



THE TAX INSTITUTE

# Annual Report 2017



*Tax Awards 2017 finalists*

## Contents

---

2	Immediate past President's report
4	CEO's report
7	Key education data
8	Directors' particulars
10	Key membership data
11	Directors' report
13	Directors' declaration
14	Auditor's independence declaration
15	Statement of profit or loss and other comprehensive income
16	Statement of financial position
17	Statement of changes in equity
18	Statement of cash flows
19	Notes to financial statements
27	Independent audit report
29	Contact details

### The Tax Institute offices



## About The Tax Institute

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, 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 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. More than seven decades later, our values, friendships and members' unselfish desire to learn from each other are central to our success.

Australia's tax system has evolved and The Tax Institute has become increasingly respected, dynamic and responsive, having contributed to shaping the changes that benefit our members and taxpayers today. We are known for our committed volunteers and the altruistic sharing of knowledge. Members are actively involved, ensuring that the technical products and services on offer meet the varied needs of Australia's tax professionals.

For more information about The Tax Institute, or to get in touch, visit our website at [taxinstitute.com.au](http://taxinstitute.com.au).

## 2017 Highlights



**2,250 enrolments**  
*in Structured  
Education Program*



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



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



**176 mentions**  
*in the media*



**40% increase**  
*on CTA3 Advisory  
enrolments*

## Immediate Past President's report

---



*“I heartily recommend the Institute’s new strategic Vision Statement to all members and stakeholders as representing a clear, dynamic and progressive future path for The Tax Institute in the decades ahead.”*

*Matthew Pawson, CTA*

2017 will undoubtedly be remembered as a landmark year for The Tax Institute, featuring many fantastic achievements whilst also presenting a number of significant challenges for the organisation. When I assumed the role of President from Arthur Athanasiou, it is fair to say that I did not fully anticipate the workload that falls to the President of The Tax Institute from year to year. I express my sincere thanks all of the National Council, the leadership, staff, volunteers and members for their continued efforts and contributions throughout the year that have contributed to the important work of the Institute. Without the input of so many others, we would never have achieved what we did.

In my opening address at the 32nd National Convention in Adelaide in March 2017, I announced my intention to spend my time as President enhancing the value proposition for CTA members and all members of the Institute and championing the contribution of our volunteers. I am confident that the latter was achieved and important work was done on the former.

Our National Convention was, as expected, a highlight of the year. It was one of the most successful events the Institute has ever held and featured a top class selection of plenary and technical sessions. Highlights included the Commissioner’s address, and presentations by the Chair of the Board of Taxation, Michael Andrew, and by my counterpart from the United Kingdom, John Preston. Of course, the Convention would not have been complete without the annual Tax Adviser of the Year awards. I again take this opportunity to thank all of the finalists for the high calibre of submissions this year and to congratulate our 2017 category winners.

The first half of the year was punctuated by continued problems

for members with scheduled and unscheduled ATO system outages. Our Tax Policy and Advocacy team worked tirelessly in maintaining contact with relevant ATO officers and reporting updates of progress to members.

The Institute was greatly enhanced by the appointment of Professor Bob Deutsch in March as our Senior Tax Counsel, a role he filled, and continues to fill, with great authority and respect. Bob is a significant contributor to the tax debate in Australia. I have particularly enjoyed working closely with him throughout the year as part of my work directly with the Tax Policy and Advocacy team.

Later in the year, in September, I was also privileged to represent the Institute by appearing before the House of Representatives Standing Committee on Tax and Revenue’s Inquiry into Taxpayer Engagement, where we continued to argue our position on the need for simplicity, transparency and clarity in Australia’s taxation system.

In my duties as President, I also covered the length and breadth of Australia, attending and speaking at many of the flagship Institute events. I also was able to attend a convention or forum in each state this year including, on one particular day, Tasmania at lunch time and Adelaide at dinner time. The most important part of my responsibility as President was the privilege I had to meet many of our members across the country. Your support and participation in these events is integral to our overall success. I made it a point to meet and greet as many members as possible at the events I attended, and I have encouraged our National Council members to be even more accessible to the members in the future. Perhaps one of the event highlights of 2017 was the inaugural Women in Tax National Congress that we hosted in November. What an inspiring event it was for all involved!

---

It is important for me to recognise and acknowledge the great work done by Mr Noel Rowland, who left the organisation in September. His tenure as CEO for 19 years has left an important legacy for the organisation. This legacy is also the foundation for future growth and opportunity and the Institute, led by the National Council, must continue on this important pathway. I thank Noel for his outstanding effort, commitment and leadership of the organisation over a sustained period and, on behalf of all members, wish him and his family the best for the future.

2017 was not without its challenges however. Noel's departure necessitated change and also became the catalyst for important strategic review work undertaken by National Council in the latter half of 2017. I acknowledge and commend the work of Mr Vince Lendrum, appointed as interim CEO in September 2017, along with all of the executive management team, for carrying the organisation through a momentous period of change with dignity, stability and professionalism. The 'business as usual' focus ensured that the transition was essentially seamless, whilst the executive team was integrally involved in the strategic review work that has been undertaken. I also take this opportunity to acknowledge and thank the Institute's executive assistant, Marilyn Partridge, for her tireless efforts throughout the year.

To that end, I also commend our National Council members for embracing the opportunity to address the important centrepiece of governance – our strategy – and thank them for taking up the additional burdens I placed on them during 2017. I heartily recommend the Institute's new strategic Vision Statement to all members and stakeholders as representing a clear, dynamic and progressive future path for The Tax

Institute in the decades ahead. The Vision Statement positions the Institute as the centre of the tax community in Australia and we will continue our work to deliver on that aspiration. I strongly believe this will demonstrably add significant value to membership of this great organisation in the near future.

Regrettably, our financial performance in 2017 was not where we would have liked it to be. The downside of change was the fact that we incurred significant non-recurring expenditure which has affected our results. I am pleased to make two important observations about the financial position of the organisation. First, excluding non-recurring items, the underlying trading performance of the Institute was better than in the previous year. This comparison excludes significant non-recurring expenses in 2017 including costs related to the strategic review and restructuring. Second, Vince Lendrum has instigated a significant expenditure rationalisation process. I can assure all members that the National Council is acutely aware of its responsibilities in this regard, and particularly the need to recalibrate the activities of the organisation so that it is sustainable and vibrant into the future.

I have already made mention of the important contributions of many, and I close by formally acknowledging all our volunteers, in whatever capacity you have given to the Institute in 2017. You are the backbone of our business model and the lifeblood of our success. I encourage all members to continue in that spirit of generosity and contribution in 2018 and in the many years ahead.

Finally, I welcome the elevation of my Vice President, Tracey Rens, to the role of President in 2018 and congratulate her on that appointment. Tracey has acquitted herself admirably around the board table and she has been of great benefit, counsel and assistance to me in 2017. She is highly technically

proficient in her areas of expertise and, to be honest, is one of the most capable people you could ever meet. With the current National Council, the Institute could not have better people leading the important work that needs to be continued in 2018.

I thank all members for their support of the Institute throughout 2017 and urge you to continue that support into 2018 and beyond. We have the opportunity before us to define and shape our own destiny, and that is critically important for *all* our members, old and new.



*Matthew Pawson, CTA*



*“A key success story of 2017 was the launch of our inaugural Women in Tax National Congress. This was a sell-out event that showcased some of Australia’s most influential leaders sharing their stories of career progression.”*

*Vince Lendrum, CEO*

There is much to celebrate and acknowledge in the year that has passed. Whilst The Tax Institute continued to provide outstanding service to members through events, education and advocacy, 2017 was (in equal measure) challenging and rewarding. In this CEO's report, I will focus on the Institute's operations and will review the actions we have taken to ensure a successful, sustainable future.

### **2017 in Review**

The core activities of The Tax Institute continued strongly during 2017. Key highlights and achievements are summarised as follows:

#### **Membership**

Our second annual member survey was conducted in early 2017 with results highlighting that satisfaction, value for money and Net Promoter Score remained in line with 2016 while a shift emerged in the need for The Tax Institute to be more strategic and influential in guiding the tax profession through this time of change. Again, the research confirmed the strong link between highly engaged members and new member referrals, with 46% of new members joining The Tax Institute through word of mouth. Just under 1500 new members joined The Tax Institute in 2017 and net revenue from membership continued to grow with renewal rates remaining above 90%.

In 2017 we introduced a roadmap of initiatives to increase the value of membership, this included the delivery of member only access to live-streamed presentations from the ATO's Chris Jordan at the 32nd National Convention and Professor Gillian Triggs at the inaugural Women in Tax Congress; and the introduction of a Member Reward and Recognition Program recognising membership at 5, 10 and 25 years.

May 2017 saw a new Women in Tax non-technical discussion group formed and the creation of new Charter to Celebrate women in the tax profession resulting in [womenintax.com.au](http://womenintax.com.au), a new website dedicated to supporting the career progression of women.

#### **Tax events and member professional development**

The Institute continued to maintain its strong position in tax events and professional development. A key success story of 2017 was the launch of our inaugural Women in Tax National Congress. This was a sell-out event that showcased some of Australia's most influential leaders sharing their stories of career progression. The Noosa Tax Intensive continues to attract the best minds in Tax. This flagship event celebrated its Silver Anniversary in 2017, selling out once again and breaking all previous attendance records. With the most significant changes to shake up superannuation since its inception occurring during the year, the Institute delivered a series of conferences, webinars and case-study-based sessions to help members navigate these changes in the lead-up to 1 July 2017. The Institute remains committed to bringing together a community of leading tax professionals and providing best-in-market professional development experiences. The state-based teams delivered an on-target financial performance, despite the absence of a couple of bi-annual flagship events.

#### **Education programs**

In 2017, the legislated changes to superannuation were the most significant in over a decade. The Tax Institute was able to incorporate all legislated changes into the Advanced Superannuation subject materials, ensuring candidates had the most comprehensive and current education materials available.

The Institute commissioned a strategic review of our education offering to ensure it continues to meet its strategic objectives. This has resulted in a number of recommendations to ensure the education program meets the diverse needs of all candidates, both now and in the future. All members, current candidates, and even those not studying with The Institute were invited to share their views on the education requirements of the tax profession.

In 2017 we significantly improved the commercial performance of our education offering by strategically reducing delivery costs through the creation of more efficient processes.

The full year result saw revenues from structured education activities growing 5.2%.

### Knowledge products and intellectual property

The corporate and individual offerings of our Tax Knowledge Exchange (TKE) subscription package continued to grow in 2017, in terms of both content volume and subscription numbers. TKE now boasts over 70,000 records – including event papers, journal articles, online books, submissions and videos.

We released a new title, in print and online – *SMSF Income Streams* by Crowe Horwath. The online version includes an online learning module that awards CPD points. The title has been added to the online books package for TKE customers.

Our *TaxVine* e-newsletter continued to offer timely updates on weekly tax developments. Of note is the recent addition of a preamble by our Senior Tax Counsel, Bob Deutsch. We have received overwhelmingly positive feedback about Bob's no nonsense opinion pieces every week in *TaxVine*.

### Tax policy and advocacy

The Institute continued investing in its role as the premier thought leader in tax policy and a key influencer in terms of contributing to a better and fairer tax system for all, whilst advocating for matters that concern our wider membership. The appointment of the new Senior Tax Council enabled us to contribute at the most senior level on all matters of significance to the sector.

### Business support services

2017 saw continued investment in the systems and processes that can best serve our membership into the future. This included a significant upgrade to our client relationship management software and continued enhancements to our websites and information portals.

### Financial performance

Whilst the underlying trading performance of the Institute was slightly better than in 2016, (excluding significant non-recurring expenses of \$553k in 2017 in relation to the strategic review and restructuring) the overall financial results of the organisation underperformed to budget. Despite the investment in revenue growth initiatives. The most material contributors to our financial performance were shortfalls in membership and sponsorship revenue growth and underlying overhead expenditure commitments. Actions to fundamentally address the financial underperformance have commenced and are detailed below.

### Clarification of purpose to drive results in 2018 and beyond

In mid-2017, the National Council commissioned a comprehensive strategic review, conducted by an external consultancy, which acknowledged that the Institute's financial and strategic planning needed to prepare the organisation for sustainable success into the future.

The comprehensive process, encompassing considerable member engagement, concluded that there was scope for improvement across the business, from strategy through to operations.

Priorities that emerged from the review and the subsequent strategic planning process included:

A clear, unambiguous statement that clarifies:

- Who we are: The leading forum for the tax community in Australia
- What we do: The advancement of knowledge, support for members\* and advocacy
- Why we do it: 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.

\* Professionals for whom tax is central to their current or future success

This positions the effective service of current and future members at the

centre of everything the organisation does, whilst also recognising the higher purpose for which The Tax Institute exists.

A clear set of priority initiatives that will prepare the organisation for future success emerged from the process and included:

- Best practice governance and team leadership
- A unified, coherent approach to providing quality content, education and professional development for all tax professionals throughout their career lifecycle
- Excellence in serving both current and potential member segments
- A client-focused, commercial mindset that ensures sustainable financial results.

### Response to the challenges to date

The need for change was highlighted by both the strategic review and by financial results that were forecast to underperform against budget. The following changes have taken place in the latter part of 2017:

- A change in the leadership of the Institute prompted the appointment of an Interim CEO in September 2017 and the instigation of a global search of a suitable leader that can take the organisation into the 2020s and beyond.
- A restructure within our business lines (proposed in late 2017) has been designed and implementation began at the start of 2018. This has reduced underlying operational costs on a full year basis by an estimated \$1m. The full-year impact of these changes, combined with the absence of one-off costs associated with the restructuring, sets the Institute up for further improvements in net returns from 2019 and beyond.
- With the trends from print to digital, from service to self-service, and from slow to quick-impact, member services have and will continue to evolve. As some of our traditional publication and

research services become less widely relevant, we will continue to enhance member value through the introduction of new member products and services. 2017 has seen a heightened emphasis on serving increasingly influential segments of the profession such as female practitioners and young emerging talent.

- Work has also begun on the implementation of initiatives and plans emerging from the strategic review and the focus around the three core pillars of knowledge, support for members and advocacy. As 2018 develops, these will deliver further improvements in the member experience, in the breadth and depth of member services and in the types and ways that we deliver content and knowledge to the profession.

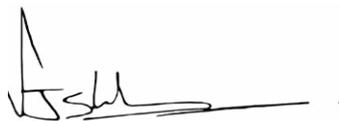
#### In conclusion

It only remains for me to thank the diverse community of members for their contribution in 2017, which will help prepare the Institute for a long, successful, influential future. I would like to thank all our members, clients and students who have been avid consumers of our products and services. I particularly acknowledge our volunteer members who

generously give their considerable knowledge and time, and without whom we would be unable to contribute so strongly to the sector.

I personally thank my executive team and all employees who have dedicated their professional energies to our success. I also thank the National Council members and other Committee members who have given their time so generously this year and have been prepared to 'grasp the nettle' on the big strategic issues and have instigated quality discussion and turned it into action. I particularly single out Matthew Pawson, immediate Past President, without whose leadership none of the positive change in 2017 would have been possible.

Finally, I extend a warm welcome to Tracey Rens, incoming President for 2018. I hope many of you will have the opportunity to meet Tracey at one of our flagship events around the country during the year.



Vince Lendrum, CEO

## Highlights



+11

*Net Promoter Score*



675 CPD hours

*delivered in 2017*



CTA of the Year

*Peter Madden, KPMG*



Advocacy

189

*Consultations*

40+

*Submissions*

## Key Education data

### Highlights

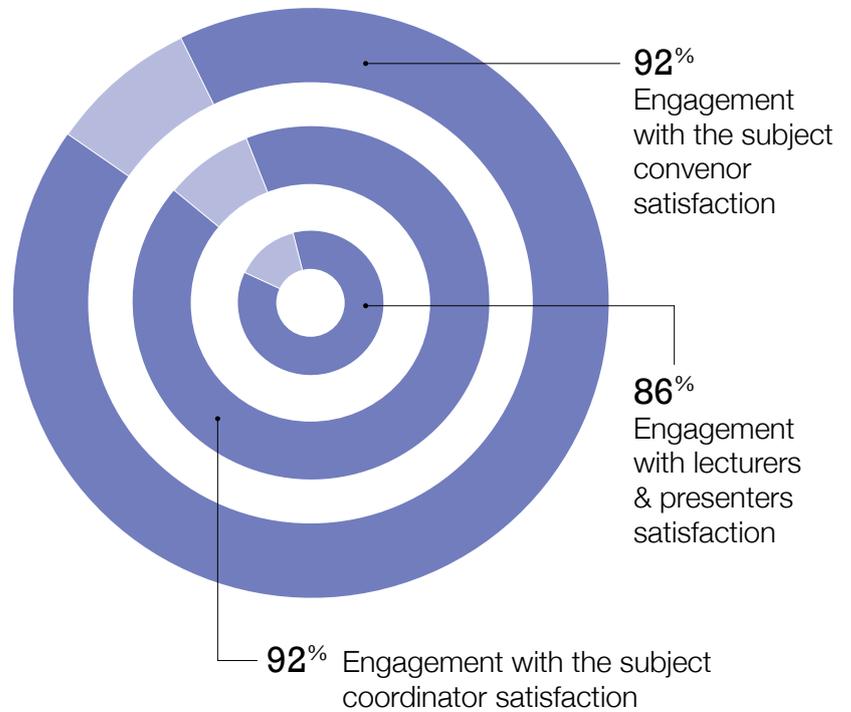
**90%**  
of students would  
recommend our  
subjects to others

**117**  
Graduate Diploma  
of Applied Tax  
Law (GDATL)  
enrolments

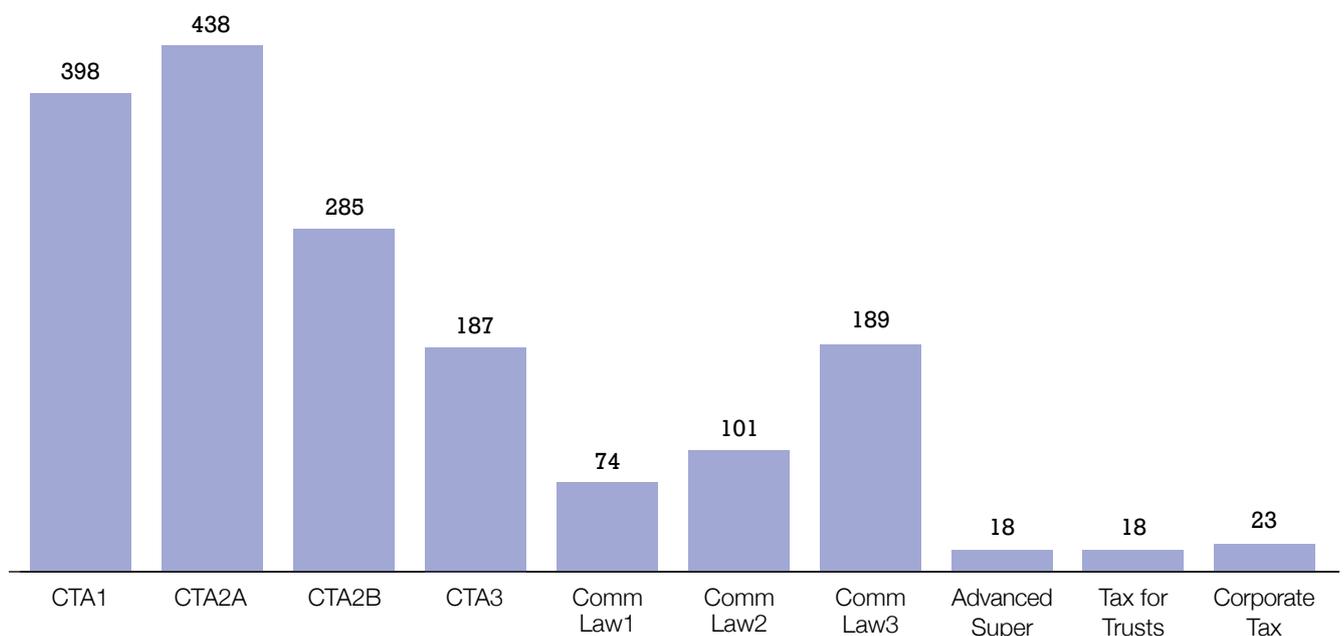
**Over 300,000**  
education  
webpage views

As at 31 December 2017

### Student satisfaction



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



## Directors' particulars

---

### David Earl

*BCom, LLB(Hons), LLM, ICAA*

---

#### Qualifications

#### Experience

National Council member since January 2018

#### Responsibilities

- Member, Audit and Risk Committee 2018
- Member, Education Advisory Board 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

- Member, Audit Committee 2017
- Chair, National Membership & Services Committee since 2016
- 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

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

### Stephen Heath

*LLB (Hons), BEc, CTA*

---

#### Qualifications

Solicitor

#### Experience

National Council member January 2012 to December 2017

#### Responsibilities

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

### Len 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 2016
- Member, WA State Council since 2008

### Margaret Marshall

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

---

#### Qualifications

Chartered Accountant

#### Experience

National Council member since January 2016

#### Responsibilities

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

---

## Tim Neilson

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

### Qualifications

Lawyer admitted to practice by the Supreme Court of Victoria

### Experience

National Council member since January 2013

### Responsibilities

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

## Matthew Pawson

*BCom, LLB, CTA*

### Qualifications

Solicitor

### Experience

National Council member January 2010 to December 2017

### Responsibilities

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

## Tracey Rens

*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
- 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

## Tim Sandow

*BCom, LLB, CTA, CA*

### Qualifications

Chartered Accountant

### Experience

National Council Member since January 2018

### Responsibilities

- National Membership Committee 2018
- Member, Disciplinary Committee 2018
- Member, Audit & Risk Committee 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) since 2017
- Chair, Information Products Advisory Group 2017
- Member, NSW Professional Development (Education) Committee since 2013
- Member, National Dispute Resolution Committee since 2014
- Member, NSW State Council since 2013

## Todd Want

*CTA, CA, CPA*

### Qualifications

Chartered Accountant, Certified Practicing Accountant

### Experience

National Council member since January 2017

### Responsibilities

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

## Kerryn Divall

*BCom, FCPA, GAICD*

### Qualifications

Certified Practicing Accountant, Graduate AICD

### Experience

Appointed Company Secretary September 2017

### Responsibilities

- Company Secretary Australian Tax Research Foundation appointed September 2017

## Key membership data

**14%**  
increase in  
new members

**9737**  
LinkedIn company  
page followers

**10,504**  
Facebook company  
page likes

### Member interaction %

**81%**  
Read the Taxation  
in Australia journal

**82%**  
Read the weekly  
TaxVine newsletter

**76%**  
Visited TTI  
website

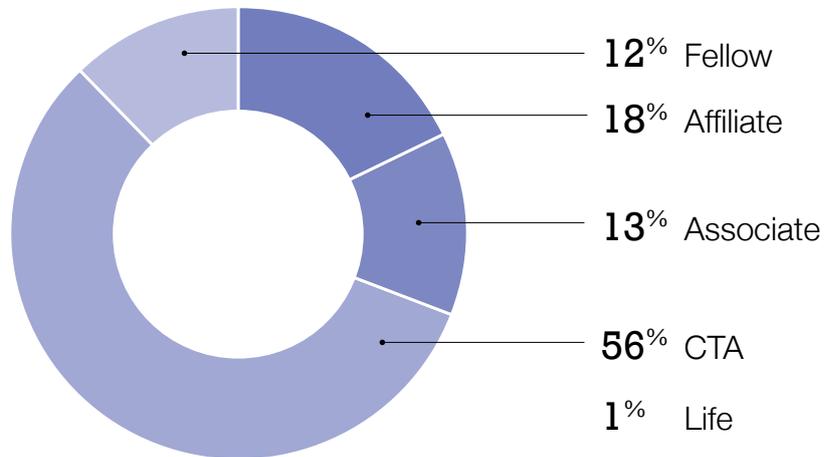
**44%**  
Attended an institute  
event or webinar

As at 31 December 2017

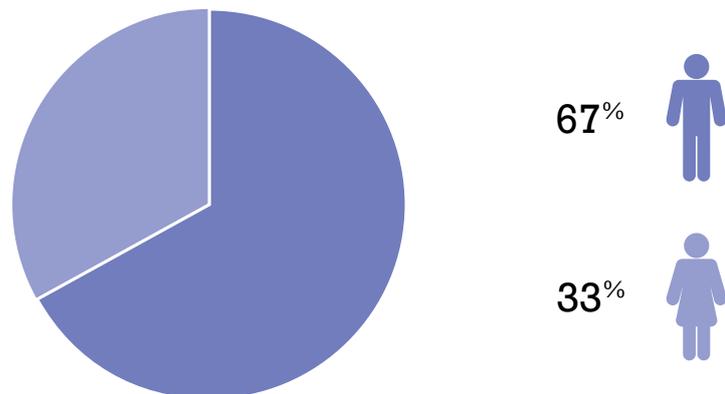
### Complaints and disciplinary activity

- 1 complaint was received in 2016 and was dismissed.
- 1 complaint was received in 2016 and is still under investigation.
- 1 complaint received in 2015 has been investigated and disciplinary action taken.
- 11 TPB letters received, no action taken but member advised and noted on file.

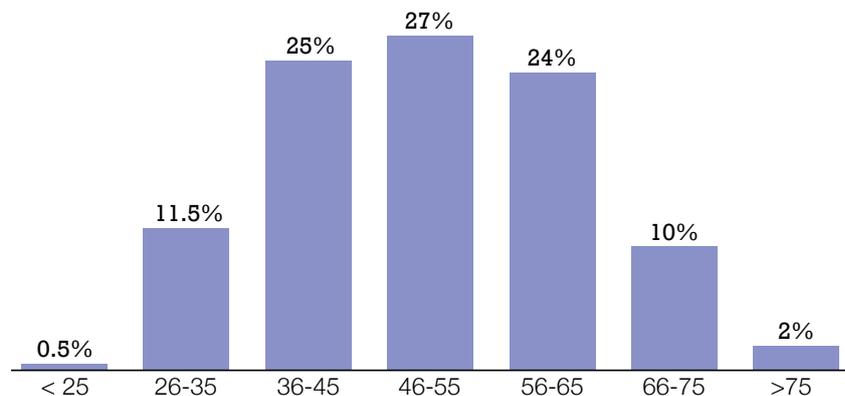
### Membership by grade %



### Membership by gender %



### Membership by age %



Your directors present this report of The Tax Institute ('the Institute') for the year ended 31 December 2017.

### Directors

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

<b>Stuart Glasgow</b>	Appointed 5 February 2015
<b>Peter Godber</b>	Appointed 1 January 2014
<b>Stephen Heath</b>	Appointed 25 January 2012 (ceased 31 December 2017)
<b>Len Hertzman</b>	Appointed 1 January 2016
<b>Margaret Marshall</b>	Appointed 1 January 2016
<b>Tim Neilson</b>	Appointed 1 January 2013
<b>Matthew Pawson</b>	Appointed 1 January 2010 (ceased 31 December 2017)
<b>Tracey Rens</b>	Appointed 1 January 2011
<b>Jerome Tse</b>	Appointed 1 January 2017
<b>Todd Want</b>	Appointed 1 January 2017
<b>David Earl</b>	Appointed 1 January 2018
<b>Tim Sandow</b>	Appointed 1 January 2018

Directors have been in office since the start of the 2017 year to the date of this report unless otherwise stated.

### Short-term and long-term objectives

The Institute's short-term and long-term objectives during 2017 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 2017 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 2017 would be \$22,614.

### 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 loss of \$696,289. 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 overall financial results of the organisation significantly underperformed to budget in 2017. The most material contributors to our financial performance were shortfalls in membership and sponsorship revenue growth and underlying overhead expenditure commitments.

### 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

An organisational restructuring (proposed late in 2017) has been designed and implementation began at the start of 2018. This will reduce underlying operational costs on a full year basis by an estimated \$1 million and is budgeted to reduce the costs materially below the budgeted revenues for 2018. The full-year impact of these changes, combined with the absence of one-off costs associated with the restructuring, sets the Institute up for further improvements in net returns in 2019 and beyond.

### Future developments

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

### Environmental issues

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

### Indemnifying officer or auditor

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

### Proceedings on behalf of the institute

No person has applied for leave of court to bring proceedings on behalf of the Institute or intervene in any proceedings to which the Institute is a party for the purpose of taking responsibility on behalf of the Institute for all or any of those proceedings.

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

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

### Directors' meetings

Attendance at Board and meetings during the year ended 31 December 2017:

Name	Board of Directors	
Total number of meetings held	7	
Directors	A	B
Stuart Glasgow	7	7
Peter Godber	7	7
Stephen Heath	7	7
Len Hertzman	7	7
Margaret Marshall	7	7
Tim Neilson	7	7
Matthew Pawson	7	7
Tracey Rens	7	7
Jerome Tse	7	6
Todd Want	7	6

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.



Tracey Rens, CTA  
Director



Tim Neilson, CTA  
Director

Dated in Sydney this 19th day of March, 2018

## Directors' declaration *for the year ended 31 December 2017*

---

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 2017 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.



**Tracey Rens, CTA**  
*Director*



**Tim Neilson, CTA**  
*Director*

Dated in Sydney this 19th day of March, 2018



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

Audit and Assurance Services

Level 15 1 O'Connell Street  
Sydney NSW 2000  
Australia

Tel +61 2 9262 2155  
Fax +61 2 9262 2190  
[www.crowehorwath.com.au](http://www.crowehorwath.com.au)

19 March 2018

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

Dear Board Members

## The Tax Institute

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

As lead audit partner for the audit of the financial report of The Tax Institute for the financial year ended 31 December 2017, 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

A handwritten signature in blue ink that reads "Crowe Horwath Sydney".

**CROWE HORWATH SYDNEY**

A handwritten signature in blue ink that reads "Suwanti Asmono".

**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.

## Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

	Note	2017	2016
		\$	\$
Revenue	2	15,558,929	15,696,806
Employee benefits expenses		(9,027,692)	(8,595,854)
Depreciation and amortisation expenses	3	(485,131)	(468,355)
CPD events and member services expenses		(3,201,079)	(3,589,798)
Occupancy expenses		(1,007,605)	(917,987)
Travel expenses		(365,011)	(327,440)
Publicity and promotion		(628,626)	(626,015)
Merchant fees		(235,302)	(241,107)
Administration expenses		(1,464,349)	(1,269,412)
Net realised and unrealised change in fair value of financial assets held at fair value through profit and loss		159,577	54,907
Profit / (Loss) before income tax expense		(696,289)	(284,255)
Tax Expense		-	-
<b>Profit / (Loss) after income tax expense</b>		<b>(696,289)</b>	<b>(284,255)</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income</b>		<b>(696,289)</b>	<b>(284,255)</b>

The accompanying notes form part of these financial statements.

## Statement of financial position *As at 31 December 2017*

	Note	2017	2016
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	3,395,971	7,583,159
Trade and Other Receivables		128,295	170,528
Prepayments		568,438	573,027
Inventory		31,119	30,556
<b>TOTAL CURRENT ASSETS</b>		<b>4,123,823</b>	<b>8,357,270</b>
<b>NON-CURRENT ASSETS</b>			
Financial Assets	6	3,213,708	–
Prepayments		90,083	126,667
Plant and Equipment	7	117,342	119,962
Intangible Assets	8	976,978	934,549
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,398,111</b>	<b>1,181,178</b>
<b>TOTAL ASSETS</b>		<b>8,521,934</b>	<b>9,538,448</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	575,042	535,722
Income in Advance		4,457,765	4,521,151
Short Terms Provisions	11	221,488	508,961
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,254,295</b>	<b>5,565,834</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Incentives and Make Good Provision	10	39,140	35,768
Long Term Provisions	11	42,084	54,142
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>81,224</b>	<b>89,910</b>
<b>TOTAL LIABILITIES</b>		<b>5,335,519</b>	<b>5,655,744</b>
<b>NET ASSETS</b>		<b>3,186,415</b>	<b>3,882,704</b>
<b>EQUITY</b>			
Retained Earnings		3,186,415	3,882,704
<b>TOTAL EQUITY</b>		<b>3,186,415</b>	<b>3,882,704</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity *For the year ended 31 December 2017*

	2017	2016
	\$	\$
Retained Earnings		
Opening retained earnings	3,882,704	4,166,959
Net Profit / (Loss) after income tax expense	(696,289)	(284,255)
Other comprehensive income, net of tax	-	-
Total comprehensive income	(696,289)	(284,255)
<b>Closing retained earnings</b>	<b>3,186,415</b>	<b>3,882,704</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows *For the year ended 31 December 2017*

	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from members and others	15,537,238	15,699,367
Payments to suppliers and employees	(16,190,287)	(15,892,454)
Interest Received	41,854	91,335
<b>Net cash (used in) / provided by operating activities</b>	<b>(611,195)</b>	<b>(101,752)</b>
Cash flows from investing activities		
Payment for plant and equipment	(64,457)	(63,604)
Payment for intangible assets	(460,482)	(465,081)
Investment funds under management	(3,051,054)	–
Investment funds held as cash	–	3,051,054
<b>Net cash provided by investing activities</b>	<b>(3,575,993)</b>	<b>2,522,369</b>
Net Increase in cash and cash equivalents	(4,187,188)	2,420,617
Cash at beginning of the financial year	7,583,159	5,162,542
<b>Cash at end of the financial year</b>	<b>3,395,971</b>	<b>7,583,159</b>

The accompanying notes form part of these financial statements.

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

The financial statements of The Tax Institute (“The Institute”) for the year ended 31 December 2017 were authorised for issue by a resolution of the Directors on 19th March 2018.

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.

The provision has been calculated as an estimate of future costs and discounted to a present value.

**c. Intangible assets**

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

**Research and development**

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

**Software**

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

**d. Leases**

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

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

### e. Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as 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 recognized in the Statement of Profit or Loss and Other Comprehensive Income.

#### Impairment of assets

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

Where the future economic benefits of the asset are not primarily dependent upon on the 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.

### **l. 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 2017.

#### ***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. 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.

	2017	2016
	\$	\$
<b>Note 2. Revenue</b>		
Operating Activities		
Membership Services including Education	10,246,884	10,001,249
Rendering of services (CPD and Events)	4,485,241	4,718,306
Sales of publications	784,950	838,203
Advertising revenue	–	47,713
	<b>15,517,075</b>	<b>15,605,471</b>
Other Income Interest	41,854	91,335
	<b>41,854</b>	<b>91,335</b>
<b>Total revenue</b>	<b>15,558,929</b>	<b>15,696,806</b>

**Note 3. Profit from ordinary activities**

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

Expenses

Depreciation and amortisation of non-current assets

– plant and equipment	67,077	169,995
– Intangible assets	418,054	298,360
	<b>485,131</b>	<b>468,355</b>

Remuneration of auditor

– audit	29,250	26,250
– other services	20,471	37,500
	<b>49,721</b>	<b>63,750</b>

Rental expense on operating leases

– minimum lease payments	731,323	676,075
	<b>731,323</b>	<b>676,075</b>

**Note 4. Dividends**

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

**Note 5. Cash and cash equivalents**

Cash at bank and on hand	2,538,392	3,674,526
Cash management account	–	3,051,054
Short term deposits	857,579	857,579
	<b>3,395,971</b>	<b>7,583,159</b>

**Note 6. Financial Assets**

NON-CURRENT

Investment in Unit Trusts at fair value	3,213,708	–
---	-----------	---

A new investment manager, Perpetual was appointed on 6/7/16. As part of the transition to a new investment manager, all investments were liquidated and the funds held in cash management accounts (and classified as cash and cash equivalents). These funds were invested by the new investment manager in the 2017 financial year.

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

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

## Notes to financial statements *For the year ended 31 December 2017*

	2017	2016
	\$	\$
<b>Note 7. Plant and Equipment</b>		
Plant and Equipment – at cost	2,458,833	2,394,377
Less: Accumulated Depreciation	(2,341,491)	(2,274,415)
<b>Total Plant and Equipment</b>	<b>117,342</b>	<b>119,962</b>

	Plant and Equipment	Total
	\$	\$

a. Movements in carrying amounts.

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

Balance at the beginning of the year	119,962	226,353
Additions	64,457	63,604
Depreciation or amortisation expense	(67,077)	(169,995)
<b>Carrying amount at the end of the year</b>	<b>117,342</b>	<b>119,962</b>

	2017	2016
	\$	\$

<b>Note 8. Intangible Assets</b>		
Intangible assets – at cost	2,305,509	1,845,026
Less: Accumulated Amortisation	(1,328,531)	(910,477)
<b>Total Intangible Assets</b>	<b>976,978</b>	<b>934,549</b>

	Intangible Assets	Total
	\$	\$

a. Movements in carrying amounts.

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

Balance at the beginning of the year	934,549	767,828
Additions	460,482	465,081
Amortisation expense	(418,053)	(298,360)
<b>Carrying amount at the end of the year</b>	<b>976,978</b>	<b>934,549</b>

	2017	2016
	\$	\$

<b>Note 9. Trade and Other Payables</b>		
CURRENT		
Trade payables	204,087	281,386
Accruals and other payables	370,955	254,336
	<b>575,042</b>	<b>535,722</b>

<b>Note 10. Lease Incentives and Make Good Provision</b>		
CURRENT		
Lease liability	–	–
NON-CURRENT		
Lease liability		
Make good on premises	39,140	35,768
	<b>39,140</b>	<b>35,768</b>

	2017	2016
	\$	\$
<b>Note 11. Provisions</b>		
CURRENT		
Employee benefits	221,488	508,961
NON-CURRENT		
Employee benefits	42,084	54,142
<b>Aggregate employee benefits</b>	<b>263,572</b>	<b>563,103</b>
a. Number of employees at year end	70	77

**Note 12. Capital and leasing commitments**

Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalized in the financial statements		
Payable – minimum lease payments		
– Not later than one year	715,104	685,394
– Later than one year but not later than five years	2,551,412	2,050,980
	<b>3,266,516</b>	<b>2,736,374</b>

**Note 13. Controlled entities**

**Australian Tax Research Foundation (ATRF)**

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

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

It is in the opinion of the Institute's directors that given the immateriality of the ATRF's operations, assets and liabilities, consolidating the ATRF into the Institute's results would not lead to more meaningful information being provided to the users of the Institute's Financial Report.

**Note 14. Financial risk management objectives and policies**

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

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

**Recognised fair value measurements**

i. Fair value hierarchy

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

	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
At 31 December 2017					
Recurring fair value measurement					
Financial Assets					
Financial assets at FVTPL	6	3,213,708			3,213,708

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

2017	2016	Position
Noel Rowland (resigned 6/9/17)	Noel Rowland	Chief Executive Officer
Vince Lendrum (appointed 25/9/17)		Chief Executive Officer – Interim
Robert Deutsch (commenced 1/3/17)	Robert Jeremenko (resigned 5/9/16)	Senior Tax Counsel
	Ruth Ferraro (resigned 7/10/16)	General Manager Education & Professional Standards
Alexandra Wilson (appointed 1/4/17)	Alexandra Wilson (acting from 10/10/16)	General Manager Education
Alex Munroe	Alex Munroe	General Manager Information Products
Sharon Kells	Sharon Kells	General Manager State Operations
Kerryn Divall	Kerryn Divall	General Manager Finance & Administration
Sandra Falzon	Sandra Falzon	General Manager Marketing & Membership
Joanna Price	Joanna Price (commenced 29/9/16)	General Manager, HR
Alex Roudjiat (appointed 1/4/17)		General Manager, ICT & Digital Services

##### Total Remuneration for key management personnel

	2017	2016
	\$	\$
CEO (including an at-risk component and payments on resignation)	689,315	432,456
Executive Interim Management Pty Ltd – Interim CEO	127,050	–
Other key management	1,422,329	1,143,583
<b>Total remuneration</b>	<b>2,238,694</b>	<b>1,576,039</b>

*In addition to payments made to other key management, a provision of \$80,331 has been made for restructuring to be implemented in 2018.*

##### Directors' remuneration

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

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**

An organisational restructuring (proposed late in 2017) has been designed and implementation began at the start of 2018. This will reduce underlying operational costs on a full year basis by an estimated \$1 million and is budgeted to reduce the costs materially below the budgeted revenues for 2018. The full-year impact of these changes, combined with the absence of one-off costs associated with the restructuring, sets the Institute up for further improvements in net returns in 2019 and beyond.

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

As at 31 December 2017 there are guarantees provided by National Australia Bank of \$857,579 (2016: \$857,579) for the leases.

Other than the above, there are no contingent liabilities or contingent assets as at reporting date. (2016: Nil)

The company had no commitments for expenditure as at 31 December 2017. (2016: Nil)

**Note 19. Company details**

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

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



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

Audit and Assurance Services

Level 15 1 O'Connell Street  
Sydney NSW 2000  
Australia

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

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

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

**Opinion**

We have audited the accompanying financial report of The Tax Institute ("the Entity"), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Entity's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the 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.

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

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

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

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

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.



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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

Yours sincerely

*Crowe Horwath Sydney*

**CROWE HORWATH SYDNEY**

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

**SUWARTI ASMONO**  
Partner

Dated this 19<sup>th</sup> day of March 2018

## Contact details

---

### Executive Team

<b>Vince Lendrum</b>	Chief Executive Officer
<b>Bob Deutsch</b>	Senior Tax Counsel
<b>Alexandra Wilson</b>	General Manager Knowledge and Learning
<b>Sharon Kells</b>	General Manager State Operations
<b>Kerryn Divall</b>	General Manager Finance and Administration
<b>Sandra Falzon</b>	General Manager Marketing and Membership
<b>Joanna Price</b>	General Manager HR
<b>Alex Roudjijat</b>	General Manager, ICT & Digital Services

### National Office

**CEO: Vince Lendrum**  
Level 10, 175 Pitt Street  
Sydney, NSW 2000

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

### State Divisions

#### New South Wales and ACT

**Chairperson: Eddy Moussa, CTA**  
**Manager: Leanne Carter**

Level 10, 175 Pitt Street  
Sydney, NSW 2000

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

#### Queensland

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

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

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

#### South Australia and NT

**Chairperson: Brian Nimmo, CTA**  
**Manager: Craig Spurr**

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

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

#### Victoria

**Chairperson: Leanne Connor, CTA**  
**Manager: Adam Serry**

Level 15, 350 Collins Street  
Melbourne, VIC 3000

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

#### Western Australia

**Chairperson: Nick Heggart, CTA**  
**Manager: Brian Martin**

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

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

#### Tasmania

**Chairperson: Darren Sheen, CTA**  
**Manager: Adam Serry**

Level 15, 350 Collins Street  
Melbourne, VIC 3000

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



THE TAX INSTITUTE

Level 10, 175 Pitt Street  
Sydney, NSW 2000

ABN 45 008 392 372

Tel 02 8223 0000

Fax 02 8223 0077

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