



THE TAX INSTITUTE

Annual Report 2018



Tax Awards 2018 finalists

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The Tax Institute offices



About the Tax Institute

The Tax Institute is the leading forum for the tax community in Australia.

Committed to representing our members, shaping the future of the tax profession and the continuous improvement of the tax system for the benefit of all, we do this through the advancement of knowledge, member support and advocacy.

Our membership of almost 12,000 includes tax professionals from commerce and industry, academia, government and public practice throughout Australia. Our tax community reach extends to over 40,000 Australian business leaders, tax professionals, government employees and students through the provision of specialist, practical and accurate knowledge and learning.

We are committed to propelling members onto the global stage, with over 7,000 of our members holding the Chartered Tax Adviser (CTA) 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. In 2018, we celebrated our 75th anniversary, and reflected, as an organisation and a community, on the Institute's achievements in that time. As then-President Tracey Rens, CTA said, "We're proud of our heritage, and committed to supporting our diverse membership. We're also committed to the future of the tax profession, to investing and supporting our leaders of tomorrow and helping them shape the future".

The profession, and the Institute, are entering a new era, driven in large part by the rise of digital technologies. Now, more than ever, we are committed to advocating on behalf of our members, the profession, and leading improvements in our tax system for the benefit of all Australians.

As Australia's tax system has evolved, The Tax Institute has done so too, and become increasingly respected, dynamic and responsive, having

contributed to shaping the changes that benefit our members and taxpayers today.

Our strength is in the role our committed volunteers play, and in the altruistic sharing of knowledge. Our members are actively involved, ensuring that the education, professional development, and technical products and services we offer meet the varied needs of Australia's tax professionals.

For more information about The Tax Institute, or to get in touch, visit our website at taxinstitute.com.au.

2018 Highlights



**1,600
new
members**
of The Tax Institute



**2,124
enrolments
*in Structured
Education Program***



**97%
recommended
*Young Practitioners
Mentoring Program***



**177 enrolments
*in CTA3 Advisory***



**12,500+
attendees
*at CPD events
delivered nationally***



**164 mentions
*in the media***

Immediate past president's report



"This year we established the core pillars of activities for the Institute under this vision and built the foundation for 2019 and beyond for the Institute in serving our members."

Tracey Rens, CTA

In 2018, The Tax Institute celebrated its 75th anniversary. We were established in 1943 with the founding principle to collectively, but through a singular strong voice, positively influence the direction of tax law and its administration. This has allowed The Tax Institute to emerge over time as the foremost tax professional body in Australia.

This also drove the development of our new vision statement that I spoke about at each of the State and National Conventions being an articulation of our purpose as:

The Tax Institute is the leading forum for the tax community in Australia. We are committed to representing our members, shaping the future of the tax profession and continuous improvement of the tax system for the benefit of all, through the advancement of knowledge, support for members and advocacy.

This year we established the core pillars of activities for the Institute under this vision and built the foundation for 2019 and beyond for the Institute in serving our members.

I saw my role as President as representing the Institute and our members in a variety of forums. This provided me with the opportunity to present our position on a range of important tax issues. During 2018 we were resolute in the firm commitment of advocating strongly on behalf of, and in conjunction with, members and others in the tax community for the betterment of the tax system.

Led by the Institute's Tax Policy & Advocacy team, we lodged a total of 52 submissions in relation to a number of new tax policy measures and draft legislation as well as draft guidance from the Australian Taxation Office. Members together with our Tax Policy team also participated in over 120 consultations with key stakeholders including Treasury, Australian Taxation Office, the Board of Taxation, and State Revenue Offices. With over 164 media quotes, the team greatly contributed to the broader tax debate. We of course delivered our weekly TaxVine newsletter to inform our members of key tax developments and to seek their input.

Our focus in these activities was to elevate the tax policy conversation

and ensuring the views are presented in a compelling way being both considered and lacking self-interest. This is consistent with the charter of our constitution as an educator. As an institution we draw our learnings from the experience of others and aim to continue to facilitate a rigorous debate on the various aspects of tax reforms as part of a broader understanding of our tax system.

We expanded our professional development offerings during the 2018 year both through our structured education courses as well as our national and state events. We as tax professionals are engaged on a life-long learning journey and the expectations and demands of our professions are consistently changing as well as increasing. The Institute's professional development courses and events recognise that while technical training is fundamental, there are also other skills and learnings necessary to be the best tax professional that you can be. This year I am proud that the Institute supported tax professionals in their learning journey to prepare for 2124 exams, with 85 contributors (practitioners and lecturers) for our education programs. We also connected 12,500 members and tax professionals to learn from and interact with our expert presenters at our events. The hardworking and dedicated Education and Events team from the Institute did an outstanding job last year in delivering high calibre tax professional courses and events and I look forward to this quality continuing in 2019.

I was incredibly honoured to serve as President for 2018 and I extend my warmest thanks to National Council, the dedicated Institute team and members for your support. Looking to 2019, we will continue the focus on providing the best courses and events to support all tax professionals as well as our tax policy advocacy work in improving the tax system now and in the future.

A handwritten signature in black ink, appearing to read "Tracey Rens".

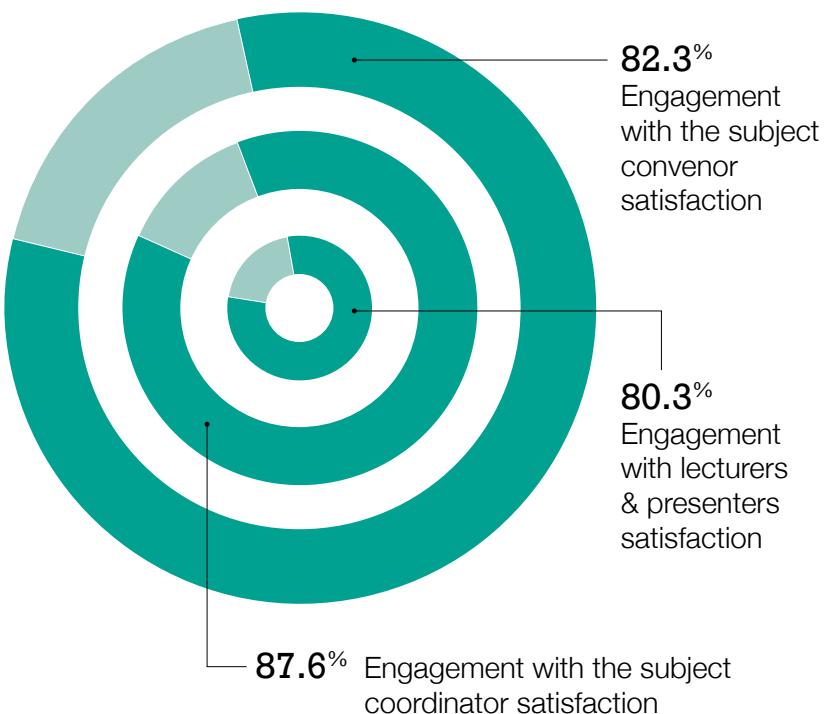
Tracey Rens, CTA

Key Education data

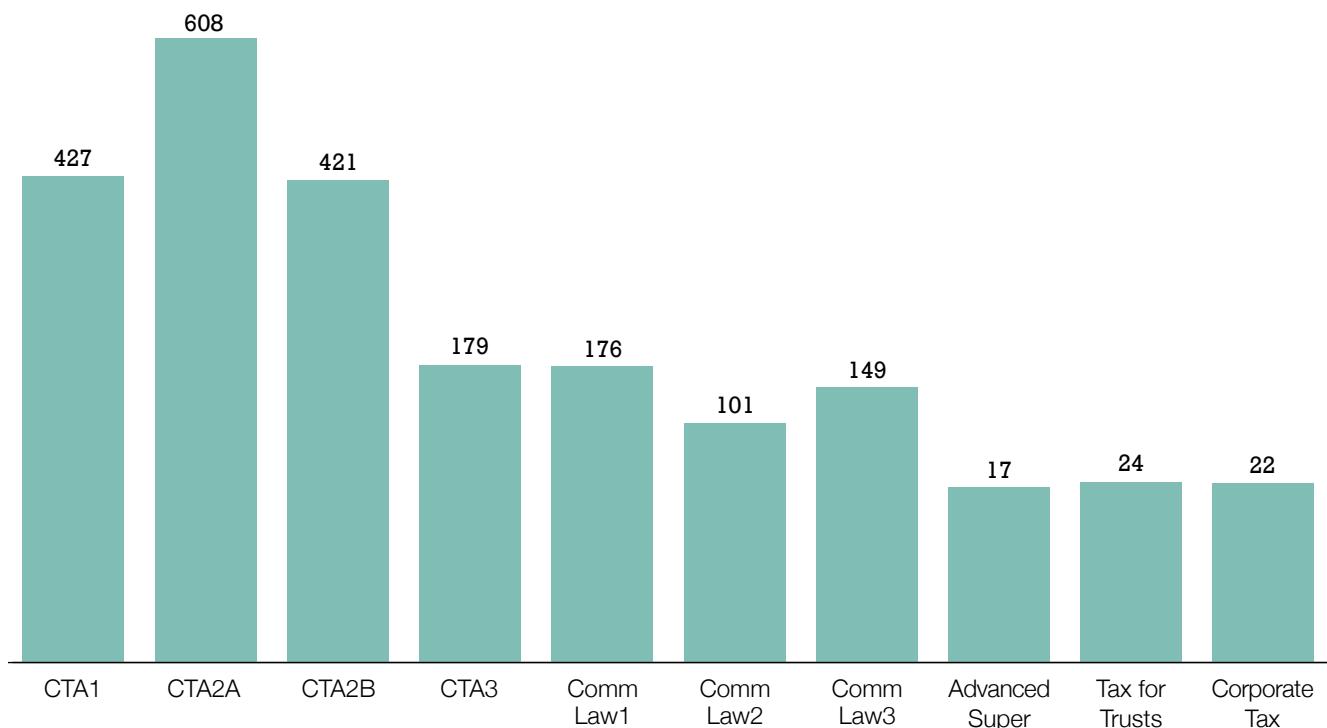


As at 31 December 2018

Student satisfaction



Exams sat by subject (number of students)





"I am proud to reflect that The Tax Institute has played a part in advancing our members' careers and providing them with the opportunity to connect with like-minded tax professionals."

Giles Hurst, CEO

It is with privilege that I write in this year's Annual Report. Since stepping into the role of CEO of The Tax Institute in April 2018, I have witnessed firsthand the impact our members make in this profession, the milestones that they achieve in their careers, and most importantly, the networks they build and foster with one another.

I am proud to reflect that The Tax Institute has played a part in advancing our members' careers and providing them with the opportunity to connect with like-minded tax professionals.

It is not an easy time to be a tax practitioner. We are in an era of unprecedented change in our profession. As I consider our members and the Institute against this backdrop of change, one thing remains unchangeable – The Tax Institute is driven by its members, for its members.

With this purpose in mind, in 2018, we acted on the results of member consultations and surveys which were carried out in the prior year. We knew we wanted to elevate our members' interests, deliver more value to them and continue supporting them in their work and careers.

Through extensive consultations with members across all sectors and segments, it was clear that our members needed much more from us as their professional association. The results were conclusive – we needed to be more relevant, more influential and more engaging.

Post-consultation, The Tax Institute's Leadership Team set a renewed strategy for 2018 and beyond – to increase the value we deliver to our members through six pillars:

- Membership value and experience;
- Tax policy and advocacy;
- Events and professional development;
- Knowledge and learning;
- Marketing; and
- Technology.

The six pillars will benefit from a new found financial stability for the Tax Institute which will be detailed below. Needless to say our strategic initiatives

are proving successful in delivering value for our members. Key highlights are summarised as follows.

Membership

In 2018, we celebrated the dedication of thousands of members over the last 75 years, all of whom have given their time to ensure that Australia's tax profession is heard and that the broader tax community is enriched accordingly.

2018 saw a record number of new members of The Tax Institute, with more than 1,600 professionals joining our community. While this is encouraging, we know there is more to do to grow our member base and to provide compelling value to retain our current members.

With that in mind, several new initiatives were launched. These were developed with the dual purpose of delivering tax technical content as well as providing networking opportunities to connect with senior leaders in the industry.

One of those new initiatives was a highly successful Young Practitioners Mentoring Program, aimed at supporting younger members of the profession by connecting them with experienced members. This pilot program proved hugely popular and was over-subscribed in just two days.

We also developed the Snapshot Series – our 'at-a-glance' tax reference guides, with the first four in the series being sent free to members.

We also ran member research through focus groups and interviews to gain a better understanding of what members want from us. As a result, in 2019 members will benefit from the Member Portal and seamlessly access your saved tools and resources, enjoy a better digital experience for the Taxation in Australia journal, access an enhanced mentoring program, and take advantage of an exciting new member value add which will be announced in April.

Tax policy and advocacy

In 2018, the Tax Policy and Advocacy team, led by Senior Tax Counsel,

Professor Bob Deutsch, worked hard to address the key issues in our tax system. With over 164 media quotes, the team greatly contributed to the tax debate.

Bob and his team attended over 120 consultations during the year and lodged a total of 52 submissions. The important work the Tax Policy and Advocacy team do can only happen with the huge input from our volunteer members who work diligently and continuously on each of our seven national technical committees.

Our members who get actively involved have provided tremendous input and we very much appreciate the value they deliver to the Australian tax community. 2019 is shaping up as a huge year for The Tax Institute – there are going to be many tax issues coming up in the Federal Budget and Federal Election and we will be heavily involved in these conversations as we professionally facilitate the national tax debate in a polite, considered and respectful manner.

This year, The Tax Institute will be launching its first Federal Budget website, housing technical commentary, submissions to Treasury and video content to showcase our volunteers in this important election year.

We encourage our members to continue to actively engage in addressing the issues in our tax system whether that be through volunteering on our technical committees, contributing to submissions, or getting involved in the conversations about tax via our weekly member-only TaxVine newsletter.

Events and professional development

The Institute continued to maintain its strong position in tax events and professional development. We hosted 209 events, delivered 655 CPD hours and attracted 12,500 members and tax professionals to our events.

The Tax Institute's investment in events and professional development speaks to our commitment to provide valuable

opportunities for our members to expand their networks and connect with their peers.

We are proud to showcase the best minds in tax who continue to deliver outstanding technical content at our sell-out events. In particular, our inaugural National Transfer Pricing conference was held in Sydney and sold out within days; testament to the calibre of all our speakers and active members.

On a professional development front, one of the highlights from 2018 was the launch of Go-for-Growth, a flexible training solution that goes beyond tax and equips members with different sets of skills to successfully progress their career and grow their business. The value created for our members by providing them with soft skill training has been tremendous. It is part of our commitment to continuously diversify and underpin the value we deliver to our members.

Knowledge and learning

Our focus is tax and always has been. With almost 12,000 members in our network, The Tax Institute prides itself on developing programs delivered by industry experts.

With respect to our legacy as tax education specialists, we are always learning and innovating for our members. Microlearning was piloted in 2018, with many successful candidates progressing through our programs. These short webinars focus on key concepts of each subject module to allow candidates to access content quickly and efficiently on any device.

We look forward to implementing this new approach in 2019 and improving the candidate learning experience and ultimately their academic outcomes by ensuring:

- knowledge foundation is laid before progressing to advanced concepts;
- short, focused learning sessions;
- practical application including activities and case studies.

The Tax Institute is also aligning the delivery with other higher education providers via 12-week trimesters.

Highlights



655 CPD hours
delivered in 2018



CTA of the Year
Stephen Carpenter, KPMG



Advocacy

120
Consultations

52

Submissions

We launched our new title, Bender's Australian Stamp Duties, by Dr Philip Bender, in early 2018. This wide-ranging, specialist title covering each Australian state and territory, was well received by members and the wider profession alike, receiving reviews that "highly recommended it" and sold well throughout the year.

Marketing

Working closely with our membership team, our marketing team's initiatives last year were underpinned by our member-first strategy. Initiatives undertaken had the sole objective of injecting more value for our members across all our member segments, taking into account the diversity of our members, their roles, industry and gender.

With a large number of female leaders representing The Tax Institute, we launched the Women in Tax website in January 2018, an online community created to support the career progression of women across the tax, accounting and legal professions. The Women in Tax newsletter already has close to 2,000 subscribers and the brand's flagship National Congress event was held in November. We are proud to report the event was a huge success, selling out again in its second year.

In taking these initiatives to market, our Marketing team were named finalists in 2018's Australian Marketing Institute Awards, in the National Not-for-Profit category for Women in Tax, and the Customer Experience category for the Young Practitioners Mentoring Program, taking home the New South Wales state prize in the Customer Experience category for the Young Practitioners Mentoring Program.

The Tax Institute has also made a substantial investment in a marketing automation platform which will not only drive efficiencies for the marketing team but provide a better experience for members across our digital platforms, delivering far better targeted, more relevant communications and a more personalised experience overall.

Technology

In 2018, we made changes in our technology with the objective of improving the member experience when engaging with us online. We made positive enhancements to stabilise our website and automate our enrolment processes to provide a more streamlined online experience for all.

Our technological advancements are a work in progress but there are exciting new initiatives to look forward to in 2019 – all of which will only enhance the member experience.

Financials

Perhaps most pleasing of all, The Tax Institute has turned an important corner in its financial performance in 2018 to deliver a healthy surplus of \$169,766; this was a result which exceeded the budget set and amounted to a full turnaround of \$866,055 on prior year. Revenue has grown year on year by \$575,000, notably as a result of:

- Knowledge & Learning delivering higher than expected revenues via a bespoke program to new members
- State Operations / CPD exceeding prior year revenue by \$514,000
- acquiring 1,600 new members, which exceeded expectations.

Business restructuring initiatives were undertaken in 2018, which significantly reduced the underlying operational costs on an annual basis and sets us up for further performance improvements in 2019. We have brought operating costs in line with revenues and reduced expenses by \$648,000 annually.

In conclusion

I am proud of, and humbled by, the many volunteers who have contributed to the success of The Tax Institute. I want to thank all National Council members, Committee members, the Leadership Team, employees, volunteers and, most of all, our members, who have helped make 2018 a productive year. Your generous gift of time, knowledge, expertise and vision are so much appreciated.

Finally, I extend a warm welcome to Tim Neilson, incoming President for 2019. I hope you all have the opportunity to meet Tim at our flagship events this year.

Indeed, we are an organisation driven by our members, for our members. I look forward to 2019 and the value that we can bring to our members this year.



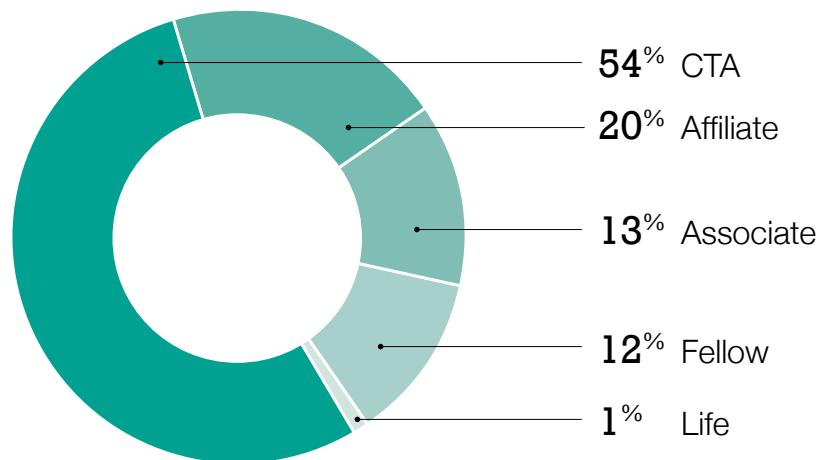
Giles Hurst, CEO

Key membership data

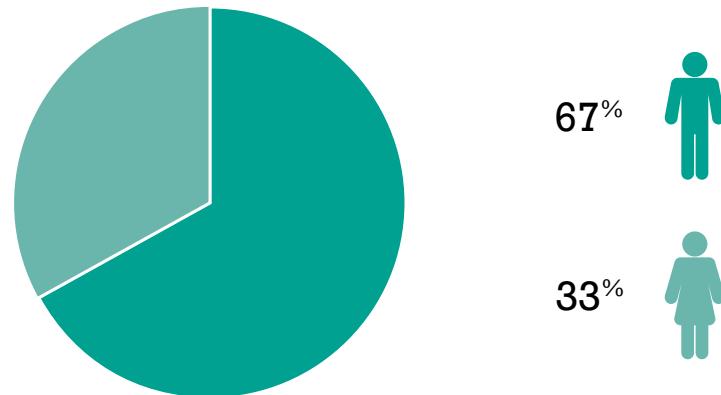


As at 31 December 2018

Membership by grade %



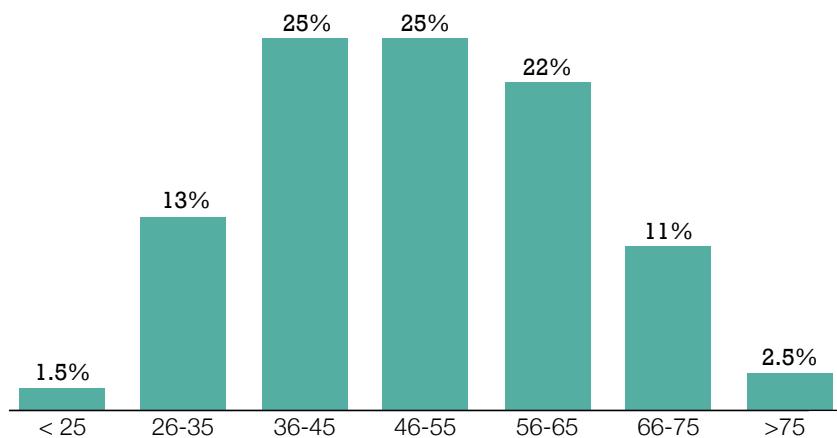
Membership by gender %



Complaints and disciplinary activity

- 4 TPB dismissal letters received, members notified and membership terminated.
- 8 TPB letters received, no action taken but member advised and noted on file.

Membership by age %



Directors' particulars

David Earl

BCom, LLB(Hons), LLM, FTI

Experience

National Council member since January 2018

Responsibilities

- Chair, International Relations Committee 2019
- Member, Audit and Risk Committee since 2018
- Member, Education Advisory Board since 2018
- Member, International Relations Committee 2018

Stuart Glasgow

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

Qualifications

Chartered Accountant

Experience

National Council member since February 2015

Responsibilities

- Treasurer 2019
- Chair, Finance & Investment Committee 2019
- Member, Audit Committee 2017
- Chair, National Membership & Services Committee 2016 - 2018
- Member, Investment Committee 2016 - 2017
- Member, Finance & Investment Committee 2018
- Member, VIC State Council since 2011

Peter Godber

BCom, LLM, FCA, CTA, MAICD

Qualifications

Chartered Accountant, Solicitor

Experience

National Council member since January 2014

Responsibilities

- Vice President 2019
- Treasurer 2017-2018
- Chair, Finance Committee 2017
- Chair, Finance & Investment Committee 2018
- Member, Finance & Investment Committee 2019
- Member, Audit Committee 2017
- Member, Audit & Risk Committee since 2018
- Member, Investment Committee 2016-2017
- Chair, National Professional Development Committee 2016
- Member, Nominations Committee 2015-2016 (ex Officio 2018-2019)
- Member, QLD State Council since 2003

Leonard Hertzman

M(Tax), LLB, CTA

Qualifications

Admitted as a lawyer in Western Australia and Ontario, Canada

Experience

National Council member since January 2016

Responsibilities

- Chair, National Professional Development Committee 2017-2018
- Member, Nominations Committee since 2017
- Member, Professional Standards Committee since January 2016-2018
- Member, WA State Council since 2008
- Member, International Relations Committee 2019
- Chair, Knowledge & Learning Committee 2019

Margaret Marshall

FCA, M(Tax), BBus, CTA

Qualifications

Chartered Accountant

Experience

National Council member since January 2016

Responsibilities

- Deputy Chair, National Professional Development Committee 2019
- Member, Finance Committee 2017
- Member, Finance/Investment Committee since 2018
- Chair, Technology Strategy Advisory Group since 2017
- Member, Information Products Advisory Group
- Member, Technology Strategy Advisory Group 2016
- Member, TAS State Council since 2013

Timothy Neilson

LLB (Hons), LLM (Lond), CTA

Qualifications

Admitted as a lawyer in Victoria

Experience

National Council member since January 2013

Responsibilities

- President 2019
- Vice President 2018
- Chair of National Technical Committee 2015-2018
- Member, National Technical Committee 2019
- Member, VIC Technical Committee since 1999
- Member, VIC State Council since 2006
- Member, Nominations Committee 2018
- Chair, Nominations Committee 2019
- Member, Finance & Investment Committee since 2018

Tracey Rens

BEc, LLB, M(Tax), CTA

Qualifications

Solicitor

Experience

National Council member since January 2011

Responsibilities

- President 2018
- Vice President 2017
- Member, Nominations Committee since 2017
- Member Finance/Investment Committee (ex officio) 2018
- Chair, Nominations Committee 2018
- Member, Finance Committee 2017
- Chair, Investment Committee 2017
- Chair, International Relations Committee since 2017
- Treasurer 2016
- Member, Audit Committee 2016
- Member, NSW Education Committee since 2002
- Member, NSW State Council since 2005
- Director, Australian Tax Research Foundation appointed September 2017

Timothy Sandow

BCom, LLB, CTA, CA

Qualifications

Chartered Accountant

Experience

National Council Member since January 2018

Responsibilities

- Chair, National Membership Committee 2019
- Deputy, National Membership Committee 2018
- Member, Disciplinary Committee since 2018
- Member, Audit & Risk Committee since 2018
- Member SA State Council since 2007

Jerome Tse

LLM, LLB BCom, CTA

Qualifications

Australian Legal Practitioner

Experience

National Council member since January 2017

Responsibilities

- Chair, Audit and Risk Committee 2018
- Deputy Chair, National Technical Committee since 2017
- Chair, Knowledge & Learning Group (formally Information Products Advisory Group) 2017 and 2018
- 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
- Member, VIC State Council 2010 to 2012

Todd Want

CTA, CA, CPA

Qualifications

Chartered Accountant, Certified Practicing Accountant

Experience

National Council member since January 2017

Responsibilities

- Member, Education Quality Assurance Board since 2017
- Chair, National Professional Development Committee since 2019
- Deputy Chair, National Professional Development Committee 2017-2018
- Member, Technology Strategy Advisory Group since 2018
- Member, NSW State Council since 2014
- Member, NSW Professional Development Committee since 2012
- Chair, NSW Professional Development Committee 2014-2016
- Chair, NSW Tax Forum Committee 2014-2016

Paul Banister

BBus(Acc), LLB, FCA, CTA

Qualifications

Chartered Accountant

Experience

National Council member since February 2019

Responsibilities

- Member, Finance & Investment Committee 2019
- Member, Professional Standards Committee 2019
- Member, Qld State Council since 2012 (Chair 2016-2018)

Eddy Moussa

BBus, LLB, M (Tax), CTA

Qualifications

Legal Practitioner, Solicitor of Supreme Court of NSW, Practitioner of the Federal and High Court of Australia

Experience

National Council member since January 2019

Responsibilities

- Deputy Chair, National Membership Committee 2019
- Member, International Relations Committee 2019
- National Council of the Tax Institute of Australia
- Member of the Tax Institute of Australia's NSW State Council

Kerryn Divall

BCom, FCPA, GAICD

Qualifications

Certified Practicing Accountant,
Graduate AIOD

Experience

Appointed Company Secretary
September 2017

Responsibilities

- Company Secretary Australian Tax Research Foundation appointed
September 2017

Directors' report for the year ended 31 December 2018

Your directors present this report of The Tax Institute ('the Institute') for the year ended 31 December 2018.

Directors

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

Stuart Glasgow	Appointed 5 February 2015
Peter Godber	Appointed 1 January 2014
Leonard Hertzman	Appointed 1 January 2016
Margaret Marshall	Appointed 1 January 2016
Timothy Neilson	Appointed 1 January 2013
Tracey Rens	Appointed 1 January 2011 (ceased 31 December 2018)
Jerome Tse	Appointed 1 January 2017
Todd Want	Appointed 1 January 2017
David Earl	Appointed 1 January 2018
Timothy Sandow	Appointed 1 January 2018
Eddy Moussa	Appointed 1 January 2019
Paul Banister	Appointed 30 January 2019

Directors have been in office since the start of the 2018 year to the date of this report unless otherwise stated.

Short-term and long-term objectives

The Institute's short- and long-term objectives during 2018 were 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 and be the leading knowledge provider in taxation through our products and services.

The Institute's strategies in 2018 to achieve these objectives included:

- providing a highly sought after quality taxation education program
- offering a diverse and broad range of continuing professional development opportunities through an event program and publications
- being the authoritative opinion leader in tax policy and administration
- building 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 2018 would be \$22,914.

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 including non-recurring expenses for the year was a profit of \$169,766. The Institute is exempt from income tax.

Dividends

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

Review of operations

The Institute's financial performance improved significantly in 2018 as a result of an ongoing strategic review of operations. A restructure of the business allowed operating expenses to be reduced below revenues to enable the Institute to continue to deliver members services. Year on year the Institute has seen growth in Membership and CPD events.

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 or 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.

Directors' meetings

Attendance at Board and meetings during the year ended 31 December 2018:

Name	Board of Directors	
	Total number of meetings held	7
Directors	A	B
Stuart Glasgow	7	7
Peter Godber	7	7
Leonard Hertzman	7	6
Margaret Marshall	7	7
Timothy Neilson	7	7
Tracey Rens	7	7
Jerome Tse	7	7
Todd Want	7	6
David Earl	7	7
Timothy Sandow	7	7

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.



Timothy Neilson, CTA
Director



Peter Godber, CTA
Director

Dated in Sydney this 29th day of March, 2019

Directors' declaration *for the year ended 31 December 2018*

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 2018 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.



Timothy Neilson, CTA
Director



Peter Godber, CTA
Director

Dated in Sydney this 29th day of March, 2019

Auditor's independence declaration *for the year ended 31 December 2018*



29 March 2019

The Board of Directors
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

Dear Board Members

The Tax Institute

In accordance with the requirements of 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 2018, 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

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. Liability limited other than for the acts or omissions of financial services licensees.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	Note	2018	2017
		\$	\$
Revenue	2	16,134,842	15,558,929
Employee benefits expenses		(8,816,448)	(9,027,692)
Depreciation and amortisation expenses	3	(387,480)	(485,131)
CPD events and member services expenses		(3,434,384)	(3,201,079)
Occupancy expenses		(1,056,673)	(1,007,605)
Travel expenses		(224,304)	(365,011)
Publicity and promotion		(544,224)	(628,626)
Merchant fees		(178,257)	(235,302)
Administration expenses		(1,301,555)	(1,464,349)
Net realised and unrealised change in fair value of financial assets held at fair value through profit and loss		(21,751)	159,577
Profit / (Loss) before income tax expense		169,766	(696,289)
Tax Expense		—	—
Profit / (Loss) after income tax expense		169,766	(696,289)
Other comprehensive income, net of tax		—	—
Total comprehensive income		169,766	(696,289)

The accompanying notes form part of these financial statements.

Statement of financial position *As at 31 December 2018*

	Note	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	5	3,699,335	3,395,971
Trade and Other Receivables		82,800	128,295
Prepayments		530,287	568,438
Inventory		27,742	31,119
TOTAL CURRENT ASSETS		4,340,164	4,123,823
NON-CURRENT ASSETS			
Financial Assets	6	3,176,430	3,213,708
Prepayments		13,826	90,083
Plant and Equipment	7	86,439	117,342
Intangible Assets	8	971,272	976,978
TOTAL NON-CURRENT ASSETS		4,247,967	4,398,111
TOTAL ASSETS		8,588,131	8,521,934
CURRENT LIABILITIES			
Trade and Other Payables	9	504,540	575,042
Income in Advance		4,458,668	4,457,765
Short Terms Provisions	11	189,759	221,488
TOTAL CURRENT LIABILITIES		5,152,967	5,254,295
NON-CURRENT LIABILITIES			
Lease Incentives and Make Good Provision	10	42,512	39,140
Long Term Provisions	11	36,471	42,084
TOTAL NON-CURRENT LIABILITIES		78,983	81,224
TOTAL LIABILITIES		5,231,950	5,335,519
NET ASSETS		3,356,181	3,186,415
EQUITY			
Retained Earnings		3,356,181	3,186,415
TOTAL EQUITY		3,356,181	3,186,415

The accompanying notes form part of these financial statements.

Statement of changes in equity *For the year ended 31 December 2018*

	2018	2017
	\$	\$
Retained Earnings		
Opening retained earnings	3,186,415	3,882,704
Net Profit / (Loss) after income tax expense	169,766	(696,289)
Other comprehensive income, net of tax	–	–
Total comprehensive income	169,766	(696,289)
Closing retained earnings	3,356,181	3,186,415

The accompanying notes form part of these financial statements.

Statement of cash flows *For the year ended 31 December 2018*

	2018	2017
	\$	\$
Cash flows from operating activities		
Receipts from members and others	16,132,747	15,537,238
Payments to suppliers and employees	(15,512,368)	(16,190,287)
Interest Received	33,855	41,854
Net cash provided by / (used in) operating activities	654,234	(611,195)
Cash flows from investing activities		
Payment for plant and equipment	(24,005)	(64,457)
Payment for intangible assets	(326,866)	(460,482)
Investment funds under management	–	(3,051,054)
Net cash (used in) investing activities	(350,872)	(3,575,993)
Net Increase in cash and cash equivalents	303,363	(4,187,188)
Cash at beginning of the financial year	3,395,971	7,583,159
Cash at end of the financial year	3,699,334	3,395,971

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 2018 were authorised for issue by a resolution of the Directors on 29th March 2019.

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 are 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 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.

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.

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 Institute is able to use or sell the asset; the Institute has sufficient resources and intent to complete the development and its costs can be measured reliably. Capitalised intangible development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years. Capitalised course development costs are amortised on a straight-line basis over their expected benefit, being their finite life of three 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 or five 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 leases are recognised as reduction to rental expenses over the lease's 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 at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 recognised 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 asset's 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.

I. 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 2018.

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.

m. New accounting standards

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 2018*

	2018	2017
	\$	\$
Note 2. Revenue		
Operating Activities		
Membership Services including Education	10,443,089	10,246,884
Rendering of services (CPD and Events)	5,012,282	4,485,241
Sales of publications	635,616	784,950
Advertising revenue	10,000	–
	16,100,987	15,517,075
Other Income Interest	33,855	41,854
	33,855	41,854
Total revenue	16,134,842	15,558,929

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	54,908	67,077
– Intangible assets	332,572	418,054
	387,480	485,131
Remuneration of auditor		
– audit	30,000	29,250
– other services	2,600	20,471
	32,600	49,721
Rental expense on operating leases		
– minimum lease payments	774,999	731,323
	774,999	731,323

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	841,756	2,538,392
Short term deposits	2,857,579	857,579
	3,699,335	3,395,971

Note 6. Financial Assets

NON-CURRENT

Investment in Unit Trusts at fair value	3,176,430	3,213,708
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Notes to financial statements *For the year ended 31 December 2018*

	2018	2017
	\$	\$
Note 7. Plant and Equipment		
Plant and Equipment – at cost	2,482,838	2,458,833
Less: Accumulated Depreciation	(2,396,399)	(2,341,491)
Total Plant and Equipment	86,439	117,342

	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	117,342	119,962
Additions	24,005	64,457
Depreciation or amortisation expense	(54,908)	(67,077)
Carrying amount at the end of the year	86,439	117,342

	2018	2017
	\$	\$
Note 8. Intangible Assets		
Intangible assets – at cost	2,632,375	2,305,509
Less: Accumulated Amortisation	(1,661,103)	(1,328,531)
Total Intangible Assets	971,272	976,978

	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	976,978	934,549
Additions	326,866	460,482
Amortisation expense	(332,572)	(418,053)
Carrying amount at the end of the year	971,272	976,978

	2018	2017
	\$	\$
Note 9. Trade and Other Payables		
CURRENT		
Trade payables	255,162	204,087
Accruals and other payables	249,378	370,955
	504,540	575,042

Note 10. Lease Incentives and Make Good Provision		
CURRENT		
NON-CURRENT		
Make good on premises	42,512	39,140
	42,512	39,140

	2018	2017
	\$	\$
Note 11. Provisions		
CURRENT		
Employee benefits	189,759	221,488
NON-CURRENT		
Employee benefits	36,471	42,084
Aggregate employee benefits	226,230	263,572
a. Number of employees at year end	65	70
Note 12. Capital and leasing commitments		
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	730,457	767,448
– Later than one year but not later than five years	870,112	1,581,115
	1,600,569	2,348,563

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 2018					
Recurring fair value measurement					
Financial Assets					
Financial assets at FVTPL	6	3,176,430			3,176,430

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

2018	2017	Position
Giles Hurst (appointed 23/4/18)	Noel Rowland (resigned 6/9/17)	Chief Executive Officer
Vince Lendrum (ceased 2/5/18)	Vince Lendrum (appointed 25/9/17)	Chief Executive Officer – Interim
Robert Deutsch	Robert Deutsch (commenced 1/3/17)	Senior Tax Counsel
Alexandra Wilson	Alexandra Wilson	General Manager Knowledge & Learning
Alex Munroe (ceased 2/2/18)	Alex Munroe	General Manager Information Products
Sharon Kells	Sharon Kells	General Manager State Operations
Kerryn Divall	Kerryn Divall	General Manager Finance & Corporate Services
Sandra Falzon (resigned 20/7/18)	Sandra Falzon	General Manager Marketing & Membership
Linda Olofsson Daniel (appointed 29/10/18)		Head of Marketing
Joanna Price	Joanna Price	General Manager, People and Business Solutions
Alex Roudjat (ceased 7/8/18)	Alex Roudjat	General Manager, ICT & Digital Services

Total Remuneration for key management personnel

	2018	2017
	\$	\$
CEO (including an at-risk component and payments on resignation)	261,642	689,315
Executive Interim Management Pty Ltd – Interim CEO	187,550	127,050
Other key management	1,639,593	1,422,329
Total remuneration	2,088,785	2,238,694

Directors' remuneration

The Directors of the Tax Institute are not remunerated. The 2018 President was Tracey Rens from Deloitte Tax Services Pty Ltd. Deloitte received an amount of \$99,770 in 2018 for services rendered to the Institute. The 2017 President was Matthew Pawson from Levis Stace & Cooper, Rae & Partners. A company affiliated with the President received an amount of \$88,800 in 2017 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 2018 there are guarantees provided by National Australia Bank of \$857,579 (2017: \$857,579) for the leases.

Other than the above, there are no contingent liabilities or contingent assets as at reporting date. (2017: Nil)

The company had no commitments for expenditure as at 31 December 2018. (2017: 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
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Member Crowe Horwath International

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www.crowehorwath.com.au

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

Opinion

We have audited the financial report of The Tax Institute ("the Institute"), which comprises the statement of financial position as at 31 December 2018, 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 accompanying financial report of the Institute is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Institute's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits 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 Institute in accordance with 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 contained in the Institute's Annual Report for the year ended 31 December 2018, 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 Institute are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting and for such internal control as the directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the 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 the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Horwath Sydney
Crowe Horwath Sydney

A handwritten signature in blue ink that appears to read "Suwarti Asmono".
Suwarti Asmono
Partner

29 March 2019
Sydney

Contact details

Leadership Team

Giles Hurst	Chief Executive Officer
Bob Deutsch	Senior Tax Counsel
Alexandra Wilson	General Manager – Knowledge and Learning
Sharon Kells	General Manager – State Operations
Kerryn Divall	General Manager – Finance and Corporate Services
Linda Olofsson Daniel	Head of Marketing
Joanna Price	General Manager People and Business Solutions
Wayne Flekser	Head of Membership Experience

National Office

CEO: Giles Hurst

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Manager: Leanne Carter

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