.com.au

### Victoria

Chairman

Peter Riley

Manager

Ruth White

Level 15, 350 Collins Street,  
Melbourne 3000

Telephone: (03) 9603 2000

Facsimile: (03) 9603 2050

Email: vic@taxinstitute.com.au

### Queensland

Chairman

Ash Chotai

Manager

Monique Belousoff

Level 11, 82 Eagle Street,  
Brisbane 4000

Telephone: (07) 3225 5200

Facsimile: (07) 3225 5222

Email: qld@taxinstitute.com.au

### Western Australia

Chairman

Wayne Healy

Manager

Paul Fleay

Level 2, 191 St. George's Terrace,  
Perth 6005

Telephone: (08) 9322 2004

Facsimile: (08) 9322 2153

Email: wa@taxinstitute.com.au

### South Australia (with Northern Territory)

Chairman

Stephen Westaway

Manager

Angelika Hislop

Ground Floor, 5-7 King William Road,  
Unley 5061

Telephone: (08) 8357 8113

Facsimile: (08) 8357 8082

Email: sa@taxinstitute.com.au

### Tasmania

Chairman

Ken Davey

Manager

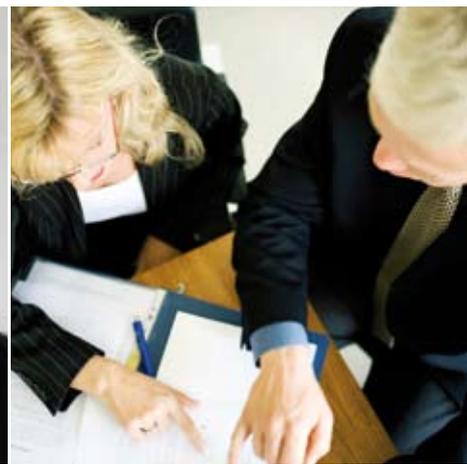
Ruth White

Level 15, 350 Collins Street,  
Melbourne 3000

Telephone: 1800 620 222

Facsimile: 1800 620 292

Email: tas@taxinstitute.com.au



**It's Essential**

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

