

**THE INSTITUTE OF ACTUARIES OF AUSTRALIA
FINANCIAL REPORT
& DIRECTORS' REPORT**

FOR THE 15 MONTHS ENDED 31 DECEMBER 2009



Institute of Actuaries of Australia



Institute of Actuaries of Australia

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009

Council submits herewith its report on the Institute for the fifteen months ended 31 December 2009. Council notes that, on 17 June 2009, the Australian Securities & Investments Commission (ASIC) provided relief to the Institute for the period 1 October 2008 to 31 December 2009 under s340(1) of the Corporations Act 2001 (Act) from the requirement in s323D(2)(b) of the Act that a financial year be 12 months long. 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 s150 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 financial year and to the date of this report (directors are listed in alphabetical order) along with details of the qualifications, experience and special responsibilities of each director are:

Susan Rebecca Antcliff BSc (Hons), FIAA

Service during entire term on Council: Council Member, Member of Education Council Committee, Member of Part II External Examiners Committee, Member of Research Taskforce, Member of Research Council Committee.

Susan is a senior actuary with the Australian Government Actuary's office working across a wide range of Government policy and administrative matters with an actuarial component. She came relatively late to an actuarial career, having previously worked in modelling-related fields, including heading the dynamic microsimulation modelling unit at the National Centre for Social and Economic Modelling.

Susan has been involved with the Institute in a number of roles. She was a member of the Education Council Committee from 2004 to 2009 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 on a number of occasions. Susan also edited Actuary Australia for two years. While on Council, she was a member of the Research Taskforce and has continued her involvement in this area as a member of the Research Council Committee.

Period of service on Council during financial year:

01.10.08 - 17.12.08

Mark Harold Baxter BEc, FIAA

Service during entire term on Council: Council Member, Vice President, Member of Executive Council Committee, Member of Audit and Risk Council Committee, Member of Member Services and Educator Taskforce, Convenor of Member Services and Educator Implementation Group.

Mark has over 25 years experience in the financial services industry in a variety of senior roles in the United Kingdom, Hong Kong and Australia. Mark is currently Chief Risk Officer for the Wealth Management Division of the Commonwealth Bank, having previously been Group Head of Compliance for CBA and run Operational Risk and Compliance for the Premium Business Services Division of CBA. His current role encompasses the regulatory and compliance risks across the entire CBA Group.

Prior to joining CBA, Mark was part of the extended leadership group of the Australian Prudential Regulation Authority (APRA). He was responsible for the overall supervision of a portfolio of major banks and insurers and was a member of APRA's Basel II governance committee. Mark's responsibilities at APRA also included managing the liaison between APRA and ASIC (Australia's securities' regulator) and serving as APRA's representative on the Joint Forum (a global committee of regulators reviewing various aspects of conglomerate and cross sectoral supervision – the members include the FSA, the SEC, the OCC, the US Federal Reserve, and regulators from across Europe and Japan).

Mark also spent 12 years with Mercer Human Resources Consulting which included 6 years as Managing Director of the Hong Kong, Beijing and Shanghai operations. His specialties during that time were investment, employee benefits and pension fund consulting as well as developing a range of human resource and consulting offerings for the mainland China market place. While in Hong Kong, Mark was a member of the Hong Kong Government's "Panel of Experts" who advised on the development of Hong Kong's Mandatory Provident Fund system.

Period of service on Council during financial year:

01.10.08 - 04.05.09

Wayne Herbert Cannon BSc (Hons), FFin, FIAA

Service during entire term on Council: Council Member, Member of Member Services and Educator Taskforce, Member of Member Services and Educator Implementation Group.

Wayne is the Queensland State Actuary, providing actuarial advice to the State Government and its various agencies. This enables the Government and its agencies to understand and manage their long-term financial liabilities, including superannuation, long service leave and insurance. He also provides policy advice to the Government on actuarial matters.

Wayne has worked for Queensland Treasury since 1988 in various roles but spent most of 2001 in London as Manager Actuarial, Benefits and Insurance for PricewaterhouseCoopers.

Period of service on Council during financial year:

01.10.08 - 17.12.08

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

Anthony James Carey BEc, M Mgt, FIAA

Service during entire term on Council: Council Member, Member of Education Council Committee, Member of Submissions and Public Policy Council Committee, Member of Macquarie University Actuarial Foundation Board, Member of Health Practice Committee, Member of Life Insurance and Wealth Management Practice sub Committee.

Anthony currently heads up the Actuarial Control function for MLC, the wealth management division of the National Australia Bank.

Over the past 20 years in the financial services industry, Anthony has held various senior roles in actuarial, product development, business management, strategy and consulting. Prior to joining MLC, Anthony worked for a number of years at MBF Australia, in several roles including General Manager New Customer Solutions, General Manager Actuarial Services, Appointed Actuary for MBF Life Ltd and Head of Strategy for MBF's financial services businesses (MBF Life and ClearView Retirement Solutions).

He has previously worked at Tower Australia as National Manager Product Strategy, the Commonwealth Bank both as Deputy Chief Actuary and Executive Manager Personal Life Insurance Products, in consulting at both Tillinghast Towers-Perrin and in various roles at Prudential Australia.

Anthony has been actively involved in the actuarial education process, including membership of the Institute's Education Council Committee. He has previously been Chief Examiner for the Part III Life Insurance 2B course and External Examiner for the Part II Exams at Macquarie University and the University of New South Wales.

Anthony was also a member of the IFSA Life and Risk Management Board Committee from 2005 to 2008, and served on several IFSA working groups.

Period of service on Council during financial year:

01.10.08 - 31.12.09

Edward Fabrizio BEc, MBA, FIAA, FNZSA, FAICD

Service during entire term on Council: Council Member, Member of Education Council Committee, Member of Life Insurance and Wealth Management Practice Committee, Member of Research Taskforce, Member of Strategic Planning Taskforce.

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.

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.

Period of service on Council during financial year:

01.10.08 - 31.12.09

David Millington Goodsall BA, FIAA, ASA, CERA

Service during entire term on Council: Council Member, Member of Audit and Risk Council Committee, Member of Corporate Governance Review Steering Committee, Convenor of Professionalism Review Taskforce.

David is currently a Director of Synge and Noble Pty Ltd, advising financial services companies on restructures, transfers and amalgamations. He also advises on regulatory issues, as well as provides executive coaching for actuaries and technical professionals who deal with the C suite and boards in their organisations.

Prior to that, David was a Partner in the Sydney Financial Services Practice of Ernst & Young, having joined EY in 1990. He has worked in the financial services industry for over 30 years and has extensive experience in the financial and risk management aspects of a wide range of financial service companies. He has been closely involved in a number of public floats, demutualisations, corporate restructures and transfers of business, as well as holding a number of appointed actuary roles.

Period of service on Council during financial year:

17.12.08 - 31.12.09

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

Bozena Hinton BEc, FIAA

Service during entire term on Council: Senior Vice President, Vice President, Council Member, Member of Executive Council Committee, Convenor of Education Council Committee, Convenor of Nominations Council Committee, Convenor of Member Services and Educator Taskforce, Member of Part III Review Taskforce, Institute Representative on the following IAA Committees: Accreditation; Education; Social Security; Pensions and Employee Benefits; and International Education Programme.

Most recently, Bozena has been working as a Consultant to a range of entities, including Commonwealth Bank and Rice Warner Actuaries. She has over 15 years' experience in the financial services industry. Bozena 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, Bozena was involved in establishing the Energy Practice and completed a number of risk management assignments for electricity retailers, generators and industry bodies.

Bozena was a member of the Board of Examiners from 2003 to 2006, serving as Chair in 2005 and 2006. Bozena 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.

Period of service on Council during financial year:

01.10.08 - 31.12.09

Christopher Robert John Latham BSc (Hons), FIA, FIAA

Service during entire term on Council: Council Member, Convenor of Research Council Committee, Member of General Insurance Practice Committee, Member of Research Taskforce, Member of Risk Free Discount Rates Taskforce, Member of HR and Remuneration Committee.

Chris has worked in general insurance and accident compensation since 1980, after starting his career in superannuation and pensions. He admits that the transition to general insurance was a bit of a struggle as he tried to accept the replacement of the deterministic view of life with a stochastic one.

He was fortunate enough to work with Greg Taylor for some 13 years at various consultancies, and has been with PricewaterhouseCoopers since 1989. He has provided advice to major insurers, reinsurers and accident compensation schemes. At some stage or another he has advised accident compensation schemes in almost all Australian jurisdictions, as well as in New Zealand, PNG and South Africa.

In 1992/93 he spent a year in London trying to understand the reinsurance market and its peculiar jargon, becoming involved in many post-Hurricane Andrew insurer collapses. He also tried to introduce his colleagues to modelling techniques beyond chain-ladder and Bornheutter-Ferguson, and to the logic of a present value approach to reserving.

Period of service on Council during financial year:

01.10.08 - 31.12.09

Ian William Laughlin BSc, Adv Dip FS(FP), FIA, FIAA, FAICD

Service during entire term on Council: Council Member, Member of Audit and Risk Council Committee, Member of Corporate Governance Review Steering Committee, Convenor of Risk Management Practice Committee and member of various RMPC sub-committees, Convenor of 2008 Financial Services Forum Organising 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, and he provides consulting and mentoring services. He was President of the Hong Kong Actuarial Association in 1988.

Period of service on Council during financial year:

01.10.08 - 31.12.09

Gregory Charles Martin BA, FFin, FIAA

Service during entire term on Council: President, Senior Vice President, Vice President, Council Member, Convenor and Member of Executive Council Committee, Member of International Council Committee, Convenor of Nominations Council Committee, Member of the 2008 Financial Services Forum Organising Committee, Member of Life Insurance and Wealth Management Practice Committee, Member of Under-Funded (Urgent Issues) Taskforce, Convenor of International Accounting Standards Financial Instruments Sub-committee, Member of International Accounting Standard 19 Taskforce, Member of International Accounting Standard 39 Taskforce, Convenor of Vision 2020 Taskforce, Convenor of International Accounting Standards Committee, Convenor of Strategic Planning Taskforce.

Greg is a Director of KPMG Actuaries Pty Limited where he specialises in insurance, funds management and general financial valuation and modelling. He currently has a life insurance Appointed Actuary role and has had eight former such 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.

Period of service on Council during financial year:

01.10.08 - 17.12.08

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

John Michael Newman BBusSc (Hons), FIAA

Service during entire term on Council: Council Member, Member of Superannuation and Employee Benefits Practice Committee, Member of International Council Committee, Convenor of Designations Implementation Committee, Member of Professionalism Review Taskforce, Convenor of Professional Conduct Tribunal Panel, Member of HR and Remuneration Committee.

John is a Director and Principal of Professional Financial Solutions (PFS). He started his actuarial career with E S Knight & Co, which was acquired by Mercer in 1985. He became a worldwide partner and was the head of the Retirement practice in Australia and New Zealand until 2004 when he left and joined PFS.

John has extensive experience in superannuation and benefits, having consulted to a wide range of stakeholders in this area throughout his career and been involved in the establishment of a major commercial Master Trust. He advises on strategic and operational issues in the financial services industry, specialising in superannuation and insurance, and has a particular focus on risk management and governance matters.

Period of service on Council during financial year:

01.10.08 - 31.12.09

Blair Milton Nicholls BEc, FIA, FIAA, AMP INSEAD

Service during entire term on Council: Council Member, Member of Management Committee, Chair of HR and Remuneration Council Committee, Member of International Council Committee, Member of Nominations Council Committee, Member of Risk Free Discount Rates Taskforce, Member of PS 300 Working Group.

Blair is the Chief Actuarial Officer for the QBE Group. He is part of QBE's Group Executive and is involved in areas such as business planning, reserving and pricing, catastrophe aggregate accumulations, reinsurance management and purchasing, commutations, investor relations, acquisitions and Economic Capital Modelling.

Blair has been with QBE for around 16 years and has undertaken a variety of roles. These include spending 2004 to 2007 in QBE's London office as the Chief Actuary for QBE's European Operations and seven years in QBE's Australian operations. Prior to working at QBE, Blair was at a consulting firm. He has developed knowledge of QBE's worldwide operations and the general insurance markets around the world.

Period of service on Council during financial year:

01.10.08 - 31.12.09

Barry Edwin Rafe BSc, FIAA, Dip Arts Phil (Hon 1st class)

Service during entire term on Council: Vice President, Council Member, Member of Executive Council Committee, Member of Nominations Council Committee, Convenor of Member Services and Educator Implementation Group, Convenor of Henry Taxation Review Taskforce, Member of 2009 Convention Organising Committee.

Barry's professional background lies in the financial services industry. He currently consults within that sector and was Chief Executive Officer of Mellon Australia from 2003-2005. Prior to that, Barry was also in consulting practice, being a Partner (Financial Services Strategy) of Accenture (2000-2003) and Head of Financial Services at Trowbridge Consulting from 1995 to 2000.

Barry returned to studying in 2008 and has just completed his Dip Arts Phil (Hon 1st class). He has been a very active volunteer for the Institute, particularly through serving on Council during 1998-1999, on various Convention organising committees and facilitating a number of Professionalism Courses.

Period of service on Council during financial year:

17.12.08 - 31.12.09

Daniel Anthony Smith BSc, FIAA

Service during entire term on Council: Council Member, Member of Member Services and Educator Implementation Group, Member of Designations Implementation Committee.

Daniel has been a consultant in general insurance since 1991 and is a Director of Taylor Fry (a consulting firm offering actuarial, financial modelling and statistical advice to business and government). He joined Taylor Fry in 1999, after commencing work in Sydney and moving back to Melbourne in 1997. Prior to joining Taylor Fry, he was with Trowbridge Consulting from 1991-1999. He has been involved in a wide range of projects for insurance companies, accident compensation schemes and government departments.

Daniel is currently Appointed Actuary to three insurance companies.

Period of service on Council during financial year:

17.12.08 - 31.12.09

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

Trevor James Thompson BA (Econ), FIAA

Service during entire term on Council: President, Senior Vice President, Vice President, Council Member, Member and Convenor of Executive Council Committee, Convenor of Nominations Council Committee, Member of International Council Committee, Convenor and Member of the Education Council Committee (and Convenor/Member of a number of ECC Sub-committees), Convenor of Corporate Governance Review Steering Committee, Convenor of Research Taskforce, Convenor of Awards and Prizes Committee, Member of Corporate Governance Taskforce, Member of Independent Peer Review Implementation Taskforce, Member of Penrose/Morris Taskforce, Co-Vice Chairperson and Member of IAA Supranational Relations Committee, Member of IAA International Education Program Committee, Member of IAA International Education Program Feasibility Working Group, Member of IAA Sections Taskforce, Board Member of East Asian Actuarial Congress.

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).

Period of service on Council during financial year: 01.10.08 - 31.12.09

Mark Edmund Turner BA (Hons), FIA, FIAA, FIAI

Service during entire term on Council: Council Member, Member of International Council Committee, Member of Designations Taskforce, Convenor of Professionalism Review Taskforce, Member of Standards Regulation Review Taskforce, Member of Penrose/Morris Taskforce.

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 Taskforces. Mark has written actuarial papers on the subjects of transfers of life insurance business and independent peer review.

Period of service on Council during financial year: 01.10.08 - 17.12.08

Bruce Alan Watson BSc (Hons), FIAA, FNZSA

Service during entire term on Council: Council Member, Convenor/Member of Audit and Risk Council Committee, Member of Accountants and Actuaries Liaison Committee, Member of PS 300 Working Group.

Bruce is a Principal and the Senior Actuary 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 a Member of the Strategic Planning Taskforce in 2007. He is the author of papers presented to Institute seminars, the New Zealand Society of Actuaries Biennial Conference and various industry seminars.

Period of service on Council during financial year: 01.10.08 - 17.12.08

Gloria Siu Yan Yu BCom, FIAA, LRSM, LMusA, ATCL

Service during entire term on Council: Council Member.

Gloria has been working in the general insurance industry since 2001 and is currently Manager in the General Insurance Actuarial Department in Westpac. Prior to this, she worked in a number of consultancies. She has also worked briefly in life insurance in a global financial services company.

Over the past few years, she has assisted in the Institute's education program in various capacities; and recently she has been working with Practice Committees in developing strategic and operational plans for enterprise risk management within the actuarial profession in Australia.

In 2002 she was awarded the Goldman Sachs Global Leaders Award where she was selected as one of the 100 Goldman Sachs Global Leaders in the world and one of the eight representing Australia. In 2009, she was selected to participate in the Institute's Step Up Leadership Program and the BT Financial Group Developing Future Leaders Program.

Besides being an FIAA, she is also one of the youngest persons in Australia awarded with the Licentiate Diploma in Music Australia (LMusA), specialising in piano performance, as well as having attained distinction in the Licentiate Diploma in UK's Associated Board of the Royal Schools of Music (LRSM).

Period of service on Council during financial year: 23.06.09 - 31.12.09

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

Details of the qualifications and experience of the Institute's Company Secretary are listed below:

Anne Peters MAICD, MSt (Oxon), LLB (Medal), Grad Dip Leg Prac

Company Secretary from 01 October 2008 to 31 December 2009.

Master of Studies in Legal Research (University of Oxford), Bachelor of Laws and University Medal (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 nine years.

Overview of result for the fifteen months to 31 December 2009

Operating surplus for the fifteen month period was \$175,268, significantly greater than the \$9,739 surplus for the year ended 30 September 2008. Whilst allowance would need to be made for the differing financial periods, that is fifteen months versus twelve, some significant factors may be noted. An amount of \$371,090 has been spent during the 2008/09 period on a major IT Infrastructure upgrade, primarily a new membership database. A portion of this cost (\$291,623) has not been expensed but taken up on the balance sheet and, when completed during 2010 year, will be amortised as an expense over the ensuing three years. Membership subscription revenue is spread over the membership period, hence in 2008/09 there is fifteen months of subscriptions revenue compared to twelve months in the previous year. Exemptions income was much higher than budgeted and greater than 2008/09 by \$370,000.

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 2009.

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 2009 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 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 10 to the Financial Statements on page 19.

During the financial year, the Institute paid a premium of \$9,897 (2007/08 \$8,545) 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.

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 those proceedings.

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

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

Directors' attendance at Council and Council Committee meetings: 01.10.08 - 31.12.09 ***

Councillor	Council	Audit and Risk Council Committee	Education Council Committee	Executive Council Committee	HR and Remuneration Council Committee**	International Council Committee	Nominations Council Committee	Research Council Committee
S R Antcliff *	2 of 2		1 of 1					1 of 1
M H Baxter *	4 of 4	1 of 2		3 of 3				
W H Cannon *	1 of 2							
A J Carey	5 of 8		7 of 7					
E Fabrizio	6 of 8							
D M Goodsall *	5 of 6	3 of 3						
B Hinton	8 of 8		6 of 6	14 of 14			1 of 1	
C R J Latham	4 of 8				3 of 3			6 of 7
I W Laughlin	7 of 8	4 of 4						
G C Martin *	2 of 2			3 of 3		1 of 2		
J M Newman	7 of 8				3 of 3	4 of 5		
B M Nicholls	4 of 8				3 of 3	2 of 5	1 of 1	
B E Rafe *	6 of 6			5 of 6			1 of 1	
D A Smith *	6 of 6							
T J Thompson	8 of 8			14 of 14		4 of 5		
M E Turner *	2 of 2					1 of 2		
B A Watson *	2 of 2	1 of 1						
G S Y Yu *	4 of 4							

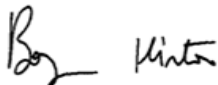
* These Councillors were not eligible to attend all meetings of Council as they did not hold office for the full financial year (refer Note 10(a) of the Notes to the Financial Statements on page 19 of the Financial Statements Report for details of their period of office).

** The HR and Remuneration Council Committee was established as the Remuneration Council Committee on 25 August 2009 and then renamed the HR and Remuneration Council Committee on 9 November 2009.

*** The Submissions and Public Policy Council Committee was established on 25 August 2009. There were no meetings of the Committee held during the financial year.

The auditor's independence declaration for the fifteen months ended 31 December 2009 has been received and can be found on page 12.

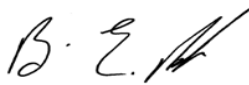
Signed on behalf of Council in accordance with a resolution of Council.



B HINTON

President

Sydney, 20 April 2010



B E RAPE

Senior Vice President

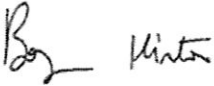
Council and Audit Declarations

THE INSTITUTE OF ACTUARIES OF AUSTRALIA DECLARATION BY MEMBERS OF COUNCIL FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009

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 31 December 2009 and of the performance for the fifteen month period 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:



B HINTON
President
Sydney, 20 April 2010



B E RAFF
Senior Vice President

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 fifteen months ended 31 December 2009 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, 20 April 2010



UHY HAINES NORTON
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ACTUARIES OF AUSTRALIA

Report on the Financial Report

We have audited the accompanying financial report of The Institute of Actuaries of Australia, which comprises the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the 15 month period ended on that date, a summary of significant accounting policies, other explanatory notes and the councillors' declaration.

Councillors' Responsibility for the Financial Report

The councillors of the Institute 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 controls 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*.

Auditor's Opinion

In our opinion:

- (a) the financial report of The Institute of Actuaries of Australia is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Institute's financial position as at 31 December 2009 and of its performance for the 15 month period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.


F. GIANNUZZI

Partner
Sydney

Date: 20 April 2010


UHY Haines Norton
Chartered Accountants

UHY Haines Norton - ABN 85 140 758 156 NSWBN 98 133 826

Income Statement and Balance Sheet

THE INSTITUTE OF ACTUARIES OF AUSTRALIA INCOME STATEMENT FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009

	Note	15 months to 31/12/2009 \$	12 months to 30/09/2008 \$
Administration Revenues		170,138	188,266
Professional Development Revenues		1,805,438	588,628
Education Revenues		3,829,293	2,945,433
Knowledge Revenues		201,217	172,704
Member Services Revenues		3,408,798	2,548,593
Total Revenue	2	9,414,885	6,443,624
Administration Costs		(1,319,639)	(875,211)
Employment Costs		(3,560,415)	(2,739,664)
Professional Development Costs		(1,103,207)	(447,949)
University Foundation Grants		(400,000)	(330,000)
Education Costs		(1,738,402)	(1,225,785)
Knowledge Costs		(267,572)	(186,027)
Governance Costs		(3,299)	(35,807)
Public Affairs Costs		(192,877)	(142,039)
Member Services Costs		(202,285)	(139,498)
Council and CEO		(376,949)	(252,853)
Strategic Projects		(74,972)	(59,052)
Total Expenses		(9,239,615)	(6,433,886)
Surplus/(Deficit) before income tax expense		175,268	9,739
Income tax expense	1(d)	-	-
Surplus/(Deficit) attributable to members		175,268	9,739

THE INSTITUTE OF ACTUARIES OF AUSTRALIA BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	31/12/2009 \$	30/09/2008 \$
CURRENT ASSETS			
Cash and cash equivalents	3	991,580	230,003
Trade and other receivables	4	376,519	380,263
Other current assets	5	3,544,034	5,144,207
Total current assets		4,912,133	5,754,473
NON CURRENT ASSETS			
Intangible non current assets	6(a)	291,623	-
Property, plant and equipment	6(b)	482,932	617,125
Total non current assets		774,555	617,125
TOTAL ASSETS		5,686,688	6,371,598
CURRENT LIABILITIES			
Trade and other payables	7	702,766	1,543,313
Provisions	8	199,073	218,704
Total current liabilities		901,839	1,762,017
TOTAL LIABILITIES		901,839	1,762,017
NET ASSETS		4,784,849	4,609,581
MEMBERS' FUNDS			
Retained earnings		4,784,849	4,609,581
TOTAL MEMBERS' FUNDS		4,784,849	4,609,581

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 OF CHANGES IN EQUITY FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009

	31/12/2009 \$	30/09/2008 \$
Balance at 1 October	4,609,581	4,599,842
Surplus attributable to members of the Institute	175,268	9,739
Balance at 31 December	4,784,849	4,609,581

THE INSTITUTE OF ACTUARIES OF AUSTRALIA CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009

	Note	15 months to 31/12/2009 \$	12 months to 30/09/2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and others		9,554,315	6,032,065
Interest received		167,217	59,130
Trust distributions		83,334	131,115
Payments to suppliers and employees		(10,225,795)	(6,016,370)
Net cash inflow/(outflow) from operating activities	12(b)	(420,930)	205,940
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		2,505,914	3,660,569
Payments for investments		(1,000,000)	(4,114,068)
Purchase of property, plant and equipment		(323,407)	(61,304)
Net cash inflow/(outflow) from investing activities		1,182,507	(514,803)
Net increase/(decrease) in cash held		761,577	(308,863)
Cash at the beginning of year		230,003	538,866
Cash at the end of year	12(a)	991,580	230,003

The accompanying notes form part of these financial statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009

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 in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Council notes that, on 17 June 2009, the Australian Securities & Investments Commission (ASIC) provided relief to the Institute for the period 1 October 2008 to 31 December 2009 under s340(1) of the Corporations Act (Act) from the requirement in s323D(2)(b) of the Act that a financial year be 12 months long.

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 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 for each class of depreciable assets are:

Class of Fixed Asset	Prime Cost Method
Office Equipment and software	20% - 33.33%
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. Leases

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

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. The opening balance of this liability at 1 October 2008 (\$26,345) has been brought to account during the period ended 31 December 2009.

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.

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Impairment of 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 income statement.

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 Institute'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 evenly over the period to which it relates. Receipts received and expenses incurred before year end in relation to future services to be provided is deferred as a liability or asset, as appropriate (Note 4 - Deferred expenses and Note 7 - Registration fees received in advance, respectively).

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 of Actuaries is converted on the basis of the average exchange rate for the previous month plus a 10% margin for the exchange rate variation.

o. Website and IT Infrastructure Costs

Costs in relation to the website were expensed in the period in which they are incurred. Costs-to-date relating to the major IT Infrastructure Project, expected to be completed by mid 2010, have been capitalised as a Non-current asset and will be amortised commencing from date of completion of the project.

p. Comparatives

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

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

	15 months to 31/12/2009 \$	12 months to 30/09/2008 \$
2. REVENUE AND EXPENSES		
(a) Revenue		
Revenue from operating activities		
Income from sale of goods and services	9,263,522	6,275,364
Total Revenue from operating activities	9,263,522	6,275,364
Revenue from non-operating activities		
Interest received	178,513	225,937
Trust distributions received	83,334	131,115
Market value fluctuations of investments	(106,103)	(198,474)
Realised gains/(losses) on sale of investments	(4,381)	9,682
Net Revenue from non-operating activities	151,362	168,260
Total Revenue	9,414,885	6,443,624
(b) Expenses requiring additional disclosure		
Amortisation and Depreciation of assets:		
Leasehold improvements	112,006	88,841
Office equipment	49,366	36,927
Furniture and fittings	4,606	3,684
	165,978	129,452
Movements in provisions		
Leave and entitlements (see note 8)	(19,631)	92,563
Doubtful debts	-	5,000
	(19,631)	97,563
Rental expenses on operating leases		
Lease payments	458,997	319,344
	458,997	319,344
Remuneration of the auditors		
Auditing the accounts	21,500	21,000
Other services	2,500	3,900
	24,000	24,900
(c) Significant Revenue and Expense Items		
The following revenue and (expense) items are relevant in explaining the financial performance:		
Diminution in value of investment	(106,103)	(198,474)
3. CASH AND CASH EQUIVALENTS		
Cash at bank	991,180	229,603
Cash on hand	400	400
	991,580	230,003
4. TRADE AND OTHER RECEIVABLES		
Interest receivable	-	11,824
Income receivable	340,586	220,699
Less: Provision for doubtful debts	(7,500)	(7,500)
Deferred expenses	43,433	121,493
Receivable from Australian Taxation Office	-	33,747
	376,519	380,263

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

	31/12/2009	30/09/2008		
	\$	\$		
5. OTHER CURRENT ASSETS				
Listed securities at market value	470,400	672,801		
Unit trusts at market value	640,663	1,011,080		
Cash on deposit	2,339,554	3,378,753		
	3,450,617	5,062,634		
Prize fund balances				
H M Jackson prize fund	6,212	6,374		
A M Parker prize fund	13,306	12,858		
Andrew Prescott Memorial prize fund	10,035	10,037		
The Melville prize fund	41,354	30,951		
Katherine Robertson prize fund	22,509	21,353		
	93,417	81,572		
	3,544,034	5,144,206		
6. (a) INTANGIBLE NON CURRENT ASSETS - WORK IN PROGRESS - IT INFRASTRUCTURE				
Costs-to-date of new Membership database	291,623	-		
	291,623	-		
6. (b) PROPERTY, PLANT AND EQUIPMENT				
Leasehold improvements, at cost	896,044	896,044		
Less: accumulated amortisation	518,224	406,218		
	377,820	489,826		
Computer equipment, at cost	289,088	337,537		
Less: accumulated depreciation	197,578	228,446		
	91,510	109,091		
Furniture and fittings, at cost	34,901	34,901		
Less: accumulated depreciation	21,299	16,693		
	13,602	18,208		
	482,932	617,125		
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 15 months	489,826	109,091	18,208	617,125
Additions	-	31,785	-	31,785
Disposals	-	-	-	-
Depreciation / amortisation expense	(112,006)	(49,366)	(4,606)	(165,978)
Carrying amount at the end of 15 months	377,820	91,510	13,602	482,932
7. TRADE AND OTHER PAYABLES				
Unsecured:				
Sundry creditors and accruals	291,841			1,094,759
Registration fees for conferences and seminars received in advance	410,925			422,209
Lease Incentive	-			26,345
	702,766			1,543,313

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

8. CURRENT PROVISIONS

Employee entitlements

	Annual Leave & Bonus	Long Service Leave	Total
Opening balance	175,505	43,199	218,704
Additional provision raised during the year	131,226	30,459	161,685
Amounts used	(163,309)	(18,007)	(181,316)
Closing Balance	143,422	55,651	199,073

	Note	31/12/2009	30/09/2008
		\$	\$
(a) Aggregate employee entitlement liability		199,073	218,704
(b) Number of employees at year end		21	24

9. CAPITAL AND LEASING COMMITMENTS

Operating Leases

Lease rental expense and commitments:

Rentals charged to income statement		458,997	319,344
Lease commitments:			
Not later than 12 months		14,915	262,708
Between 12 months and five years		7,457	26,101
Greater than five years		-	-
Total operating lease commitments	(a)	22,372	288,809

Other Commitments

Capital and Other expenditure commitments contracted for

UAM Textbook		55,000	64,000
IT Infrastructure		100,000	-
Payable within twelve months		155,000	-

(a) Building Rent Agreement expired on 1 May 2009 with a 5 year option to renew at market rates. This option was exercised but is subject to agreement on the market value of rent of Challis House as at the date of renewal of the lease. As at 31 December 2009 negotiations were in progress but not concluded. Accordingly, whilst a lease was in place at that date, the quantum of lease rental commitment was unable to be determined.

10. RELATED PARTY TRANSACTIONS

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

S R Antcliff (to Dec 08)	B Hinton	B E Rafe (from Dec 08)
M H Baxter (to May 09)	C R J Latham	D A Smith (from Dec 08)
W H Cannon (to Dec 08)	I W Laughlin	T J Thompson
A J Carey	G C Martin (to Dec 08)	M E Turner (to Dec 08)
E Fabrizio	J M Newman	B A Watson (to Dec 08)
D M Goodsall (from Dec 08)	B M Nicholls	G S Y Yu (from Jun 09)

(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 Australian Government Actuary, which is related to S R Antcliff, in relation to Commercial Actuarial Practice course fees. The amount incurred during the year was \$24,350 (2007/08 \$16,300).

Ian laughlin was contracted by the Institute to write a chapter for the new Part II text book at fee of \$3,000. InConsult, with whom Ian has a commercial relationship, were engaged to undertake the risk management review for the Institute. The amount incurred during the year was \$18,810.

There was a contract with QBE, which is related to B M Nicholls, in relation to insurance policies taken out. The amount incurred during the year was \$13,701 (2007/08 \$12,148).

There was a contract with KPMG, which is related to G C Martin, in relation to venue hire for functions and meetings. The amount incurred during the year was \$23,529 (2007/08 \$1,644).

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

10. RELATED PARTY TRANSACTIONS (continued)

There was a contract with Professional Financial Solutions, which is related to J M Newman, in relation to the rental of additional office floor space at Challis House. The amount incurred during the year was \$20,050 (2007/08 \$15,110).

- (c) Donations were made during the year to the Macquarie University Actuarial Foundation for \$85,288 and the University of NSW Actuarial Foundation for \$314,712.
- (d) The former Chief Executive of the Institute, Mr John Maroney, is a Fellow of the Institute.
- (e) There were no other transactions with related parties during the year.

11. 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:

Weighted Average Effective Interest Rate:	15 months to 31/12/2009 %	12 months to 30/09/2008 %
Financial Assets		
Cash at Banks	1.21	2.87
Cash on deposit	4.41	6.79
Investments	5.26	9.05
	31/12/2009	30/09/2008
	\$	\$
Floating Interest Rate: Financial Assets		
Cash at Banks	991,180	229,603
Cash on deposit	-	-
Investments	563,817	754,374
Total Financial Assets	1,554,997	983,977
Fixed Interest Rate Maturing within 1 year: Financial Assets		
Cash at Banks	-	-
Cash on deposit	2,339,554	3,378,753
Investments	-	-
Total Financial Assets	2,339,554	3,378,753
Fixed Interest Rate Maturing within 1-5 years: Financial Assets		
Cash at Banks	-	-
Cash on deposit	-	-
Investments	-	-
Total Financial Assets	-	-
Non-Interest Bearing: Financial Assets		
Cash at Banks	-	-
Cash on deposit	-	-
Investments	640,663	1,011,080
Total Financial Assets	640,663	1,011,080

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

11. FINANCIAL INSTRUMENTS (continued)

(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 credit worthy 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 balance sheet and in the notes to the financial statements.

(d) Net Fair Values

The net fair value of listed investments has 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 other assets and liabilities, the net fair value is their carrying value in the balance sheet.

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

(e) 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 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 \$1,111,061 (2007/08 \$1,683,881) with exposure to market risk.

Sensitivity analysis

The following table illustrates sensitivities to the Institute's exposures to changes in interest rates and equity prices. 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 \$
Period ended 31/12/2009			
+/- 2% in interest rates	+/-	48,659	48,659
+/- 10% in listed & unlisted investments	+/-	111,106	111,106
Year ended 30/09/2008			
+/- 2% in interest rates	+/-	75,177	75,177
+/- 10% in listed & unlisted investments	+/-	138,537	138,537

12. 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:

	31/12/2009 \$	30/09/2008 \$
Cash	991,580	230,003

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009 (continued)

12. CASH FLOW INFORMATION (continued)

	15 months to 31/12/2009	12 months to 30/09/2008
(b) Reconciliation of Cash Flow from Operations with Net Surplus		
Net Surplus/(Deficit)	175,268	9,739
Non-Cash Flows in Surplus		
Depreciation and amortisation	165,977	129,452
Loss on disposal of assets	4,381	-
Non-cash other (income) / expenses	(42,571)	-
Changes in Assets and Liabilities		
Decrease/(increase) in interest receivable	(10,456)	10,511
Decrease/(increase) in income receivable	(97,607)	(120,935)
Increase/(decrease) in doubtful debts	-	5,000
Decrease/(increase) in deferred expenses	78,060	(137,540)
Decrease/(increase) in receivable from ATO	33,747	62,728
Increase/(decrease) in sundry creditors	(802,918)	(257,637)
Increase/(decrease) in income in advance	(11,284)	390,409
Decrease/(increase) in market value of investments	106,103	21,650
Increase/(decrease) in employee provisions	(19,631)	92,563
Net cash provided by operating activities	(420,930)	205,939

13. 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 3,588 (2008: 3,481).

14. SEGMENT INFORMATION

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

15. COMPANY DETAILS

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

16. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Since Balance Date no significant event has occurred which would have a material impact on the content of this report.


THE INSTITUTE OF ACTUARIES OF AUSTRALIA

AUDITORS' DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

The additional financial presented on page 24 to page 26 is presented in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of The Institute of Actuaries of Australia for the 15 month period ended 31 December 2009.


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 otherwise however caused.



F. GIANNUZZI
Partner
Sydney

Date: 20 April 2010



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 FIFTEEN MONTHS ENDED 31 DECEMBER 2009

	15 months to 31/12/2009 \$	12 months to 30/09/2008 \$
REVENUE		
Administration		
Interest	178,514	225,937
Trust Distributions	83,334	131,115
Market Value Fluctuations on Investments	(106,103)	(198,474)
Realised Gains/(Losses) on Sale of Investments	(4,381)	9,682
Prize Funds Income	3,274	4,566
Prize Funds Donations	15,500	15,440
	170,138	188,266
Professional Development		
Seminars & Programs	1,805,438	588,628
	1,805,438	588,628
Education		
ActEd Royalties	-	-
Tuition Service (UK)	113,217	66,062
Professionalism Course	237,358	156,315
Part III (inc CAP) Course Fees	2,422,935	2,036,391
Exemption Fees	1,055,783	686,665
	3,829,293	2,945,433
Knowledge		
Advertising	67,182	39,950
Sales of Publications	133,786	132,504
Research & Reports	250	250
	201,217	172,704
Member Services		
Members' Subscriptions	3,126,365	2,277,989
Entrance Fees	110,618	67,726
Job Advertisements	113,300	150,500
Member Functions	50,580	50,528
Other	7,935	1,850
	3,408,798	2,548,593
TOTAL REVENUE	9,414,885	6,443,624
LESS EXPENDITURE		
Administration		
Professional Fees including Audit	87,589	19,400
Legal Fees	46,144	2,391
General	59,784	9,818
Staff Amenities & Travel	31,511	31,890
Insurances	50,571	24,295
Merchant Expenses & Bank Charges	8,404	4,165
Premises	493,391	345,196
Depreciation & Amortisation	165,977	129,452
Provision for Doubtful Debts	-	5,000
Computer & Telecommunications	231,758	165,060
Stationery/Printing, Subs & Couriers	94,515	98,310
Prizes Paid & Bank Charges	13,130	16,850
Hong Kong Office	36,865	23,384
	1,319,639	875,212

Members Profit and Loss Account

THE INSTITUTE OF ACTUARIES OF AUSTRALIA PRIVATE INFORMATION FOR THE MEMBERS PROFIT AND LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009

	Note	15 months to 31/12/2009 \$	12 months to 30/09/2008 \$
LESS EXPENDITURE (continued)			
Employment			
Salaries & Superannuation		3,259,049	2,554,176
On Costs		194,758	129,240
Fringe Benefits Tax		(9,510)	21,317
Recruitment/Training		116,119	34,931
		3,560,415	2,739,664
Professional Development			
Seminars & Program		1,103,207	447,949
		1,103,207	447,949
University Foundation Grants			
Macquarie University Actuarial Foundation		85,288	100,000
University of NSW Actuarial Foundation	(a)	314,712	230,000
		400,000	330,000
(a) Includes a contribution of \$85,288 to ANU, \$67,377 to Curtin University of Technology and \$76,759 to University of Melbourne.			
Education			
Course Development		15,557	53,020
Part III (inc CAP)		1,612,841	1,082,460
Professionalism Course		86,704	73,369
University Prizes & Scholarships		23,300	16,936
		1,738,402	1,225,785
Knowledge			
Actuary Australia, AAJ & Other Publications		267,572	185,858
ARCA		-	169
		267,572	186,027
Governance			
Disciplinary Scheme		3,297	35,560
Professional Standards Review		1	247
		3,298	35,806
Public Affairs			
Functions		889	3,943
Consultants' Fees		146,991	84,226
Subscriptions		23,383	21,792
Travel & Other		788	4,633
Representation/Training		20,826	27,445
		192,877	142,039
Member Services			
Member Functions		164,662	113,620
IAA Subscriptions		37,623	25,878
		202,285	139,498
Council and CEO			
International Representation		197,669	172,614
Council and Committees		179,279	80,239
		376,949	252,853
Strategic Projects			
Strategic Projects		74,972	59,052
TOTAL EXPENDITURE		9,239,615	6,433,886

Prize Fund Movements

PRIVATE INFORMATION FOR MEMBERS PRIZE FUND MOVEMENTS FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2009

	15 months to 31/12/2009 \$	12 months to 30/09/2008 \$
Receipts into and payments from the prize funds have been reflected in the Institute's profit and loss account as follows:		
Interest Received	2,117	3,501
Donations Received	15,500	15,440
Prizes Paid	(6,930)	(16,850)
	10,687	2,091
The detailed movements in each account are as follows:		
H M Jackson Prize Fund		
Balance at beginning of year	6,374	6,197
Supplementation from Melville Prize Fund	3,095	2,950
Supplementation from the Institute	-	86
Interest received	223	391
Prize paid	(3,480)	(3,250)
Balance at end of year	6,212	6,374
A M Parker Prize Fund		
Balance at beginning of year	12,858	12,080
Supplementation from Melville Prize Fund	-	-
Interest received	448	778
Prize paid	-	-
Balance at end of year	13,306	12,858
Andrew Prescott Memorial Prize Fund		
Balance at beginning of year	10,037	9,734
Supplementation from Melville Prize Fund	3,063	4,865
Interest received	385	688
Prizes paid	(3,450)	(5,250)
Balance at end of year	10,035	10,037
The Melville Prize Fund		
Balance at beginning of year	30,951	28,982
Donations received	15,500	15,440
Interest received	1,061	1,644
Supplementation to other prize funds	(6,158)	(7,815)
Melville Practitioners & Financial Services Forum Award paid	-	(7,300)
Balance at end of year	41,354	30,951
Katherine Robertson Prize Fund		
Balance at beginning of year	21,353	21,339
Increase/(Decrease) in Market Value	1,156	1,064
Interest received	-	-
Prize paid	-	(1,050)
Balance at end of year	22,509	21,353