

Institute of Actuaries of Australia

**Financial Statements and Directors' Report 2007**



Institute of Actuaries of Australia



Institute of Actuaries of Australia

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## Institute of Actuaries of Australia

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## The Institute of Actuaries of Australia Report of Council For the year ended 30 September 2007

Council submits herewith its report on the Institute for the year ended 30 September 2007. In order to comply with the provisions of the Corporations Act 2001, the Council reports as follows:

The Institute is a public company limited by guarantee and is licensed under Section 150 of the Corporations Act 2001 (Cth) to be incorporated without the word 'Limited' in its name. Council constitutes the Board of Directors of the Institute.

The names of each person who has been a director during the year and to the date of this report along with details of the qualifications, experience and special responsibilities of each director are:

**Susan Rebecca Antcliff** BSc (Hons), FIAA • (1/8/07 – 30/9/07)

*Council Member, Member of Education Council Committee, Member of Part II External Examiners Committee.*

Susan has a first class honours degree in mathematics from the Australian National University and qualified as a Fellow in 2000. Following graduation, she worked in the Department of Prime Minister and Cabinet and the Department of Finance as a policy analyst before deciding in 1991 on a career change. She started actuarial studies by correspondence with the United Kingdom's Institute of Actuaries and, during this time, spent two years at the National Centre for Social and Economic Modelling heading their dynamic microsimulation modelling unit before joining the Australian Government Actuary in 1995 where she currently works.

Susan has been involved with the Institute in a number of roles. She edited Actuary Australia for two years and has acted as the external examiner for the control cycle at Australian National University since 2003, as well as served on the ANU accreditation panel. Susan has been a member of the Education Council Committee since late 2004 and also contributed to the development of the Professional Standard on Continuing Professional Development.

**Caroline Jane Bennet** BCom, MBA, FIAA • (1/10/06 – 20/12/06)

*Council Member (until 20 December 2006), Member of Risk Management Practice Committee.*

Caroline is a Partner in the Financial Services practice of Trowbridge Deloitte. Prior to this, Caroline worked at Colonial Mutual Life. Caroline is a member of the Risk Management Practice Committee and the Life Financial Reporting Sub-committee. She has co-presented sessions at the Financial Services Forum 2006 and presented papers to the 2003 and 2005 Biennial Conventions. Caroline was also the Chief Examiner for Life Insurance.

**Ian David Burningham** BSc, FIAA • (1/10/06 – 20/12/06)

*Council Member (until 20 December 2006), Member of Health Practice Committee, Member of Health Insurance Practice Sub-committee, Member of Health Education Sub-committee.*

Ian is Group Executive Corporate and Capital Management of MBF Australia. In addition to being the Appointed Actuary of both health funds, Ian is the Group Actuary for the private health insurance and life insurance businesses. Previously, he was a partner with Trowbridge Consulting (and Trowbridge Deloitte), working across the financial services and health care sectors.

Ian has served as Convenor of the Health Practice Committee, a member of the Banking and Finance Committee, and contributed to the Professionalism Course (2001-2003).

**Anthony John Cook** BSc, FIA, FIAA • (1/10/06 – 30/9/07)

*Council Member, Member of Audit Council Committee, Member of Leadership Committee, Member of Strategic Planning Taskforce.*

Tony is Executive Director – Finance Change Program at Tower Australia Limited. Prior to this, he ran his own consulting business. He has performed a range of roles in both New Zealand and Australia including product management, compliance management, project management, finance and Chief and Appointed Actuary roles. He has worked for Royal Life, Sun Alliance, Colonial and CBA, and been Chief Financial Officer for Comminsure.

**Edward Fabrizio** BEc, MBA, FIAA, FNZSA, FAICD • (20/12/06 – 30/9/07)

*Council Member, Member of Strategic Planning Taskforce, Member of Education Council Committee.*

Eddy is the Deputy General Manager and Chief Actuary for General Reinsurance Life Australia which covers operations in Australia, New Zealand and Fiji. Prior to joining General Re in 1992, he also had a few years working at MLC Limited following completion of his university degree.

## The Institute of Actuaries of Australia Report of Council For the year ended 30 September 2007 (continued)

During his time as an actuary, Eddy has done numerous presentations to industry gatherings in Australia, New Zealand and at international meetings on various topics, specialising in the area of life risk product development, pricing and experience. He co-authored a paper on the Pricing of Dread Disease Insurance (1994) and was chairperson of the Institute's Risk Classification Committee and Experience Studies Committee prior to these bodies being incorporated into the current Life Risk Insurance Committee. He is currently a member of the International Actuarial Association's Income Protection Topic Team.

### **Bozenna Hinton** BEc, FIAA • (10/5/07 – 30/9/07)

*Council Member, Member of Part III Review Taskforce.*

Bozenna currently works as a Consultant to Rice Warner Actuaries. Previously, she was working in wealth management at the Commonwealth Bank and has over 15 years' experience in the financial services industry. Bozenna has worked in a variety of roles including for Munich Reinsurance in both Australia and the UK and consulting for Trowbridge Consulting and Reinsurance Group of America.

While working at Trowbridge, Bozenna was involved in establishing the Energy Practice and completed a number of risk management assignments for electricity retailers, generators and industry bodies.

Bozenna was a member of the Board of Examiners from 2003 to 2006, serving as Chair in 2005 and 2006. Bozenna was also a member of the International Relations Committee from 1996 to 2002 and has been a member of the Life Insurance Course Review team. She is currently a member of the Part III Review Taskforce.

### **Rodney David Hoskinson** BAppSc, FIAA • (1/10/06 – 30/9/07)

*Council Member, Member of Education Council Committee, Member of General Insurance Practice Committee.*

Rodney is Manager, Actuarial Pricing and Capital Modelling, QBE Australia at QBE Insurance Group, and has worked with QBE for over eight years. Prior to joining QBE he worked in several consulting and corporate positions at Towers Perrin, Trowbridge Consulting and FAI Insurance. Rodney has over 17 years experience and has specialised in general insurance for over 15 years.

Rodney is a past member of the Communications Committee (2001 and 2002), the Accident Compensation Sub-committee and a member of the Organising Committee for several Institute Accident Compensation Seminars.

### **Jennifer Heath Lang** BEc, FIA, FIAA • (1/10/06 – 30/9/07)

*Council Member, Member of Audit Council Committee, Member of Life Insurance and Wealth Management Practice Committee.*

Jennifer is Chief Actuary, Wealth Management at Commonwealth Bank and has more than 15 years experience in the financial services industry, including work for life insurance companies as an asset manager and as a financial services consultant.

Jennifer has written a number of Institute papers including on the choice of risk discount rates for the valuation of life insurance companies, and asset liability modeling for life and general insurers.

### **Ian William Laughlin** BSc, Adv Dip FS(FP), FIA, FIAA, FAICD • (20/12/06 – 30/9/07)

*Council Member, Member of 2008 Financial Services Forum Organising Committee, Convenor of Risk Management Practice Committee.*

Ian has extensive experience in executive and board positions in the financial services sector in Australia, the United Kingdom and Hong Kong, and has also worked in New Zealand. He is currently a non-executive director of AMP Life Ltd and of Diligenta Ltd, a UK-based company specialising in administration of life companies.

Ian was Managing Director of the life and pension businesses of Pearl Group (which operates in the UK under the brands of Pearl, London Life and NPI) from 2002, when it was in considerable difficulty, until 2006. During this time, he and his management team oversaw a major transformation of the business, culminating in its sale to private investors and the outsourcing of its back office.

He was President of the Hong Kong Actuarial Association in 1988.

## The Institute of Actuaries of Australia Report of Council For the year ended 30 September 2007 (continued)

### **Gregory Charles Martin** BA, FFin, FIAA • (1/10/06 – 30/9/07)

*Senior Vice President, Council Member, Member of Executive Council Committee, Member of International Council Committee, Chair of Nominations Council Committee, Convenor of the Strategic Planning Taskforce, Member of the 2008 Financial Services Forum Organising Committee.*

Greg is a Senior Director of KPMG Actuaries Pty Limited where he specialises in insurance, funds management and general financial valuation and modelling. He currently has four life insurance Appointed Actuary roles and has five former roles. He was a member of the Life Insurance Actuarial Standards Board (2001-2007) and advises groups such as the Australian Accounting Standards Board on accounting standards related to insurance business.

### **Henry Gordon Onions** BA, FIA, FASI, FIAA • (1/10/06 – 11/4/07)

*Council Member (until 11 April 2007), Member of General Insurance Practice Committee, Member of Vision 2020 Taskforce.*

Henry is Chief Actuary International Businesses for Zurich Financial Services. Previously, he was Chief Actuary General Insurance for Zurich Financial Services Australia.

Prior to joining Zurich, he spent 15 years at AMP, most latterly as actuary for the Cobalt / Gordian business. Henry's prior roles at AMP included work on demutualization, involvement in the acquisition, integration and then divestment of GIO, and three years in Jakarta as Finance Director and Actuary for AMP Panin Life.

### **Nathan Jerome Rivett** BSc, FIA, FIAA • (1/10/06 – 30/9/07)

*Council Member, Member of General Insurance Practice Committee, Member of Designations Taskforce.*

Nathan currently manages a CTP Research Team at IAG. Previously he was the Appointed Actuary at Tower and FAI Life. During his eight years at AMP before that he held positions in product areas, Group Office and Superannuation, including the role of scheme actuary for defined benefit superannuation funds.

Nathan was a member of the Life Insurance Practice Committee and its Tax and Legislation Sub-committee from 1999 to 2001.

### **Frederick Rowley** MA, FIA, FIAI, FIAA • (1/10/06 – 30/9/07)

*President, Council Member, Member of Executive Council Committee, Convenor of Designations Taskforce, Secretary of the International Actuarial Association (IAA) 'Actuaries without Frontiers' Section, Member of the IAA China Sub-Committee and of the IAA Professionalism Committee.*

Currently a strategic financial services consultant, Fred has held senior roles in IT, financial and general management. Until 2004, he was Chief Corporate Actuary of AMP Limited, and a director of several subsidiaries within the AMP group. He has a particular interest in broader risk management, with emphasis on financial risks and corporate finance, and in the economic impacts of climate change.

Fred previously served on Council from 2000-2002 and is co-author of several Institute submissions to government and financial regulators, including the Australian Prudential Regulatory Authority, the Australian Taxation Office, and the Basel Committee. He has served as Chair of the Life Insurance Practice Committee, the Public Policy Council Committee, the Standards Regulation Taskforce and the Prudential Regulation Taskforce.

### **Steven John Schubert** BSc, FIAA • (1/10/06 – 30/9/07)

*Council Member, Convenor of Superannuation and Employee Benefits Practice Committee.*

Steven is Director of Superannuation at Russell Investment Group, having previously been a Principal of Towers Perrin before Russell's acquisition of Towers Perrin Australia. He has specialised in superannuation consulting for over 25 years and is the Senior Actuary at Russell.

Steven has advised a wide range of large private sector and public sector employers and funds. Most recently he has taken a strong interest in raising the awareness of factors affecting the ability to achieve adequate retirement incomes, particularly longevity risk.

### **Timothy Spicer** BSc FIAA • (1/10/06 – 15/12/06)

*Council Member (until 15 December 2006), Member of Education Council Committee.*

Tim is an Associate Director at Ernst & Young Actuarial Business Consultants. Before joining the general insurance team at EY ABC in April 2006, Tim was a consultant at Taylor Fry Consulting Actuaries (2004-2006). Prior to that, he was pricing actuary at the Accident Compensation Corporation in New Zealand (2001-2004).

## The Institute of Actuaries of Australia Report of Council For the year ended 30 September 2007 (continued)

**Martin Alexander Stevenson** BSc, FIA, FIAA • (1/10/06 – 20/12/06)

*President and Council Member (until 20 December 2006), Chair of Executive Council Committee (until 20 December 2006), Chair of Financial Services Forum Organising Committee.*

Martin is a Director and is the Senior Actuary of Mercer Australia. He is a worldwide partner of the global firm and has been working in the superannuation industry since joining Mercer.

Martin's experience includes consulting with private and public sector clients in Australia in the area of benefit design, and actuarial, insurance and investment aspects of superannuation funds.

His clients include major corporate, and State and Commonwealth Funds. Martin has also worked in other actuarial areas during his career including finance and risk consulting and providing evidence as an expert witness.

**Trevor James Thompson** BA (Econ), FIAA • (1/10/06 – 30/9/07)

*Vice President (since 20 December 2006), Council Member, Member of Executive Council Committee, Chief Examiner for Part III Commercial Actuarial Practice Course Semester 1 2007, Convenor of Part III Outsourcing Sub-committee, Convenor of the Prizes and Awards Panel, Chair of A H Pollard Scholarship Review Committee.*

Trevor retired in 2002, following a career with AMP both in Australia and the United Kingdom. Positions held in more recent years included Marketing Manager for Australia, General Manager Superannuation for Australia, Manager of AMP's demutualisation, Corporate Treasurer AMP Limited, and subsequently in the United Kingdom, Chief Executive and Managing Director of AMP's last United Kingdom acquisition National Provident Institution, and Sales Director for AMP (UK).

Trevor has served on a wide variety of committees and taskforces including the Corporate Governance Task Force (2003 – 2005), the Penrose/Morris Task Force (2004 – 2006), and the Independent Peer Review Implementation Task Force (2004 – 2006). He was also a member of the Education Council Committee, Chair of the University Accreditation Committee and External Examiner for the University of New South Wales and Macquarie University (2003 – 2005).

**Mark Edmund Turner** BA (Hons), FIA, FIAA, FIAI • (1/10/06 – 30/9/07)

*Council Member, Member of Designations Taskforce, Member of International Council Committee.*

Mark retired from Tillinghast - Towers Perrin in June 2006 after 20 years consulting with the firm. During his time with Tillinghast he held various roles including Managing Principal Asia Pacific, membership of Tillinghast's worldwide management committee and leader of the Indian consulting practice.

Prior to joining Tillinghast, Mark worked for the M&G Re from 1978 to 1986 in the United Kingdom, Asia and South Africa, for Cannon Assurance in London from 1974 to 1978 and for Phoenix Assurance in Bristol from 1972 to 1974. He was a member of the Institute's Corporate Governance and Penrose/Morris Task Forces. Mark has written actuarial papers on the subjects of transfers of life insurance business and independent peer review.

**Rowan Trevor Ward** BSc, FIAA • (1/10/06 – 30/9/07)

*Council Member, Member of Designations Taskforce, Member of Nominations Council Committee.*

Rowan is Executive General Manager, Actuarial Services & Chief Actuary for the Suncorp Group with responsibility for actuarial advice relating to its general insurance, life insurance and banking businesses.

He is Appointed Actuary for Suncorp Life and Superannuation Limited and a director of a number of subsidiaries of the group. During his career at Suncorp, Rowan has worked in various management and technical roles across the Group and prior to that with National Mutual.

**Bruce Alan Watson** BSc (Hons), FNZSA, FIAA • (1/10/06 - 30/9/07)

*Council Member, Member of Accountants and Actuaries Liaison Committee, Member of Strategic Planning Taskforce, Member of Audit Council Committee.*

Bruce is a Principal of Finity Consulting Pty Limited. He has worked in actuarial consulting since joining E S Knight and Co in 1984 and has specialised in general insurance and accident compensation since 1995.

Bruce was Chair of the General Insurance Practice Committee from 1999 to 2002 and Chief Tutor for the general insurance course in 1995 and 1996. He is author of papers presented to Institute seminars, the New Zealand Society of Actuaries Biennial Conference and various industry seminars.

## The Institute of Actuaries of Australia Report of Council For the year ended 30 September 2007 (continued)

*Details of the qualifications and experience of the Institute's Company Secretaries during the year are listed below:*

### **Peter Francis McBride**

Peter was the Company Secretary until his resignation on 25 October 2006. Peter is a member of the National Institute of Accountants with 30 years' experience in a variety of roles at the Commonwealth Bank.

### **Anne Peters**

Anne was appointed Company Secretary from 25 October 2006.

Anne has a Master of Studies in Legal Research (University of Oxford), Bachelor of Laws and University Medal in Law (University of New South Wales), Graduate Diploma in Legal Practice (University of Technology), Member of the Australian Institute of Company Directors, admitted as a Solicitor of the Supreme Court of New South Wales in 1992, admitted as a Solicitor of the Supreme Court of Queensland in 2003.

Anne has practised law since 1992 and been a Company Secretary for approximately seven years.

### **Activities and Results**

The principal activities of the Institute in the course of the financial year comprised encouraging the study of actuarial science, statistics and other subjects and conducting examinations in relation thereto. The Institute also undertook promotional and administrative activities in relation to the actuarial profession, including the preparation of professional standards. During the year there was no significant change in the nature of those activities.

Operating surplus for the year amounted to \$845,854. No significant change in the state of affairs of the Institute occurred during the financial year not otherwise outlined in the accounts or notes thereto. The operations of the Institute for the year were similar to that of the previous year.

However, the strong result does not imply that all activities ran smoothly. The Institute adopts a conservative, fixed-interest based investment profile for the investment of our reserves, with a range of credit market strategies adopted to enhance longer term returns. In recent years we have benefited from this investment strategy significantly, with above-benchmark returns. With adverse credit market conditions over the latter part of 2007, lower results were achieved. In this respect we note we had approximately \$200,000 invested with Basis Capital (representing 4%-5% of our portfolio). Most of the \$94,000 market value fluctuation shown in our accounts relates to a reduction in the valuation of this investment. Nevertheless, the overall investment strategy performed acceptably well and achieved \$200,000 of the \$240,000 budgeted for the year. Our valuation of the holding (\$116,000) is based on information received from the Fund Manager – Basis Capital Management Ltd that the fund has declined by an estimated 33% since its last valuation in June 2007.

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in the financial year subsequent to 30 September 2007.

The Members of Council believe that there are no likely developments in the operations of the Institute and the expected results of those operations in the financial years subsequent to 30 September 2007 which need to be brought to members attention.

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

Council Members receive no remuneration or other benefits. No Member of Council, since the end of the previous financial year, has received or become entitled to receive a benefit by reason of a contract made by the Institute with a Member of Council or with a firm of which s/he is a member or with a company in which s/he has a substantial financial interest for services rendered in connection with the activities of the Institute, except as disclosed in Note 11 to the Financial Statements on page 17 of this Annual Report.

During the financial year, the Institute paid a premium of \$10,840 in respect of a contract insuring the Office Bearers (as defined including any past, present or future Director, Secretary, Officer, Trustee, Committee member or employee of the Institute or any other natural person acting on behalf of the Institute at the direction of an Officer or Board of Directors or Committee of Management of the Institute) against a liability incurred as such Office Bearer to the extent permitted by law.

The Institute has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Institute against a liability incurred as such for an officer or auditor.

# Report of Council and Declaration of Council

## The Institute of Actuaries of Australia Report of Council For the year ended 30 September 2007 (continued)

No person has applied for leave of Court to bring proceedings on behalf of the Institute or intervene in any proceedings in which the Institute is a party for the purposes of taking responsibility on behalf of the Institute for all or any part of these proceedings.

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

### Directors' attendance at Board and Board Committee meetings

Councillor	Council	Audit Council Committee	Education Council Committee	Executive Council Committee	International Council Committee**	Nominations Council Committee***
S R Antcliff *	1 of 1		1 of 1			
C J Bennet*	2 of 2					
I D Burningham*	0 of 2					
A J Cook	6 of 7	2 of 2				
E Fabrizio *	4 of 5		2 of 4			
B Hinton *	2 of 2					
R D Hoskinson	3 of 7		2 of 6			
J H Lang	3 of 7	2 of 2				
I W Laughlin *	4 of 5					
G C Martin	7 of 7			11 of 11	6 of 6	3 of 3
H G Onions*	2 of 4					
N J Rivett	7 of 7					
F Rowley	7 of 7			10 of 11		
S J Schubert	6 of 7					
T Spicer*	0 of 1		2 of 2			
M A Stevenson*	2 of 2			3 of 3		
T J Thompson	7 of 7		2 of 2	7 of 8		
M E Turner	7 of 7				4 of 6	
R T Ward	6 of 7					3 of 3
B A Watson	6 of 7	1 of 1				

\* These Councillors were not eligible to attend all meetings of Council as they did not hold office for the full year (refer Note 11(a) of the Notes to the Financial Statements on page 17 of the Financial Statements Report for details of their period of office).

\*\* The International Council Committee was re-formed in December 2006 and held its first meeting on 23 February 2007.

\*\*\* The Nominations Council Committee was formed in February 2007 and held its first meeting on 16 April 2007.

The lead auditor's independence declaration for the year ended 30 September 2007 has been received and can be found on page 10.

Signed on behalf of Council in accordance with a resolution of Council.



**F ROWLEY**  
President  
Sydney, 7 November 2007



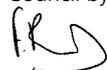
**G C MARTIN**  
Senior Vice President

## The Institute of Actuaries of Australia Declaration by Members of Council For the year ended 30 September 2007

The members of Council of the Institute declare that:

1. the financial statements and notes thereto, are in accordance with the Corporations Act 2001 and
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 September 2007 and of the performance for the year then ended on that date of the Institute; and
2. in the Council's 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 Council and is signed for and on behalf of the members of Council by:



**F ROWLEY**  
President  
Sydney, 7 November 2007



**G C MARTIN**  
Senior Vice President

# Audit Declaration and Independence Report

## Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 to the Councillors of The Institute of Actuaries of Australia

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



**F GIANNUZZI**

Partner

Sydney, 7 November 2007



**UHY HAINES NORTON**

Chartered Accountants

## Independent Audit Report to the Members of The Institute of Actuaries of Australia

We have audited the accompanying financial report of The Institute of Actuaries of Australia for the year ended 30 September 2007, as set out on pages 11 to 19 and the directors' declaration.

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

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

### **Audit Opinion**

In our opinion, the financial report of the Institute of Actuaries of Australia is in accordance with:

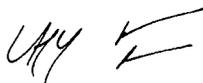
- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 September 2007 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.



**F GIANNUZZI**

Partner

Sydney, 7 November 2007



**UHY HAINES NORTON**

Chartered Accountants

# Income Statement and Balance Sheet

## The Institute of Actuaries of Australia Income Statement For the Year Ended 30 September 2007

	Note	2007 \$	2006 \$
Administration Revenues		2,357,568	2,203,198
Professional Development Revenues		1,277,970	745,388
Education Revenues		2,832,658	2,265,144
Knowledge Revenues		442,648	493,286
<b>Total Revenue</b>	<b>2</b>	<b>6,910,844</b>	<b>5,707,016</b>
Administration Costs		(964,309)	(766,870)
Employment Costs		(2,181,971)	(1,827,061)
Professional Development Costs		(808,097)	(490,421)
University Foundation Grants		(325,000)	(325,000)
Education Costs		(1,039,429)	(841,878)
Knowledge Costs		(394,649)	(657,096)
Governance Costs		(235,538)	(296,771)
Public Affairs Costs		(115,998)	(105,546)
<b>Total Expenses</b>		<b>(6,064,990)</b>	<b>(5,310,643)</b>
<b>Surplus before income tax expense</b>		<b>845,854</b>	<b>396,373</b>
Income tax expense	1(d)	-	-
<b>Surplus attributable to members</b>		<b>845,854</b>	<b>396,373</b>

## The Institute of Actuaries of Australia Balance Sheet For the Year Ended 30 September 2007

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	538,866	171,924
Trade and other receivables	4	200,026	184,137
Other current assets	5	4,634,465	3,402,247
<b>Total current assets</b>		<b>5,373,357</b>	<b>3,758,308</b>
<b>NON CURRENT ASSETS</b>			
Other non current assets	6	77,894	77,894
Property, plant and equipment	7	685,274	737,154
<b>Total non current assets</b>		<b>763,168</b>	<b>815,048</b>
<b>TOTAL ASSETS</b>		<b>6,136,525</b>	<b>4,573,356</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,410,542	706,439
Provisions	9	126,141	112,929
<b>Total current liabilities</b>		<b>1,536,683</b>	<b>819,368</b>
<b>TOTAL LIABILITIES</b>		<b>1,536,683</b>	<b>819,368</b>
<b>NET ASSETS</b>		<b>4,599,842</b>	<b>3,753,988</b>
<b>MEMBERS' FUNDS</b>			
Retained earnings		4,599,842	3,753,988
<b>TOTAL MEMBERS' FUNDS</b>		<b>4,599,842</b>	<b>3,753,988</b>

The accompanying notes form part of these financial statements

# Statement of Changes in Equity and Cash Flow Statement

## The Institute of Actuaries of Australia Statement in Changes in Equity For the Year Ended 30 September 2007

	2007 \$	2006 \$
<b>Balance at 1 October 2006</b>	<b>3,753,988</b>	<b>3,357,615</b>
Surplus attributable to members of the Institute	845,854	396,373
<b>Balance at 30 September 2007</b>	<b>4,599,842</b>	<b>3,753,988</b>

## The Institute of Actuaries of Australia Cash Flow Statement For the Year Ended 30 September 2007

	Note	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and others		6,730,150	5,515,242
Interest received		34,092	35,845
Trust distributions		149,592	121,981
Payments to suppliers and employees		(5,254,225)	(5,709,293)
<b>Net cash inflow from operating activities</b>	<b>13(b)</b>	<b>1,659,609</b>	<b>(36,225)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of investments		1,210,750	1,204,402
Payments for investments		(2,431,447)	(1,349,581)
Purchase of property, plant and equipment		(71,971)	(33,774)
<b>Net cash (outflow) from investing activities</b>		<b>(1,292,668)</b>	<b>(178,953)</b>
<b>Net increase/(decrease) in cash held</b>		<b>366,942</b>	<b>(215,178)</b>
Cash at the beginning of year		171,924	387,102
<b>Cash at the end of year</b>	<b>13(a)</b>	<b>538,866</b>	<b>171,924</b>

The accompanying notes form part of these financial statements

## The Institute of Actuaries of Australia Notes to the Financial Statements For the Year Ended 30 September 2007

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Institute of Actuaries of Australia is a company limited by guarantee, incorporated and domiciled in Australia.

#### Basis of Preparation

The Institute of Actuaries of Australia have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, (except where otherwise stated), or current valuations of non-current assets.

#### b. Property, Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by the Council to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received.

#### c. Depreciation

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

The depreciation rates used from each class of depreciable assets are:

Class of Fixed Asset	Prime Cost Method
Office Equipment	20%
Furniture & Fittings	13%
Leasehold Improvements	the period of the lease and lease option

#### d. Income Tax

The Institute has been granted an exemption from paying income tax under the Income Tax Assessment Act and accordingly does not provide for income tax.

#### e. Leased Assets

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.

Incentives received on entering into operating leases are recognised as liabilities. The incentive, which represents a rent free period, is reduced proportionately over the remaining term of the lease

#### f. Financial Instruments

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

#### g. Impairment of Assets

At each reporting date, the Institute 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 assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

## The Institute of Actuaries of Australia Notes to the Financial Statements For the Year Ended 30 September 2007 (continued)

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**h. Other Receivables**

Other receivables are recorded at amounts due less any provision for doubtful debts.

**i. Accounts Payable**

Trade payables and other accounts payable are recognised when the Institute becomes obliged to make future payments resulting from the purchase of goods and services.

**j. Employee Benefits**

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts 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 Institute to employee superannuation funds and are charged as expenses when incurred.

**k. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits held at call with banks.

**l. Revenue**

Revenue from the rendering of services is recognised upon delivery of the service to the member. Subscription income is brought to account upon receipt. Receipts received before year end in relation to future services to be provided is deferred as a liability (note 8).

Interest revenue is recorded on an Accruals basis and trust distributions are recognised on a Distribution basis.

**m. 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.

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 disclosed as operating cash flows.

**n. Exchange Rate**

The Institute's exchange rate policy in relation to setting enrolment fees for UK exams is that the fee set by the UK Institute is converted on the basis of the average exchange rate for the previous month plus a 10% margin for the exchange rate variation.

**o. Web Site Costs**

Costs in relation to the website are expensed in the period which they are incurred.

# Notes to the Financial Statements

## The Institute of Actuaries of Australia Notes to the Financial Statements For the Year Ended 30 September 2007 (continued)

	2007 \$	2006 \$
<b>2. REVENUE AND EXPENSES</b>		
<b>(a) Revenue</b>		
Revenue from operating activities		
Income from sale of other goods and services	6,708,295	5,462,961
<b>Total Revenue from operating activities</b>	<b>6,708,295</b>	<b>5,462,961</b>
Revenue from non-operating activities		
Interest received	146,716	198,152
Trust distributions received	149,966	64,623
Market value fluctuations of investments	(94,134)	(18,720)
Realised gains on sale of investments	-	-
<b>Total Revenue from non-operating activities</b>	<b>202,548</b>	<b>244,055</b>
<b>Total Revenue</b>	<b>6,910,844</b>	<b>5,707,016</b>
<b>(b) Other Income</b>		
Net gain/(loss) on disposal of property, plant & equip	(4,823)	-
<b>(c) Expenses requiring additional disclosure</b>		
Amortisation and Depreciation of assets:		
Leasehold improvements	87,747	80,825
Office equipment	30,894	54,833
Furniture and fittings	3,694	2,788
	122,335	138,446
Movements in provisions		
Leave entitlements (see note 9)	13,214	22,723
Doubtful debts	-	(4,866)
	13,214	17,857
Rental expenses on operating leases		
Minimum lease payments	270,924	241,811
	270,924	241,811
Remuneration of the auditors		
Auditing the accounts	31,000	15,000
Other services	19,000	19,390
	50,000	34,390
<b>(d) Significant Revenue and Expense Items</b>		
The following revenue item is relevant in explaining the financial performance:		
Website development costs	(148,090)	(213,148)
Diminution in value of investment	(88,225)	-
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	538,466	171,524
Cash on hand	400	400
	538,866	171,924
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Interest receivable	22,334	8,908
Income receivable	77,907	40,279
Less: Provision for doubtful debts	(2,500)	(2,500)
Deferred expenses	5,810	60,404
Loan to UNSWAF	-	9,458
Receivable from Taxation Office	96,476	67,588
	200,026	184,137

# Notes to the Financial Statements

## The Institute of Actuaries of Australia Notes to the Financial Statements For the Year Ended 30 September 2007 (continued)

	2007 \$	2006 \$
<b>5. OTHER CURRENT ASSETS</b>		
Listed securities at market value	1,253,699	1,007,501
Unit trusts at market value	1,096,294	682,996
Cash on deposit	2,206,139	1,636,130
	<b>4,556,133</b>	<b>3,326,627</b>
Prize fund balances		
H M Jackson prize fund	6,197	6,329
A M Parker prize fund	12,080	12,027
Andrew Prescott Memorial prize fund	9,734	9,339
The Melville prize fund	28,982	26,924
Katherine Robertson Prize Fund	21,339	21,001
	<b>78,332</b>	<b>75,620</b>
	<b>4,634,465</b>	<b>3,402,247</b>
<b>6. OTHER NON-CURRENT ASSETS</b>		
Bank bonds at cost (a)	77,894	77,894
	<b>77,894</b>	<b>77,894</b>
(a) Bank bonds have been offered as security in place of a rental bond.		
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Leasehold improvements, at cost	877,474	877,474
Less: accumulated amortisation	317,377	229,630
	<b>560,097</b>	<b>647,844</b>
Computer equipment, at cost	294,803	244,439
Less: accumulated depreciation	191,519	180,716
	<b>103,284</b>	<b>63,723</b>
Furniture and fittings, at cost	34,901	34,900
Less: accumulated depreciation	13,008	9,313
	<b>21,893</b>	<b>25,587</b>
	<b>685,274</b>	<b>737,154</b>

### Movements in the Carrying Amounts

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

	Leasehold Improvements	Computer Equipment	Furniture & Fittings	Total \$
Balance at the beginning of the year	647,844	63,723	25,587	737,154
Additions	-	75,278	-	75,278
Disposals	-	(4,823)	-	(4,823)
Depreciation amortisation expense	(87,747)	(30,894)	(3,694)	(122,335)
Carrying amount at the end of the year	<b>560,097</b>	<b>103,284</b>	<b>21,893</b>	<b>685,274</b>

	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
Unsecured:		
Sundry creditors and accruals	1,292,397	549,006
Registration fees for conferences and seminars received in advance	31,800	-
Lease Incentive	86,345	157,433
	<b>1,410,542</b>	<b>706,439</b>

# Notes to the Financial Statements

## The Institute of Actuaries of Australia Notes to the Financial Statements For the Year Ended 30 September 2007 (continued)

	Note	2007 \$	2006 \$
<b>9. CURRENT PROVISIONS</b>			
Employee entitlements			
Annual Leave Accrual		107,776	73,825
Long Service Leave Accrual		18,365	39,102
		126,141	112,927
(a) Aggregate employee entitlement liability		126,141	112,927
(b) Number of employees at year end		21	18
<b>10. CAPITAL AND LEASING COMMITMENTS</b>			
<b>Operating Leases</b>			
Lease rental expense and commitments:			
Rentals charged to income statement		270,924	241,811
Lease commitments:			
Not later than 12 months		348,116	335,418
Between 12 months and five years		237,679	575,143
Greater than five years		-	10,653
Total operating lease commitments	(a)	585,795	921,214
<b>Other Commitments</b>			
Capital and Other expenditure commitments contracted for			
General Insurance Textbook		-	50,000
Website Costs		-	75,000
Payable within twelve months		-	125,000
(a)	Building Rent Agreement expires on 1 May 2009 with a 5 year option review at market rates. The 5 year option does not reflect in the 2006 comparative.		
<b>11. RELATED PARTY TRANSACTIONS</b>			
(a)	The names of the Council Members who held office during the financial year are:		
	S R Antcliff ( <i>from Aug 07</i> )	J H Lang	T Spicer ( <i>to Dec 06</i> )
	C J Bennet ( <i>to Dec 06</i> )	I W Laughlin ( <i>from Dec 06</i> )	M A Stevenson ( <i>to Dec 06</i> )
	I D Burningham ( <i>to Dec 06</i> )	G C Martin	T J Thompson
	A J Cook	H G Onions ( <i>resigned Apr 07</i> )	M E Turner
	E Fabrizio ( <i>from Dec 06</i> )	N J Rivett	R T Ward
	B Hinton ( <i>from May 07</i> )	F Rowley	B A Watson
	R D Hoskinson	S J Schubert	
(b)	During the year the Institute had contracts with various entities which had officers or employees who were Council Members of the Institute. These transactions are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:		
	There was a contract with KPMG, which is related to G C Martin, in relation to obtaining a private tax ruling from the ATO. The amount incurred during the year was \$10,600.		
	There was a contract with Mercer Human Resource Consulting, which is related to M A Stevenson, in relation to Part III Course Leader fees. The amount incurred during the year was \$6,325 (2005/6 \$11,500).		
	There was a contract with Russell Employee Benefits, which is related to S J Schubert, in relation to Part III Course Leader fees. The amount incurred during the year was \$36,941 (2005/6 \$31,000).		
	There was a contract with Australian Government Actuary, which is related to S R Antcliff, in relation to Part III Course Leader and CAP fees. The amount incurred during the year was \$13,600.		
(c)	Donations were made during the year to the University of Melbourne Actuarial Foundation for \$100,000, the Macquarie University Actuarial Foundation for \$100,000, the University of NSW Actuarial Foundation for \$100,000, the Australian National University \$25,000 and Actuarial Research Centre of Australia \$250.		
(d)	The Institute was repaid \$9,458 by the University of NSW Actuarial Foundation for the loan issued last financial year to meet its GST obligations.		
(e)	The Chief Executive of the Institute, Mr John Maroney, is a Fellow of the Institute.		
(f)	There were no other transactions with related parties during the year.		

# Notes to the Financial Statements

## The Institute of Actuaries of Australia Notes to the Financial Statements For the Year Ended 30 September 2007 (continued)

### 12. FINANCIAL INSTRUMENTS

#### (a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted are disclosed in note 1 to the financial statements.

#### (b) Interest Rate Risk

The Institute's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those financial assets and financial liabilities is set out in the following table:

<b>Weighted Average Effective Interest Rate:</b>	<b>2007</b>	<b>2006</b>
	<b>%</b>	<b>%</b>
<b>Financial Assets</b>		
Cash at Banks	3.45	2.31
Cash on deposit	6.08	5.27
Investments	6.91	6.70
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Floating Interest Rate: Financial Assets</b>		
Cash at Banks	538,466	171,524
Cash on deposit	-	54,619
Investments	-	-
<b>Total Financial Assets</b>	<b>538,466</b>	<b>226,143</b>
<b>Fixed Interest Rate Maturing within 1 year:</b>		
<b>Financial Assets</b>		
Cash at Banks	-	-
Cash on deposit	2,284,472	1,636,130
Investments	1,253,699	-
<b>Total Financial Assets</b>	<b>3,538,171</b>	<b>1,636,130</b>
<b>Fixed Interest Rate Maturing within 1-5 years:</b>		
<b>Financial Assets</b>		
Cash at Banks	-	-
Cash on deposit	77,894	77,894
Investments	-	1,007,501
<b>Total Financial Assets</b>	<b>77,894</b>	<b>1,085,395</b>
<b>Non-Interest Bearing: Financial Assets</b>		
Cash at Banks	-	-
Cash on deposit	-	-
Investments	1,096,294	703,997
<b>Total Financial Assets</b>	<b>1,096,294</b>	<b>703,997</b>

#### (c) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Institute. The Institute has adopted a policy of only dealing with credit worthy counter parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements.

#### (d) Net Fair Values

The net fair value of listed investments have been taken at market value at balance date. The net fair value of unlisted investments has been determined by their published unit prices as at balance date or for those unlisted investments which have no published unit price at balance date then their latest quoted unit price with the exception of the unlisted investment in Basis Capital which has been valued using information supplied by the fund manager. For all other assets and liabilities the net fair value is their carrying value in the balance sheet.

# Notes to the Financial Statements

## The Institute of Actuaries of Australia Notes to the Financial Statements For the Year Ended 30 September 2007 (continued)

### Net Fair Values (continued)

The aggregate net fair values of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

#### (e) Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At balance date the Institute had investment holdings of \$2,349,993 with exposure to market risk.

### 13. CASH FLOW INFORMATION

#### (a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2007 \$	2006 \$
Cash	538,866	171,924
<b>(b) Reconciliation of Cash Flow from Operations with Net Profit</b>		
Net Profit	845,854	396,373
Non-Cash Flows in Profit		
Depreciation and amortisation	122,335	138,446
Loss on disposal of assets	-	-
Changes in Assets and Liabilities		
Decrease/(increase) in interest receivable	(11,911)	623
Decrease/(increase) in income receivable	576	41,040
Increase/(decrease) in doubtful debts	-	(4,876)
Decrease/(increase) in deferred expenses	16,388	69,150
Decrease/(increase) in receivable from ATO	(28,889)	(28,793)
Increase/(decrease) in sundry creditors	698,731	(184,590)
Increase/(decrease) in income in advance	31,800	(384,050)
Decrease/(increase) in market value of investments	(11,520)	18,720
Increase/(decrease) in employee provisions	(13,213)	22,723
Decrease/(increase) in loan to UNSWAF	9,458	(9,458)
Net cash provided by operating activities	1,659,609	75,308

### 14. MEMBERS GUARANTEE

The Institute is a public company limited by guarantee and holds a licence under the Corporations Act 2001 which allows it to exclude the word "Limited" from its name.

Each member of the Institute guarantees its liabilities to the extent of \$20. The number of members at year end was 3,400 (2006: 3,214).

### 15. SEGMENT INFORMATION

The Institute operates in Australia to provide members of the actuarial profession with education, continuing professional development, public representation and other services.

### 16. COMPANY DETAILS

The registered office of the company is: Level 7 Challis House  
4 Martin Place  
SYDNEY NSW 2000

# Notes to the Financial Statements

## The Institute of Actuaries of Australia Disclaimer For the Year Ended 30 September 2007

The additional financial data presented on page 21 to page 23 is in accordance with the books and records of the Institute which have been subjected to the auditing procedures applied in our statutory audit of the Institute of Actuaries of Australia for the year ended 30 September 2007.

It will be appreciated that our audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

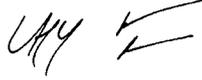
In accordance with our Firm policy, we advise that neither the Firm nor any members or employee of the Firm undertakes responsibility in any way whatsoever to any person (other than the Institute of Actuaries of Australia) in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.



**F GIANNUZZI**

Partner

Sydney, 7 November 2007



**UHY HAINES NORTON**

Chartered Accountants

# Members Profit and Loss Account

## The Institute of Actuaries of Australia Private Information for the Members Profit and Loss Account For the Year Ended 30 September 2007

	2007 \$	2006 \$
<b>REVENUE</b>		
<b>Administration</b>		
Interest	146,716	129,672
Trust Distributions	149,966	133,102
Market Value Fluctuations on Investments	(94,134)	(18,720)
Members' Subscriptions	2,082,815	1,889,909
Entrance Fees	72,204	69,233
	2,357,568	2,203,196
<b>Professional Development</b>		
Seminars & Programs	1,225,965	707,450
Functions & Meetings	52,005	37,938
	1,277,970	745,388
<b>Education</b>		
ActEd Royalties	5,823	28,466
Tuition Service (UK)	69,250	51,679
Professionalism Course	129,782	108,018
Part III Course Fees	1,515,863	1,339,243
Commercial Actuarial Practice Course Fees	458,506	263,329
Exemption Fees	653,433	474,409
	2,832,658	2,265,144
<b>Knowledge</b>		
Advertising	218,690	154,140
Sales of Publications	201,617	323,130
Prize Funds Income	3,991	3,373
Prize Funds Donations	13,900	8,596
Research & Reports	2,500	-
Other	1,950	4,047
	442,648	493,286
<b>TOTAL REVENUE</b>	<b>6,910,844</b>	<b>5,707,014</b>
<b>LESS EXPENDITURE</b>		
<b>Administration</b>		
Accounting/Audit Fees	56,650	34,390
Legal Fees	14,194	34,418
General	19,520	9,271
Staff Amenities & Travel	28,886	16,230
Insurances	27,033	17,500
Merchant Expenses & Bank Charges	46,942	26,853
Premises	327,878	287,893
Depreciation & Amortisation	122,335	138,446
Provision for Doubtful Debts	-	-
Loss on Disposal of Depreciable Assets	4,823	-
Computer and Telecommunications	179,940	107,126
Stationery, Printing, Subs & Couriers	98,791	73,269
Council	37,317	21,474
	964,309	766,870
<b>Employment</b>		
Salaries & Superannuation	2,020,389	1,605,679
On Costs	92,548	77,008
Fringe Benefits Tax	8,471	12,872
Recruitment/Training	60,563	131,502
	2,181,971	1,827,061

# Members Profit and Loss Account

## The Institute of Actuaries of Australia Private Information for the Members Profit and Loss Account For the Year Ended 30 September 2007 (continued)

	Note	2007 \$	2006 \$
<b>LESS EXPENDITURE (continued)</b>			
<b>Professional Development</b>			
Seminars & Program		709,212	405,638
Functions & Meetings		98,885	84,783
		808,097	490,421
<b>University Foundation Grants</b>			
University of Melbourne Actuarial Foundation		100,000	100,000
Macquarie University Actuarial Foundation		100,000	100,000
University of NSW Actuarial Foundation	(a)	125,000	125,000
		325,000	325,000
(a) Includes a contribution of \$25,000 to the Australian National University			
<b>Education</b>			
Course Development		84,135	43,800
Part III		608,797	515,397
CAP		256,586	196,022
Professionalism Course		74,611	72,359
University Prizes & Scholarships		15,300	14,300
		1,039,429	841,878
<b>Knowledge</b>			
Actuary Australia, AAJ & Other Publications		209,691	302,753
Prizes Paid & Bank Charges		19,533	14,964
Research & Reports		-	12,818
Website Redevelopment		148,090	213,148
ARCA		17,336	113,413
		394,649	657,096
<b>Governance</b>			
International Actuarial Associations (incl HK office)		44,610	45,418
Committees & International Representation		162,735	157,385
Disciplinary Scheme		26,394	14,061
Professional Standards Review		1,799	79,907
		235,538	296,771
<b>Public Affairs</b>			
Functions		4,884	2,716
Consultants' Fees		75,556	66,971
Subscriptions		12,309	13,996
Travel & Other		1,771	4,735
ERMII		2,183	6,069
Representation/Training		19,296	11,059
		115,998	105,546
<b>TOTAL EXPENDITURE</b>		<b>6,064,990</b>	<b>5,310,643</b>

# Prize fund Movements

## The Institute of Actuaries of Australia Prize Fund Movements For the Year Ended 30 September 2007

	2007 \$	2006 \$
Receipts into and payments from the prize funds has been reflected in the Institute's profit and loss account as follows:		
Interest Received	3,991	3,373
Donations Received	13,900	8,596
Prizes Paid	(18,150)	(14,650)
	(259)	(2,681)
The detailed movements in each account are as follows:		
<b>H M Jackson Prize Fund</b>		
Balance at beginning of year	6,329	6,432
Supplementation from Melville Prize Fund	2,804	2,722
Supplementation from the Institute	3,150	3,000
Interest received	214	175
Prize paid	(6,300)	(6,000)
Balance at end of year	6,197	6,329
<b>A M Parker Prize Fund</b>		
Balance at beginning of year	12,027	12,025
Supplementation from Melville Prize Fund	2,804	2,722
Interest received	549	480
Prize paid	(3,300)	(3,200)
Balance at end of year	12,080	12,027
<b>Andrew Prescott Memorial Prize Fund</b>		
Balance at beginning of year	9,339	9,242
Supplementation from Melville Prize Fund	2,775	4,240
Interest received	470	357
Prizes paid	(2,850)	(4,500)
Balance at end of year	9,734	9,339
<b>The Melville Prize Fund</b>		
Balance at Beginning of Year	26,924	26,454
Donations received	13,900	8,596
Interest received	1,291	1,558
Supplementation to other prize funds	(8,383)	(9,684)
Melville Practitioners & Financial Services Forum Award paid	(4,750)	-
Balance at end of year	28,982	26,924
<b>Katherine Robertson Prize Fund</b>		
Balance at Beginning of Year	21,001	22,573
Increase/(Decrease) in Market Value	(180)	(1,425)
Interest received	1,468	803
Prize Paid	(950)	(950)
Balance at end of year	21,339	21,001

# University Foundations Reports

## University of New South Wales Actuarial Foundation Statement by the Trustees For the Year Ended 30 September 2007

The Trustees declare that:

- (a) the financial statements and notes thereto present fairly the Foundation's financial position as at 30 September 2007 and its performance for the year ended in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
- (b) in the Trustees opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Trustees:



**C G LEWIS**

Sydney 6 November 2007



**J M NEWMAN**

## Independent Audit Report to the Trustees of the University of New South Wales Actuarial Foundation

### Scope

We have audited the financial report of the University of New South Wales Actuarial Foundation for the year ended 30 September 2007, as set out on pages 26 to 27. The Trustees are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Institute.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Foundation's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards and other professional reporting requirements the financial position of the Foundation as at 30 September 2007, and the results of its operation and its cash flows for the year then ended.



**F. GIANNUZZI**

Partner

Sydney 6 November 2007



**UHY HAINES NORTON**

Chartered Accountants

# University of New South Wales Actuarial Foundation Reports

## University of New South Wales Actuarial Foundation Income Statement For the Year Ended 30 September 2007

	2007 \$	2006 \$
<b>REVENUE</b>		
Donations received	125,000	125,000
	125,000	125,000
<b>LESS EXPENDITURE</b>		
Bank Charges	118	393
Donation - ANU Centre for Actuarial Research	25,000	25,000
Donation - University of NSW Actuarial Studies Unit	100,000	100,000
	125,118	125,393
Surplus/(Deficit)	(118)	(393)

## University of New South Wales Actuarial Foundation Balance Sheet For the Year Ended 30 September 2007

	2007 \$	2006 \$
<b>TRUST FUNDS</b>		
Balance at beginning of the year	556	949
Surplus/(Deficit)	(118)	(393)
	438	556
<b>REPRESENTED BY:</b>		
Cash at Bank	438	14
GST Refundable/(payable)	-	10,000
Loan from the Institute of Actuaries of Australia	-	(9,458)
<b>NET ASSETS</b>	438	556

## University of New South Wales Actuarial Foundation Statement of Cash Flows For the Year Ended 30 September 2007

	2007 \$	2006 \$
<b>Cash Flows from Operating Activities</b>		
Donations received	125,000	125,000
Loans repaid to the Institute of Actuaries of Australia	(9,458)	9,458
Net GST Received/(Paid)	10,000	(10,000)
Payments to suppliers and donations paid	(125,118)	(125,393)
<b>Net cash inflow/(outflow) from operating activities (a)</b>	<b>424</b>	<b>(935)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of investments	-	-
Purchase of investments	-	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in Cash</b>	<b>424</b>	<b>(935)</b>
Cash at beginning of year	14	949
<b>Cash at end of year (b)</b>	<b>438</b>	<b>14</b>
a. Reconciliation of cash flow from operations with surplus/(deficit)		
Surplus/(deficit)	(118)	(393)
Increase/(decrease) in GST liability	10,000	(10,000)
Increase/(decrease) in accounts payable	(9,458)	9,458
<b>Net Cash Flows from Operation</b>	<b>424</b>	<b>935</b>
b. Reconciliation of cash		
For the purpose of the cash flow statement, cash includes cash on hand and in banks and net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
National Australia Bank	438	14

The accompanying notes form part of these financial statements

## University of New South Wales Actuarial Foundation Notes to and Forming Part of the Financial Statements For the Year Ended 30 September 2007

### 1. STATEMENT OF ACCOUNTING POLICIES

- (a) The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Law 2001.

#### **Basis of preparation**

The Foundation has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

- (b) The Foundation has been granted an exemption from paying income tax under the Income Tax Assessment Act and accordingly does not provide for income tax.

### 2. FINANCIAL INSTRUMENTS

#### (a) **Interest Rate Risk**

The Foundation's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Foundation had no interest bearing assets or liabilities at balance date.

#### (b) **Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The foundation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

#### (c) **Net Fair Values**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Foundation approximate their carrying value.

### 3. RELATED PARTIES

- (a) \$125,000 (2006 \$125,000) was received in donations from the Institute. The Institute acts as nominee holder of Foundation investments.
- (b) The Institute lent the Foundation \$9,458 as a short term measure to enable the foundation to meet its GST obligation for June 2006. This loan has been repaid.
- (c) Trustees of the Foundation at the date of this report are:

C G Lewis  
J M Newman  
M D Barker  
B Thomson

## University of Melbourne Actuarial Foundation Statement by the Trustees For the Year Ended 30 September 2007

The Trustees declare that:

- (a) the financial statements and notes thereto present fairly the Foundation's financial position as at 30 September 2007 and its performance for the year ended in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
- (b) in the Trustees opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Trustees:



**G E ROGERS**

Melbourne 5 November 2007



**M FRY**

## Independent Audit Report to the Trustees of the University of Melbourne For the Year Ended 30 September 2007

### Scope

We have audited the financial report of the University of Melbourne Actuarial Foundation for the year ended 30 September 2007, as set out on pages 29 to 30. The Trustees are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Institute.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Foundation's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards and other professional reporting requirements the financial position of the Foundation as at 30 September 2007, and the results of its operation and its cash flows for the year then ended.



**F. GIANNUZZI**

Partner

Sydney 5 November 2007



**UHY HAINES NORTON**

Chartered Accountants

# University of Melbourne Actuarial Foundation Reports

## University of Melbourne Actuarial Foundation Income Statement For the Year Ended 30 September 2007

	2007 \$	2006 \$
<b>REVENUE</b>		
Donations received	100,000	100,000
Interest	665	713
	100,665	100,713
<b>LESS EXPENDITURE</b>		
Bank Charges	221	263
Donation - University of Melbourne	100,000	100,000
	100,221	100,263
Surplus/(Deficit)	444	450

## University of Melbourne Actuarial Foundation Balance Sheet For the Year Ended 30 September 2007

	2007 \$	2006 \$
<b>TRUST FUNDS</b>		
Balance at beginning of the year	26,887	26,437
Surplus/(Deficit)	444	450
	27,331	26,887
<b>REPRESENTED BY:</b>		
Cash at Bank	27,331	26,887
<b>NET ASSETS</b>	27,331	26,887

## University of Melbourne Actuarial Foundation Statement of Cash Flows For the Year Ended 30 September 2007

	2007 \$	2006 \$
<b>Cash Flows from Operating Activities</b>		
Donations received	100,000	100,000
Interest received	665	713
Net GST Received/(Paid)	-	-
Payments to suppliers and donations paid	(100,221)	(100,263)
Net cash inflow/(outflow) from operating activities (a)	444	450
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of investments	-	-
Purchase of investments	-	-
Net cash inflow/(outflow) from investing activities	-	-
<b>Net (decrease)/increase in Cash</b>	<b>444</b>	<b>450</b>
Cash at beginning of year	26,887	26,437
<b>Cash at end of year (b)</b>	<b>27,331</b>	<b>26,887</b>
a. Reconciliation of cash flow from operations with surplus/(deficit)		
Surplus/(deficit)	444	450
Increase/(decrease) in GST liability	-	-
Net Cash Flows from Operation	444	450
b. Reconciliation of cash		
For the purpose of the cash flow statement, cash includes cash on hand and in banks and net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
National Australia Bank	27,331	26,887

The accompanying notes form part of these financial statements

## University of Melbourne Actuarial Foundation Notes to and Forming Part of the Financial Statements For the Year Ended 30 September 2007

### 1. STATEMENT OF ACCOUNTING POLICIES

- (a) The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Law 2001.

#### **Basis of preparation**

The Foundation has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

- (b) The Foundation has been granted an exemption from paying income tax under the Income Tax Assessment Act and accordingly does not provide for income tax.

### 2. FINANCIAL INSTRUMENTS

#### (a) **Interest Rate Risk**

The Foundation's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Foundation had an interest bearing asset but no liabilities at balance date.

#### (b) **Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The foundation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

#### (c) **Net Fair Values**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Foundation approximate their carrying value.

### 3. RELATED PARTIES

- (a) \$100,000 (2006 \$100,000) was received in donations from the Institute. The Institute acts as nominee holder of Foundation investments.

- (b) Trustees of the Foundation at the date of this report are:

G E Rogers  
R S Mitchell  
M H Fry





Institute of Actuaries of Australia