



THE INSTITUTE OF ACTUARIES OF AUSTRALIA

**FINANCIAL REPORT AND COUNCIL'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

To comply with the *Corporations Act 2001* (Act), Council submits its report on the Institute of Actuaries of Australia (Institute) for the year ended 31 December 2021.

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

Overview of result for the twelve months to 31 December 2021

The Institute's Vision and Mission

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

The Mission is:

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

Strategy for achieving the Vision and Mission

In the wake of COVID and its operational impacts on the Institute, the Council and management have been working on a new strategic plan 2022-2024.

2022-2024 Strategic Plan

The strategy that has been set out is fresh and decisive. Four key strategic priorities have been identified:

- Social purpose and brand.
- Member value proposition.
- Professional qualification, certification, and lifelong learning.
- Opportunity and growth.

We know that a community of actuaries that understands and supports this strategy is vital to success. We know that a profession that is growing its membership – and promoting its influence – is one that captures more opportunities for its members. In a pandemic world it is easy for strategy documents to talk of risk and challenge. But as we look at the history, diversity, adaptability, and integrity of our members we see a future full of opportunities. We know that our profession can realise those possibilities and make the world a better place by doing so.

Members will be informed in early 2022 of the 2022-2024 Strategic Plan.

The principal activities of the Institute are:

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

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

- ▶ running of 1-2 major events per year which, in turn, allow for the running of many free or reduced price smaller events like half day and Insights sessions;
- ▶ developing thought leadership and promoting the views of the profession to key decision makers; and
- ▶ providing and active communication of professional standards and other relevant information and services to Members .

Review of operations

The COVID-19 pandemic had a major impact on the operations in 2020, namely the move to online exams and virtual events. These business pivots supported the operations in 2021 and became the standard operating method. Operations have been able to continue very successfully in 2021, delivering a successful financial result and increasing the strategic reserve. This strong financial position will support the growth and development of the membership through the next strategic cycle.

The success of the financial operating result detailed below is based on the decisions made in 2020 to: reduce the cost base of operations; and budget for 2021 with conservative education enrolments (based on unknown ongoing affects of COVID-19 on operations). However, with enrolments rebounding to levels pre COVID-19, service delivery and the cost base was gradually increased throughout the year.



Revenue Growth was primarily driven by enrolments, these increased 65% from 2020 to 2021. There was only one semester of exams in 2020 due to the pivot to online exams in semester 1. Membership numbers grew by 1.9% in 2021.

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

The Institute's finances

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

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

- ▶ Fund the 2022-2024 strategic plan from strategic reserves.
- ▶ At the outset, set budgets to utilise the strategic reserve which will entail budgets that operate at a loss. Reporting will clearly identify normal operating budget and the additional strategic spend.
- ▶ maintain reserves at levels within the Financial Management Policy.

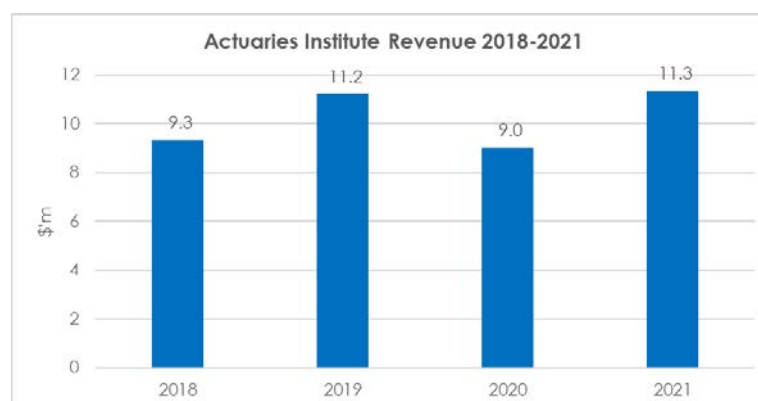
Performance measure

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

The Institute's finances are audited and reported upon annually, in accordance with Australian Accounting Standards.

Year on Year Operating Revenue

Total revenue was \$11,331k (2020: \$9,013k) and total expenses was \$10,826k (2020: \$8,949k) resulting in an operating surplus for the year of \$504k (2020: \$64k). Details of the revenue and expenses are reported in note 3 in 'Notes to the Financial Statements'.



In 2020 (first covid year), revenue declined \$2,837k (not including government subsidies) due to the switch to virtual events and cancellation of semester 2 exams (as the business pivoted to online exams). In 2021 revenue has rebounded and increased by \$2,946k (not including government subsidies). This represents modest revenue growth from 2019 of 1%. Without the effect of Covid the 2021 revenue result is where the 2020 numbers were forecast.

Unrealised currency differences are the result of stating the foreign currency bank accounts in Australian dollars as at 31 December 2021 compared to FX rates at 31 December 2020. The larger than normal

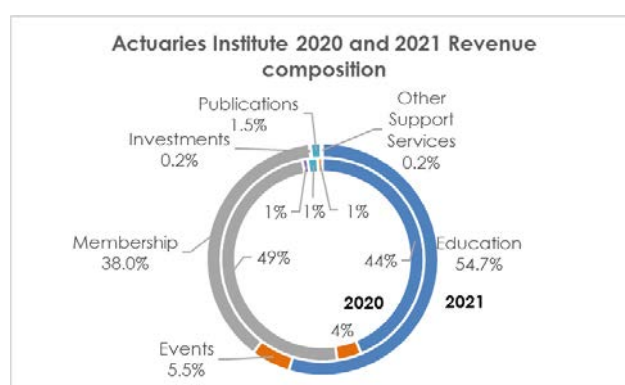
Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

variance in 2020 was due to the exam cancellation and therefore retention of Great British Pounds (GBP). In 2021 all other foreign currency accounts were closed.

Revenue composition change

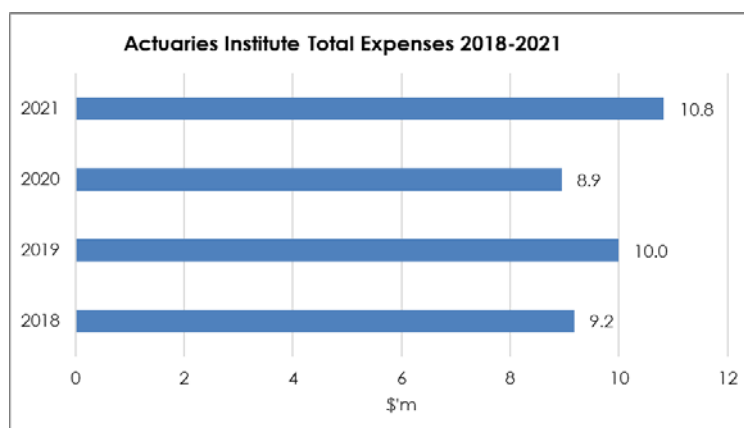
Referring to the chart below, Education revenue now comprises 54.9% of total revenue, an increase of 11.2% from 2020 (first year of COVID) and Membership a reduction of 11.4% in the same period (excluding Covid related government subsidies). With membership growing by 1.9% (continuing the trend in member retention averaging 93%) composition change is primarily from the relative increase in education enrolments as there was only 1 semester (not 2 semesters) of exams in 2020. Coupled with this was the conversion of the event program to virtual rather than face to face.



Year on Year Operating Expenses

Total expenses increased in 2021 by \$1,878k. Education costs increased with the increased revenue and the incorporation of the new education syllabus developed over the last 3 years (following the Education Strategy Review). The other material difference was the amortisation of software and website \$332k and the impairment of software and website \$651k.

During the year management undertook an Information Technology review with the objective of aligning future technology needs with the new strategy. As a result of the review, it was clear that accumulated software costs to remediate past CRM issues and past website improvements should be written off in the accounts as technology has moved on so quickly. Further imminent information technology upgrades to support the new strategic plan render these past efforts as having no future value.



Report of Council

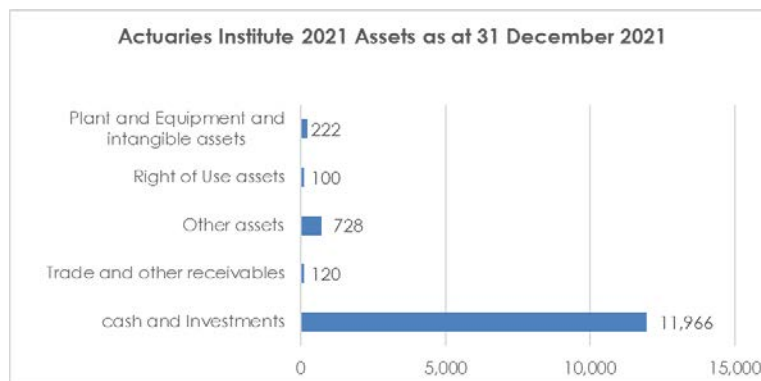
THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

Review of Financial Condition

Member's funds increased from \$6,071k to \$6,576k during the year end 31 December 2021

Assets

The following chart highlights the assets for each category as at 31 December 2021.



Plant and Equipment and Intangibles

Plant and Equipment net assets of \$105k are low due to the end of the office lease in June 2022 with leasehold improvements and other assets almost fully depreciated. Intangible assets have been impaired this year as part of an information technology review timed to align with the new strategy.

Right of Use assets

Right of use assets totalling \$222k represent the office lease as implemented as part of AASB 16. The relatively low level is due to the lease coming to an end in June 2022.

Other Assets

Other Assets include deferred expenditure including venue costs and ICA2023 expenditure. Deferred revenue in liabilities has prepaid conference sponsorship revenue of \$425k.

Trade and Other receivables

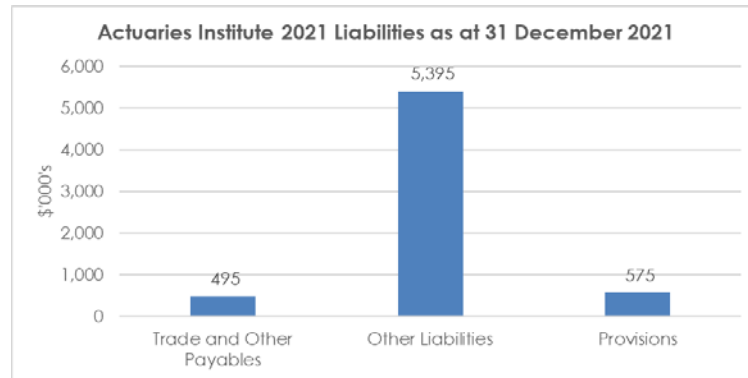
The balance of \$120k relates to normal operating debtors.

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

Liabilities

The following chart highlights the Liabilities for each category as at 31 December 2021.



Trade and Other Payables

Represent normal accruals for operating expenses of the institute.

Other Liabilities

The corresponding lease liability from the introduction of AASB 16 is relatively low due to the end of the property lease in June 2022. The large balance is due to membership (the membership year is 1 Oct to 30 Sept each year and therefore has 9 month revenue deferral) and course and event deferred revenue.

Provisions

Provisions primarily relate to staff annual and long service leave entitlements.

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

Reserves Policy

During the year the reserving policy was reviewed and amended, together with the terminology. The reserving policy sets out two reserves – Business Continuity Reserve (BCR) and Strategic Reserves. The BCR provides cash and cash equivalents for pivoting the business. The BCR is set at 50% of yearly budgeted expenses, which provides a 6-month buffer to pivot the business. Strategic reserves are to accommodate expenditure on strategic transactions such as large technology upgrades or education initiatives. The value of these reserves is set each year using the budget, and at the start of 2021 are \$5,083K for the BCR and \$2,000k for strategic reserves. In the case of a liquidity event the BCR is available to cover members equity and the liability held in respect of deferred member fees is available to achieve this (refer note 18 members guarantee).

Contingent Liabilities:

There is one matter outstanding that may significantly affect the operations of the institute or the state of affairs of the company in subsequent financial years.

A private ruling on education contractors and the potential Superannuation guarantee liability exposure

This matter is in the process of obtaining a private ruling with the Australian Taxation Office and is subject to legal privilege.

Director Remuneration

Council members, in their capacity as directors, receive no remuneration or other benefits, other than free attendance at the Actuaries Summit and the Presidential Committee members who attend all Institute events free of charge. Since the end of the previous financial year, no member of Council who was a member of Council during 2021 has received, or become entitled to receive, a benefit by reason of a contract made by the Institute with that member or with a firm of which s/he is a member or with a company in which s/he has a substantial financial interest for services rendered in connection with the activities of the Institute, except as disclosed in Note 14 to the Financial Statements.

Indemnification and Insurance of Directors and Officers

During the financial year, the Institute had in place an insurance policy covering the Office Bearers against liabilities incurred as such Office Bearers to the extent permitted by law. The Institute has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Institute against a liability incurred.

Member's Guarantee

The Institute is a company limited by guarantee. If the Institute is wound up, the Constitution states that each Member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 31 December 2021, the total amount that Members of the Institute are liable to contribute if the Institute is wound up is \$107,680 (2020: \$99,280).

Environmental regulation

The Institute's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory except to the extent of abiding by the orders and restrictions issued from time to time under the NSW Public Health Act.

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

Information on Councillors

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

Anthony Asher B Bus Sc PhD FIAA

Anthony Asher was an academic at the University of New South Wales from 2011 until October 2020, and now continues his research as Adjunct Associate Professor. He has divided his working life between practice and academia. Living in Australia from 2003, he first served in the policy and research division of the Australian Prudential Regulation Authority and then as a consulting actuary with Deloitte. His early work in life insurance culminated in four years as Chief Actuary of a medium sized insurer in South Africa. He has also served a variety of other financial service organizations as consultant and director.

Councillor

1 January 2021 to present

Council Committee service during 2021

Member, Audit and Risk Council Committee

Gregory Bird BEc FIAA CERA

Greg is a qualified actuary with over 20 years of professional experience in the life insurance, wealth management and investment industries. He was the Chief Actuary and Chief Investment Officer for Resolution Life Australasia and also the Appointed Actuary for AMP Life. Previously he was Chief Actuary for AMP Group, and has held roles in the areas of finance, risk management and strategy. He is currently a Partner with EY NZ. Greg has worked in Australia, New Zealand, India and the United Kingdom.

Councillor

1 January 2021 to present

Council Committee service during 2021

Member, Education Council Committee

Naomi Edwards BSc (Hons) FIA FIAA FAICD

Naomi is a professional non executive director and currently sits on a variety of boards. She is Chair of Tasplan Super, which she has led through three mergers in the last three years. She also sits on a variety of government and industry boards. In her executive actuarial role, she has worked mostly in the life insurance area as well as the environmental area. She is a former partner of Deloitte and Trowbridge Consulting.

Councillor

1 January 2020 to present

Council Committee service during 2021

Member, Presidential Committee

Member, Nominations Council Committee

Member, Public Policy Council Committee

Jefferson Gibbs BSc FIA FIAA FNZSA

Jefferson has worked for more than 25 years as an actuarial consultant, predominantly in general insurance. He has worked in New Zealand, the UK and Australia and covered insurers in more than 20 global jurisdictions. Jefferson holds a number of Appointed Actuary and Loss Reserve specialist roles. He is a Partner at KPMG and a Director of KPMG Financial Services Consulting Ltd.

Councillor

1 January 2018 to 31 December 2021

Council Committee service during 2021

Member, Presidential Committee

Member, International Council Committee

Member, Public Policy Council Committee

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Jules Gribble FIAA FSA CERA GAICD PhD

Jules has over 30 years professional experience. Until December 2018 he was a Senior Policy Advisor at the IAIS in Basel. Prior to that he has established actuarial consultancies and been a partner at EY. Jules has long standing interests in professional actuarial capacity building, especially CPD, supervisory capacity building, and retirement incomes. He has represented the Australian Institute on the IAA's Advice and Assistance committee since 2014 and is an active contributor to the IAA. He is also part of the team organising the global ICA 2023.

Councillor

1 January 2019 to 31 December 2021

Council Committee service during 2021

Chair, CPD Council Committee

Steve Hui BSc MSc FIAA FCPA

Steve has over 40 years of experience in the financial and insurance services industry and in public services. He has held executive positions in finance, investment, actuarial and IT areas in Australia, Hong Kong, Taiwan, Shanghai and Beijing. Steve is the managing director of the Financial Consulting Co Ltd in Hong Kong. He is a Senior advisor to the Hong Kong Insurance Authority. He is also a Fellow and past president of CPA Australia, Greater China Division.

Councillor

1 January 2019 to 31 December 2021

Council Committee service during 2021

Member, Audit and Risk Council Committee

Member, Education Council Committee

Member, International Council Committee

Annette King BEc FIAA FAICD

Annette King joined the Actuaries Institute board in 2018. She is an experienced actuary, company director, and previously CEO, with over 30 years' experience in financial services across Asia-Pacific. Prior to becoming a non-executive director, Annette had a successful track record as a CEO, CFO and CMO of significant financial institutions, as well as being a founder/entrepreneur. Annette has served large multinational companies (Swiss Re, AXA, Manulife, Mercer) and fintech companies (AFG, FNZ, Galileo Platforms), including 14 years working in Asia. She serves on the boards of Swiss Re, MLC Superannuation/NULIS, Australian Finance Group (ASX: AFG), U Ethical Investors, Galileo Platforms and the Actuaries Institute. She was previously President of the Life Insurance Association of Singapore, served on the Singapore Actuarial Society. She is a member of AICD's APRA Forum and a member of Chief Executive Women.

Councillor

1 January 2018 to present

Council Committee service during 2021

Member, Presidential Committee

Member, Audit and Risk Council Committee

Chair, ICA 2023 Council Steering Committee

Chair, Nominations Council Committee

Iris Lun BA BCom FIAA

Iris is the founder and director of 10Life, an insurtech company providing insurance product ratings and intelligence to consumers in Hong Kong. With over 20 years of international experience across Asia Pacific and Europe, she has previously held various actuarial and business management positions at global consulting and life insurance companies including Towers Watson, ING and Prudential. Iris is passionate about enhancing the actuarial profession through innovation, and currently serves in the Council of the

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Actuaries Institute Australia and the Actuarial Innovation Committee of the Actuarial Society of Hong Kong. She holds a combined Bachelor of Commerce (Actuarial Studies) and Arts (Japanese) degree from the University of Melbourne.

Councillor

1 January 2020 to present

Council Committee service during 2021

Member, CPD Council Committee

Member, ICA 2023 Council Steering Committee

Alan Merten FIAA, FSAS

With a background including corporate general management roles in financial services in various countries across APAC, he leads multi-disciplinary teams to help clients improve performance of their businesses. His main area of focus is life insurance and his over 35 years' experience in broader financial services includes leading or consulting on the full value chain from customer and distribution, through to product and operations as well as the financial aspects of running businesses.

Councillor

1 January 2022 to present

Scott Reeves FIAA

Scott is the Head of Underwriting at Munich RE Australia, responsible for leading underwriting teams to deliver technical assessment of Property & Casualty reinsurance deals. As a Fellow of the Actuaries Institute, he has extensive experience in actuarial and non-actuarial roles over more than 30 years. This includes broader roles in reinsurance Client Management, business management in the GI sector, and in consulting outside of insurance. Scott has gained valuable cultural experience through working in Australia, pan-Asia, North America, and Europe.

Councillor

1 January 2022 to present

Darren Stevens FIAA

Darren is a qualified actuary with over 36 years' experience in the financial service sector. His first 10 years were involved in actuarial consulting in the Investment, Superannuation and Life Insurance fields with Mercer and Trowbridge Consulting. Darren then moved into the wider field and held a number of executive positions including Product Management, Strategy, Operations and Marketing for Tower Life and ING Australia. He then spent 11 years working in the FinTech Bravura Solutions as Director of Product Management and Strategy running a global team in the successful launch of its wealth management solutions. Most recently Darren held the position of Head of Superannuation for Mercer Australia, Group Executive Platforms at MLC Wealth and most recently joined HUB24 as Chief Product Officer responsible for the development of its platforms, Services and Technology solutions. Darren joined the Council of the Actuaries Institute in January 2020.

Councillor

1 January 2020 to present

Council Committee service during 2021

Chair, Audit and Risk Council Committee

Jia Tan BCom FIAA

Jia is a contemporary actuary with a diverse actuarial and non-actuarial leadership experience in the Life Insurance industry. Jia is currently heading the iptiQ by Swiss Re business in ANZ to unlock insurance through strong partnerships with some of Australia's most trusted brands and a world-class, digital insurance platform to create faster and simpler experiences for customers. Jia has also been passionately

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volunteering at the Actuaries Institute over the last ten years with a strong focus on diversity and younger members in her roles as the President of Young Actuaries Program, Convenor of the inaugural Young Actuaries Conference 2015 and Member of the Life Insurance Wealth Management Practice Committee.

Councillor

1 January 2021 to present

Council Committee service during 2021

Member, Public Policy Council Committee

Win-Li Toh FIA, FNZSA, FIAA

Win-Li is an actuary with more than 25 years of consulting experience in Australia, New Zealand and the United Kingdom. She joined Taylor Fry in 2002 and is the Appointed Actuary to several Australian and New Zealand insurers, assisting them to meet regulatory requirements and offering strategic advice. She also advises self-insurers and government workers compensation schemes. Win-Li is Chair of the General Insurance Practice Committee, which supports the strategic direction of the Actuaries Institute and promotes the general insurance profession. She also presents educational courses and training for boards and regulators, among others, and is a regular keynote speaker and facilitator on the general insurance landscape.

Councillor

1 January 2022 to present

David Whittle BSc (1st Class Hons) BEc DipLaw FIAA GAICD

David is the Chief Risk Officer – Advice and Insurance for CBA. He has had 30 years' experience in the insurance industry spanning general and life insurance, multinational insurers and consulting firms plus roles in reserving, pricing, underwriting and general management and risk management. From 2013 to 2018 David was Chief Reserving Actuary for Zurich's Asia-Pacific general insurance business across nine countries and prior to that he was a KPMG Partner and held senior roles at Allianz Australia. During 2020 he was a member of the Professional Standards Committee.

Councillor

1 January 2019 to present

Council Committee service during 2020

Member, Presidential Committee

Member, ICA 2023 Council Steering Committee

Member, International Council Committee

Company Secretary's qualifications and experience

Glyn Thomas BBus CPA

Company Secretary from 26 February 2016 to 13 April 2021.

Glyn has been the Chief Financial Officer of the Institute since 2011 having previously held a number of Financial Controller / Company Secretary positions and has been a member of CPA Australia for over 38 years.

Brad Sherringham BCom CPA

Company Secretary from 13 April 2021 to present.

Brad has been the Chief Financial Officer of the Institute since March 2021 having previously held a number of CFO positions and has been a member of CPA Australia for over 20 years.

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' attendance at Council and Council Committee meetings: 01/01/21 – 31/12/21

Director	Council	Audit and Risk Council Committee	Education Council Committee	International Council Committee	Nominations Council Committee	Presidential Committee	Public Policy Council Committee	ICA 2023 Council Steering Committee	Professional Standards Committee
A Asher	5 of 5	4 of 5							
G Bird	4 of 5		4 of 4						
N Edwards	5 of 5				2 of 2	4 of 4	3 of 4	2 of 2 ⁵	
J Gibbs	5 of 5	1 of 1		3 of 4		4 of 4	3 of 4 ⁴		
J Gribble	5 of 5								
S Hui	5 of 5	5 of 5	4 of 4						
A King	5 of 5	5 of 5			2 of 2	4 of 4		4 of 4	
I Lun	5 of 5			3 of 3 ²				4 of 4	
D Stevens	5 of 5	5 of 5							
J Tan	5 of 5						3 of 3 ³		
D Whittle	5 of 5			0 of 1 ¹				3 of 4	6 of 6

¹ Cr Whittle resigned from the International Council Committee in March 2021

² Cr Lun joined the International Council Committee in March 2021

³ Cr Tan joined the Public Policy Council Committee in May 2021

⁴ Cr Gibbs was a guest of the Public Policy Council Committee

⁵ Cr Edwards joined the ICA 2023 Council Steering Committee in July 2021

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, for the year ended 31 December 2020 has been received and can be found on page 16.

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



A KING
President/Director
Sydney 17 March 2022



N EDWARDS
Senior Vice President/Director

Council and Audit Declarations

THE INSTITUTE OF ACTUARIES OF AUSTRALIA DECLARATION BY MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2021

The members of Council of the Institute declare that:

1. the financial statements and notes thereto are in accordance with the *Corporations Act 2001* and
 - a. comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the Institute's financial position as at 31 December 2021 and of its performance and cashflows for the year then ended on that date; and
2. in the Council's opinion, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Council made pursuant to section 295(5)(a) of the *Corporations Act 2001*, and is signed for and on behalf of the members of Council by:



A KING

President/Director
Sydney 17 March 2022



N EDWARDS

Senior Vice President/Director

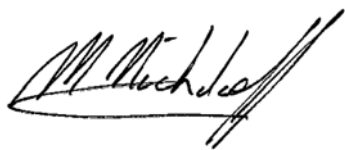
THE INSTITUTE OF ACTUARIES OF AUSTRALIA

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

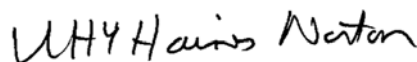
TO THE COUNCILLORS OF THE INSTITUTE OF ACTUARIES OF AUSTRALIA

As auditor for the audit of the Institute of Actuaries of Australia for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Mark Nicholaeff
Partner
17th March 2022
Sydney



UHY Haines Norton
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE INSTITUTE OF ACTUARIES OF AUSTRALIA

Opinion

We have audited the financial report of the Institute of Actuaries of Australia (the Institute), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the councillors' declaration.

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

- (a) giving a true and fair view of the institute's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Other Information

The councillors are responsible for the other information. The other information comprises the information included in the Institute's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Councillors' for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

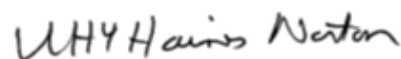
- Identify and assesses the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councillors.
- Conclude on the appropriateness of the councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Presentation of the financial report on the Internet

It is our understanding that the Institute intends to electronically present the audited financial report and the auditor's report on its web site. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the Institute to maintain the integrity of the data presented. An examination of the controls over the electronic presentation of audited financial information on the Institute's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the Institute's web site is that of the councillors of the Institute.



Mark Nicholaeff
Partner
17th March 2022
Sydney



UHY Haines Norton
Chartered Accountants

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year Ended 31/12/2021 \$	Year Ended 31/12/2020 \$
Revenues	3	11,330,601	9,013,092
Expenses	3	(10,826,474)	(8,948,961)
(Deficit)/Surplus before income tax expense		504,127	64,131
Income tax expense	1	-	-
(Deficit)/Surplus after income tax expense		504,127	64,131
Other Comprehensive Income:			
Other Comprehensive Income for the period, net of tax		-	-
Total Comprehensive Income for the period		504,127	64,131

The accompanying notes form part of these financial statements.

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31/12/2021 \$	31/12/2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	7,025,732	4,333,595
Trade and other receivables	5	120,397	71,904
Other Current Assets	6	728,269	610,283
Financial assets	7	4,940,532	4,964,791
Total current assets		12,814,930	9,980,573
NON CURRENT ASSETS			
Property, plant and equipment	8	100,014	130,055
Other non-current assets	9	222,262	584,977
Intangible assets	10	4,772	987,308
Total non-current assets		327,048	1,702,340
TOTAL ASSETS		13,141,978	11,682,913
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	494,547	472,753
Other Liabilities	12	5,353,461	4,407,609
Provisions	13	532,810	392,980
Total current liabilities		6,380,818	5,273,343
NON CURRENT LIABILITIES			
Provisions	13	143,824	105,471
Other liabilities	12	41,788	232,678
Total non-current liabilities		185,612	338,149
TOTAL LIABILITIES		6,566,430	5,611,492
NET ASSETS		6,575,548	6,071,421
MEMBERS' FUNDS			
Retained surplus		6,575,548	6,071,421
TOTAL MEMBERS' FUNDS		6,575,548	6,071,421

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 2021

	31/12/2021	31/12/2020
	\$	\$
Balance at 1 January	6,071,421	6,007,290
Surplus from cessation of AASB 117	-	-
Surplus after income tax expense for the year	504,127	64,131
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	504,127	64,131
Balance at 31 December	6,575,548	6,071,421

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 2021

	Note	31/12/2021 \$	31/12/2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and others		12,784,041	9,201,349
Payments to suppliers and employees		(9,839,243)	(8,879,743)
Net cashflow from operations		2,944,798	321,606
Other revenue		204,608	198,129
Government wage subsidies		-	628,401
Finance costs paid		(27,120)	(48,436)
Interest received		22,794	87,476
Net cash inflow from operating activities	17(b)	3,145,080	1,187,176
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		(67,414)	(247,450)
Net receipts from (payments for) investments		24,259	(111,725)
Net cash outflow from investing activities		(43,155)	(359,175)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease principal amounts		(415,906)	(391,729)
Net cash outflow from financing activities		(415,906)	(391,729)
Net increase in cash held		2,686,019	436,272
Unrealised currency differences		6,118	(100,307)
Cash at the beginning of year		4,333,595	3,997,630
Cash at the end of year	4, 17(a)	7,025,732	4,333,595

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 2021 (CONTINUED)

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.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Property, Plant and Equipment

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

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

Depreciation

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

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

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

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1. Significant accounting policies (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 Institute. Gains and losses between the carrying amount and the disposal proceeds are taken to profit and loss.

Income Tax

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

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability. Lease payments associated with these leases are capitalised in accordance with AASB16. Associated costs such as maintenance and insurance are expensed as incurred.

Financial Assets

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

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

Impairment of Non-Financial Assets

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

Trade and Other Receivables

Trade and other receivables are recorded at amortised cost less any allowance for expected credit losses.

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, discounting was not considered in the amortised cost calculation. The amounts are unsecured and are usually paid within 30 days of recognition.

Other Liabilities

Other Liabilities includes the unearned portion of Members' subscriptions received.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1. Significant accounting policies (continued)

Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Institute and the revenue can be readily measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue from Government grants are recognised at the time of receipt. Any benefit from volunteer services has not been measured and is not recognised.

Services

Revenue from the rendering of services is recognised upon delivery of the service to the Member. Subscription income is brought to account evenly over the period to which it relates. Receipts received and expenses incurred before year end in relation to future services to be provided are deferred as a liability or asset, as appropriate. (Note 6 – Other Assets -Deferred expenses and Note 12 –Other liabilities- unearned income).

Interest

Interest income is recorded on an accruals basis.

Employee Benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expenses

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

Cash and Cash Equivalents

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

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1. Significant accounting policies (continued)

Foreign currency translation

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

Foreign currency transactions

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

Goods and Services Tax (GST)

Revenues, expenses, liabilities and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

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

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

IT Infrastructure Costs and Software

Significant costs relating to the major IT Infrastructure Project (Aptify Members' database), completed during 2010, were capitalised as a non-current intangible asset in accordance with accounting standards and were amortised over three years commencing from the middle of 2010. Enhancements to the software undertaken in 2014 were capitalised and amortised over a two-year period. Costs of a major reconfiguration of the Aptify Members' database incurred up to 2020 and classified as work in progress was fully impaired at the end of 2021.

Current and non-current classification

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

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1. Significant accounting policies (continued)

Current and non-current classification (continued)

An asset is classified as current when:

- it is either expected to be realised or intended to be sold or consumed in the normal operating cycle;
- it is primarily for the purpose of trading;
- it is expected to be realised within 12 months after the reporting period; or
- the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is either expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Comparatives

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

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

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 2021. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Estimation of useful lives of assets

The Institute determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated useful lives, or where technically obsolete or non-strategic assets that have been abandoned or sold are written off or written down.

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

The Institute assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Institute and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Long service leave provision

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

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	31/12/2021	31/12/2020
	\$	\$
3. REVENUE AND EXPENSES		
(a) Revenue		
Revenue from operating activities		
Member subscriptions	4,269,349	4,119,051
Education courses & exams and CPD	6,217,325	3,670,501
Events	619,936	326,449
Sale of publications and advertising	164,528	135,702
Total Revenue from operating activities	11,271,138	8,251,703
Revenue from non-operating activities		
Credit card fees recovered	40,080	62,426
Interest received	19,383	70,562
Government COVID-19 wage subsidies	-	628,401
Total Revenue from non-operating activities	59,463	761,389
Total Revenue	11,330,601	9,013,092
(b) Expenses		
Specific activities costs		
Member services costs	210,854	303,328
Education courses & exams costs	1,220,837	1,403,056
Education strategy review (refer page 6)	1,885,586	1,346,457
Events costs	600,589	722,010
Sale of publications and advertising costs	20,128	27,936
	3,937,994	3,802,787
Supporting activities costs		
Communications and marketing costs	1,020,521	704,044
Public policy & Professionalism costs	665,781	626,531
Research grants, scholarships and prizes	6,500	6,000
	1,692,802	1,336,575
Corporate administration costs		
Employee costs	1,693,522	1,512,642
Council, presidents and committees	53,317	32,599
Premises	169,679	129,547
Office & IT costs	1,274,612	1,053,045
Asian liaison costs	248,328	273,867
Audit, Legal and consulting fees,	112,660	64,613
Credit card and bank fees	123,950	82,787
Staff travel and accommodation costs	9,249	8,075
Depreciation and amortisation	429,312	87,453
Depreciation of Right-of-use of lease	362,715	364,034
Interest on lease liability	27,120	48,436
Impairment of Intangible assets	650,679	-
Unrealised currency differences	(6,118)	100,307
Realised currency differences	3,588	-
Other costs	43,065	52,194
	5,195,678	3,809,599
Total Expenses	10,826,474	8,948,961

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	31/12/2021	31/12/2020
	\$	\$
3. REVENUE AND EXPENSES (Continued)		
(c) Expenses requiring additional disclosure		
Amortisation and Depreciation of assets:		
Leasehold improvements	40,279	1,627
Office equipment	48,035	64,798
Furniture and fittings	4,160	9,891
Computer software and website	331,857	11,138
	424,331	87,454
Amortisation of lease liability and fitout		
Deferred fitout benefit	-	-
Lease liability	362,715	364,034
	362,715	364,034
Movement in provisions		
Leave and entitlements (see note 12)	178,181	27,550
Doubtful debts	-	-
	178,181	27,550
Rental expenses on leases		
Outgoings & cleaning	118,675	83,606
	118,675	83,606
Remuneration of the auditors		
Auditing the accounts	30,200	27,845
Other audit related services	-	-
	30,200	27,845

For 2021, revenue includes \$3,733,976 (2020: \$3,443,131) included in the deferred revenue balance at the beginning of the period.

No revenue in the period related to performance obligations satisfied in the previous periods.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	31/12/2021	31/12/2020
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Cash at bank and equivalents	6,893,908	3,665,360
Cash on hand	400	400
Cash at bank held in foreign currencies	131,424	667,835
	7,025,732	4,333,595
5. TRADE AND OTHER RECEIVABLES		
Interest receivable	2,791	6,202
Other income receivable	117,606	65,702
Less: allowance for expected credit loss	-	-
	120,397	71,904
6. OTHER ASSETS - Current		
Deferred Expenditure	728,269	610,283
	728,269	610,283
7. FINANCIAL ASSETS - Current		
Term deposits	4,940,532	4,964,791
	4,940,532	4,964,791
8. NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	75,776	13,012
Less: accumulated amortisation	(48,421)	(8,142)
	27,355	4,870
Computer and office equipment, at cost	669,643	645,923
Less: accumulated depreciation	(621,656)	(573,621)
	47,987	72,302
Furniture and fittings, at cost	54,040	78,092
Less: accumulated depreciation	(29,369)	(25,209)
	24,671	52,883
	100,013	130,055

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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 2020	6,497	90,881	41,633	139,011
Additions	-	46,219	21,140	67,359
Assets written off				-
Depreciation / amortisation expense	(1,627)	(64,798)	(9,891)	(76,316)
Balance at 31 December 2020	4,870	72,302	52,882	130,055
Additions	62,764	23,720	(24,052)	62,432
Assets written off	-	-	-	-
Depreciation / amortisation expense	(40,279)	(48,035)	(4,160)	(92,474)
Balance at 31 December 2021	27,355	47,987	24,671	100,013

	31/12/2021 \$	31/12/2020 \$
9. OTHER NON-CURRENT ASSETS		
Right-of-use of Lease	1,313,309	1,313,309
Accumulated depreciation - right of use	(1,091,047)	(728,332)
	222,262	584,977

Movement in the Carrying Amounts

Movements in the carrying amounts for each class of right-of-use lease between the beginning and the end of the current financial year.

	Premises	Copier	Phone	Total
	\$	\$	\$	\$
Balance at 1 January 2020	862,959	84,733	1,319	949,011
Depreciation / amortisation expense	(345,184)	(17,531)	(1,319)	(364,034)
Balance at 31 December 2020	517,775	67,202	-	584,977
Depreciation / amortisation expense	(345,184)	(17,531)	-	(362,715)
Balance at 31 December 2021	172,591	49,671	-	222,262

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	31/12/2021	31/12/2020
	\$	\$
10. INTANGIBLE ASSETS		
Computer software, IT infrastructure and website, at cost	2,156,125	1,180,106
Less: accumulated amortisation	(1,382,424)	(1,050,567)
Less: impairment	(768,929)	(118,250)
WIP - IT software & Website	-	976,019
	4,772	987,308

Movement in the Carrying Amounts

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

	Work in Progress	Computer Software	Website	Total
	\$	\$	\$	\$
Balance at 1 January 2020	795,929	3,474	18,953	818,356
Additions	180,090	-	-	180,090
Transfers	-	-	-	-
Assets written off	-	-	-	-
Depreciation / amortisation expense	-	(3,474)	(7,664)	(11,138)
Balance at 31 December 2020	976,019	-	11,289	987,308
Additions	-	-	-	-
Transfers	(976,019)	750,709	225,310	-
Assets written off	-	(500,473)	(150,206)	(650,679)
Depreciation / amortisation expense	-	(250,236)	(81,621)	(331,857)
Balance at 31 December 2021	0	-	4,772	4,772

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	31/12/2021 \$	31/12/2020 \$
11. TRADE AND OTHER PAYABLES		
Unsecured:		
Trade creditors, accruals and other payables	494,547	472,754
	494,547	472,754
12. OTHER LIABILITIES		
Current		
Lease liability	218,009	415,906
Enrolments and Registration fees received in advance	1,840,402	983,676
Unearned income (Membership subscriptions received in advance)	3,295,050	3,008,027
Total Current other Liabilities	5,353,461	4,407,609
Non current		
Lease liability	41,788	232,678
Total other liabilities	5,395,249	4,640,288
Interest expense	27,120	48,436
Variable lease expenses	118,675	83,606

13. PROVISIONS

Employee entitlements

Current	Bonuses	Annual Leave	Long Service Leave	Total
	\$	\$	\$	\$
Balance at 1 January 2020	67,950	257,764	30,962	356,676
Increase in provision during the year	60,758	227,653	-	288,411
Transferred from non-current	-	-	74,400	74,400
Amounts used	(67,553)	(227,991)	(30,962)	(326,506)
Balance at 31 December 2020	61,155	257,425	74,400	392,980
Increase in provision during the year	69,996	180,879	-	250,875
Transferred from non-current	-	-	61,779	61,779
Amounts used and/or reversed	(61,155)	(37,269)	(74,400)	(172,824)
Balance at 31 December 2021	69,996	401,035	61,779	532,810

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

13. PROVISIONS (continued)

Employee entitlements

Non-current	Long Service Leave	Total
Balance at 1 January 2020	114,226	114,226
Increase in provision during the year	80,330	80,330
Amount paid on termination	(14,685)	(14,685)
Transferred to current provision	(74,400)	(74,400)
Balance at 31 December 2020	105,471	105,471
Increase in provision during the year	138,354	138,354
Amount paid on termination	(38,223)	(38,223)
Transferred to current provision	(61,779)	(61,779)
Balance at 31 December 2021	143,823	143,823
Total Provisions		676,633

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

	31/12/2021	31/12/2020
	\$	\$
(a) Aggregate employee entitlement liability	676,633	498,451
Current	532,810	392,980
Non-current	143,823	105,471
(b) Number of employees at year end	35	29
14. LEASING COMMITMENTS		
Leases		
Lease rental expenses and commitments:		
Rentals charged to Statement of Profit or Loss and Other Comprehensive Income	118,675	83,606
Lease commitments:		
Not later than 12 months	218,009	537,889
Between 12 months and 5 years	41,788	319,637
Greater than 5 years	-	-
Total lease commitments	259,797	857,526

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. i RELATED PARTY AND RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2021

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

A Asher	J Gribble	D Stevens
G Bird	S Hui	J Tan
N Edwards	A King	D Whittle
J Gibbs	I Lun	

- (b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 19.

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

- ▶ payments totalling \$1,534 inclusive of GST relating to reimbursement of catering costs were paid to KPMG (which is related to Jefferson Gibbs) for events held in their Melbourne office the facilities of which were provided free; and
- ▶ a payment of \$20,700 to KPMG (which is related to Jefferson Gibbs) in relation to consulting fees for lodging an application for Australian Taxation Office private ruling in relation to superannuation contribution liability for certain classes of contractors.

- (d) There were no other transactions with related parties during the year.

15. ii RELATED PARTY AND RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2020

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

H Bui	J Gribble	I Lun
N Edwards	S Hui	D Stevens
J Gibbs	A King	D Whittle

- (b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 19.

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

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

- ▶ payments totalling \$1,444 relating to reimbursement of catering costs were paid to KPMG (which is related to Hoa Bui and Jefferson Gibbs) for events held in their Melbourne office the facilities of which were provided free; and
- ▶ a payment of \$12,938 to KPMG (which is related to Hoa Bui and Jefferson Gibbs) in relation to consulting fees for lodging an application for payroll tax exemption.

(d) There were no other transactions with related parties during the year.

16. 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, and the effective weighted average interest rates on financial assets and financial liabilities is set out in the following table:

	31/12/2021	31/12/2020
Weighted Average Effective Interest Rate:	%	%
Financial Assets		
Cash at banks	0.14	0.35
Term deposits	0.16	1.20
	\$	\$
Floating Interest Rate: Financial Assets		
Cash at banks	7,023,893	4,010,564
Total Financial Assets	7,023,893	4,010,563
Non-Interest Bearing: Financial Assets		
Cash at banks	1,839	323,032
Total Financial Assets	1,839	323,032
Fixed Interest Rate maturing within 1 year: Financial Assets		
Term deposits	4,940,532	4,964,791
Total Financial Assets	4,940,532	4,964,791

(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 2021 (CONTINUED)

16. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk

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

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

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

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

Maturity Analysis - 2021	Cash flows	1 year	2-5 years	Total	Carrying Amount
	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	7,025,732	7,025,732	-	7,025,732	7,025,732
Other income receivables - net	117,606	117,606	-	117,606	117,606
Term deposits with accrued interest	4,943,323	4,943,323	-	4,943,323	4,940,532
TOTAL	12,086,662	12,086,662	-	12,086,662	12,083,870
Financial liabilities					
Trade creditors, accruals and other payables	494,547	494,547	-	494,547	494,547
Lease liabilities	259,797	218,009	41,788	259,797	259,797
TOTAL	754,344	712,556	41,788	754,344	754,344
NET MATURITY	11,332,317	11,374,106	(41,788)	11,332,317	11,329,526

Maturity Analysis - 2020					
Financial assets					
Cash and cash equivalents	4,333,595	4,333,595	-	4,333,595	4,333,595
Other income receivables - net	65,702	65,702	-	65,702	65,702
Term deposits with accrued interest	4,986,982	4,986,982	-	4,986,982	4,970,993
TOTAL	9,386,279	9,386,279	-	9,386,279	9,370,290
Financial liabilities					
Trade creditors, accruals and other payables	472,755	472,755		472,755	472,755
Lease liabilities	675,032	415,906	259,126	675,032	648,584
TOTAL	1,147,787	888,661	259,126	1,147,787	1,121,339
NET MATURITY	8,238,492	8,497,618	(259,126)	8,238,492	8,248,951

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

16. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Net Fair Values

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

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

(f) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This may be whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At balance date the Institute had foreign currency holdings of £70,654GBP, \$131,424AUD (2020 \$10,974NZD, \$6,765SGD, \$655,438HKD, £305,553GBP, 3,073MYR converted to \$667,835AUD) with exposure to currency risk.

Sensitivity analysis

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

		Surplus (\$)	Equity (\$)
Year ended 31/12/2021			
+/- 1% in interest rates	+/-	70,253	70,253
Year ended 31/12/2020			
+/- 1% in interest rates	+/-	87,143	87,143
Year ended 31/12/2021			
+/- 5% in currency fluctuations	+/-	6,917	6,917
Year ended 31/12/2020			
+/- 5% in currency fluctuations	+/-	34,507	34,507

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

17. 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:

	31/12/2021 \$	31/12/2020 \$
Cash	7,025,732	4,333,595
Reconciliation of Cash Flow from Operations with Net		
(b) Surplus/(Deficit)		
Net Surplus	504,127	64,131
Non-Cash Flows in Surplus		
Depreciation and amortisation	97,455	76,315
Amortisation of intangibles	331,858	11,138
Impairment of intangible assets	650,679	-
Depreciation of right-of-use of asset	362,715	364,034
Interest on lease liability	27,120	48,436
Unrealised currency differences	(6,118)	100,307
AASB16 adjustment to retained earnings	-	-
Changes in Assets and Liabilities		
(Increase)/Decrease in income receivable	(48,494)	(10,180)
(Increase)/Decrease in prepaid expenses	(117,986)	(18,962)
(Decrease)/Increase in trade and other payables	21,794	(24,167)
(Decrease)/Increase in provisions	178,181	27,550
(Decrease)/Increase in prepaid revenue	1,143,749	548,574
Net cash from (used in) by operating activities	3,145,080	1,187,176

18. MEMBERS' GUARANTEE

The Institute is incorporated under the *Corporations Act 2001* (Cth) and is a company limited by guarantee. If the Institute is wound up, the Constitution states that each Member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 31 December 2021 the total amount that Members of the Institute are liable to contribute if the Institute is wound up is \$107,680 (2020: \$99,880).

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

19. 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 15. Councillors, in their capacity as directors, do not receive remuneration.

The aggregate compensation made to 5 (2020: 4) key management personnel is set out below:

	Termination payments	Short-term benefits	Post- employment benefits	Other long-term benefits	Total
	\$	\$	\$	\$	\$
2021	-	1,199,435	82,060	59,080	1,340,575
2020	-	1,063,893	62,416	28,010	1,154,319

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

	Termination payments	Short-term benefits	Post- employment benefits	Other long-term benefits	Total
	\$	\$	\$	\$	\$
2021	-	4,419,284	373,704	26,705	4,819,693
2020	60,789	4,078,671	334,657	34,683	4,508,800

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

Increase in benefits is principally due to the engagement of actuarial educators under the education strategy review

[Related party transactions:](#)

Related party transactions are set out in Note 15.

20. SEGMENT INFORMATION

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

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

21. REMUNERATION OF AUDITORS

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

Audit services – UHY Haines Norton	2021 (\$)	2020 (\$)
Audit of the financial statements (accrual)	29,400	28,400

22. INSTITUTE DETAILS

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

23. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2021 (2020: \$0) that can be reliably measured. There is an outstanding private ruling with the Australian Taxation Office (ATO) in respect to potential payments of superannuation for education contractors. This contingent liability is subject to interpretation and therefore cannot be reliably measured. As at the reporting date the Institute has not had a reply from the ATO.

24. COMMITMENTS

The Institute has commitments totalling:

- (a) \$202,142 (2020: \$782,106) for the balance of an eight-year lease signed on 28 January 2014 to occupy Suite 201, Level 2, 50 Carrington Street, Sydney commencing 1 July 2014 and expiring on 30 June 2022 (including estimate outlay for outgoings and cleaning). A bank guarantees to secure the Institute's obligations under the lease totalling \$299,055 which is secured by a term deposit of \$300,000 has been issued by the ANZ Bank (see Note 14);
- (b) \$56,984 (2020: \$75,420) for leasing of photocopying equipment payable over the next 4 years (see Note 14); and
- (c) \$602,353 (2020: \$404,311) for venue hire relating to events scheduled for 2022 and beyond;
- (d) \$0 (2020: \$306,792) in contracts currently under negotiations for venue hire relating to events scheduled for 2022; and

The Institute has no capital commitments at 31 December 2021 (2020: \$23,455).

25. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in the financial year subsequent to 31 December 2021.