

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
FINANCIAL REPORT
& COUNCIL'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012





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Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2012

Council submits herewith its report on the Institute for the year ended 31 December 2012. 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.

Overview of result for the twelve months to 31 December 2012

In accordance with a deliberate strategy to reduce surplus funds the operating surplus for the year was \$102,386, being \$559,406 lower than the surplus for the year ended 31 December 2011.

Total revenue declined in 2012 by \$313K or 3.8%. A reduction in the number of major events held in 2012 (four compared to six in 2011) and an increase in the number of member free events has resulted in a reduction in events revenue of \$451K and reduction in net contribution of \$201K. Education revenues declined in 2012 by \$335K from a net reduction in course fees of \$85K; reduction in exemption fees of \$29K and a reduction in the net fees from UK exams of \$43K. The remaining difference of \$178K is due to reclassification of revenue from publications to knowledge revenue. Investment and Other Revenues include significant donations totalling \$225K.

Total expenses for 2012, which included expenditure on strategic projects on enhancing members' experience of \$188K, were higher by \$247K or 3.3% over 2011. During the year hosting and support of the Institute's IT infrastructure was outsourced with all servers now hosted in a tier 3 secure data centre.

Subsequent to 31 December 2012 the Institute received notification of a possible claim in defamation from a member. The Institute considers that the potential liability, if any, arising from this matter is unlikely to be material. No other 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 2012.

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 2012 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 are entitled to attend all Institute events free of charge. 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 12 to the Financial Statements on page 30.

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2012

During the financial year, the Institute paid a premium of \$6,453 (2011 \$9,494) 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.

The Institute was not a party to any legal proceedings during the year and no person sought leave to bring proceedings on its behalf.

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 their qualifications and experience are:

Caroline Bayliss FIA FIAA

Caroline is the Head of Insurance Risk at the Commonwealth Bank of Australia, responsible for the valuation services of the Retail Advice, Wholesale and Direct Life lines of business for CBA's Commlnsure business, as well as the life reinsurance function of the company covering reinsurance strategy and direction of operations, and the management of the insurance risk of the business.

Caroline's previous roles include Business Actuary for MLC Corporate Solutions and as a Principal and Consultant for Aon Consulting's pensions practice in London. Caroline has been involved in financial services consulting and corporate actuarial work for over 20 years.

Councillor: 1 January 2011 to present

Council Committee service during 2012

Education Council Committee

Andrew Boal BSc FIAA

Andrew is the Managing Director of Towers Watson in Australia and is responsible for the management and growth of the organisation across all lines of business, encompassing superannuation, technology and administration solutions, talent management, communication, investment and risk.

With over 29 years consulting experience in the superannuation and employee benefits industries, Andrew is an active contributor to the superannuation industry. He is a regular speaker at major industry events and drives much of Towers Watson's thought leadership in superannuation. He also continues to provide strategic consulting advice to key clients.

Councillor: 1 January 2012 to 31 December 2012

Council Committee service during 2012

HR & Remuneration Council Committee

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2012

Peter Carroll BA FIAA

Peter has been an academic, a principal in a large international consulting firm and, since 1994, a self-employed consulting actuary specialising in health insurance. He has been responsible for many large assignments in Australia and internationally and his regular clients have included an industry superannuation fund since 1990, a private health insurer since 2005, and a major university where he was Actuary in Residence in 2010 and has since continued casual teaching and research.

Peter has often given evidence as an expert in Courts and Tribunals and has numerous publications. He has served as a director on the governing Council of Macquarie University, and on other bodies, including a previous term on the Council of the Institute of Actuaries of Australia.

Councillor: 1 January 2013 to present
Council Committee service during 2012

N/A

David Goodsall BA FIAA ASA CERA

David is the Founder and Director of Synge and Noble Pty Ltd, providing professional advice to financial services companies. 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 this, 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.

Councillor: 17 December 2008 to 31 December 2012

Council Committee service during 2012

Audit and Risk Council Committee
International Council Committee
Presidential Committee

Julian Gribble PhD FIAA FSA FCIA CERA FASFA MAICD NRMIA

Currently Director of Enterprise Metrics, Jules has previously been a Partner at Ernst & Young; Director, Askit Consulting; Director, John Ford & Associates; and a Consultant with Tillinghast – Towers Perrin.

Jules has over 25 years national and international actuarial and business experience in financial services in superannuation and wealth management, life insurance, risk management, governance and supervision. Jules also holds positions with University of Melbourne as an Honorary Senior Fellow with the Centre for Actuarial Studies, RMIT University through the Australian APEC Study Centre's Advisory Board, and the Australian Centre for Financial Studies through its Advisory groups.

Councillor: 1 January 2011 to present
Council Committee service during 2012

Education Council Committee
Research Council Committee

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2012

Andrew Huszczo BEc FIAA

Andrew is the Appointed Actuary – General Insurance for the Suncorp Group. Prior to joining Suncorp in 2011, Andrew was the Chief Actuary and Chief Risk Officer from 2000 to 2011 with Allianz Australia. He has previously worked for GIO Australia, MIRA Consultant Ltd and the Government Insurance Office of New South Wales.

Andrew has over 25 years experience across all areas of general insurance in both corporate and consulting environments, including 10 years as Appointed Actuary for Allianz and Suncorp.

Councillor: 1 January 2011 to present

Council Committee service during 2012

Nominations Council Committee

John Newman BBusSc (Hons) FIAA

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 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.

Councillor: 19 December 2007 to present

Council Committee service during 2012

HR & Remuneration Council Committee

International Council Committee

Presidential Committee

Public Policy Council Committee

Michael O'Neill BActS (Hons)/LLB FIAA

Michael is an equities manager specialising in financial sector companies including Insurance and Banks, along with companies in the Information Technology and Media sectors. He joined Investors Mutual in 2010 and was previously with Cannae Capital Partners. Prior to this Michael was Actuary, AGA, Commonwealth Treasury.

Councillor: 1 January 2010 to present

Council Committee service during 2012

Research Council Committee

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2012

Estelle Pearson BA (Hons) (*Oxon*) FIAA

Estelle is a Principal and Managing Director of Finity Consulting. Prior to joining Finity in March 2005, Estelle was a partner at Trowbridge Deloitte for 5 years, following 7 years as a Principal at Trowbridge Consulting and having held consulting roles in both Sydney and the United Kingdom.

Estelle has more than 20 years of general insurance experience and holds a number of Appointed Actuary and External Peer Review Actuary positions.

Councillor: 1 January 2011 to present

Council Committee service during 2012

Public Policy Council Committee

Lisa Simpson MEC FIAA

Lisa is a Partner in PricewaterhouseCoopers General Insurance Practice in Melbourne. She specialises in providing advice to general insurers, accident compensation schemes and governments. Lisa has extensive experience in compulsory third party insurance and workers compensation, advising on pricing, outstanding claims reserving, capital modelling, forecasting and consulting advice on proposed Scheme changes. Lisa also has specialist skills in reinsurance, international financial reporting standards, actuarial audit and external peer review and US GAAP reporting.

Councillor: 7 January 2013 to present

Council Committee service during 2012

N/A

Lindsay Smartt BA FIAA FNZSA ASA

Lindsay has over 30 years experience in the financial services industry and is currently employed by Munich Re as their Chief Risk Officer in Australia and New Zealand, having joined in 2008.

Previously Lindsay has worked in life insurance, reinsurance and wealth management across the Asia Pacific region including a spell successfully operating his own consultancy.

Councillor: 1 January 2010 to present

Council Committee service during 2012

Audit and Risk Council Committee

Daniel Smith BSc FIAA FNZSA GAICD

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 has been involved in a wide range of projects for general insurance companies, accident compensation schemes and government departments which include Appointed Actuary and External Peer Review roles.

Councillor: 17 December 2008 to present

Council Committee service during 2012

Audit and Risk Council Committee

Presidential Committee

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2012

Stephen Woods BEc FIAA FFin

Stephen is a Director of Panther Trust Australian Shares Investment, a managed investment scheme, and Hunter Pty Ltd, a diversified services company.

Previously Stephen has held executive positions including General Manager at REST Superannuation, Head of MLC Group Insurance at NAB, Senior Manager at KPMG and Investment Services Manager and Consultant at Towers Watson, specialising in projects involving large-scale, complex environments with multiple stakeholders.

Councillor: 1 January 2011 to present

Council Committee service during 2012

Education Council Committee

Gloria Yu BCom FIAA MAICD LRSM LMusA ATCL

Gloria is a Director at Deloitte, where she is building the general insurance actuarial practice. She has been working in the general insurance industry since 2001.

Prior to joining Deloitte, Gloria was a Manager in the General Insurance Actuarial Department in Westpac, having previously worked in a number of consultancies and a global financial services company.

Councillor: 23 June 2009 to present

Council Committee service during 2012

Audit and Risk Council Committee

Public Policy Council Committee

Company Secretary's qualifications and experience

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

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, Certificate in Governance Practice (Chartered Secretaries Australia), 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.

Company Secretary: from 25 October 2006 to present

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

Report of Council

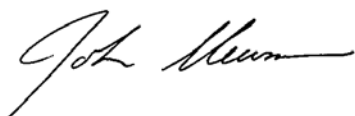
THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2012

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

Councillor	Council	Audit and Risk Council Committee	Education Council Committee	Presidential Committee	HR and Remuneration Council Committee
C A Bayliss	4 of 4		3 of 4		
A R Boal	4 of 4				
D M Goodsall	4 of 4	3 of 4		4 of 4	
J D Gribble	4 of 4		0 of 2		
A J Huszczo	3 of 4				
J M Newman	4 of 4			3 of 4	2 of 2
M J O'Neill	3 of 4				
E E Pearson	3 of 4				
L R Smartt	4 of 4	4 of 4			
D A Smith	4 of 4	4 of 4		4 of 4	
S M Woods	3 of 4		1 of 3		
G S Y Yu	4 of 4	3 of 4			
Councillor		International Council Committee	Nominations Council Committee	Public Policy Council Committee	Research Council Committee
C A Bayliss					
A R Boal					
D M Goodsall		3 of 3			
J D Gribble					5 of 5
A J Huszczo			2 of 2		
J M Newman		3 of 3		3 of 3	
M J O'Neill					0 of 5
E E Pearson				2 of 3	
L R Smartt					
D A Smith					
S M Woods					
G S Y Yu				3 of 3	

The auditor's independence declaration as required under section 307C of the Corporations Act 2001, for the year ended 31 December 2012 has been received and can be found on page 12.

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



J M NEWMAN
President
Sydney, 12 March 2013



D A SMITH
Senior Vice President

Council and Audit Declarations

THE INSTITUTE OF ACTUARIES OF AUSTRALIA DECLARATION BY MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 December 2012

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 2012 and of the performance for the year then ended 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:



J M NEWMAN
President
Sydney, 12 March 2013



D A SMITH
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 year ended 31 December 2012, 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.



Franco Giannuzzi
Partner
Sydney

Signed on 12 March 2013



UHY Haines Norton
Chartered Accountants

**INDEPENDENT AUDIT 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 statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Councillors' declaration.

Councillors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1, the Councillors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true 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 Councillors, 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*.

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 2012 and its financial performance and its cash flows for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.


Franco Giannuzzi
Partner

Sydney Signed on 12 March 2013


UHY Haines Norton
Chartered Accountants

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Year Ended 31/12/2012 \$	Year Ended 31/12/2011 \$
Revenues			
Events revenues		915,003	1,366,081
Education revenues		3,041,177	3,375,939
Knowledge revenues		319,974	69,145
Member Services revenues		2,975,258	3,004,860
Investment and Other Revenue		677,431	425,592
Total Revenues	3	7,928,843	8,241,617
Expenses			
Office Support & Services		(2,612,305)	(2,148,490)
Events expenses		(954,524)	(1,204,470)
University Foundation & Research Grants		(379,112)	(320,090)
Education expenses		(1,772,779)	(1,883,700)
Knowledge expenses		(240,448)	(154,254)
Governance expenses		(369,105)	(365,505)
CEO & Public Face expenses		(845,167)	(922,231)
Member Services expenses		(283,442)	(413,991)
Council expenses		(181,552)	(167,094)
Strategic Projects		(188,023)	-
Total Expenses	3	(7,826,457)	(7,579,825)
Surplus before income tax expense		102,386	661,792
Income tax expense	1	-	-
Surplus after income tax expense		102,386	661,792
Other Comprehensive Income, net of tax		-	-
Surplus attributable to members		102,386	661,792

The accompanying notes form part of these financial statements.

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31/12/2012 \$	31/12/2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,999,808	3,770,369
Trade and other receivables	5	296,119	277,795
Financial assets	6	4,775,579	4,538,906
Total current assets		9,071,506	8,587,070
NON CURRENT ASSETS			
Financial assets	6	80,565	80,565
Property, plant and equipment	7	358,018	297,026
Intangibles	8	233,993	266,197
Total non current assets		672,576	643,788
TOTAL ASSETS		9,744,082	9,230,858
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	2,982,948	2,644,992
Provisions	10	405,013	333,521
Total current liabilities		3,387,961	2,978,513
NON CURRENT LIABILITIES			
Provisions	10	78,959	77,569
Total non current liabilities		78,959	77,569
TOTAL LIABILITIES		3,466,920	3,056,082
NET ASSETS		6,277,162	6,174,776
MEMBERS' FUNDS			
Retained surplus		6,277,162	6,174,776
TOTAL MEMBERS' FUNDS		6,277,162	6,174,776

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 2012

	31/12/2012 \$	31/12/2011 \$
Balance at 1 January	6,174,776	5,512,984
Surplus after income tax expense for the year	102,386	661,792
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	102,386	661,792
Balance at 31 December	6,277,162	6,174,776

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 2012

	Note	31/12/2012 \$	31/12/2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and others		7,885,938	9,065,448
Interest received		485,321	307,348
Trust distributions		24,628	29,858
Payments to suppliers and employees		(7,589,435)	(7,204,340)
Net cash inflow from operating activities	14(b)	806,453	2,198,314
CASH FLOWS FOM INVESTING ACTIVITIES			
Proceeds from disposal of investments		4,063	1,083,492
Payments for investments		(221,126)	(153,687)
Purchase of property, plant and equipment		(359,950)	(42,598)
Net cash inflow/(outflow) from investing activities		(577,013)	887,207
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash inflow/(outflow) from financing activities		-	-
Net increase in cash held		229,439	3,085,521
Cash at the beginning of year		3,770,369	684,848
Cash at the end of year	14(a)	3,999,808	3,770,369

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 2012

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 company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets

The company has applied AASB 2010-6 amendments from 1 January 2012. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when

- (i) an asset is transferred but is not derecognised; and
- (ii) when assets are derecognised but the company has a continuing exposure to the asset after the sale.

AASB 1054 Australian Additional Disclosures

The company has applied AASB 1054 from 1 January 2012. The standard sets out the Australian-specific disclosures as a result of Phase 1 of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project

The company has applied AASB 2011-1 amendments from 1 January 2012. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ("IFRSs") and harmonisation between Australian and New Zealand standards. The amendments remove certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

1. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and associated regulations and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

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.

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 company'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.

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

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	20% - 33.33%
Furniture & Fittings	13%
Leasehold Improvements	the period of the lease and lease option

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

1. Significant accounting policies (continued)

Depreciation (continued)

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 company. 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.

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.

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 Statement of 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 Comprehensive Income.

Trade and Other Receivables

Trade and other receivables are recorded at amortised costs 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.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

1. Significant accounting policies (continued)

Revenue Recognition

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

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 is deferred as a liability or asset, as appropriate. (Note 5 - Deferred expenses and Note 8 - Registration fees received in advance, respectively).

Interest

Interest revenue is recorded on an accruals basis and trust distributions are recognised on a distribution basis.

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.

All other employee benefit liabilities are 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 national government 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.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

1. Significant accounting policies (continued)

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 are being amortised over three years commencing from the middle of 2010.

Donations Received

During 2012 two donations of significant value were received. These donations did not have any conditions attached to them that would have required them to be reported in the Statement of Financial Position. Accordingly the treatment of these donations was to record them as income in the Statement of Comprehensive Income which is consistent with the treatment of donations received in prior years.

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 YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2012. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The company will adopt this standard from 1 January 2013 but the impact of its adoption is yet to be assessed by the company.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the company from 1 January 2013 should be minimal, although there will be increased disclosures where fair value is used.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

1. Significant accounting policies (continued)

AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. This amendment will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 January 2013 is expected to reduce the reported annual leave liability of the company by an immaterial amount.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

These amendments are applicable to annual reporting periods beginning on or after 1 July 2012. The amendments require grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The adoption of the revised standard from 1 January 2013 will impact the company's presentation of its statement of comprehensive income.

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 company 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 2012 (CONTINUED)

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

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

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. 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 at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

	31/12/2012	31/12/2011
	\$	\$
3. REVENUE AND EXPENSES		
(a) Revenue		
Revenue from operating activities		
Provision of services and sale of goods	7,251,412	7,853,207
Total Revenue from operating activities	7,251,412	7,853,207
Revenue from non-operating activities		
Interest received	397,033	387,834
Donations received	225,000	-
Trust distributions received	24,628	29,858
Market value fluctuations of investments	66,454	(54,947)
Realised gains/(losses) on sale of investments	(43,492)	25,665
Other sundry income	7,808	-
Net Revenue from non-operating activities	677,431	388,410
Total Revenue	7,928,843	8,241,617
(b) Expenses requiring additional disclosure		
Amortisation and Depreciation of assets:		
Leasehold improvements	100,685	93,133
Office equipment	57,748	57,742
Furniture and fittings	3,238	3,868
	161,671	154,743
Movement in provisions		
Leave and entitlements (see note 10)	72,883	14,113
Doubtful debts	-	-
	72,883	14,113
Rental expenses on operating leases		
Lease payments	315,919	331,834
	315,919	331,834
Remuneration of the auditors		
Auditing the accounts	24,150	26,300
Other audit related services	8,100	-
	32,250	26,300

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

	31/12/2012 \$	31/12/2011 \$
4. CASH AND CASH EQUIVALENTS		
Cash at bank and cash equivalents	3,999,408	3,769,969
Cash on hand	400	400
	3,999,808	3,770,369
5. TRADE AND OTHER RECEIVABLES		
Interest receivable	45,385	133,674
Other income receivable	106,056	64,281
Less: Provision for doubtful debts	(7,500)	(7,500)
Deferred expenses	152,178	87,340
	296,119	277,795
6. FINANCIAL ASSETS - Current		
Listed securities at market value	473,385	451,335
Unit trusts at market value	32,932	40,207
Cash on deposit	4,269,262	4,047,364
	4,775,579	4,538,906
FINANCIAL ASSETS - Non-Current		
Cash on deposit	80,565	80,565
	80,565	80,565
7. NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	939,119	922,922
Less: accumulated amortisation	(801,646)	(700,961)
	137,473	221,961
Computer and office equipment, at cost	428,852	264,845
Less: accumulated depreciation	(210,491)	(195,202)
	218,361	69,643
Furniture and fittings, at cost	32,129	34,901
Less: accumulated depreciation	(29,945)	(29,479)
	2,184	5,422
	358,018	297,026

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

7. NON-CURRENT ASSETS, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2011	288,216	123,265	9,290	420,771
Additions	26,878	4,120	-	30,998
Disposals	-	-	-	-
Depreciation / amortisation expense	(93,133)	(57,742)	(3,868)	(154,743)
Balance at 31 December 2011	221,961	69,643	5,422	297,026
Additions	16,197	206,466	-	222,663
Disposals	-	-	-	-
Depreciation / amortisation expense	(100,685)	(57,748)	(3,238)	(161,671)
Balance at 31 December 2012	137,473	218,361	2,184	358,018

	31/12/2012 \$	31/12/2011 \$
8. INTANGIBLE ASSETS		
Computer software and IT infrastructure, at cost	610,200	506,333
Less: accumulated amortisation	(409,627)	(240,136)
	200,573	266,197
Website development work in progress	33,420	-
	233,993	266,197
9. TRADE AND OTHER PAYABLES		
Unsecured:		
Sundry creditors and accruals	502,837	398,706
Enrolments and Registration fees received in advance	415,807	252,765
Unearned income	2,064,304	1,993,521
(Membership renewals received in advance)		
	2,982,948	2,644,992

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

10. Provisions

Employee entitlements			
Current	Bonuses	Annual Leave	Total
Opening Balance	222,000	111,521	333,521
Increase in provision during the year	281,145	83,513	364,658
Amounts used	(222,000)	(71,166)	(293,166)
Closing Balance	281,145	123,868	405,013
Non-current		Long Service Leave	Total
Opening Balance		77,569	77,569
Increase in provision during the year		16,636	16,636
Amounts used		(15,246)	(15,246)
Closing Balance		78,959	78,959
Total Provisions			483,972

	Note	31/12/2012 \$	31/12/2011 \$
(a) Aggregate employee entitlement liability		483,972	411,090
(b) Number of employees at year end		24	24

11. CAPITAL AND LEASING COMMITMENTS

Operating Leases			
Lease rental expenses and commitments:			
Rentals charged to Statement of Comprehensive Income		315,919	331,834
Lease commitments:			
Not later than 12 months		312,200	314,113
Between 12 months and five years		171,811	579,440
Greater than five years		-	-
Total operating lease commitments	(a)	484,011	893,553

(a) Building rent agreement is due to expire on 1 May 2014

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

12. RELATED PARTY TRANSACTIONS

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

C A Bayliss	A J Huszczo	L R Smartt
A R Boal	J M Newman	D A Smith
D M Goodsall	M J O'Neill	S M Woods
J D Gribble	E E Pearson	G S Y Yu

- (b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 16

- (c) 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 A J Huszczo as a Course Leader. The amount incurred during the year was \$3,150 (2011 \$1,225).

There was a contract with Professional Financial Solutions, which is related to J M Newman, in relation to public policy consulting services. The amount incurred during the year was \$124,273 (2011 \$111,012).

There was a contract with Hunter Pty Ltd, which is related to S M Woods, in relation to services as the Practice Committee Liaison Actuary and as a Chief Examiner. The amount incurred during the year was \$29,326 (2011 \$71,658).

There was a contract with Taylor Fry Pty Ltd, which is related to D A Smith, in relation to research projects. The amount incurred during the year was \$26,375 (2011 \$13,000).

- (d) The Chief Executive Officer of the Institute, Ms Melinda Howes, is a Fellow of the Institute.
- (e) There were no other transactions with related parties during the year.

13. 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:

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

13. FINANCIAL INSTRUMENTS (Continued)

	31/12/2012	31/12/2011
Weighted Average Effective Interest Rate:	%	%
Financial Assets		
Cash at banks	4.27	3.53
Cash on deposit	5.01	5.35
Investments		
	\$	\$
Floating Interest Rate: Financial Assets		
Cash at banks	593,851	398,312
Cash on deposit	2,556,415	2,561,479
Investments	849,142	810,178
Total Financial Assets	3,999,408	3,769,969
Fixed Interest Rate maturing within 1 year: Financial Assets		
Cash at banks		
Cash on deposit	4,269,262	4,047,364
Total Financial Assets	4,269,262	4,047,364
Fixed Interest Rate maturing within 1 - 5 years: Financial Assets		
Cash at banks		
Cash on deposit	80,565	80,565
Total Financial Assets	80,565	80,565
Non-Interest Bearing: Financial Assets		
Cash at banks		
Cash on deposit		
Investments	506,317	491,541
Total Financial Assets	506,317	491,541

(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 2012 (CONTINUED)

13. FINANCIAL INSTRUMENTS (continued)

(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, their latest quoted unit price or using information supplied by the fund manager. For other assets and liabilities, the net fair value is their carrying 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.

(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. 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 investment holdings of \$506,317 (2011 \$491,541) 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 \$
Year ended 31/12/2012			
+/- 2% in interest rates	+/-	165,373	165,373
+/- 10% in listed & unlisted investments	+/-	50,632	50,632
Year ended 31/12/2011			
+/- 2% in interest rates	+/-	156,344	156,344
+/- 10% in listed & unlisted investments	+/-	49,154	49,154

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

14. 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:

	31/12/2012 \$	31/12/2011 \$
Cash	3,999,808	3,770,369
(b) Reconciliation of Cash Flow from Operations with Net Surplus		
Net Surplus	102,386	661,792
Non-Cash Flows in Surplus		
Depreciation and amortisation	331,162	320,757
Loss on disposal of assets		
Loss on disposal of securities		
Non-cash other (income) / expenses	(769)	(9,911)
Changes in Assets and Liabilities		
Decrease/(Increase) in interest receivable	88,288	(80,486)
Decrease/(Increase) in income receivable	(41,775)	362,321
Increase/(Decrease) in doubtful debts		
Decrease/(Increase) in deferred expenses	(64,838)	(15,867)
Increase/(Decrease) in sundry creditors	104,131	(155,851)
Increase/(Decrease) in income in advance	233,825	848,948
Decrease/(Increase) in market value of investments	(18,838)	40,165
Increase/(Decrease) in employee provisions	72,883	226,446
Net cash provided by operating activities	806,453	2,198,314

15. 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 3,879 (2011: 3,757).

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

16. 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 12. Councillors do not receive remuneration.

The aggregate compensation made to key management personnel is set out below:

	Termination payments	Short-term benefits	Post- employment benefits	Other long-term benefits	Total
2012	-	1,040,138	50,646	10,265	1,101,049
2011	71,645	1,014,356	75,284	44,611	1,205,896

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

	Short-term benefits	Post- employment benefits	Other long-term benefits	Total
2012	2,302,827	163,428	1,391	2,467,646
2011	2,602,893	169,369	34,312	2,806,574

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

Related party transactions:

Related party transactions are set out in note 12

17. SEGMENT INFORMATION

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

18. 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 company:

	2012 \$	2011 \$
Audit services – UHY Haines Norton		
Audit of the financial statements	24,150	26,300
Other audit related services	8,100	-

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

19. COMPANY DETAILS

The registered office of the company is:

Level 7 Challis House
4 Martin Place
SYDNEY NSW 2000

20. CONTINGENT LIABILITIES

The Institute posted letters of offer for research grants before balance date totalling \$55,500 which are awaiting the return of signed contracts (2011: \$147,750).

21. COMMITMENTS

The company has commitments totalling \$593,316; \$41,580 on a contract relating to the website expendable within one year and \$551,736 for hosting and support services of the Institute's IT structure and internet connections expendable over two years as at 31 December 2012 (\$Nil as at 31 December 2011).

22. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2012 the Institute received notification of a possible claim in defamation from a member. The Institute considers that the potential liability, if any, arising from this matter is unlikely to be material. No other 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 2012.