



THE INSTITUTE OF ACTUARIES OF AUSTRALIA

**FINANCIAL REPORT AND COUNCIL'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

To comply with the *Corporations Act 2001 (Act)*, Council submits its report on the Institute of Actuaries of Australia (Institute) for the year ended 31 December 2016.

The Institute is registered in Australia as a public company limited by guarantee and holds a licence to omit the word "Limited" from its name (the operation of which is extended by s151 of the Act). Council constitutes the Board of Directors of the Institute.

Overview of result for the twelve months to 31 December 2016

The Institute's Vision and Mission

The Vision of the Institute is: "That wherever there is uncertainty of future financial outcomes, actuaries are sought after for their valued advice and authoritative comment."

The Mission is:

- ▶ To inspire, guide and support actuaries to help business and society be more resilient to future uncertain events.
- ▶ This is achieved by providing education, standards, representation, thought leadership and a professional community.

Strategy for achieving the Vision and Mission

The year represented the second year of implementation of the 2015-17 Strategic Plan. The Plan and associated budget to execute the Strategy were approved at the March 2015 Council meeting.

2015-17 Strategic Plan

The Plan has five goals:

Goal 1: Best practice education and lifelong learning. This involves the updating and modernising of qualifications, making them more widely valued and relevant, as well as building a stronger CPD program. The current Education Strategy Review is also part of this goal.

Goal 2: Improved member and student engagement through a range of different activities.

Goal 3: Ensuring that the profession has more influence and is better known, with a wide range of stakeholders.

Goal 4: Providing the best levels of support for our Asia-based members – some 13% of total membership.

Goal 5: Extending practice reach with an emphasis on two areas of emerging actuarial practice: banking and data analytics.

The principal activities of the Institute are:

- ▶ providing qualifications for Actuaries (FIAA and AIAA);
- ▶ provision of education courses and exams, and the provision of CPD;

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

- ▶ running of 2–3 major events per year which, in turn, allow for the running of many smaller events like Insights sessions;
- ▶ promoting the views of the profession to key decision makers; and
- ▶ providing relevant information and services to Members through active communication.

The Institute's finances

The Institute's finances are governed by policies set down by Council. Council has tasked the Audit and Risk Council Committee (ARCC) to monitor and report on the Institute's finances and financial reports.

Council budgeted a surplus of \$16k in 2016 (deficit of \$380k in 2015).

Council's financial strategy for 2016 and the medium-term is to:

- ▶ produce at least break-even budgets for 2016 and beyond;
- ▶ maintain reserves at levels within the Investment and Capital Management Policy; and
- ▶ fund the 2015-17 Strategic Plan.

Performance measure

Monthly management reports comparing actual results to budget are provided to the CEO. Council and ARCC receive quarterly reports.

The Institute's finances are audited and reported upon annually, in accordance with accounting standards.

Review of operations

The operating profit for the year was \$13k (2015: deficit (\$378k)) which is \$3k less than the budgeted surplus.

Total revenue declined in 2016 by \$1k. Membership fees increased by \$185k, education revenue increased by \$305k from an increase in course and exam fees of \$286k and \$19k in exemption fees. Investment income declined by \$33k due to continuing lower interest rates and lower capital invested. Events revenue declined by \$456k as 2016 was a non-Summit year and no major international events were held. Recovery of credit card fees was introduced in the second half of the year generating \$56k. Sale of publications and advertising space declined by \$58k.

Total expenses decreased in 2016 by \$392k or 4.6% - a summary of the drivers follows. 'Specific activities costs' decreased by \$462k, the majority of which related to events expenditure due to the mix of major events with no Actuaries Summit and no Colloquia in 2016. 'Supporting activities costs' reduced by \$39k because of the cessation, mid-2015, of awarding research grants. 'Corporate administration costs' increased by \$108k with IT support costs of \$298k that relates to the one-off costs developing a students' app and the move to an IaaS services from a cloud provider and reduction in the disciplinary scheme of \$142k.

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

The Institute operates five foreign currency bank accounts (GBP, SGD, NZD, HKD and MYR, being the major foreign currencies in which the Institute transacts) to facilitate transactions in those currencies at a lower cost and to protect the Institute from unfavourable volatility in foreign exchange markets. Balances in these accounts (with the exception of the GBP account) are kept to a minimum. The reason for holding GBP 309k (2015: GBP 304k) funds in a GBP account is to pay the UK Institute and Faculty of Actuaries for the cost of our students sitting the UK exams in 2017. The transfer of funds into GBP is based on the budget estimate of the required GBP payments, converted to AUD at the rate the GBP were purchased. This minimises budget variances.

In 2016, the as-yet unrealised currency difference resulting from the translation of foreign currency bank accounts was a surplus of \$22k (2015: \$28k deficit). This was due to the continuing decline of the British pound.

In accordance with AASB 117, rent payable under the lease for the Carrington Street, Sydney office for HQ is recorded on the Profit and Loss Statement on a straight line basis and not on a cash basis, with the differences reflected as a carrying amount in the Balance Sheet. Details of this transaction are reported under 'Office Support & Services expense' and are included in Notes 8, 11 and 13.

Other information

- ▶ 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 31 December 2016.
- ▶ 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 31 December 2016 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, other than Presidential Committee members who attend Institute events free of charge. Since the end of the previous financial year, no member of Council who was a member of Council during 2016 has received, or become entitled to receive, a benefit by reason of a contract made by the Institute with that member 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 14 to the Financial Statements.
- ▶ During the financial year, the Institute had in place an insurance policy covering the Office Bearers against liabilities incurred as such Office Bearers 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.
- ▶ If the Institute is wound up, the Constitution states that each Member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 31 December 2016, the total amount that Members of the Institute are liable to contribute if the Institute is wound up is \$88,920 (2015: \$90,060).

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

Information on Councillors

The name of each person who has been a Councillor during the financial year and to the date of this report along with details of their qualifications and experience are shown below (in alphabetical order).

Andrew Brown BSc Dip Ed FIAA Finsia

Andrew is founder and Director at lead.first where he partners with clients to address their business strategies through developing effective leadership mindsets and practices. He is also co-founder and Director of Adaptive Cultures which supports leaders and organisations to build adaptive organisational cultures. He has previously held senior executive roles as Chief Actuary for AXA Life Singapore, CFO for Philippine AXA Life and Head of Learning and Leadership Development for AXA Asia Pacific Holdings.

Councillor	Council Committee service during 2016
1 January 2015 to present	Chair, Audit and Risk Council Committee

Hoa Bui FIAA

Hoa is a partner at KPMG Australia and leads its Life Insurance practice which includes Actuarial, Risk and Claims advisory. She joined KPMG after 20 years of corporate experience at AC&L, AXA and Tower Australia. Hoa has held Appointed Actuary roles for 3 insurers at various times and was the senior actuary for Australia's No 1 and No 2 Group and Retail risk portfolios. At KPMG, she advises clients on a range of actuarial and insurance engagements, including leading the FSC-KPMG retail risk industry claims investigations since 2008, and advising the Hong Kong Government on the design of risk-based capital frameworks.

Councillor	Council Committee service during 2016
1 January 2015 to present	Member, Audit and Risk Council Committee Member, Nominations Council Committee

Ann-Maree Cook BSc FIAA

Ann-Maree has close to 30 years' experience in the insurance industry, predominantly in general insurance with roles in both corporations and consulting firms. She worked throughout the Asia Pacific region and resided in Hong Kong and Singapore for several years. Ann-Maree was previously the Asia Pacific Actuary and Senior Vice President for the Chubb Insurance Group.

Councillor	Council Committee service during 2016
9 January 2017 to present	Not applicable

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

[Andrew Doughman](#) BCom, BAppFin, FIAA

Andrew is a Senior Reinsurance Underwriter and Client Manager at Hannover Re, the 3rd largest Reinsurer both in Australia and globally. Andrew is responsible for servicing clients across Australia and New Zealand for all casualty lines including Public and Products Liability, PIDO, Medical Malpractice, Workers Compensation and CTP. Prior to Hannover Re, Andrew worked in General Insurance consulting as a Senior Manager for EY as well as in Product Management for the Workers Compensation portfolio at Suncorp. Andrew has deep expertise in both the Product Management side as well as dealing with various stakeholders (including regulators) across the Workers Compensation and CTP classes.

Councillor

1 January 2017 to present

Council Committee service during 2016

Not applicable

[John Evans](#) MBA FIAA FIA FFin

John is a part time academic with the University of Sydney Business School. Previously he held several senior academic roles in the University of New South Wales, the most recent being as an Associate Professor in the Australian School of Business and Head of the School of Risk and Actuarial Studies. John is an experienced company director and risk compliance committee chair and he currently holds several such appointments.

Councillor

1 January 2014 to present

Council Committee service during 2016

Member, Presidential Committee

[Bill Konstantinidis](#) BEc, FIAA, MBA(Exec)

Bill has extensive experience within the general insurance area. He is currently General Manager Claims, Product, Underwriting and Actuarial at Covermore where he manages the Claims and Underwriting functions. Prior to this he held a number of Executive Manager positions with Suncorp managing large actuarial valuation and pricing teams. He has also held Chief Underwriting Officer/Executive Manager roles with Allianz Global Assistance, RACQ Insurance and CUNA Mutual. In 2011 he was President of the Queensland Branch of ANZIIF (Australian and New Zealand Institute of Insurance and Finance).

Councillor

20 January 2016 to present

Council Committee service during 2016

Not applicable

[Jenny Lyon](#) BSC (Hons) FIAA GAICD

Jenny is a Director of SKL Executive (a recruitment consulting firm), ClearView Life Nominees and Hall & Lyon. She has over 25-years business experience within the financial services industry and was previously Managing Director and shareholder of Qed Actuarial, a specialist actuarial recruitment firm which was sold in 2008. She also has actuarial experience as a superannuation consultant and in the life insurance industry.

Councillor

1 January 2014 to present

Council Committee service during 2016

Member, Nominations Council Committee

Member, Presidential Committee

Member, Public Policy Council Committee

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

Michael O'Neill BActS Hons/LLB PhD FIAA MAICD

Michael was previously a member of the Council of the Institute of Actuaries of Australia from 2010 to 2013. Michael has worked as an equities analyst and portfolio manager at Investors Mutual Ltd since 2008. Michael also has experience in actuarial consulting and public policy from his time working with the Australian Government Actuary (Commonwealth Treasury) from 2004 to 2007. Michael also currently holds the position of Adjunct Associate Professor of Actuarial Studies at Bond University.

Councillor

1 January 2015 to present

Council Committee service during 2016

Member, Education Council Committee

Chao Qiao BCom (Hons) FIAA CERA

Chao is a recently qualified young actuary and has 7 years' experience as an actuarial consultant. Chao currently works at PwC in Sydney in the financial services industry in fields including analytics, valuation, capital and product advice. Chao completed his Honours thesis on group self-annuitisation, a topic on which he regularly presents at conferences. He also has experience in volunteering with the Institute on education and non-traditional practice areas, as well as with other membership and community organisations.

Councillor

1 January 2015 to present

Council Committee service during 2016

Member, Audit and Risk Council Committee

Barry Rafe BSc FIAA FAICD

Barry is a past President of the Actuaries Institute and a financial services professional with experience as a director, CEO and consultant to significant financial services firms and superannuation funds. Barry facilitates courses on governance, strategy and financial analysis, offered by the Australian Institute of Company Directors. He is also on the board of Greenpeace Australia Pacific and is working on his PhD through MGSM

Councillor

1 January 2015 to present

Council Committee service during 2016

Member, Audit and Risk Council Committee

Chair, Nominations Council Committee

Member, Public Policy Council Committee

Nicolette Rubinsztein B Bus Sc (Hons) EMBA FIAA GAICD

Nicolette is a non-executive director of UniSuper and SoperEd. Prior to this she was a General Manager at Colonial First State, a director of ASFA (the Association of Superannuation Funds of Australia) and a Vice President at BT and a consultant at Towers Perrin. She is author of the book *Not Guilty* on the subject of career mums.

Councillor

1 January 2016 to present

Council Committee service during 2016

Member, Public Policy Council Committee

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

Lisa Simpson MEd FIAA

Lisa is a Partner at PwC in Melbourne. She specialises in providing advice to general insurers and accident compensation schemes in areas including pricing, reserving, capital modelling, forecasting and advice on scheme changes. Lisa has also previously worked in life insurance and has a long standing interest in the development of international accounting standards.

Councillor

1 January 2013 to 31 December 2016

Council Committee service during 2016

Chair, HR & Remuneration Council Committee
Member, Public Policy Council Committee

Lindsay Smartt BA FIAA FNZSA ASA GAICD

Lindsay is a non-executive company director and consultant with over 30 years' experience in the financial services industry. Lindsay's experience encompasses risk management, life insurance, reinsurance and wealth management across the Asia Pacific region, and he has been a Chief Risk Officer and held a number of Appointed Actuary positions. Lindsay is on the boards of Westpac/BT's four insurance companies, The Infants Home and Chairman of The Salvation Army Employment Plus.

Councillor

1 January 2010 to 31 December 2016

Council Committee service during 2016

Member, Audit and Risk Council Committee
Member, International Council Committee
Member, Presidential Committee

Andy Yang BEc (Hons) FIAA FFin

Andy was recently Head of Insurance Relationship for Eastspring Investments. Prior to that, he was Group Head of Investment and Asset Liability Management at the FWD Group. Before that, he was Head of Investment Process and Business Management Asia at ING Investment Management Asia Pacific (Hong Kong) Limited and has held various positions within the ING Group in Asia since 2001. With over 20 years work experience across seven Asia-Pacific countries, Andy has worked primarily in the investment management industry. His breadth of experience includes portfolio management, ALM, insurance investment, risk management, business development/M&A, product development and performance/ attribution analysis.

Councillor

1 January 2014 to present

Council Committee service during 2016

Member, HR & Remuneration Council Committee
Member, International Council Committee

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

Company Secretary's qualifications and experience

Anne Peters MSt (Oxon) LLB (Medal) Grad Dip Leg Prac Cert Gov Prac

Company Secretary from 25 October 2006 to 8 March 2016.

Anne holds extensive legal qualifications and was admitted as a Solicitor of the Supreme Court of New South Wales in 1992 and as a Solicitor of the Supreme Court of Queensland in 2003. She is a member of the Governance Institute of Australia and has been a Company Secretary for approximately fifteen years.

Glyn Thomas BBus CPA

Company Secretary from 26 February 2016 to present.

Glyn has been the Chief Financial Officer of the Institute since 2011 having previously held a number of Financial Controller / Company Secretary positions and has been a member of CPA Australia for over 30 years.

David Thompson B.AppSc, MAICD, MIOD

Company Secretary from 14 September 2016 to present.

David has more than 30 years' experience as a company director including 14 years as executive and non-executive director with a listed company. David is a member of the Institute of Directors (UK), the Australian Institute of Company Directors and the Australian Institute of Management.

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' attendance at Council and Council Committee meetings: 01/01/16 – 31/12/16

Director	Council	Audit and Risk Council Committee	Education Council Committee	HR & Remuneration Council Committee	International Council Committee	Nominations Council Committee	Presidential Committee	Public Policy Council Committee
A J G Brown	4 of 4	4 of 4						
H Bui	4 of 4	3 of 4				4 of 4		
J R Evans	4 of 4						4 of 4	
B Konstantinidis	4 of 4							
J A Lyon	4 of 4					4 of 4	4 of 4	3 of 5
M J O'Neill	2 of 4		2 of 4					
C Qiao	4 of 4	1 of 1 ²						
B E Rafe	4 of 4	4 of 4				4 of 4		0 of 3 ³
N Rubinsztein	3 of 4							4 of 4 ⁴
L N Simpson	4 of 4			3 of 3				5 of 5
L R Smartt	4 of 4	3 of 3 ¹			3 of 3		4 of 4	
C W Yang	4 of 4			3 of 3	2 of 3			

¹ Cr Smartt resigned from the Committee effective 6 September 2016

² Cr Qiao was appointed to the Committee on 6 September 2016

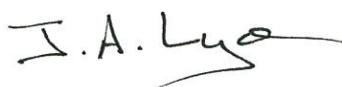
³ Cr Rafe resigned from the Committee effective 23 June 2016

⁴ Cr Rubinsztein was appointed to the Committee on 14 April 2016

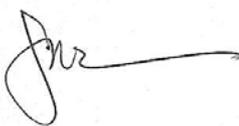
Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, for the year ended 31 December 2016 has been received and can be found on page 13.

Signed on behalf of Council in accordance with a resolution of Council pursuant to section 298(2)(a) of the *Corporations Act 2001 (Cth)*.



J A LYON
President
Sydney 14 March 2017



J R EVANS
Senior Vice President

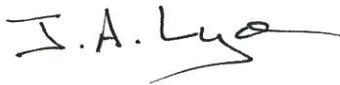
Council and Audit Declarations

THE INSTITUTE OF ACTUARIES OF AUSTRALIA DECLARATION BY MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the Institute's financial position as at 31 December 2016 and of its performance and cashflows for the year then ended on that date; 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 made pursuant to section 295(5)(a) of the *Corporations Act 2001*, and is signed for and on behalf of the members of Council by:



J A LYON
President
Sydney, 14 March 2017



J R EVANS
Senior Vice President

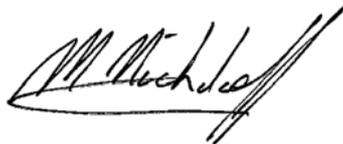
INSTITUTE OF ACTUARIES AUSTRALIA

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS*
ACT 2001
TO THE COUNCILLORS OF INSTITUTE OF ACTUARIES AUSTRALIA**

As auditor for the audit of the Institute of Actuaries of Australia for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

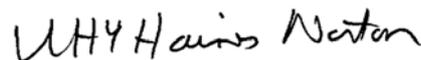
This declaration is in respect of the Institute of Actuaries of Australia.



M. D. Nicholaeff
Partner

Date: 14 March 2017

Sydney



UHY Haines Norton
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE INSTITUTE OF ACTUARIES OF AUSTRALIA

Opinion

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

In our opinion, the accompanying financial report of the Institute of Actuaries of Australia, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the institute's financial position as at 31 December 2016 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Institute in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Councillors' for the Financial Report

The councillors of the Institute are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that gives a free and fair view and is free from material misstatement, whether due to fraud or error.

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

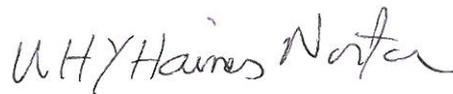
Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx> . This description forms part of our auditor's report.



M. D. Nicholaeff
Partner
14 March 2017
Sydney



UHY Haines Norton
Chartered Accountants

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Year Ended 31/12/2016 \$	Year Ended 31/12/2015 \$
Revenues	3	8,229,793	8,231,186
Expenses	3	(8,216,452)	(8,608,843)
Surplus/(Deficit) before income tax expense		13,341	(377,657)
Income tax expense	1	-	-
Surplus/(Deficit) after income tax expense		13,341	(377,657)
Other Comprehensive Income:			
Other Comprehensive Income for the period, net of tax		-	-
Total Comprehensive Income/(Loss) for the period		13,341	(377,657)

The accompanying notes form part of these financial statements.

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	31/12/2016 \$	31/12/2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,872,451	3,517,695
Trade and other receivables	5	356,942	288,182
Financial assets	6	4,109,992	3,996,263
Total current assets		8,339,385	7,802,140
NON CURRENT ASSETS			
Property, plant and equipment	7	78,484	166,158
Other non-current assets	8	511,803	604,859
Intangible assets	9	292,441	358,663
Total non-current assets		882,728	1,129,680
TOTAL ASSETS		9,222,113	8,931,820
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	3,720,265	3,289,202
Provisions	12	460,298	563,300
Total current liabilities		4,180,563	3,852,503
NON CURRENT LIABILITIES			
Provisions	12	33,812	30,024
Other non-current liabilities	11	546,589	601,485
Total non-current liabilities		580,401	631,509
TOTAL LIABILITIES		4,760,964	4,484,012
NET ASSETS		4,461,149	4,447,808
MEMBERS' FUNDS			
Retained surplus		4,461,149	4,447,808
TOTAL MEMBERS' FUNDS		4,461,149	4,447,808

The accompanying notes form part of these financial statements.

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	31/12/2016	31/12/2015
	\$	\$
Balance at 1 January	4,447,808	4,825,465
Surplus/(Deficit) after income tax expense for the year	13,341	(377,657)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive profit/(loss) for the year	13,341	(377,657)
Balance at 31 December	4,461,149	4,447,808

The accompanying notes form part of these financial statements.

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31/12/2016 \$	31/12/2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and others		8,702,592	8,587,047
Interest received		173,966	207,599
Payments to suppliers and employees		(8,335,050)	(8,968,182)
Net cash inflow (outflow) from operating activities	16(b)	541,508	(173,536)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of term deposits		(113,728)	1,233,595
Purchase of property, plant and equipment and intangibles		(95,250)	(355,472)
Net cash inflow (outflow) from investing activities		(208,978)	878,123
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash inflow/(outflow) from financing activities		-	-
Net increase in cash held		332,530	704,587
Unrealised currency differences		22,226	(27,804)
Cash at the beginning of year		3,517,695	2,840,912
Cash at the end of year	4, 16(a)	3,872,451	3,517,695

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Institute has adopted all of the new, revised or amending Australian 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 Australian Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Australian Accounting Standards and Interpretations are most relevant to the Institute which have been applied for the first time for the annual reporting period commencing 1 January 2016:

- ▶ AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- ▶ AASB 2015-1 Amendments to Australian Accounting Standards – Annual improvements to Australian Accounting Standards 2012 – 2014 cycle, and
- ▶ AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure initiative: Amendments to AASB 101.

The adoption of these Australian Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Institute.

Basis of preparation

The Institute of Actuaries of Australia is a public company limited by guarantee, incorporated and domiciled in Australia. It is classified as a Not for Profit Entity. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. A statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board cannot be made due to the application of not-for-profit specific requirements contained in Australian Accounting Standards.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

1. Significant accounting policies (continued)

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually 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.

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 for each class of depreciable assets are:

Class of Fixed Asset	Prime Cost Method
Office Equipment and Software	33.33% to 50%
Furniture & Fittings	13%
Leasehold Improvements	the period of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if applicable, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Institute. Gains and losses between the carrying amount and the disposal proceeds are taken to profit and loss.

Income Tax

The Institute has been granted an exemption from paying income tax under the Income Tax Assessment Act 1997, as amended and accordingly does not provide for income tax.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

1. Significant accounting policies (continued)

Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

Financial Assets

Financial assets are classified into the following categories: Held-to-maturity investments and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Institute has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

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 Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Impairment of Non-Financial Assets

At each reporting date, the Institute reviews the carrying values of its 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.

Trade and Other Receivables

Trade and other receivables are recorded at amortised cost less any provision for impairment.

Trade and Other Payables

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. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables includes the unearned portion of Members' subscriptions received.

Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Institute and the revenue can be readily measured. Revenue is measured at the fair value of the consideration received or receivable.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

1. Significant accounting policies (continued)

Services

Revenue from the rendering of services is recognised upon delivery of the service to the Member. Subscription income is brought to account evenly over the period to which it relates. Receipts received and expenses incurred before year end in relation to future services to be provided are deferred as a liability or asset, as appropriate. (Note 5 – Trade and other receivables -Deferred expenses and Note 10 – Trade and other payables – unearned income).

Interest

Interest income is recorded on an accruals basis.

Employee Benefits

Short-term employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liability is settled.

Other long-term employee benefits

All other employee benefit liabilities not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on liquid corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expenses

Contributions are made by the Institute to employee superannuation funds and are charged as expenses when incurred.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call or under 3 months with banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the Institute of Actuaries of Australia's functional and presentation currency.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

1. Significant accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Goods and Services Tax (GST)

Revenues, expenses, liabilities 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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

IT Infrastructure Costs and Software

Significant costs relating to the major IT Infrastructure Project (Aptify Members' database), completed during 2010, were capitalised as a non-current intangible asset in accordance with accounting standards and were amortised over three years commencing from the middle of 2010. Enhancements to the software undertaken in 2014 were capitalised and amortised over a two-year period. Costs of a major reconfiguration of the Aptify Members' database incurred during the year are classified as work in progress and, when completed in 2017, will be amortised over a three-year period.

Costs relating to upgrading of the website, completed during 2013, were capitalised as a non-current intangible asset in accordance with Australian Accounting Standards and were amortised over three years commencing in November 2013.

Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when:

- it is either expected to be realised or intended to be sold or consumed in the normal operating cycle;

- it is primarily for the purpose of trading;

- it is expected to be realised within 12 months after the reporting period; or

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

1. Significant accounting policies (continued)

Current and non-current classification (continued)

the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

it is either expected to be settled in the normal operating cycle;

it is held primarily for the purpose of trading;

it is due to be settled within 12 months after the reporting period; or

there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation of these financial statements.

New Accounting Standards issued but not yet effective and not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Institute. The Institute's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial instruments

AASB 9 Financial Instruments, addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Institute has decided not to adopt AASB 9 until it becomes mandatory on 1 January 2018. The Institute does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

(ii) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. It is effective for the first interim period within annual reporting periods beginning on or after 1 January 2018. The Institute will adopt the new standard from 1 January 2018.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

1. Significant accounting policies (continued)

New Accounting Standards issued but not yet effective and not early adopted (continued)

(iii) AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Institute's operating leases. As at the reporting date, the Institute has non-cancellable operating lease commitments of \$2,745,204. However, the Institute has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Institute's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Institute does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Critical Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires judgments, estimates and assumptions that affect the reported amounts in the financial statements. These judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses are reviewed. The judgments, estimates and assumptions are based on historical experience and on other factors, including expectations of future events, and are considered to be reasonable for the purpose. The resulting accounting judgments, estimates and assumptions will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of useful lives of assets

The Institute 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 useful lives, or where technically obsolete or non-strategic assets that have been abandoned or sold are written off or written down.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

2. Critical Accounting Judgments, Estimates and Assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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 Institute and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Long service leave provision

As discussed in Note 1, the liability for long service leave is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at the reporting date expected to be settled more than 12 months from 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. Expected future payments are discounted using market yields at the reporting date on liquid corporate bonds with terms to maturity and currency that match, as close as possible, the estimated future cash outflows.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31/12/2016	31/12/2015
	\$	\$
3. REVENUE AND EXPENSES		
(a) Revenue		
Revenue from operating activities		
Member subscriptions	3,221,362	3,036,745
Education courses & exams and CPD	3,504,179	3,199,627
Events	1,028,094	1,483,753
Sale of publications and advertising	253,958	311,540
Total Revenue from operating activities	8,007,593	8,031,665
Revenue from non-operating activities		
Credit card fees recovered	55,830	-
Interest received	166,370	199,521
Net Revenue from non-operating activities	222,200	199,521
Total Revenue	8,229,793	8,231,186
(b) Expenses		
Specific activities costs		
Member services costs	220,639	240,957
Education courses & exams costs	2,303,118	2,255,139
Events costs	1,005,245	1,478,400
Sale of publications and advertising costs	65,972	81,981
	<u>3,594,974</u>	<u>4,056,477</u>
Supporting activities costs		
Communications and marketing costs	633,529	600,510
Public policy costs	574,691	556,686
Research grants, scholarships and prizes	(8,050)	81,530
	<u>1,200,170</u>	<u>1,238,726</u>
Corporate administration costs		
Employee costs	1,529,233	1,553,879
Council, presidents and committees	174,658	180,055
Disciplinary scheme	16,250	158,161
Premises	534,411	501,926
Office & IT costs	804,811	507,155
Realised currency variance	(13)	-
Depreciation and amortisation	225,646	255,179
Impairment of intangibles	-	-
Unrealised currency differences	(22,226)	27,804
Other costs	158,538	129,481
	<u>3,421,308</u>	<u>3,313,640</u>
Total Expenses	8,216,452	8,608,843

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	\$	\$
3. REVENUE AND EXPENSES (Continued)		
(c) Expenses requiring additional disclosure		
Amortisation and Depreciation of assets:		
Leasehold improvements	1,180	451
Office equipment	90,317	145,130
Furniture and fittings	1,919	927
Computer software and website	116,041	108,671
	209,457	255,179
Amortisation of lease incentive and fitout		
Fitout and deferred rent benefit	93,055	93,055
Deferred rent benefit	43,023	43,023
Lease incentive	(136,078)	(136,078)
	-	-
Movement in provisions		
Leave and entitlements (see note 12)	(99,214)	53,313
Doubtful debts	-	-
	(99,214)	53,313
Rental expenses on operating leases		
Lease payments	435,165	428,586
	435,165	428,586
Remuneration of the auditors		
Auditing the accounts	25,960	25,800
Other audit related services	-	-
	25,960	25,800
4. CASH AND CASH EQUIVALENTS		
Cash at bank and cash equivalents	3,342,218	2,852,885
Cash on hand	400	400
Cash at bank held in foreign currencies	529,833	664,410
	3,872,451	3,517,695
5. TRADE AND OTHER RECEIVABLES		
Interest receivable	27,937	35,532
Other income receivable	65,366	71,713
Less: Provision for doubtful debts	(1,000)	(1,000)
Deferred expenses	264,639	181,937
	356,942	288,182

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31/12/2016	31/12/2015
	\$	\$
6. FINANCIAL ASSETS - Current		
Term deposits	4,109,992	3,996,263
	4,109,992	3,996,263
7. NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	9,239	9,239
Less: accumulated amortisation	(1,872)	(692)
	7,367	8,547
Computer and office equipment, at cost	463,256	549,859
Less: accumulated depreciation	(402,644)	(404,672)
	60,612	145,187
Furniture and fittings, at cost	13,351	13,351
Less: accumulated depreciation	(2,846)	(927)
	10,505	12,424
	78,484	166,158

Movement in the Carrying Amounts

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

	Leasehold Improvements	Computer Equipment	Furniture & Fittings	Total
	\$	\$	\$	\$
Balance at 1 January 2015	3,071	221,263	-	224,334
Additions	5,927	69,054	13,351	88,332
Depreciation / amortisation expense	(451)	(145,130)	(927)	(146,508)
Balance at 31 December 2015	8,547	145,187	12,424	166,158
Additions	-	21,931	-	21,931
Assets written off	-	(16,189)	-	(16,189)
Depreciation / amortisation expense	(1,180)	(90,317)	(1,919)	(93,416)
Balance at 31 December 2016	7,367	60,612	10,505	78,484

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31/12/2016 \$	31/12/2015 \$
8. OTHER NON-CURRENT ASSETS		
Deferred fit out benefit	511,803	604,859
	511,803	604,859
9. INTANGIBLE ASSETS		
Computer software, IT infrastructure and website, at cost	1,131,887	1,001,390
Less: accumulated amortisation	(881,163)	(765,121)
Less: impairment	(118,250)	(118,250)
WIP - IT software & Website	159,967	240,644
	292,441	358,663

Movement in the Carrying Amounts

Movements in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year.

	Work in Progress \$	Computer Software \$	Website \$	Total \$
Balance at 1 January 2015	13,803	65,347	119,543	198,693
Additions	226,841	-	41,800	268,641
Depreciation / amortisation expense	-	(53,586)	(55,085)	(108,671)
Balance at 31 December 2015	240,644	11,761	106,258	358,663
Additions	73,319	-		73,319
Transfers	(130,496)	-	130,496	-
Assets written off	(23,500)	-	-	(23,500)
Depreciation / amortisation expense	-	(11,232)	(104,809)	(116,041)
Balance at 31 December 2016	159,967	529	131,945	292,441

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31/12/2016	31/12/2015		
	\$	\$		
10. TRADE AND OTHER PAYABLES				
Unsecured:				
Trade creditors, accruals and other payables	705,682	395,775		
Enrolments and Registration fees received in advance	517,742	480,250		
Lease incentive	102,445	116,681		
Unearned income (Membership subscriptions received in advance)	2,394,396	2,296,496		
	<u>3,720,265</u>	<u>3,289,202</u>		
11. OTHER NON-CURRENT LIABILITIES				
Lease Incentive	546,589	601,485		
	<u>546,589</u>	<u>601,485</u>		
12. PROVISIONS				
Employee entitlements				
Current	Bonuses	Annual Leave	Long Service Leave	Total
	\$	\$	\$	\$
Balance at 1 January 2015	292,969	143,230	16,777	452,976
Increase in provision during the year	352,496	185,164	-	537,660
Transferred from non-current	-	-	72,486	72,486
Amounts used	(292,969)	(190,076)	(16,777)	(499,822)
Balance at 31 December 2015	<u>352,496</u>	<u>138,318</u>	<u>72,486</u>	<u>563,300</u>
Increase in provision during the year	305,491	132,495	-	437,986
Transferred from non-current	-	-	28,195	28,195
Amounts used	(352,496)	(144,201)	(72,486)	(569,183)
Balance at 31 December 2016	<u>305,491</u>	<u>126,612</u>	<u>28,195</u>	<u>460,298</u>
Non-current			Long Service Leave	Total
Balance at 1 January 2015			87,035	87,035
Increase in provision during the year			15,475	15,475
Transferred to current provision			(72,486)	(72,486)
Balance at 31 December 2015			<u>30,024</u>	<u>30,024</u>
Increase in provision during the year			31,983	31,983
Transferred to current provision			(28,195)	(28,195)
Balance at 31 December 2016			<u>33,812</u>	<u>33,812</u>
Total Provisions				<u>494,110</u>

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31/12/2016	31/12/2015
	\$	\$
12. PROVISIONS (Continued)		
(a) Aggregate employee entitlement liability	494,110	593,324
Current	460,298	563,300
Non-current	33,812	30,024
(b) Number of employees at year end	23	23

The current provision for employee benefits includes all unconditional entitlements and the entire amount is presented as current other than with respect to long service leave, since the Institute does not have an unconditional right to defer settlement.

13. LEASING COMMITMENTS		
Operating Leases		
Lease rental expenses and commitments:		
Rentals charged to Statement of Profit or Loss and Other Comprehensive Income	435,165	428,586
Lease commitments:		
Not later than 12 months	463,276	451,110
Between 12 months and 5 years	2,281,928	2,471,393
Greater than 5 years	-	264,779
Total operating lease commitments	2,745,204	3,187,282

See note 23.

14. i RELATED PARTY AND RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2016

(a) The names of the members of Council who held office during the financial period are:

A Brown	J Lyon	N Rubinsztein
H Bui	M O'Neill	L Simpson
J Evans	C Qiao	L Smartt
B. Konstantinidis	B Rafe	A Yang

(b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 18.

(c) During the year the Institute had transactions with various entities which had officers or employees who were Council members of the Institute. These transactions, for which a register is maintained, are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The transactions were as follows:

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

- ▶ a contract with lead.first. (which is related to Andrew Brown) in relation to services as presenter at the Institute's Commercial Actuarial Practice courses. The amount incurred during the year was \$5,274 including expenses reimbursements;
 - ▶ a payment of \$19,988 relating to professional fees for payroll tax exemption submission was paid to KPMG (which is related to Hoa Bui);
 - ▶ a contract with Chao Qiao in relation to services as an examiner for the Institute's Part 3 exam. The amount incurred during the year was \$2,650; and
 - ▶ payments totalling \$3,039 relating to reimbursement of catering costs were paid to KPMG (which is related to Hoa Bui) for events held in their Melbourne office the facilities of which were provided free.
- (d) There were no other transactions with related parties during the year.

14. ii RELATED PARTY AND RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2015

- (a) The names of the members of Council who held office during the financial period are:

A Brown	J Lyon	B Rafe
H Bui	M O'Neill	L Simpson
P Carroll	E Pearson	L Smartt
J Evans	C Qiao	A Yang

- (b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 18.

- (c) During the year the Institute had transactions with various entities which had officers or employees who were Council members of the Institute. These transactions, for which a register is maintained, are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The transactions were as follows:
- ▶ a contract with lead.first. (which is related to Andrew Brown) in relation to services as presenter at the Institute's Commercial Actuarial Practice courses. The amount incurred during the year was \$5,356 including expenses reimbursements;
 - ▶ a payment of \$444 relating to reimbursement of catering costs was paid to PWC (related to Lisa Simpson and Chao Qiao) for an event held in their Melbourne office the facilities of which were provided free; and
 - ▶ payments totalling \$12,260 relating to reimbursement of catering costs were paid to KPMG (which is related to Hoa Bui) for events held in their Melbourne office the facilities of which were provided free.
- (d) 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 31 DECEMBER 2016 (CONTINUED)

15. 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:

	31/12/2016	31/12/2015
Weighted Average Effective Interest Rate:	%	%
Financial Assets		
Cash at banks	1.90	2.34
Term deposits	2.69	3.07
	\$	\$
Floating Interest Rate: Financial Assets		
Cash at banks	3,865,193	3,468,409
Total Financial Assets	3,865,193	3,468,408
Non-Interest Bearing: Financial Assets		
Cash at banks	6,858	48,887
Total Financial Assets	6,858	48,887
Total Cash and cash equivalents	3,872,051	3,517,295
Fixed Interest Rate maturing within 1 year: Financial Assets		
Cash at banks	-	-
Term deposits	4,109,992	3,996,263
Total Financial Assets	4,109,992	3,996,263

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Institute. The Institute has adopted a policy of only dealing with creditworthy counterparties 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 Statement of Financial Position and in the notes to the financial statements.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

15. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk

Liquidity risk arises from the Institute's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain a liquid asset ratio of at least 1.25:1.

Council receives on a quarterly basis information regarding cash balances and liquidity ratios. At the balance sheet date, these projections indicated that the Institute expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Maturity analysis of financial assets and liability based on management's expectations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property and equipment, intangibles and investments in working capital. These assets are considered in the Institute's overall liquidity risk.

Maturity Analysis - 2016	Cash flows \$	1 year \$	2-5 years \$	Total \$	Carrying Amount \$
Financial assets					
Cash and cash equivalents	3,872,451	3,872,451	-	3,872,451	3,872,451
Other income receivables - net	64,366	64,366	-	64,366	64,366
Term deposits with accrued interest	4,137,928	4,137,928	-	4,137,928	4,109,992
TOTAL	8,074,745	8,074,745	-	8,074,745	8,046,809
Financial liabilities					
Trade creditors, accruals and other payables	705,682	705,682	-	705,682	705,682
Lease liabilities	649,034	102,445	546,589	649,034	649,034
TOTAL	1,354,716	808,127	546,589	1,354,716	1,354,716
NET MATURITY	6,720,029	7,266,618	-546,589	6,720,029	6,692,093
Maturity Analysis - 2015					
Financial assets					
Cash and cash equivalents	3,517,695	3,517,695	-	3,517,695	3,517,695
Other income receivables - net	70,713	70,713	-	70,713	70,713
Term deposits with accrued interest	4,031,795	4,031,795	-	4,031,795	3,996,263
TOTAL	7,620,204	7,620,204	-	7,620,204	7,584,672
Financial liabilities					
Trade creditors, accruals and other payables	395,775	395,775	-	395,775	395,775
Lease liabilities	718,166	116,681	601,485	718,166	718,166
TOTAL	1,113,941	512,456	601,485	1,113,941	1,113,941
NET MATURITY	6,506,263	7,107,748	-601,485	6,506,263	6,470,731

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

15. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Net Fair Values

Unless otherwise stated, financial assets and financial liabilities are measured at fair value in the Statement of Financial Position.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

(f) Market Risk

Market risk is 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. This may be 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 foreign currency holdings of \$529,833 (2015: \$664,410) with exposure to currency risk.

Sensitivity analysis

The following table illustrates sensitivities to the Institute's exposures to changes in interest rates and currency fluctuations. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

		Surplus (\$)	Equity (\$)
Year ended 31/12/2016			
+/- 2% in interest rates	+/-	114,597	114,597
Year ended 31/12/2015			
+/- 2% in interest rates	+/-	103,377	103,377
Year ended 31/12/2016			
+/- 5% in currency fluctuations	+/-	27,886	27,886
Year ended 31/12/2015			
+/- 5% in currency fluctuations	+/-	34,969	34,969

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

16. 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 Statement of Financial Position as follows:

	31/12/2016	31/12/2015
	\$	\$
Cash	3,872,451	3,517,695
(b) Reconciliation of Cash Flow from Operations with Net Surplus/(Deficit)		
Net Surplus (Deficit)	13,341	(377,657)
Non-Cash Flows in Surplus (Deficit)		
Depreciation and amortisation	209,457	255,179
Non-cash other expenses	41,386	62,035
Changes in Assets and Liabilities		
Decrease in interest receivable	7,595	8,078
(Increase)/Decrease in income receivable	6,347	(12,888)
(Increase)/Decrease in deferred expenses	(82,703)	(27,569)
(Decrease)/Increase in trade and other payables	309,906	(100,548)
(Decrease)/Increase in income in advance	135,393	(33,479)
Increase in employee provisions	(99,214)	53,313
Net cash from (used in) by operating activities	541,508	(173,536)

17. MEMBERS' GUARANTEE

The Institute is incorporated under the Corporations Act 2001 (Cth) and is a company limited by guarantee. If the Institute is wound up, the Constitution states that each Member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 31 December 2016, the total amount that Members of the Institute are liable to contribute if the Institute is wound up is \$88,920 (2015: \$90,060).

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

18. EMPLOYEE BENEFITS AND KEY MANAGEMENT PERSONNEL COMPENSATION

The directors of the Institute of Actuaries of Australia are members of the Council as listed in Note 14. Councillors, in their capacity as directors, do not receive remuneration.

The aggregate compensation made to 6 (2015: 6) key management personnel is set out below:

	Termination payments	Short-term benefits	Post- employment benefits	Other long-term benefits	Total
	\$	\$	\$	\$	\$
2016	53,799	1,193,947	61,834	3,160	1,312,740
2015	106,015	707,483	55,545	14,959	884,002

The aggregate compensation made to all employees is set out below:

	Termination payments	Short-term benefits	Post- employment benefits	Other long-term benefits	Total
	\$	\$	\$	\$	\$
2016	53,799	2,684,825	209,209	(40,503)	2,907,330
2015	106,015	2,547,921	194,170	(1,302)	2,846,804

The post-employment benefit comprises superannuation contributions payable in accordance with Superannuation Guarantee legislation.

[Related party transactions:](#)

Related party transactions are set out in Note 14.

19. SEGMENT INFORMATION

The Institute principally operates in Australia to provide members of the actuarial profession with education, continuing professional development, public representation and other services. The Institute conducts continuing professional development and other Member-related events outside of Australia.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

20. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by UHY Haines Norton, the auditor of the Institute:

Audit services – UHY Haines Norton	2016 (\$)	2015 (\$)
Audit of the financial statements	25,960	25,800
Other audit related services	-	-

21. INSTITUTE DETAILS

The registered office of the Institute is: Level 2, 50 Carrington Street, SYDNEY NSW 2000.

22. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2016 (2015: \$0).

23. COMMITMENTS

The Institute has commitments totalling:

- (a) \$2,652,364 (2015: \$3,072,046) for an eight-year lease signed on 28 January 2014 to occupy Suite 201, Level 2, 50 Carrington Street, Sydney commencing 1 July 2014 and expiring on 30 June 2022. Bank guarantees to secure the Institute's obligations under the new lease totalling \$598,109 which are secured by a term deposit of \$600,000 have been issued by the ANZ Bank (see Note 13);
- (b) \$92,840 (2015: \$115,236) for leasing of photocopying equipment payable over the next 5 years (see Note 13); and
- (c) \$413,259 (2015: \$215,320) for venue hire relating to events scheduled for 2017 and beyond.

The Institute has capital commitments totalling \$31,543 (2015: \$69,491) for consulting services for the completion of modifications to the Institute's Aptify Member database during 2017.

24. EVENTS AFTER THE REPORTING PERIOD

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 31 December 2016.