



THE TAX INSTITUTE

# Annual Report 2016



*Budget week 2016, the Federal Treasurer, Hon Scott Morrison MP addressing members at The Tax Institute's NSW Annual Tax Forum. Streamed live, free and exclusive to members across Australia.*

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### The Tax Institute offices



## Our story

Our members lead the way in tax.

The Tax Institute is Australia's leading professional association and educator in tax providing the best resources, professional development and networks. With almost 12,000 members, our mission is to educate and build expertise in tax and to raise the status of the tax profession.

Our membership base includes tax professionals from commerce and industry, academia, government and public practice throughout Australia. Our reach extends to over 40,000 Australian business leaders, tax professionals, government employees and students through the provision of specialist, practical and accurate tax content.

We are committed to propelling members onto the global stage with over 7,000 of our members holding the Chartered Tax Adviser designation which represents the internationally recognised mark of expertise.

The Tax Institute was established in 1943 with the aim of improving the position of tax agents, tax law and administration. Australia's tax system has evolved and The Tax Institute has become increasingly respected, dynamic and responsive, having contributed to shaping the changes that benefit our members and the taxpayer today.

More than seven decades later, our values, friendships and the unselfish desire to learn from each other are central to our success. The Tax Institute is known for its committed volunteers and the altruistic sharing of knowledge. Members are actively involved ensuring that the technical products and services on offer meet the varied needs of Australia's tax professionals.

## 2016 HIGHLIGHTS



**2,000 enrolments**  
*in Structured  
Education Program*



**1,500+**  
**new members**  
*of The Tax Institute*



**10,000+ attendees**  
*at CPD events  
delivered nationally*



**50 first graduates**  
*of the Graduate Diploma  
of Applied Tax Law*



**500 members**  
*watched the livestream  
Treasurer's budget update*

## IMMEDIATE PAST PRESIDENT'S REPORT

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**“The Tax Institute continued its mission as the pre-eminent tax educator and voice of tax advocacy in Australia. As a professional association, we certainly led the way in tax.”**

*Arthur Athanasiou, CTA*

In what could only be described as a tumultuous year, my presidency of The Tax Institute for 2016 was shaped by a number of significant events which are unlikely to be repeated again. Immediately following the 2016-2017 Federal Budget, the federal election date was announced, effectively resulting in a two-month hiatus before they could be held. The year also saw Brexit, and finally a victory for President Trump in the United States presidential election. None of these events could have been foreseen when I took over the mantle of President from Stephen Healey.

The start of the year also promised substantive tax reform, although its scope quickly diminished and was replaced by a promise of reform in the 2016-2017 Federal Budget. Unfortunately, a lot of the 2016 reform was limited to the widely-debated topic of superannuation changes, and commentary focused on whether a proposed change was retrospective or not.

The “Panama Papers” revelations in April 2016 will also be fondly remembered by all except the purported 800 high-wealth Australians implicated.

Despite these shocks, The Tax Institute continued its mission as the pre-eminent tax educator and voice of tax advocacy in Australia. As a professional association, we certainly led the way in tax.

One thing that made me proud in my presidency role was our focus on the Institute’s profile and our continuing interaction with government and the ATO. We were always on the front foot when it came to expressing our views and the media take-up was gratifying. Nowhere was this more apparent than in the lead-up to the federal election where tax (in particular the so-called “rorts” of the capital gains tax discount and negative gearing) was widely debated.

Our education program went from strength to strength and the Graduate Diploma of Applied Tax Law is now recognised as a high-quality tax education product.

The 31st National Convention was held in Melbourne on 2-4 March 2016 and was, on any analysis, an incredible success. The Institute ran a profitable event and mainstream media reported on many of the impressive speakers who delivered excellent papers. The Tax Adviser of the Year Awards also grew in terms of their status and authority, and each award recipient can take satisfaction in having achieved a peer-recognised standard of excellence in the tax profession.

The Institute’s financial outcome in 2016 was disappointing but doesn’t reflect in my view the significant value and service offered to members during the year, much of which is highlighted in this report. The Institute is in a sound financial position with comprehensive and transparent governance controls in place.

I also had the opportunity to personally appear before parliamentary committees on two occasions to represent The Tax Institute and give evidence on areas examined that were of vital importance to Institute members.

In retrospect, the volume of our submissions to Treasury and other relevant bodies was breathtaking. The enormity of the Institute’s output in disparate areas of tax law and its administration is testament to the dedication of the Institute’s technical experts, who are second to none.

Although it’s a tired cliché, we certainly do live in interesting times and such times can produce interesting results. We have yet to see the full impact of the ATO’s digital transformation, standard business reporting, single touch payroll and the new ATO Practitioner Lodgement Service and

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its impact on tax agents. The system outage in late December was also a cause for reflection on how robust the ATO's critical systems need to be.

### Focusing on the future

The future of the tax profession is digital.

Improved data mining and analytics, coupled with an increasing reliance on Artificial Intelligence (AI), will be extensively deployed by the ATO – as detection and collection techniques improve the government's bottom line of reducing the overall cost of tax receipts.

AI will revolutionise dispute resolution between the ATO and taxpayers, and we maintain that tax practitioners must be attuned to and ready to embrace such change.

As a director of a public company, one of the most pleasing aspects of my presidency has been to focus the Institute's board on the future. There is clear evidence that the many professional associations that don't prepare their memberships for the future will wither and either merge with or be usurped by other organisations. In 2016, we put in place concrete strategies to increase our membership base and provide superior service levels to members.

I believe that tax professionals and new entrants to the profession will opt for primary membership of a body that serves their interests as tax professionals by educating them, informing them and advocating with government on their behalf. The Institute has the team and the membership offering that will guide it into a good position for future growth.

It's for this reason I encourage all of you to remain committed as members of the Institute for the duration of your careers and, more importantly, to impress upon the next generation

of tax professionals that membership of the Institute and attaining CTA status are aspirations to be coveted and preferred above the offerings of other membership bodies or designations.

I congratulate the President for 2017, Matthew Pawson, in whom I have every confidence to lead the Institute into the future.

Finally, a sincere thank you to Noel Rowland and the executive team at the Institute during my tenure. Nothing was too difficult or too much for them. Their support and dedication was exceptional.



*Arthur Athanasiou, CTA*



**“Our focus will continue to be ‘Members First’ and improving the member experience.”**

Noel Rowland, CEO

2016 was a significant year, as it represented the first year of the Institute's next three-year strategy. When developing our strategy, we needed to revisit our *raison d'être*. This led us to the renewing of our vision as 'leading the way in tax'. We felt this not only encapsulated improving the profession, but also gave us a broader mission, and will allow us to focus our advocacy efforts. We led the way in tax by educating and building the expertise and status of the tax profession.

This leads us back to the strategy. The heart of the strategy is our members. We have summed it up in the term 'Members First'. As a statement on its own, it doesn't hold much credence, but when you translate that into the Institute's objectives across the three years it makes sense. That is, increase member participation and engagement, improve member satisfaction and ultimately grow the member base. The mantra 'Members First' is something that is continually chanted internally at the Institute. This ensures delivering member value is our number one focus.

In February we conducted an important member satisfaction survey. We did this for a number of reasons. Firstly, to ensure we understand what it is that members come to us for. By understanding this, we can make sure we deliver to these needs. Ultimately, it gave us a benchmark for member satisfaction. This comes in the shape of a Net Promoter Score (NPS). Our NPS of +11 compares favourably to other member associations and is a tribute to what we have delivered in the past. However, when we analyse the results in more depth, we know we need to do more for our younger members, and as such, that will be a focus for 2017.

The results of this survey told us that 78% of our members need us to update them on the constantly changing tax environment and 74% of our members say their membership supports them in enhancing their performance as a tax professional.

Fortunately, these members also said we are delivering on these needs, and our focus is to continue delivering on the needs of our members.

Our highly regarded publication, *Taxation in Australia* (our most used and valued member service) and weekly TaxVine newsletter delivered up-to-date, high-quality content for which the Institute is known. In 2016, our subscription services saw an average growth of 22%. These services delivered to the member need of being kept up to date.

The Institute maintained its leading position in tax events and professional development, delivering over 675 CPD hours to more than 10,000 attendees across 214 events nationally. We also undertook a strategic review of our CPD business and remain committed to providing best-in-market CPD experiences for today's and tomorrow's tax professionals.

The redevelopment of the small business CGT concessions offering as a blended delivery solution is one example of our focus to meeting member demand with flexible learning options.

The success of our education programs continued, with almost 2,000 candidate enrolments in 2016. We launched the international scholarship program, whereby prospective candidates were invited to apply for fully-funded enrolment into our CTA1 Foundation subjects. The three successful candidates, all from the Philippines, were Jenny Lee Catindig, Accountant at Lambourne Partners Chartered Accountants, Sherry Obiles-Baura, Partner at De Lumen Valdez Zamora & Associates and Isabelo Jr Haduca, Managing Partner at Haduca, Agacer & Co.

Our complimentary member research service, TaxLine, continued to help members find the information to get the best outcomes for their clients with over 900 requests in 2016.

The CTA brand continues to be the gold standard for tax professionals with a little over 200 new Chartered

Tax Advisers (CTAs). These new CTAs have all passed the Chartered Tax Adviser exam and can now represent themselves to their clients and peers as well informed tax professionals.

We recognised our highest-performing members through the Institute's Tax Adviser of the Year Awards. The winner of the Chartered Tax Adviser of the Year Award was Mark Bradford, CTA who is Qantas' Global Head of Taxation.

Our Tax Policy & Advocacy team attended more than 150 consultations and lodged over 50 submissions on our member's behalf. The team worked on the significant superannuation reform package, and participated in parliamentary inquiries and Australian Taxation Office (ATO) consultations in relation to the changing nature of the tax profession and the impact of ATO systems on tax professionals. One of the significant issues at the end of the year was the unplanned outages in the ATO's Tax Agent Portal. Our work to support and represent the views of the membership was significant at this time.

The Institute's financial result in 2016 was a loss of \$284,255. Whilst revenue increased in 2016, the cost of delivering services to members also increased, particularly in the CPD events and education areas. The result is disappointing, and we have taken measures to improve in 2017 and meet our budgeted return to surplus.

Significantly, during the course of the year the Institute invested heavily in new technology by replacing an old and outdated membership system. The new system (which went live on 31 December) will allow us to achieve efficiencies and enable scalable growth, in addition to providing an even higher level of member service and internal management.

In 2017 our focus will continue to be 'Members First' and improving the member experience.

We will be conducting an education strategy review, which will enable us to validate our strategy's continued relevance and make recommendations

to ensure the education program reflects the needs of the future of the profession.

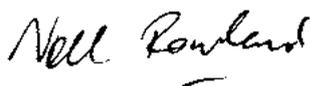
2017 looks to be an exciting year for the Tax Policy and Advocacy team, with our recent appointment of Professor Robert (Bob) Deutsch CTA as Senior Tax Counsel and Angie Ananda FTI as Tax Counsel.

The team will continue its focus on tax reform, advocating to address complexity in the system. In this respect, The Tax Institute will continue to be the 'voice' of the tax profession (and of Institute members in particular), and will ensure members' concerns are represented to government.

My sincere thanks go to all members of The Tax Institute, as their membership supports not only the Institute, but the tax profession as a whole, while contributing to the ongoing improvement of tax administration and practice.

I thank those members who have volunteered their time and effort in the context of our events, education programs and information products. My appreciation also goes out to the members of National Council, state councils and committees, and to Institute staff. I also wish to thank our partners who have helped contribute to the Institute.

Not least, I wish to thank 2016 President, Arthur Athanasiou CTA, for his commitment and articulate advocacy on behalf of the Institute and its members throughout the year.



Noel Rowland, CEO

## HIGHLIGHTS



+11

*Net Promoter Score*



**675 CPD hours**  
*delivered in 2016*



900+

*tax research requests*



**CTA of the Year**  
*Mark Bradford, Qantas*



**Advocacy**

**150+**  
*consultations*

**50+**  
*submissions*

## DIRECTORS' PARTICULARS

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### Arthur Athanasiou

*LLM, LLB, BEc, Grad Dip Acc, CTA*

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#### Qualifications

Barrister and Solicitor Supreme Court of Victoria

#### Experience

National Council member since January 2010

#### Responsibilities

- President 2016
- Member, Nominations Committee 2016
- Member, Audit Committee 2016
- Member, VIC State Council since 2008

### Graeme Cooper

*BA, LLM (Hons), Dip Jur, JSD, CTA*

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#### Qualifications

Professor of Taxation Law, University of Sydney; Consultant

Greenwoods & Herbert Smith Freehills

#### Experience

National Council member since April 2011

#### Responsibilities

- Member, Education and Quality Assurance Board 2016
- Member, NSW State Council since 2003

### Stuart Glasgow

*M(Tax), BBus(Acc), FCA, CTA*

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#### Qualifications

Chartered Accountant

#### Experience

National Council member since February 2015

#### Responsibilities

- Member, Audit Committee 2017
- Chair, National Membership & Services Committee 2016-2017
- Member, Investment Committee 2016-2017
- Member, VIC State Council since 2011

### Peter Godber

*BCom, LLM, FCA, CTA, MAICD*

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#### Qualifications

Chartered Accountant, Solicitor

#### Experience

National Council member since January 2014

#### Responsibilities

- Treasurer 2017
- Chair, Finance Committee 2017
- Member, Audit Committee 2017
- Member, Investment Committee 2017
- Chair, National Professional Development Committee 2016
- Member, Nominations Committee 2015-2016
- Member, QLD State Council since 2003

### Stephen Heath

*LLB (Hons) BEc, CTA*

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#### Qualifications

Solicitor

#### Experience

National Council member since January 2012

#### Responsibilities

- Deputy Chair, National Membership & Services Committee 2017
- Member, Education Advisory Board since 2016
- Member, Disciplinary Committee since 2016
- Deputy Chair, National Membership & Services Committee since 2014
- Member, SA State Council since April 2004

### Len Hertzman

*M(Tax), LLB, CTA*

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#### Qualifications

Admitted as a lawyer in Western Australia and Ontario, Canada

#### Experience

National Council member since January 2016

#### Responsibilities

- Chair, National Professional Development Committee 2017
- Member, Professional Standards Committee since 2016
- Member, WA State Council since 2008

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## Margaret Marshall

*FCA, M(Tax), BBus, CTA*

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### Qualifications

Chartered Accountant

### Experience

National Council member  
since January 2016

### Responsibilities

- Member, Finance Committee 2017
- Chair Technology Strategy Advisory Group 2017
- Member, Information Products Advisory Group 2016
- Member, Technology Strategy Advisory Group 2016
- Member, TAS State Council since 2013

## Tim Neilson

*LLB (Hons), LLM (Lond), CTA*

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### Qualifications

Lawyer admitted to practice by  
the Supreme Court of Victoria

### Experience

National Council member  
since January 2013

### Responsibilities

- Chair, National Technical Committee since 2015
- Member, VIC Technical Committee since 1999
- Member, VIC State Council since 2006

## Matthew Pawson

*BCom LLB, CTA*

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### Qualifications

Solicitor

### Experience

National Council member  
since January 2010

### Responsibilities

- President 2017
- Chair, Nominations Committee 2017
- Chair, Audit Committee 2017
- Vice President 2016
- Chair, Investment Committee 2016
- Treasurer 2015
- Member, Nominations Committee since 2012
- Member, TAS State Council since 2008

## Tracey Rens

*BEd, LLB, M(Tax), CTA*

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### Qualifications

Solicitor

### Experience

National Council member  
since January 2011

### Responsibilities

- Vice President 2017
- Member, Nominations Committee 2017
- Member, Finance Committee 2017
- Chair, Investment Committee 2017
- Chair, International Relations Committee 2017
- Treasurer 2016
- Member, Audit Committee 2016
- Member, NSW Education Committee since 2002
- Member, NSW State Council since 2005

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## Jerome Tse

*LLM, LLB/B.Com, CTA*

### Qualifications

Australian Legal Practitioner

### Experience

National Council member  
since January 2017

### Responsibilities

- Deputy Chair, National Technical Committee 2017
- Chair, Information Products Advisory Group 2017
- Member, NSW Professional Development (Education) Committee since 2013
- Member, National Dispute Resolution Committee since 2014
- Member, NSW State Council since 2013

## Todd Want

*CTA, CA, CPA*

### Qualifications

Chartered Accountant, Certified Practising Accountant

### Experience

National Council member  
since January 2017

### Responsibilities

- Member, Education Quality Assurance Board 2017
- Deputy Chair, National Professional Development Committee 2017
- Member, NSW Professional Development Committee since 2012
- Chair, NSW Professional Development Committee 2014-2016
- Chair, NSW Tax Forum Committee since 2014
- Member, NSW State Council since 2014

## Noel Rowland

*B.Ec, MAICD*

### Company Secretary and Chief Executive Officer

### Experience

Appointed Company Secretary  
March 1998

### Responsibilities

Director, Australian Tax Research  
Foundation appointed November 2009

## KEY MEMBERSHIP DATA

**2.5%**  
New member growth

**8338**  
LinkedIn company  
page followers

**8735**  
Facebook company  
page likes

### Member interaction %

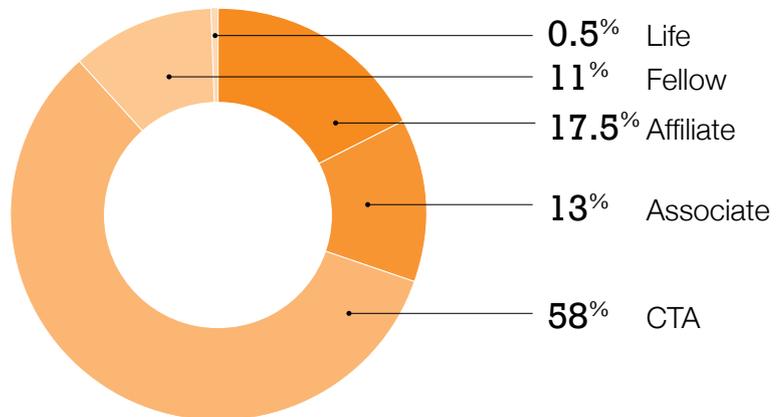
**88%**  
Read *Taxation*  
in *Australia* journal

**80%**  
Read the weekly  
*TaxVine* newsletter

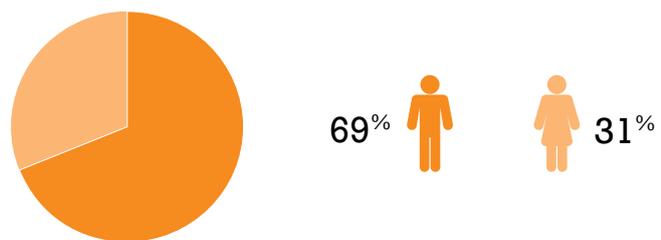
**75%**  
Visited TTI  
website

**47%**  
Attended an institute  
event or webinar

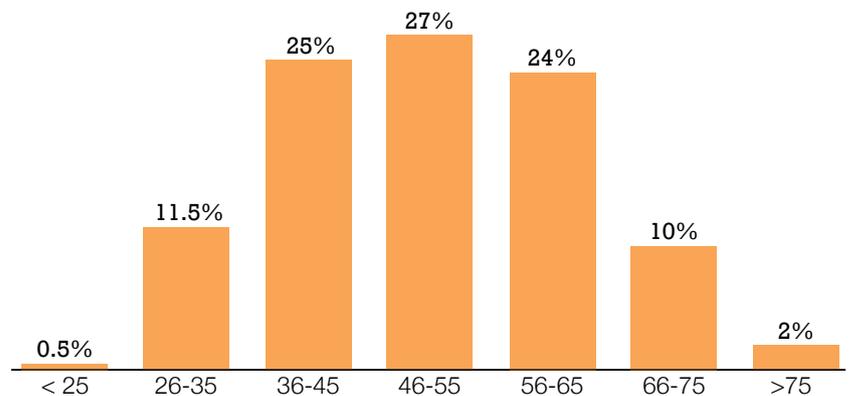
### Membership by grade %



### Membership by gender %



### Membership by age %



### Complaints and disciplinary activity

- Two complaints were received in 2016 and are still under investigation.
- A complaint received in 2015 was dismissed.
- A complaint received in 2015 is still under investigation.
- A complaint received in 2014 and investigated through 2015 and 2016 was dismissed.
- A complaint received in 2014 was still under investigation as at 31 December 2016, but has since been dismissed.

### What members valued most % \*



\*of members who used the service

Your directors present this report of The Tax Institute ('the Institute') for the year ended 31 December 2016.

## Directors

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

Arthur Athanasiou	Appointed 1 January 2010 (ceased 31 December 2016)
Graeme Cooper	Appointed 6 April 2011 (ceased 31 December 2016)
Stuart Glasgow	Appointed 5 February 2015
Peter Godber	Appointed 1 January 2014
Stephen Heath	Appointed 25 January 2012
Len Hertzman	Appointed 1 January 2016
Margaret Marshall	Appointed 1 January 2016
Tim Neilson	Appointed 1 January 2013
Matthew Pawson	Appointed 1 January 2010
Tracey Rens	Appointed 1 January 2011
Jerome Tse	Appointed 1 January 2017
Todd Want	Appointed 1 January 2017

Directors have been in office since the start of the 2016 year to the date of this report unless otherwise stated.

## Short-term and long-term objectives

The Institute's short- and long-term objectives are to:

- advance education in relation to taxation and Taxation Laws
- advance public knowledge and understanding of Taxation Laws
- encourage research into the reform of Taxation Law
- be the leading knowledge provider in taxation through our products and services.

The Institute's strategies to achieve these objectives include to:

- provide a highly sought after quality taxation education program
- offer a diverse and broad range of continuing professional development opportunities through an event program and publications
- be the authoritative opinion leader in tax policy and administration
- build the Chartered Tax Adviser designation as the gold standard in tax.

## Performance measures

The Institute measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial performance of the Institute and whether the objectives are being achieved in a cost effective manner.

## Member's guarantee

The institute is a company limited by guarantee. In accordance with the Institute's Constitution, each member is liable to contribute \$2.00 in the event that the Institute is wound up. The total amount members would contribute at 31 December 2016 would be \$22,548.

## 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.

## Operation result

The operating result for the year was a loss of \$284,255. 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

Revenue increased in 2016 however, the cost of delivering services to members also increased particularly in the CPD & Education areas. Revenue from all activities of The Tax Institute is disclosed at Note 2. Measures have been taken to improve in 2017 and meet the budgeted return to surplus. Returns from funds under management were lower due to the logistical changeover to a new fund manager.

## Significant changes in state of affairs

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

## After balance date events

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

## Future developments

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

## Environmental issues

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

### Indemnifying officer or auditor

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

### Proceedings on behalf of the institute

No person has applied for leave of court to bring proceedings on behalf of the Institute or intervene in any

proceedings to which the Institute is a party for the purpose of taking responsibility on behalf of the Institute for all or any of those proceedings.

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

### 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' meetings

Attendance at Board and Board Committee meetings during the year ended 31 December 2016:

Name	Board of Directors		Investment Committee	
Total number of meetings held	6		2	
Directors	A	B	A	B
Arthur Athanasiou	6	6		
Graeme Cooper	6	4	2	2
Stuart Glasgow	6	5	2	2
Peter Godber	6	5		
Stephen Heath	6	6		
Len Hertzman	6	5		
Margaret Marshall	6	6		
Tim Neilson	6	6		
Matthew Pawson	6	6	2	2
Tracey Rens	6	6	2	2

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.

**Matthew Pawson, CTA**  
Director

**Tracey Rens, CTA**  
Director

Dated in Sydney this 10<sup>th</sup> day of April 2017.

## DIRECTORS' DECLARATION *for the year ended 31 December 2016*

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The directors of the Institute declare that:

1. The financial statements and notes, as set out on pages 15 to 26, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and other mandatory professional reporting requirements and:
  - a. comply with Australian accounting standards – Reduced Disclosure requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2016 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.



**Matthew Pawson, CTA**  
*Director*



**Tracey Rens, CTA**  
*Director*

Dated in Sydney this 10<sup>th</sup> day of April 2017.

# AUDITOR'S INDEPENDENCE DECLARATION *for the year ended 31 December 2016*



**Crowe Horwath Sydney**  
ABN 97 895 683 573  
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street  
Sydney NSW 2000  
Australia

Tel +61 2 9262 2155  
Fax +61 2 9262 2190

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

10 April 2017

The Board of Directors  
The Tax Institute  
Level 10, 175 Pitt Street  
Sydney, NSW 2000

Dear Board Members

## The Tax Institute

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Directors of The Tax Institute.

As lead audit partner for the audit of the financial report of The Tax Institute for the financial year ended 31 December 2016, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

**CROWE HORWATH SYDNEY**

**SUWARTI ASMONO**  
Partner

Crowe Horwath Sydney is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

## KEY EDUCATION DATA

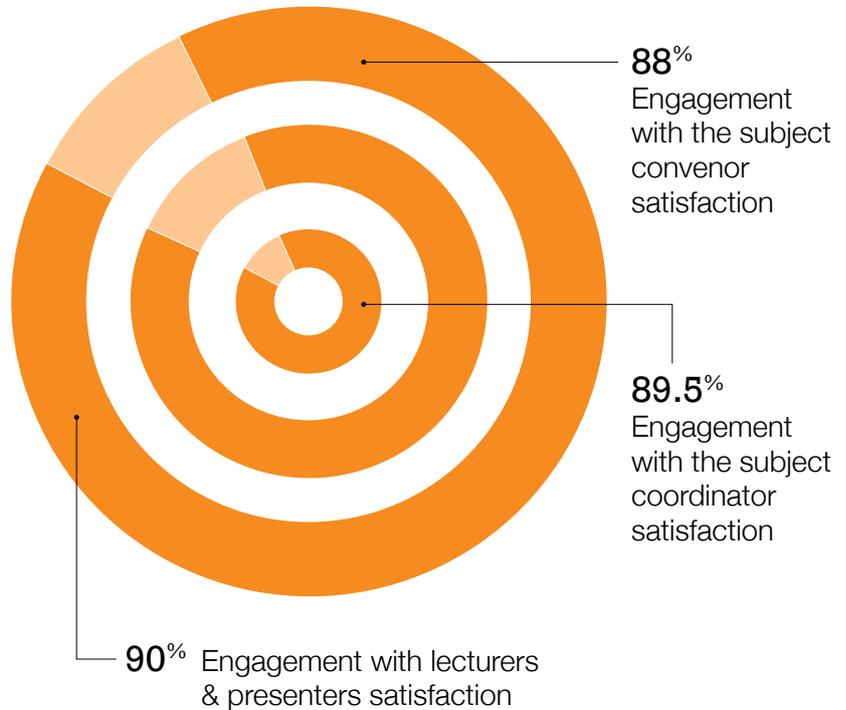
**Highlights**

**90%**  
of students would recommend our subjects to others

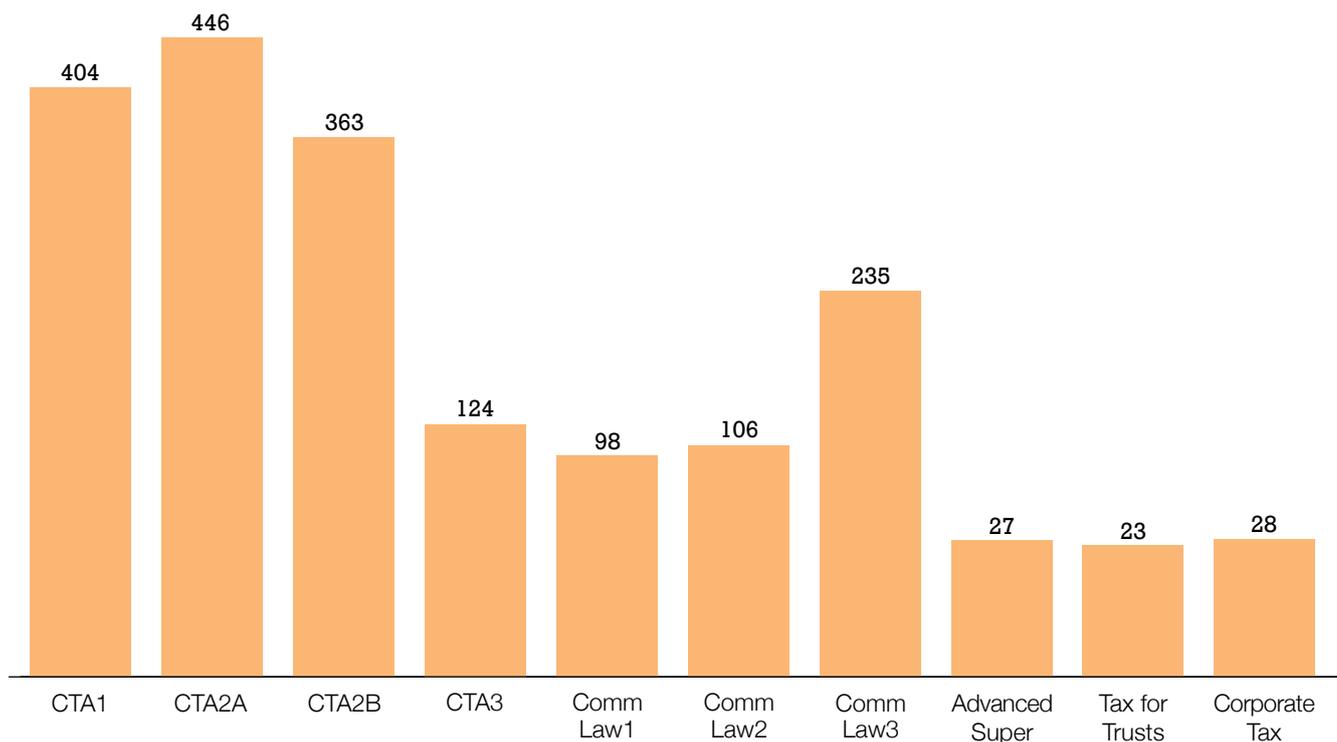
**36**  
Graduate Diploma of Applied Tax Law (GDATL) enrolments

**Over 200,000**  
education webpage views

### Student satisfaction



### Exams sat by subject (number of students)



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016	2015
		\$	\$
Revenue	2	15,696,806	15,382,229
Employee benefits expenses		(8,595,854)	(8,324,886)
Depreciation and amortisation expenses	3	(468,355)	(621,686)
CPD events and member services expenses		(3,589,798)	(3,336,479)
Occupancy expenses		(917,987)	(832,810)
Travel expenses		(327,440)	(308,606)
Publicity and promotion		(626,015)	(529,992)
Merchant fees		(241,107)	(222,005)
Administration expenses		(1,269,412)	(1,181,265)
Net realised and unrealised change in fair value of financial assets held at fair value through profit and loss		54,907	144,783
Profit / (Loss) before income tax expense		(284,255)	169,283
Tax Expense		-	-
<b>Profit / (Loss) after income tax expense</b>		<b>(284,255)</b>	<b>169,283</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income</b>		<b>(284,255)</b>	<b>169,283</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION *As at 31 December 2016*

	Note	2016	2015
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	7,583,159	5,162,542
Trade and Other Receivables		170,528	495,623
Prepayments		573,027	538,424
Inventory		30,556	25,236
<b>TOTAL CURRENT ASSETS</b>		<b>8,357,270</b>	<b>6,221,825</b>
<b>NON-CURRENT ASSETS</b>			
Financial Assets	6	–	2,996,148
Prepayments		126,667	–
Plant and Equipment	7	119,962	226,353
Intangible Assets	8	934,549	767,828
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,181,178</b>	<b>3,990,329</b>
<b>TOTAL ASSETS</b>		<b>9,538,448</b>	<b>10,212,154</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	535,722	653,657
Income in Advance		4,521,151	4,645,778
Lease Incentives and Make Good Provision	10	–	98,506
Short Term Provision	11	508,961	554,702
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,565,834</b>	<b>5,952,643</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Incentives and Make Good Provision	10	35,768	32,746
Long Term Provisions	11	54,142	59,806
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>89,910</b>	<b>92,552</b>
<b>TOTAL LIABILITIES</b>		<b>5,655,744</b>	<b>6,045,195</b>
<b>NET ASSETS</b>		<b>3,882,704</b>	<b>4,166,959</b>
<b>EQUITY</b>			
Retained Earnings		3,882,704	4,166,959
<b>TOTAL EQUITY</b>		<b>3,882,704</b>	<b>4,166,959</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY *For the year ended 31 December 2016*

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	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Retained Earnings		
Opening retained earnings	4,166,959	3,997,676
Net Profit / (Loss) after income tax expense	(284,255)	169,283
Other comprehensive income, net of tax	–	–
Total comprehensive income	(284,255)	169,283
<b>Closing retained earnings</b>	<b>3,882,704</b>	<b>4,166,959</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS *For the year ended 31 December 2016*

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash flows from operating activities		
Receipts from members and others	15,699,367	15,768,589
Payments to suppliers and employees	(15,892,454)	(14,855,213)
Interest Received	91,335	135,178
<b>Net cash (used in) / provided by operating activities</b>	<b>(101,752)</b>	<b>1,048,554</b>
Cash flows from investing activities		
Payment for plant and equipment	(63,604)	(69,979)
Payment for intangible assets	(465,081)	(513,051)
Investment funds held as cash	3,051,054	1,200,000
<b>Net cash provided by investing activities</b>	<b>2,522,369</b>	<b>616,970</b>
Net Increase in cash and cash equivalents	2,420,617	1,665,524
Cash at beginning of the financial year	5,162,542	3,497,018
<b>Cash at end of the financial year</b>	<b>7,583,159</b>	<b>5,162,542</b>

The accompanying notes form part of these financial statements.

**Note 1. Statements of significant accounting policies**

The financial statements of The Tax Institute (“The Institute”) for the year ended 31 December 2016 was authorised for issue by a resolution of the Directors on 10<sup>th</sup> April 2017.

The Tax Institute 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 statements. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretation issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profit Commission Act 2012* as appropriate for not-for-profit oriented entities.

The financial statements have, except for cash flow information, been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

**a. Revenue**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

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

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 deferred income on the balance sheet.

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

**b. Plant and equipment**

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

**Depreciation**

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Class of Fixed	Asset Depreciation Rate
Plant and Equipment	20.0%-33.3%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than It’s estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

**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.

**c. Intangible assets**

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

**Research and development**

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

**Software**

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of three years.

**d. Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are accounted for as expenses on a straight-line basis over the lease term.

Lease incentives under operating lease are recognised as reduction to rental expenses over the lease term on a straight-line basis unless another systematic basis is representative of the benefits of the leased asset over time.

**e. Financial instruments**

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

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

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

**i. Financial assets held at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

**ii. Loans and receivables**

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

**iii. Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable

payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at cost using the effective interest rate method.

**iv. Financial liabilities**

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

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment of financial assets**

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

**Impairment of assets**

At each reporting date, the entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

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

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

**f. Employee benefits****Short term employee benefits**

Provision is made for the Institute's liability for employee benefits arising from services rendered by employees to reporting 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.

**Other long-term employee benefits**

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.

### g. Cash and cash equivalents

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

### 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 Taxation 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 Statement of Financial Position are shown inclusive of GST.

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

### i. Income tax

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

### j. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### k. Trade and other payables

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

### l. Comparative figures

In 2015, the Institute acquired computer software which was capitalised and classified as property, plant and equipment. The software has been reclassified to intangible assets to better reflect its nature. The comparative figures have been restated.

### m. Critical accounting estimates and judgements

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

#### *Key Estimates – Impairment*

The Institute assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. No impairment has been recognised for the year ended 31 December 2016.

#### *Estimation of useful lives of assets*

The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Employee benefits provision*

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### *Recoverability of Receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

n. The Institute has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## NOTES TO FINANCIAL STATEMENTS *For the year ended 31 December 2016*

	2016	2015
	\$	\$
<b>Note 2. Revenue</b>		
Operating Activities		
Membership Services including Education	10,001,249	9,760,654
Rendering of services (CPD and Events)	4,718,306	4,485,400
Sales of publications	838,203	908,295
Advertising revenue	47,713	92,702
	<b>15,605,471</b>	<b>15,247,051</b>
Other Income Interest	91,335	135,178
	<b>91,335</b>	<b>135,178</b>
<b>Total revenue</b>	<b>15,696,806</b>	<b>15,382,229</b>

### Note 3. Profit from ordinary activities

Profit from ordinary activities before income tax expense has been determined after:

Expenses

Depreciation and amortisation of non-current assets

– plant and equipment

– Intangible assets

	169,995	362,264
	298,360	259,422
	<b>468,355</b>	<b>621,686</b>

Remuneration of auditor

– audit

– other services

	26,250	25,000
	37,500	2,500
	<b>63,750</b>	<b>27,500</b>

Rental expense on operating leases

– minimum lease payments

	676,075	686,882
	<b>676,075</b>	<b>686,882</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.

### Note 5. Cash and cash equivalents

Cash at bank and on hand	3,674,526	397,674
Cash management account	3,051,054	–
Short term deposits	857,579	4,764,868
	<b>7,583,159</b>	<b>5,162,542</b>

### Note 6. Financial Assets

NON-CURRENT

Investment in Unit Trusts at fair value

	–	2,996,148
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A new investment manager, Perpetual, was appointed at the end of the 2016 financial year. As part of the transition to a new investment manager, all investments have been liquidated and the funds held in cash management accounts (and classified as cash and cash equivalents). These funds will be invested by the new investment manager in the 2017 financial year.

The investment for prior year has been classified as financial assets at fair value. Changes in fair values of financial assets at fair value are recorded in the Statement of Profit or Loss and Other Comprehensive Income.

Details regarding the fair value measurement are disclosed at note 14.

## NOTES TO FINANCIAL STATEMENTS *For the year ended 31 December 2016*

	2016	2015
	\$	\$
<b>Note 7. Plant and Equipment</b>		
Plant and Equipment – at cost	2,394,377	2,330,773
Less: Accumulated Depreciation	(2,274,415)	(2,104,420)
<b>Total Plant and Equipment</b>	<b>119,962</b>	<b>226,353</b>

	Plant and Equipment	Total
	\$	\$

a. Movements in carrying amounts.

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

Balance at the beginning of the year	226,353	518,638
Additions	63,604	69,979
Depreciation or amortisation expense	(169,995)	(362,264)
<b>Carrying amount at the end of the year</b>	<b>119,962</b>	<b>226,353</b>

	2016	2015
	\$	\$

<b>Note 8. Intangible Assets</b>		
Intangible assets – at cost	1,845,026	1,379,945
Less: Accumulated Amortisation	(910,477)	(612,117)
<b>Total Intangible Assets</b>	<b>934,549</b>	<b>767,828</b>

	Intangible Assets	Total
	\$	\$

a. Movements in carrying amounts.

Movement in carrying amounts for intangible assets between the beginning and the end of the financial year.

Balance at the beginning of the year	767,828	514,199
Additions	465,081	513,051
Amortisation expense	(298,360)	(259,422)
<b>Carrying amount at the end of the year</b>	<b>934,549</b>	<b>767,828</b>

	2016	2015
	\$	\$

<b>Note 9. Trade and Other Payables</b>		
CURRENT		
Trade payables	281,386	331,874
Accruals and other payables	254,336	321,783
	<b>535,722</b>	<b>653,657</b>

<b>Note 10. Lease Incentives and Make Good Provision</b>		
CURRENT		
Lease liability	–	98,506
NON-CURRENT		
Lease liability		
Make good on premises	35,768	32,746
	<b>35,768</b>	<b>131,252</b>

	2016	2015
	\$	\$
<b>Note 11. Provisions</b>		
CURRENT		
Employee benefits	508,961	554,702
NON-CURRENT		
Employee benefits	54,142	59,806
<b>Aggregate employee benefits</b>	<b>563,103</b>	<b>614,508</b>
a. Number of employees at year end	77	77

<b>Note 12. Capital and leasing commitments</b>		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalized in the financial statements		
Payable – minimum lease payments		
– Not later than one year	685,394	712,374
– Later than one year but not later than five years	2,050,980	2,765,604
	<b>2,736,374</b>	<b>3,477,978</b>

### Note 13. Controlled entities

#### Australian Tax Research Foundation (ATRF)

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

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

It is in 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 14. Financial risk management objectives and policies

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

The main risks arising from the Institute's financial instruments are interest rate risk, price risk, credit risk and liquidity risk. The Institute uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest 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.

#### Recognised fair value measurements

##### i. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Tax Institute has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
At 31 December 2015					
Recurring fair value measurement					
Financial Assets					
Financial assets at FVTPL	6	2,996,148			2,996,148

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant

inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**Note 15. 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 16. Related party transactions**

**Key management personnel**

<b>2016</b>	<b>2015</b>	<b>Position</b>
Noel Rowland	Noel Rowland	Chief Executive Officer
Robert Jeremenko (resigned 5/9/16)	Robert Jeremenko	Senior Tax Counsel
Ruth Ferraro (resigned 7/10/16)	Ruth Ferraro	General Manager Education & Professional Standards
Alexandra Wilson (acting from 10/10/16)		General Manager Education
Alex Munroe	Alex Munroe	General Manager Information Products
Sharon Kells	Sharon Kells	General Manager State Operations
Kerryn Divall	Kerryn Divall	General Manager Finance & Administration
Sandra Falzon	Sandra Falzon	General Manager Marketing & Membership
Joanna Price (commenced 29/9/16)		General Manager, HR

**Total Remuneration for key management personnel**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
CEO (including an at-risk component)	432,456	411,000
Other key management	1,143,583	1,134,948
<b>Total remuneration</b>	<b>1,576,039</b>	<b>1,545,948</b>

**Directors' remuneration**

The Directors of the Tax Institute are not remunerated. The 2016 President was Arthur Athanasiou from Thomson Geer. Thomson Geer received an amount of \$94,380 in 2016 for services rendered to the Institute. The 2015 President was Stephen Healey from Deloitte Australia. Deloitte Australia received an amount of \$92,162 in 2015 for services rendered to the Institute.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### **Note 17. Events after the reporting date**

No matters or circumstances have arisen since the end of the financial year which would significantly affect or may change the operations of the company, the results of those operations or the state of affairs of the company in the future financial year.

### **Note 18. Contingent liabilities and contingent assets**

As at 31 December 2016 there are guarantees provided by National Australia Bank of \$857,579 (2015: \$857,579) for the leases.

Other than the above, there are no contingent liabilities or contingent assets as at reporting date. (2015: Nil)

The company had no commitments for expenditure as at 31 December 2016. (2015: Nil)

### **Note 19. Company details**

The registered office and principal place of business of the company is:

The Tax Institute  
Level 10, 175 Pitt Street  
Sydney, NSW 2000



**Crowe Horwath Sydney**  
ABN 97 895 683 573  
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street  
Sydney NSW 2000  
Australia

Tel +61 2 9262 2155  
Fax +61 2 9262 2190

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

## The Tax Institute of Australia

### Independent Auditor's Report to the Members of the Tax Institute

#### Opinion

We have audited the accompanying financial report of The Tax Institute ("the Entity"), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of the Entity has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Entity's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) as described in note 1 and Division 60 of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors for the Financial Report**

The directors of the Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Tax Institute's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.

*Crowe Horwath Sydney*

**CROWE HORWATH SYDNEY**

A handwritten signature in blue ink, appearing to read "Suwanti".

**SUWARTI ASMONO**  
Partner

Dated this 10<sup>th</sup> day of April 2017

## CONTACT DETAILS

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### Executive Team

<b>Noel Rowland</b>	Chief Executive Officer
<b>Alexandra Wilson</b>	General Manager Education
<b>Alex Munroe</b>	General Manager Information Products
<b>Sandra Falzon</b>	General Manager Marketing and Membership
<b>Kerryn Divall</b>	General Manager Finance and Administration
<b>Sharon Kells</b>	General Manager State Operations
<b>Joanna Price</b>	General Manager HR
<b>Bob Deutsch</b>	Senior Tax Counsel

### National Office

**CEO: Noel Rowland**  
Level 10, 175 Pitt Street  
Sydney, NSW 2000

Tel 02 8223 0000  
Fax 02 8223 0099  
Email [ceo@taxinstitute.com.au](mailto:ceo@taxinstitute.com.au)

### State Divisions

#### New South Wales and ACT

**Chairperson: Scott McGill, CTA**  
**Manager: Philippa Cardigan**

Level 10, 175 Pitt Street  
Sydney, NSW 2000

Tel 02 8223 0040  
Fax 02 8223 0077  
Email [nsw@taxinstitute.com.au](mailto:nsw@taxinstitute.com.au)

#### Queensland

**Chairperson: Paul Banister, CTA**  
**Manager: Paula Quirk Russo**

Level 11, Emirates Building  
167 Eagle Street  
Brisbane, QLD 4000

Tel 07 3225 5200  
Fax 07 3225 5222  
Email [qld@taxinstitute.com.au](mailto:qld@taxinstitute.com.au)

#### South Australia and NT

**Chairperson: Ben Wilson, CTA**  
**Manager: Brian Martin**

Ground Floor, 5–7 King William Road  
Unley, SA 5061

Tel 08 8463 9444  
Fax 08 8463 9455  
Email [sa@taxinstitute.com.au](mailto:sa@taxinstitute.com.au)

#### Victoria

**Chairperson: Leanne Connor, CTA**  
**Manager: Ruth White**

Level 15, 350 Collins Street  
Melbourne, VIC 3000

Tel 03 9603 2000  
Fax 03 9603 2050  
Email [vic@taxinstitute.com.au](mailto:vic@taxinstitute.com.au)

#### Western Australia

**Chairperson: Rick Hopkins, CTA**  
**Manager: Brian Martin**

Level 10, Parmelia House  
191 St George's Terrace  
Perth, WA, 6000

Tel 08 6165 6600  
Fax 08 6165 6699  
Email [wa@taxinstitute.com.au](mailto:wa@taxinstitute.com.au)

#### Tasmania

**Chairperson: Darren Sheen, CTA**  
**Manager: Ruth White**

Level 15, 350 Collins Street  
Melbourne, VIC 3000

Tel 1800 620 222  
Fax 1800 620 292  
Email [tas@taxinstitute.com.au](mailto:tas@taxinstitute.com.au)



THE TAX INSTITUTE

Level 10, 175 Pitt Street  
Sydney, NSW 2000

ABN 45 008 392 372

Tel 02 8223 0000

Fax 02 8223 0077

For information, please contact our membership division:  
[membership@taxinstitute.com.au](mailto:membership@taxinstitute.com.au)