



THE TAX INSTITUTE  
THE MARK OF EXPERTISE



CTA

Celebrating  
**70**  
years

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**ANNUAL REPORT  
2013**

The Tax Institute

Australia's *leading* educator and professional association in tax

# Celebrating 70 years

*supporting the tax profession*

Hundreds of tax professionals joined the Institute at the national convention in Perth in March 2013 to celebrate this significant milestone.



| 70 years of knowledge, advocacy and networks.

# VOICES FROM HISTORY

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In 2013, The Tax Institute celebrated the 70th anniversary of its founding – the platinum jubilee year. A significant milestone which could not have been achieved without the support of members, volunteers and staff over the last 70 years.

The Tax Institute was founded in 1943 to improve the position of tax agents, tax law and its administration. Since then, Australia's tax system has changed greatly. Likewise, The Tax Institute has evolved to meet the growing needs of the profession.

Dynamic and responsive, the Institute has helped shape changes that benefit its members and the taxpaying community.

Seventy years on, The Tax Institute is Australia's leading educator and professional association in tax, and now offers the Chartered Tax Adviser designation as the pinnacle of membership, an internationally recognised and respected mark of technical excellence and professional integrity.

Celebrations were held for staff, members and the tax profession at large around the



country. Key figures from the Institute's history, including past presidents and Tax Commissioner Chris Jordan, AO, shared their membership highlights on video and in Taxation in Australia.

To thank members for their support over the years, all renewing members in 2013 received a \$70 voucher to use on Institute

events or products, and a platinum jubilee dinner was held at the 28th National Convention in Perth in March 2013.



**Commissioner  
Chris Jordan,  
AO, CTA**

*“What’s been really pleasing is to see The Tax Institute maintain relevance. The Institute is as relevant today as it was 30 years ago – if not more so. It has been able to stay vibrant and be part of the tax debate and The Tax Institute is still the preeminent body in terms of tax.”*



**OVER**

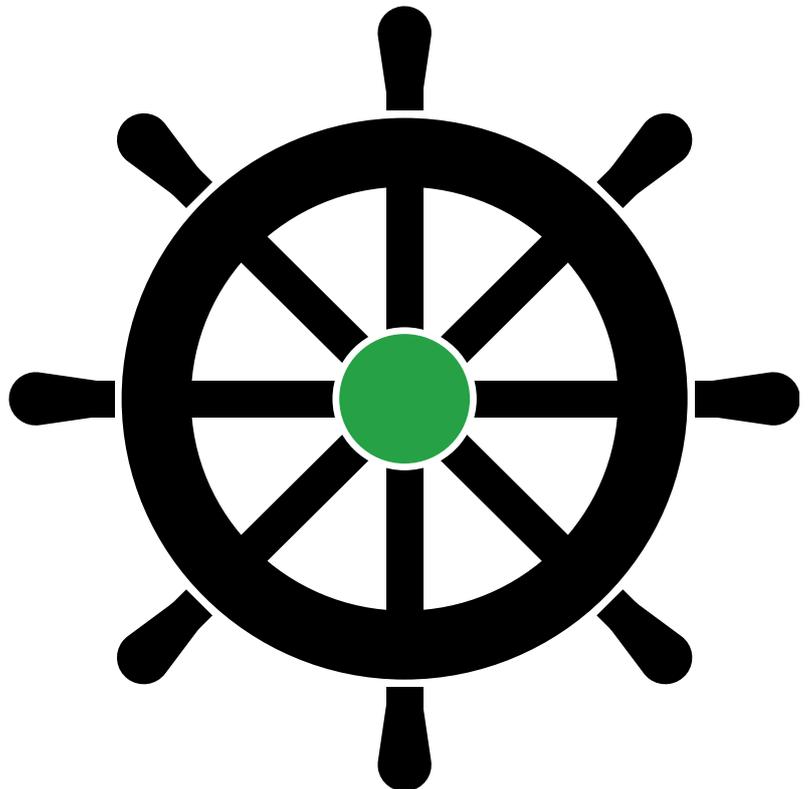
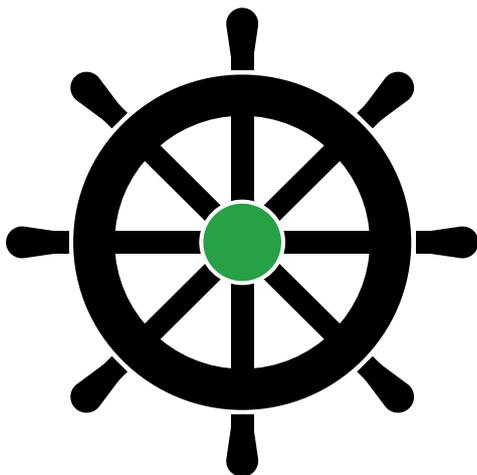
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**CTAs IN  
AUSTRALIA**

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# A MESSAGE FROM THE PRESIDENT

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Each year, The Tax Institute strives to deliver service to its members that reflects its role as the leading educator and professional association in tax.

As president, I'm pleased to report that your Institute has continued to deliver in all aspects of its operations. As a professional operating in tax, I am sure you join with me in understanding the continual changes in legislation, policy and administration that each of us deal with on a regular basis. The tax profession clearly sits on moving sand. The Institute strives to provide members with the resources to negotiate their way through this environment. 2013 provided no exception.

## **Tax policy and tax reform**

With an election year, tax policy certainly comes to the fore. Our Tax Policy Team, led by Robert Jeremenko, Senior Tax Counsel, continued to set a benchmark in the profession. The Tax Policy Team ensured that tax reform was kept on parliament's agenda. We have strongly advocated a review of the tax system, including GST and its distribution. 2013 has seen the mining boom taper, and economic growth slow in emerging markets and China. Our economy is under pressure from our ageing population and productivity. Robert and his team have continued to ensure that these issues remain at the forefront. The Institute continues to push the tax debate through our convention program, through meeting with government, Treasury, and the ATO, and being part of the public debate in the press.

In addition to these efforts, the Institute lodged over 50 submissions on tax issues during the year, and attended numerous consultation meetings with the ATO and Treasury. The Institute was instrumental in providing leadership of the profession to the restructuring of the ATO Consultation platform.

It is the work of both our staff and volunteer members that enables the Institute to participate at all levels of tax discussion. Thank you to all those involved and I hope your participation was professionally rewarding.

I thank you also on behalf of The Tax Institute for your time commitment. In some cases, the hours have been enormous.



## **Australian Tax Office.**

This year saw considerable change in the ATO consulting platform. With Chris Jordan's appointment, we have seen a considerable restructure of both the ATO leadership team and engagement process. The Tax Institute continues to engage with the Commissioner and his staff in a multitude of forums, being represented by members and our Tax Policy Team. We all acknowledge that tax legislation and tax processing are complicated. Our members continually tell us directly or through TaxVine of the issues that frustrate their daily lives. These messages are read by the ATO and their systems are reviewed where appropriate. Hopefully, our engagement and the willingness by the ATO to continually evolve will lead to less frustration and a more seamless process.



# A MESSAGE FROM THE PRESIDENT

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## Education

The Tax Institute's primary role is that of an educator in tax. Thanks to our members and The Tax Institute's staff, our programs and tax reference library continue to be leading-edge. Our structured education program continues to evolve to match the market demand and also that of education regulators. Changes to our structured education program were advanced to meet tax agent registration requirements, including financial planners' registration and our CTA status – again a joint effort by our members and Institute staff.

## Membership

Independent survey results continue to reflect your Institute's status as the leading professional body in tax. Our 70th anniversary has come and gone, but provided time to reflect on our achievements since formation and focus on our strategy for the future.

## Our results

Our results, whilst positive, do not reflect the effort and professionalism of The Tax Institute's staff and membership. Given that 2013 was an election year, and the uncertainty surrounding legislation changes, we can be pleased with the progress that the Institute is making.

## Thank you

As the outgoing president I cannot thank Noel Rowland and all the Institute's staff enough for the support, dedication and friendship extended to me during the year. I wish Michael Flynn, 2014 incoming President all the best for his term. To the Institute's members, I encourage you to be active in the Institute's programs and volunteer your services. The experience is extremely rewarding and you get to work with the best people in tax. Good luck.



**Steve Westaway, CTA**  
President



TAX



TAX

# A MESSAGE FROM THE CEO

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## 2013 celebrated 70 years of authoritative leadership in tax.

2013 marked the 70th anniversary of the Institute, a major milestone. A 70th anniversary is not an event that many organisations get to host. A monumental occasion, the anniversary was a celebration of the growth of the Institute's activities and its success in developing and growing a vibrant and capable tax profession. However, it is also an insight into the future, a future that looks very positive due to the strong foundation built over that preceding 70 years. I feel privileged to have been a part of it.

The focus and priorities for 2013 were:

- **member experience** – continue to be responsive to members' needs and to provide excellent member service;
- **products and services** – provide leading-edge information and education products to tax professionals;
- **leadership** – shape improvements in the application of tax law and its administration and, as the champion of the tax profession, raise professional and ethical standards and build the tax professionals' brand; and
- **people and infrastructure** – enable and strengthen our business operations to deliver member value.

Key projects included:

- the next stage of building the CTA designation;
- the launch of the new course in Commercial Law to meet the changing requirements to tax agent education;
- the introduction of the Professional Standards Committee; and
- increased delivery of CPD through online channels, and providing members with alternative methods of delivery of the flagship journal, *Taxation in Australia*, now in its 50th year.

### Financial results

2013 saw a continuation of the tight economic conditions we have seen in previous years, a lack of tax changes/reforms, and uncertainty with the impending federal election. Despite these challenges, the Institute made a profit of \$95,731 for the year. We can attribute this to an increase in membership, increased take-up of online CPD, and the online research service, Tax Knowledge eXchange.



## 2013 highlights and achievements

### Brand and the Chartered Tax Adviser designation

2012 saw the launch of the Chartered Tax Adviser designation. The first stage of the launch focused on building a strong foundation by providing qualifying members with the title "Chartered Tax Adviser". There are now 7,300 CTAs in Australia.

The next stage of the CTA journey has been to promote the designation in Australia to the broader tax community in order to increase its recognition on home soil. This has involved developing and adopting key messages that convey the qualities and characteristics of CTAs – "the global leaders in tax". This messaging explains to the broader public what it means to be a CTA.

We also launched the hero campaign – "T is for Tax". This message describes the Institute and its members – where, in tax, there is only one mark of expertise, The Tax Institute and its members.

In 2014, we will develop and commence implementation of our 10-year CTA brand strategy so that the brand will gain prominence and continue to increase in its recognition.

### Celebrating 70 years of supporting the tax profession

In July 2013, The Tax Institute celebrated the 70th anniversary of the founding of the Institute. To celebrate, the Institute organised a number of activities throughout the year to provide an opportunity for tax professionals to reflect on how the Institute and its members have helped to shape the profession over the years.

# A MESSAGE FROM THE CEO

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The Institute has come a long way from its beginnings in 1943. Just as Australia's tax system has evolved, so has the Institute grown and evolved as necessitated by the times. It has built and maintained its place as the authoritative leader in tax.

Seventy years on, we are in the midst of a new era, an important point in our story as we move towards the future with Australia's only internationally recognised designation in tax, the Chartered Tax Adviser designation.

## Meeting members' needs

To ensure that we continue to be responsive to members' needs the Institute once again participated in the Annual Business and Professions Study run by Beaton Research + Consulting. This research enables us to measure member satisfaction, engagement and the overall performance of the Institute.

The results showed that we are generally getting things right, with high scores for:

- member engagement at 7.5/10;
- keeping members up to date at 7.77/10; and
- value of membership at 7.14/10.

We appreciate members' feedback, which helps us to confirm that we are moving in the right direction and quickly responding to any areas needing improvement.

## Membership

The 2013 membership year provided us with the highest new membership numbers, taking membership to just under 11,000.

## Tax Education Program

The core initiative for the Education Division was to ensure that we continue to meet the growing education needs of the profession.

In 2013, over 1,400 candidates studied with the Institute's CTA Program, across all units.

A significant activity in 2013 was to position the Tax Education Program in the wider formal education landscape of accreditation. The Institute continued to pursue recognition for its courses, with approval from the Tax Practitioners Board (TPB) and the university sector.

The Institute was one of the first providers to offer a TPB-approved course in Commercial Law, with the two units offered proving to be popular courses.

As the first foray into learning the practical skills required in tax, enrolments from graduates and overseas-trained professionals meant that CTA1 Foundations was a popular choice.

The Tax Education Program is now increasingly attracting new members to the Institute.

The Institute also continued to offer the GST/BAS Challenge Exam for bookkeepers who wish to register with the TPB as BAS agents. The GST/BAS exam was also offered to CTA1 enrollees to ensure that employers were maximising the practical skills in payroll and BAS preparation for their graduates.

An important initiative in 2013 was the agreement put in place with one of the Big 4 to examine their internal tax training program. This will enable the organisation to gain an externally accredited credential and secure the pathway to the CTA designation, while maintaining the high standards of their training.

## Professional development

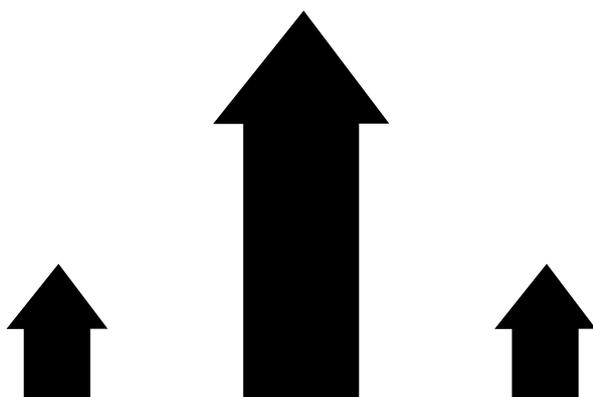
The Institute held six national conferences in 2013:

- Financial Services Taxation Conference, February, Gold Coast
- 28th National Convention, March, Perth
- 13th States' Taxation Conference, July, Adelaide
- Inaugural Superannuation Conference, August, Sydney
- GST Intensive Conference, September, Melbourne
- 21st Tax Intensive Retreat, November, Noosa

The Institute's flagship event, the 28th National Convention, was held in Perth in March, with over 570 delegates in attendance, as well as 39 speakers and 11 business alliance partners.

We also held three roadshows around the country (and via webinar) on superannuation, buying and selling for SMEs, and trusts. Two new national compliance programs on trust compliance and accounting for common tax transactions proved hugely popular.

Overall, these national events attracted 3,000 delegates from around the country, with more than 200 volunteers giving up their valuable time to speak and facilitate.



# A MESSAGE FROM THE CEO

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## iCPD

The Institute continues to expand its iCPD program and, in 2013, we held 34 webinars, with more than 2,000 attendees, and produced 13 new DVDs. These programs are proving increasingly popular with practitioners who are looking for a convenient and time-efficient way to access CPD. We also now offer office registrations to the webinars, allowing colleagues to gain their CPD in a boardroom-style environment. iCPD also allows us to connect with practitioners in more regional areas of Australia.

## Professional standards

As part of its diligence in upholding the standards of the CTA designation and its recognised tax agent association, the Institute formed its Professional Standards Committee.

Members of this committee are also appointed to the Disciplinary Committee for the Institute.

The inaugural committee comprised:

- Dr Alice McCleary, CTA (Life) (Chair);
- Arthur Athanasiou, CTA, National Councillor (Deputy Chair);
- Robert Allerdice, CTA, Tax Consultant, Sydney (ex-officio member);
- Róisín Arkwright, CTA, Deloitte Tax Services;
- Mark Bird, CTA, Australian Unity;
- Peter Godber, CTA, Grant Thornton;
- Dr Ken Levy, CTA, Bond University;
- Sharyn Long, CTA, Sharyn Long Chartered Accountants;
- Mariana von Lucken, CTA, HLB Mann Judd; and
- Stephanie Caredes, CTA, Tax Counsel (ex officio member).

## Achievements in tax policy and advocacy

In 2013, The Tax Institute pursued its goal to be the most respected and influential tax professional representative body.

Over the past 12 months, we have continued to call for the need for a frank and open public debate about the merits of reforming our tax system. For Australia to be able to afford the spending priorities of the coming decade and beyond, we must consider the sustainability of our tax system, which must include discussion about wholesale tax reform, including GST.

With the invaluable input of our members who provided technical assistance, practical guidance and industry experience, we significantly influenced the development of tax policy and legislation and improved its administration.

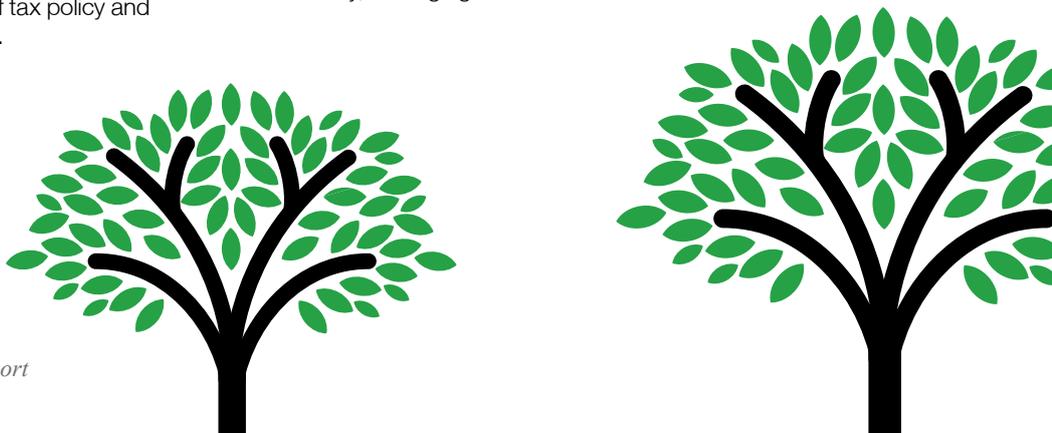
Highlights include:

- We were successful in arguing against the government's announced measure to cap self-education expense deductions at \$2,000 per annum from 1 July 2014.
- We led the first election debate on tax policy between Assistant Treasurer, the Hon. David Bradbury, MP, and Shadow Assistant Treasurer, Senator Mathias Cormann.
- We continued to work tirelessly for legislation that will ensure that consumers of tax advice received from financial advisers have appropriate protections in place from 1 July 2014.
- We achieved significant progress with the federal government on announced but unenacted tax law measures.
- We were heavily involved in the revision process of the ATO consultation framework.
- We proactively led the debate on the need for further state tax reform by appearing before the South Australian Parliamentary Economic & Finance Committee conducting an inquiry into its tax system.

## Major consultations

During the year, we actively consulted on improving the tax system in many areas. We consulted with numerous government bodies on a vast range of issues, including:

- Treasury on the self-education expense deductions cap, dividend washing integrity changes, mismatch between the trust and tax concepts of income, announced but un-enacted measures, addressing profit-shifting through the artificial loading of debt in Australia, debt/equity integrity provision, implications of the modern global economy for the taxation of multinational enterprises, a statutory definition of charity, tax transparency, GST refunds, and reform to tax concessions for NFPs.
- The Board of Taxation on the post-implementation review of Div 7A.
- The Inspector-General of Taxation on the ATO's administration of penalties. Review into the ATO's compliance approach to individual taxpayers – the income tax refund integrity program and use of data matching.
- The Tax Practitioners Board on proposed approaches regarding tax (financial) advisers, course in Australian taxation law that is approved by the Board for tax (financial product) advisers, reasonable care requirements in ascertaining a client's state of affairs and ensuring tax laws are applied correctly, managing conflicts of interest.



# A MESSAGE FROM THE CEO

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- The Senate and House Economics Committees on transfer pricing and Pt IVA amendments, on tax transparency and CGT discount for foreign resident individuals.
- The Parliamentary Joint Committee on Corporations and Financial Services on creating a regulatory framework for tax (financial) advice services.
- The Productivity Commission on regular engagement with small business.
- The Attorney-General on the review of the operation of the Freedom of Information Act 1982.

## Online and print resources

2013 was one of the busiest years yet for our Information Products Team.

Our member journal, *Taxation in Australia*, continued to grow, with our iPad app downloaded over 23,000 times and a new digital edition launched online for desktop users.

Continuing our expansion in the digital realm, we successfully launched each of our six book titles published in 2013 as e-book editions for iPad, Kindle and other e-readers.

The Tax Knowledge eXchange, our online knowledge and research tool (which now has over 65,000 content items, consisting of seminar and convention papers, presentations, journals articles and submissions) saw very strong growth in 2013, with similarly strong take-up of our online books and online research add-on packages.

A redevelopment project that took place in late 2013 saw a redesigned TaxVine launch in early 2014, with simpler navigation and a responsive design, making viewing on smartphones and tablets cleaner. Now sent at 7am, members can start their day by catching up on the latest in tax, and read ATO responses in the member feedback section.

Our TaxLine team saw some changes, along with an increasing number of research requests, and continues to provide excellent service for our members. Finally, we rolled out mobile web apps for our Victoria and Tasmania state conventions.

## Complaints and disciplinary activities

As a recognised tax agent association under the Tax Agent Services Act 2009, the Institute reports annually on member complaints and disciplinary processes.

During 2013:

- One complaint received;
- One complaint was under investigation at year end;
- No complaints were dismissed;
- No complaints were upheld; and
- No disciplinary actions taken against members.

## Looking towards 2014

Over the past 70 years, the Institute's founding aims and values have remained as important as ever. In particular, what remains core to the Institute is the commitment of volunteers and their unselfish sharing of their time and knowledge with their peers in tax.

It's because of this long heritage and tireless work that we were in the position to take on what I believe to be one of the biggest opportunities in our history, the Chartered Tax Adviser designation. As we look toward the future, we have every confidence that the Institute and its members will be increasingly recognised in Australia by consumers, employers, regulators and other stakeholders who form the complex Australian tax system.

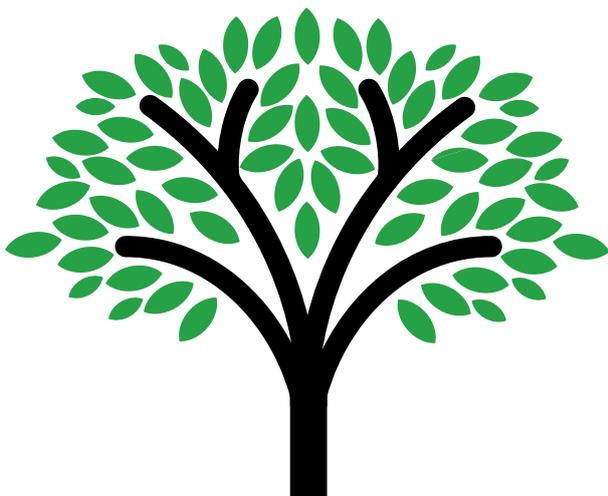
Two of our major objectives in 2014 are to:

- expand our education course offering and enrolments, in addition to enhancing the Institute's reputation as provider of practical tax education; and
- build the status and recognition of the Chartered Tax Adviser designation, domestically and beyond.

I'd like to conclude by thanking the national council, state councils and of course the many volunteers who work on our committees, on programs and on policy development. Also, a special thank you to the 2013 president, Steve Westaway, for his enormous support during the year. Without the dedication of all of them, we would not be able to deliver the services that we do.



**Noel Rowland**  
Chief Executive Officer



# DIRECTORS' REPORT

To the *members* of The Tax Institute

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Your directors present this report of The Tax Institute ('the Institute') for the year ended 31 December 2013.

## Directors

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

<b>Arthur Athanasiou</b>	Appointed 1 January 2010
<b>Graeme Cooper</b>	Appointed 6 April 2011
<b>Michael Flynn</b>	Appointed 28 March 2007
<b>Peter Godber</b>	Appointed 1 January 2014
<b>Stephen Healey</b>	Appointed 25 September 2008
<b>Wayne Healy</b>	Appointed 1 January 2010
<b>Stephen Heath</b>	Appointed 25 January 2012
<b>Tim Neilson</b>	Appointed 1 January 2013
<b>Matthew Pawson</b>	Appointed 1 January 2010
<b>Tracey Rens</b>	Appointed 1 January 2011
<b>Stephen Westaway</b>	Appointed 29 November 2006 ceased 31 December 2013

Directors have been in office since the start of the 2013 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 Advisor 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.

## Members' guarantee

The Institute is a company limited by guarantee. In accordance with the Institute's constitution, each member is liable to contribute \$2 in the event that the Institute is wound up. The total amount members would contribute at 31 December 2013 would be \$21,636.

## 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.

The Institute aims to advance education in relation to taxation and taxation laws through its professional education arm.

No significant change in the nature of these activities occurred during the year.

## Operation result

The operating result for the year was a profit of \$95,731 (2012: loss of \$326,349).

The Institute is exempt from income tax.

## Dividends

The Institute's Constitution precludes the payment of dividends. Accordingly, the directors do not recommend the payment of a dividend. No dividend has been paid or declared since the commencement of the financial year.

## Review of operations

The result for the year reflects continuing tight economic conditions and lack of tax changes and reform. The financial result was achieved through an increase in membership as well as an uplift in subscribers to the Institute's online products.

## 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

On 1 January 2014, Peter Godber was appointed as a director of the Tax Institute. No other 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.

## Future developments

The Institute is committed to delivering 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.

# DIRECTORS' REPORT

To the *members* of The Tax Institute

## 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 15.

## Directors' meetings

Attendance at Board and Board Committee meetings during the year ended 31 December 2013:

Name	Board of Directors		Investment Committee	
	A	B	A	B
<b>Total number of meetings held</b>	<b>6</b>		<b>3</b>	
<b>Directors</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>
Arthur Athanasiou	6	6		
Graeme Cooper	6	5		
Michael Flynn	6	5	3	3
Stephen Healey	6	4		
Wayne Healy	6	4		
Stephen Heath	6	4		
Tim Neilson	6	6		
Matthew Pawson	6	5	3	3
Tracey Rens	6	6	3	2
Stephen Westaway	6	6		

Note: A Meetings eligible to attend as a director  
B Meetings attended as a director

Signed in accordance with a resolution of the Board of Directors.



**Michael Flynn**  
Director



**Matthew Pawson**  
Director

Dated in Sydney this 15th day of April 2014.

# DIRECTORS' DECLARATION

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## Directors' declaration

The directors of the Institute declare that:

- 1 The financial statements and notes, as set out on pages 18 to 35, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian accounting standards; and
  - (b) give a true and fair view of the financial position as at 31 December 2013 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.



**Michael Flynn**  
Director



**Matthew Pawson**  
Director

Dated in Sydney this 15th day of April 2014.

# AUDITOR'S INDEPENDENCE DECLARATION



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

**Crowe Horwath Sydney**

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

15 April 2014

Dear Board Members

In accordance with section 307C of the Corporations Act 2001, 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 2013, 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 Corporations Act 2001 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**

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

**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.*

# DIRECTORS' PARTICULARS

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## **Arthur Athanasiou, LLM, LLB, BEc, Grad Dip Acc, CTA**

Qualifications: Barrister and Solicitor, Supreme Court of Victoria

Experience: Appointed National Council January 2010

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Responsibilities:

- Chair, Victorian State Conference Committee 2008-2009
- Chair, Victorian Education Committee 2008-2009
- Victorian State Councillor since June 2008
- Deputy Chair, National Education Committee 2010
- Chair, Victorian State Council 2010-2012
- Chair, National Education Committee 2011-2012
- Member, Investment Committee 2010-2011
- Deputy Chair, Professional Standards Committee

## **Graeme Cooper, BA, LLM (Hons), Dip Jur, JSD, CTA**

Qualifications: Professor of Taxation Law, University of Sydney;  
Consultant, Greenwoods & Freehills

Experience: Appointed National Council April 2011

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Responsibilities:

- Deputy Chair, National Education Committee 2011
- Deputy Chair, National Technical Committee 2012
- Chair, NSW State Council 2006
- NSW State Councillor since 2003
- Chair, NSW Technical Committee 2003-2005
- Member, National Technical Committee 2003-2006
- Member, National Education Committee 1999-2004
- Member, Research Advisory Board, Australian Tax Research Foundation since 2009
- Member, Board of Governors, Australian Tax Research Foundation 2005-2009
- Member, Education Examination & Quality Assurance Board since 2012-2014

## **Michael Flynn, LLB, B Com, ACA, CTA**

Qualifications: Barrister-at-Law

Experience: Appointed National Council March 2007

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Responsibilities:

- National Education Committee 2007
- National Tax Intensive Committee 2007-2010
- States' Taxation Conference Committee 2007
- Chair, Victorian State Council 2006-2007
- Victorian Education Committee 2006-2007
- Victorian State Councillor since June 2000
- Deputy Chair, National Technical Committee 2007
- Chair, National Education Committee 2008-2009

- Member Examinations & Quality Assurance Board since 2010
- Chair, National Membership & Services Committee 2012
- Chair, National Technical Committee 2013
- Chair, Investment Committee 2013
- Member, Nominations Committee 2013-2014

## **Peter Godber, BCom, LLM, FCA, CTA, MAICD**

Qualifications: Chartered Accountant, Solicitor

Experience: Appointed to National Council 2014

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Responsibilities:

- Chair, NSW Technical Committee 2000-2001
- Chair, Queensland Technical Committee 2003-2006
- Queensland State Councillor since 2003
- Chair Queensland State Council 2011-2013
- Deputy Chair National Education Committee 2014
- Member, Disciplinary Committee
- Member, Professional Standards Committee

## **Stephen Healey, BHMS, B Bus, CA, CTA**

Qualifications: Chartered Accountant

Experience: Appointed to National Council September 2008

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Responsibilities:

- Queensland State Councillor since 2000
- Chair, Queensland State Council 2005-2006
- Treasurer 2009-2011
- National Strategy Representative 2012
- Chair, National Membership & Services Committee 2013
- Chair National Technical Committee (NLTG Representative) 2014
- Chair Investment Committee 2014
- Member Nominations Committee 2014

## **Wayne Healy, B Bus, FCPA, FCA, CTA**

Qualifications: Certified Practising Accountant,  
Chartered Accountant

Experience: Appointed to National Council January 2010

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Responsibilities:

- Western Australian State Councilor since 2004
- Chair, Western Australian State Council 2007-2008
- Member, Western Australian Education Committee since 2000
- Chair, Western Australian Education Committee 2005-2006
- Member, Education Advisory Board since 2005
- Chair, Education Advisory Board since 2013
- Member, National Education Committee 2005-2006

# DIRECTORS' PARTICULARS

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## **Stephen Heath, LLB (Hons), BEc, CTA**

Qualifications: Solicitor

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Experience: Appointed to National Council January 2012

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Responsibilities:

- Deputy Chair, National Education Committee 2012
- South Australian State Councillor since April 2004
- South Australian Education Committee 2000-2009
- Chair, South Australian State Education Committee 2005-2006
- Deputy Chair, National Education Committee 2013
- Deputy Chair, National Membership & Services Committee 2014

## **Tim Neilson, LLB (Hons), LLM (Lond), CTA**

Qualifications: Lawyer admitted to practice by the Supreme Court of Victoria

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Experience: Appointed to National Council January 2013

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Responsibilities:

- Victorian State Council since 2006
- Victorian Technical Committee 2006
- Deputy Chair, Victorian State Council 2008
- Chair, Victorian State Council 2009
- Member, Victorian Convention Committee 2009

## **Matthew Pawson, BCom, LLB, CTA**

Qualifications: Solicitor

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Experience: Appointed to National Council January 2010

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Responsibilities:

- Tasmania State Councillor 2010
- Member, Investment Committee since 2010
- Member, Nominations Committee 2012
- Chair, Information Products Working Group 2012
- Chair, Tasmanian State Council 2012
- Treasurer 2013-2014

## **Tracey Rens, CTA**

Qualifications: Solicitor

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Experience: Appointed to National Council January 2011

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Responsibilities:

- NSW State Councillor since 2005
- Chair, NSW State Council 2007-2008
- Deputy Chair, NSW State Council 2006
- Member, National Education Committee 2008-2010
- Member, NSW Education Committee since 2002
- Chair, NSW Education Committee 2005-2006
- Treasurer 2012
- Member, Investment Committee 2012
- Chair, National Education Committee 2013

## **Stephen Westaway, B Fin Admin, FCA, CTA**

Qualifications: Chartered Accountant

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Experience: Appointed to National Council November 2006

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Responsibilities:

- South Australian State Councillor since February 2000
- Chair, Education Advisory Board 2007-2008
- Chair, South Australian State Council 2007
- Chair, National Membership & Services Committee 2009-2011
- Vice President, 2012
- Chair, Investment Committee 2012
- Member, Nominations Committee 2012
- Chair, National Technical Committee 2012
- President 2013

## **Company secretary**

### **Noel Rowland**

Qualifications: Chief Executive Officer and Company Secretary

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Experience: Appointed Company Secretary March 1998

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Responsibilities:

- Director, Australian Tax Research Foundation appointed November 2009

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December *2013*

	Note	2013	2012
		\$	\$
Revenue	2	14,379,700	14,433,953
Employee benefits expense		(6,897,280)	(6,931,351)
Depreciation and amortisation expenses	3	(414,516)	(466,498)
CPD events and member services		(4,773,967)	(5,000,374)
Administration expenses		(2,461,921)	(2,540,866)
Net realised and unrealised change in fair value of financial assets held at fair value through profit and loss	3	263,715	178,787
Profit before income tax expense		95,731	(326,349)
Income tax expense	1(i)	-	-
<b>Profit after income tax expense</b>		<b>95,731</b>	<b>(326,349)</b>
Other comprehensive income		-	-
Items that may be reclassified to profit and loss		-	-
Items that will not be reclassified to profit and loss		-	-
<b>Total comprehensive income</b>		<b>95,731</b>	<b>(326,349)</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013	2012
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	4,450,269	4,184,226
Trade and Other Receivables	6	1,042,652	1,477,475
Prepayments		613,955	962,971
Inventory		19,421	-
Financial Assets at fair value through profit or loss	7	2,696,787	2,371,801
<b>TOTAL CURRENT ASSETS</b>		<b>8,176,667</b>	<b>8,033,502</b>
<b>NON-CURRENT ASSETS</b>			
Plant and Equipment	8	1,039,165	1,211,695
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,039,165</b>	<b>1,211,695</b>
<b>TOTAL ASSETS</b>		<b>9,228,873</b>	<b>9,245,197</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	4,450,516	4,415,272
Lease Incentives and Make Good Provision	10	231,417	200,678
Short Term Provision	11	325,376	319,302
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,011,473</b>	<b>4,935,252</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Incentives and Make Good Provision	10	400,420	573,303
Long Term Provisions	11	85,808	110,078
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>486,228</b>	<b>683,381</b>
<b>TOTAL LIABILITIES</b>		<b>5,493,537</b>	<b>5,618,633</b>
<b>NET ASSETS</b>		<b>3,722,295</b>	<b>3,626,564</b>
<b>EQUITY</b>			
Retained Profits		3,722,295	3,626,564
<b>TOTAL EQUITY</b>		<b>3,722,295</b>	<b>3,626,564</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

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	2013	2012
	\$	\$
<b>Retained Earnings</b>		
Opening retained earnings	3,626,564	3,952,913
Net Profit/ (Loss) for the Year	95,731	(326,349)
<b>Retained earnings at year end</b>	<b>3,722,295</b>	<b>3,626,564</b>
<b>Total equity at the end of the year</b>	<b>3,722,295</b>	<b>3,626,564</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013	2012
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from members and others		15,706,049	15,773,161
Payments to suppliers and employees		(15,504,106)	(16,296,476)
Interest Received		195,361	242,149
<b>Net cash provided by operating activities</b>		<b>397,304</b>	<b>(281,166)</b>
<b>Cash flows from investing activities</b>			
Payment for plant and equipment		(161,272)	(147,954)
Dividend income		91,281	160,994
Proceeds from sale of financial assets		1,027,390	198,141
Purchase of investments		(1,088,661)	(271,663)
<b>Net cash used in investing activities</b>		<b>(131,261)</b>	<b>(60,482)</b>
Net Increase (decrease) in Cash Held		266,043	(341,648)
Cash at beginning of the financial year		4,184,226	4,525,874
<b>Cash at end of the financial year</b>		<b>4,450,269</b>	<b>4,184,226</b>

The accompanying notes form part of these financial statements.

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

## Note 1. Statements of significant accounting policies

The financial statements of the The Tax Institute ("The Institute") for the year ended 31 December 2013 was authorised for issue by a resolution of the Directors on 15 April 2014.

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and Corporations Act 2001. The Tax Institute is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements of the Tax Institute comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions events and conditions to which they apply.

The accounting policies set out below have been consistently applied to all years presented unless otherwise stated. The financial statements have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

### (a) Revenue

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

Revenue from sales of goods is recognised upon the delivery of the goods to the customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from members received in advance is deferred to the period to which it relates and included as an accrual on the balance sheet.

Dividends income are recognised as revenue when the right to receive payment is established.

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

### (b) Plant and equipment

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

#### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Institute to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

#### Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their estimated useful lives to the Institute commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20.0%–33.3%
Development Costs	20%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of 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) Leases

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

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

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

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## (d) Financial instruments

### Recognition and initial measurement

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

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

### Derecognition

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

### Classification and subsequent measurement

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

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 Comprehensive Income.

### (e) 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 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

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.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

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## **(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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

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

## **(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 constitutional obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## **(k) Trade and other payables**

These amounts represent liabilities for goods 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**

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

## **(m) Critical Accounting Estimates and Judgements**

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

## **Key Estimates - Impairment**

The Institute assesses impairment at each reporting date by evaluating conditions specific to the Institute that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair values less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised for the year ended 31 December 2013.

## **(n) New and amended standards adopted**

The company has applied the following standards and amendments for first time for their annual reporting period commencing 1 January 2013:

### **AASB 13 Fair Value Measurement**

AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial assets (including derivatives) was measured on the basis that the financial asset would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial assets should be determined based on a transfer value to a third party market participant. This has resulted in no change to the valuation and measurement of the financial assets held by The Tax Institute.

### **AASB 119 Employee benefits**

The revised standard has also changed the accounting for the group's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, obligations have been calculated at the present value of the estimated future cash outflows to be made for those benefits.

### **o) New Accounting Standards applicable in future periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Tax Institute has decided against early adoption of these standards. The Directors do not expect these changes to have a significant impact to The Tax Institute's financial statements.

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

	2013	2012
	\$	\$
<b>Note 2. Revenue</b>		
<b>Operating Activities</b>		
Membership Services including Education	8,080,081	7,651,579
Rendering of services (CPD and Events)	4,977,375	5,223,559
Sales of publications	869,387	1,032,869
Advertising revenue	166,215	122,152
	<b>14,093,058</b>	<b>14,030,159</b>
<b>Other Income</b>		
Interest	195,361	242,800
Dividend Income	91,281	160,994
	<b>286,642</b>	<b>403,794</b>
<b>Total revenue</b>	<b>14,379,700</b>	<b>14,433,953</b>

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

	2013	2012
	\$	\$
<b>Note 3. Profit from ordinary activities</b>		
Profit from ordinary activities before income tax expense has been determined after:		
<b>Expenses</b>		
Depreciation of non-current assets		
- plant and equipment	414,516	466,498
	<b>414,516</b>	<b>466,498</b>
<b>Remuneration of auditor</b>		
- audit	24,200	22,000
- other services	4,565	5,150
	<b>28,765</b>	<b>27,150</b>
<b>Rental expense on operating leases</b>		
- minimum lease payments	630,801	639,108
	<b>630,801</b>	<b>639,108</b>
<b>Significant Revenue and (Expenses)</b>		
Net realised and unrealised change in fair value of Financial Assets held at fair value through profit and loss	263,715	178,787
	<b>263,715</b>	<b>178,787</b>

#### Note 4. Dividends

The company's constitution precludes the payment of dividends.

No dividend has been paid or declared since the commencement of the financial year.

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

	2013	2012
	\$	\$
<b>Note 5. Cash and cash equivalents</b>		
Cash at bank and on hand	259,158	71,996
Short term deposits	4,191,111	4,112,230
	4,450,269	4,184,226

## Note 6. Trade and other receivables

### CURRENT

Trade Receivables	396,235	514,503
	396,235	514,503

(a) Impaired receivables and receivables past due

None of the current receivables are impaired or past due but not impaired.

## Note 7. Financial assets at fair value through profit or loss

Investment in Unit Trusts at fair value	2,696,787	2,371,801
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Listed equity investments are managed by ipac SA and consist of investments in wholesale funds and therefore have no fixed maturity date or coupon rate.

Changes in fair values of financial assets at fair value through profit and loss are recorded in the Statement of Comprehensive Income and disclosed in note 3.

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

Classification of financial assets at fair value through profit or loss

The Tax Institute classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, ie are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

	2013	2012
	\$	\$
<b>Note 8. Plant and Equipment</b>		
Plant and Equipment – at cost	3,010,805	2,768,819
Less: Accumulated Depreciation	(1,971,640)	(1,557,124)
<b>Total Plant and Equipment</b>	<b>1,039,165</b>	<b>1,211,695</b>

	Plant and Equipment	Total
	\$	\$
<b>(a) Movements in carrying amounts.</b>		
Movement in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.		
Balance at the beginning of the year	1,211,695	1,530,239
Additions	241,986	147,954
Depreciation or amortisation expense	(414,516)	(466,498)
<b>Carrying amount at the end of the year</b>	<b>1,039,165</b>	<b>1,211,695</b>

<b>Note 9. Trade and other payables</b>		
Current		
Trade payables	504,050	550,211
Income in advance	3,946,466	3,865,061
	<b>4,450,516</b>	<b>4,415,272</b>

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

	2013	2012
	\$	\$
<b>Note 10. Other Liability</b>		
CURRENT		
Lease liability	231,417	200,678
NON-CURRENT		
Lease liability	341,665	573,303
Make good on premises	58,755	36,267
<b>(a) Aggregate employee benefits</b>	<b>631,837</b>	<b>810,248</b>

<b>Note 11. Provisions</b>		
CURRENT		
Employee benefits	325,376	307,305
NON-CURRENT		
Employee benefits	85,808	85,808
<b>Aggregate employee benefits</b>	<b>411,184</b>	<b>393,113</b>
<b>(a) Number of employees at year end</b>	<b>71</b>	<b>58</b>

<b>Note 12. Capital and leasing commitments</b>		
<b>Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments		
– not later than one year	787,071	774,462
– later than one year but not later than 5 years	1,105,093	1,887,262
	<b>1,892,164</b>	<b>2,661,724</b>

The property leases are non-cancellable leases with one to five-year terms, with rent payable monthly in advance. An option exists on some of the leases to renew the term for an additional period up to five years.

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

## 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 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 term deposits.

The main risks arising from the Institute's financial instruments are interest rate risk, price risk, credit risk and liquidity risk. The Institute uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

## 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 2013					
Recurring fair value measurement					
<b>Financial Assets</b>					
Financial assets at FVTPL	7	2,696,787		-	2,696,787

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 31 December 2012					
Recurring fair value measurement					
<b>Financial Assets</b>					
Financial assets at FVTPL	7	2,371,801		-	2,371,801

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

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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.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

## **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).

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

## Note 16. Related party transactions

### Key management personnel

Key management personnel are employed under fixed term contracts up to five years duration.

### Key management personnel

2013		2012	
Noel Rowland	Chief Executive Officer	Noel Rowland	Chief Executive Officer
Robert Jeremenko	Senior Tax Counsel	Robert Jeremenko	Senior Tax Counsel
Ruth Ferraro	General Manager Education	Ruth Ferraro	General Manager Education
Des Reynolds	Chief Financial Officer (resigned)	Des Reynolds	Chief Financial Officer
Alex Munroe	General Manager Information Products	Alex Munroe	General Manager Information Products
Anna Mirzayan	General Manager Marketing	Anna Mirzayan	General Manager Marketing
Sharon Kells	General Manager States and NSW		
Kerryn Dival	General Manager Finance & Administration		

### Remuneration for key management personnel

	2013	2012
	\$	\$
Employee benefits	1,555,565	1,380,929
<b>Total remuneration</b>	<b>1,555,565</b>	<b>1,380,929</b>

### Directors remuneration

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

The President is paid for services he provides to the company. 81,564 79,824

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

ipac SA manages the investments of The Tax Institute. Stephen Westaway is a director of The Tax Institute and ipac SA.

Administrator and advisor fees to ipac SA 17,927 -

# NOTES TO FINANCIAL STATEMENT

For the year ended 31 December 2013

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

On 1 January 2014, Peter Godber was appointed as a director of the Tax institute.

No other 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 2013 there are guarantees provided by National Australian Bank of \$1,022,705 (2012: \$1,022,705) for the leases.

Other than the above, there are no contingent liabilities or contingent assets as at reporting date.

**Note 19. Company details**

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

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

23, 

**THE NUMBER OF  
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IN AUSTRALIA iPad  
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DOWNLOADED**

# INDEPENDENT AUDIT REPORT

To the *members* of The Tax Institute



**Crowe Horwath Sydney**  
ABN 97 895 683 573  
Member Crowe Horwath International  
Level 15 1 O'Connell Street  
Sydney NSW 2000 Australia  
Tel +61 2 9262 2155  
Fax +61 2 9262 2190  
www.crowehorwath.com.au

## The Tax Institute

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

### Report on the Financial Report

We have audited the accompanying financial report of The Tax Institute, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Tax Institute, would be in the same terms if given to the directors as at the time of this auditor's report.

#### *Auditor's Opinion*

In our opinion the financial report of The Tax Institute is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

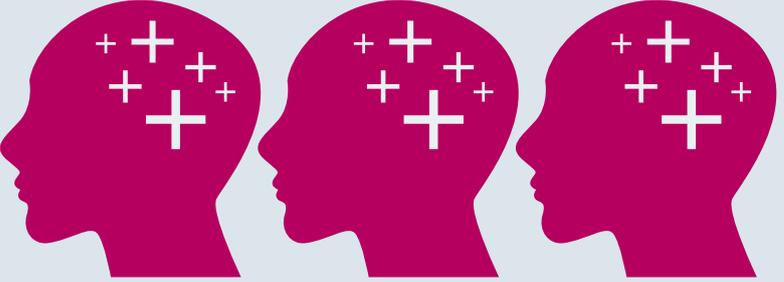
*Crowe Horwath Sydney*

**CROWE HORWATH SYDNEY**

*Suwarti Asmono*

**SUWARTI ASMONO**  
Partner

Dated this 15<sup>th</sup> day of April 2014

65, 

**THE NUMBER  
OF RECORDS  
AVAILABLE THROUGH  
TAX KNOWLEDGE  
EXCHANGE**

# CONTACT DETAILS

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## Executive Team

Noel Rowland	Chief Executive Officer
Robert Jeremenko	Senior Tax Counsel
Ruth Ferraro	General Manager Education
Alex Munroe	General Manager Information Products
Anna Mirzayan	General Manager Marketing
Kerryn Divall	General Manager Finance & Administration
Sharon Kells	General Manager States and NSW

## National Office

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

Tel: 02 8223 0000  
Fax: 02 8223 0099  
Email: ceo@taxinstitute.com.au

## State Divisions

### New South Wales and ACT

**Chairman: Andrew Noolan, CTA**

**Manager: Sharon Kells**  
Level 10, 175 Pitt Street  
Sydney, NSW 2000

Tel: 02 8223 0040  
Fax: 02 8223 0077  
Email: nsw@taxinstitute.com.au

### Victoria

**Chairman: Michael Selth, 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

### Queensland

**Chairman: Hayden Bentley, 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

### Western Australia

**Chairman: Jemma Sanderson, CTA**

**Manager: Nicky Nickolakis**  
Level 7, 16 St Georges Terrace  
Perth, WA 6000

Tel: 08 9322 2004  
Fax: 08 9322 2153  
Email: wa@taxinstitute.com.au

### South Australia and Northern Territory

**Chairman: Paul Tanti, CTA**

**Manager: Angelika Hislop**  
Ground Floor  
5-7 King William Road  
Unley, SA 5061

Tel: 08 8463 9444  
Fax: 08 8463 9455  
Email: sa@taxinstitute.com.au

### Tasmania

**Chairman: Marg Marshall, 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



**CTA**

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## THE TAX INSTITUTE

THE MARK OF EXPERTISE

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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)