



THE INSTITUTE OF ACTUARIES OF AUSTRALIA

**FINANCIAL REPORT AND COUNCIL'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

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 2020

The Institute's Vision and Mission

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

The Mission is:

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

Strategy for achieving the Vision and Mission

The year represented the final year of implementation of the 2018-20 Strategic Plan. The Plan and associated budget to execute the Strategy were approved at the March 2018 Council meeting; and 2020 budget to continue the strategy was approved in the December 2019 Council meeting.

2018-20 Strategic Plan

The Plan has four goals:

Goal 1: Deliver quality professional learning by enhancing the qualification education program, driving continuing professional development, and establishing a flagship event by 2020 and building the platform for ICA 2023.

Goal 2: Growth and diversity, foster emerging area of data analytics, increase demand for Actuaries and grow membership and diversity.

Goal 3: Build brand and community by raising awareness of brand "Actuary", contributing to public policy, and promoting member value.

Goal 4: Build a future-proof and professional organisation by enhancing professional standards, developing global strategy and partnerships whilst cultivating a 'best practice' organisation.

At the beginning of 2020 we intended to develop a Strategic Plan for 2021-2023. The arrival of COVID-19 led to the decision to maintain the current strategy into 2021. COVID-19 forced some reprioritisation and positioning of the goals and although many goals were substantially completed by the end of 2020 many of the components remain relevant in 2021.

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Work is underway which will lead to a 2022-2024 Strategic Plan. That plan may also inform some activity in the latter part of 2021.

The principal activities of the Institute are:

- ▶ providing qualifications for Actuaries (FIAA and AIAA);
- ▶ provision of education courses and exams, and the provision of CPD;
- ▶ running of 1-2 major events per year which, in turn, allow for the running of many smaller events like half day and Insights sessions;
- ▶ developing thought leadership and promoting the views of the profession to key decision makers; and
- ▶ providing professional standards and other relevant information and services to Members through active communication.

The Institute's finances

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

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

- ▶ Fund the 2018-2020 and future Strategic Plans;
- ▶ produce at least break-even budgets on business-as-usual activities (BAU) unless Council approves otherwise;
- ▶ maintain reserves at levels within the Financial Management Policy, and
- ▶ fund the development of the new education curriculum under the Education Strategy Review (ESR) through use of the strategic reserves (i.e. permit ESR to incur deficits which is scheduled to complete in 2022).

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.

Review of operations

The COVID-19 pandemic had a major impact on the operations of the Institute during 2020 and the delivery of certain goals in the 2018-20 strategic plan. The Institute in recognising its duty of care to staff, members and others closed the office in Carrington Street, Sydney in March and staff worked remotely from their homes, all meetings were held virtually including the AGM. Council held an additional five

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2020

virtual meetings, and the Audit and Risk Council Committee held an additional two meetings to monitor the situation and respond accordingly.

The COVID-19 professional working group was formed to assist members in their professional capacity and public policy considerations.

Key COVID-19 business impacts were as follows:

- As the Institute was unable to hold exams for Semester 1 subjects at exam centres due to social distancing requirements, the major decision was made by Council to defer all exams to Semester 2 and move to exams being conducted via an on-line facility,
- Semester 2 2020 exams were successfully delivered on-line;
- Half of the Semester 1 foundation exams held by the Institute and Faculty of Actuaries, UK (IFOA) were also cancelled due to COVID-19 resulting in a full refund of fees to all affected;
- Moving the June Gold Coast Actuaries Summit to a Virtual conference in August;
- Deferring of 2022 International Congress of Actuaries to 2023;
- Maintain memberships fees at the same level as the 2019/20 fees and waiving late payment fees;
- Suspending outlays on non-essential or non-urgent activities such as, all travel from March onwards and of the "See what we see" campaign, whilst continuing to achieve other key transactions;
- Pursuing all cost reliefs and/or subsidies introduced by Federal and State Governments.

Year on Year

Total revenue was \$9,013k (2019: \$11,222k) and total expenses was \$8,949k (2019: \$9,996k) resulting in an operating surplus for the year of \$64k (2019: \$1,225k). Details of the revenue and expenses are reported in note 3 in 'Notes to the Financial Statements'.

Total revenue decreased in 2020 by \$2,209k with a breakdown as follows: Education revenue decreased by \$1,752k, Events revenue declined by \$1,198k, investment income declined by \$80k offset by an increase in membership fees of \$193k. The Institute qualified for the Federal government COVID-19 wage subsidies (JobKeeper and PAYG cashflow) for the six months through to September and the Hong Kong equivalent receiving a total \$628k.

Total expenses decreased in 2020 by \$1,047k. Material differences from "Specific activities costs" (see note 3) accounted for \$1,022k as a result of reduced revenue in education and events, whilst ESR continued to develop the new fellowship subjects resulting in increase in expenses of \$190k.

"Supporting activities costs" decreased by \$243k with communications and marketing accounting for \$272k principally related to the suspension of "See what we see" campaign offset by increase in public policy and professionalism costs of \$24k due to reclassification of certain expenses previously in "Corporate administration costs".

"Corporate administration costs" increased in 2020 by \$218k through a combination of increased and decreased costs as detailed in note 3(b). Major increases are from HR costs \$205k to fund increased analytics and data analytics strategy roles, IT costs \$276k and unrealised currency differences \$99k.

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2020

Unrealised currency differences are the result of stating the foreign currency bank accounts in Australian dollars as at 31 December 2020 compared to FX rates at 31 December 2019. The larger than normal variance was a result of higher balance held in Great British Pounds (GBP) due to refunds from the IFOA for semester 1 exams (had the funds been repatriated into AUD a realised currency difference would have been booked). Major decreases in costs are from the cessation of travel \$272k and property related cost \$100k (amortisation, interest under AASB16 and rent relief under COVID-19).

Actual to Budget

Council approved a budgeted deficit of \$1,020k of which \$1,064k was approved for the Education Strategy Review (ESR) in 2020. The approval is within the parameters set within the Financial Management policy.

The net surplus of \$64k is a \$1,084k improvement over the original budgeted deficit of \$1,020k which is mainly due to lower expenditure \$1,923k and the receipt of COVID-19 related subsidies from the Federal government \$628k partly offset by lower revenue \$1,467k. Key variances are:

- ▶ Lower revenue from events \$791k due to the cancellation of physical events;
- ▶ Lower than expected course and exam enrolments \$663k;
- ▶ Receipt of government COVID-19 subsidies \$628k; and,
- ▶ lower costs of operations \$1,883k principally from:
 - Savings in Education costs \$951k;
 - Savings in total travel costs across the three expense categories \$517k;
 - Savings in events delivery costs \$411k;
 - Suspension of "See what we see" campaign and marketing \$240k;
 - Savings in membership HR costs \$90k;
 - Offset by increases:
 - Office support services principally IT support and strategic projects \$397k; and,
 - Unrealised currency differences \$100k.

Other information

- ▶ Council approved the implementation of the recommendations of the Education Strategy Review Committee relating to Part III syllabus at the December 2017 Council meeting. The budgeted cumulative deficit is expected to have peaked this year at \$894k compared to the original projected cumulative deficit of \$1,327k in 2020. The payback period is now projected to occur in 2022 one year earlier than the original forecast approved by Council.
- ▶ The reserving policy sets out two reserves – Minimum Reserves and Strategic Reserves. Minimum reserves set the floor for net assets and cash and cash equivalents for a wind-up situation. Strategic reserves are to accommodate expenditure on strategic transactions such as the ESR. The value of these reserves is set each year and at the start of 2020 are \$1.275m and \$2.550m (\$3.825m in total) and for 2021 \$1.332m and \$2.664m (\$3.996m in total).
- ▶ In 2018, an implicit additional reserve of \$500k was established in recognition of the risks associated in hosting the International Congress of Actuaries 2022. The Contingency Reserve was reviewed in light of the delay due to COVID-19 and was maintained. Costs associated with the event are treated as prepaid expenses and carried in the balance sheet until transferred to P&L when the event is held, however during the year, by mutual agreement, Arinex ceased to be the conference organiser and all monies paid totalling \$189k to Arinex to the date of termination were deemed to have no carrying benefit and accordingly posted to the P&L in the current year.

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2020

- ▶ As uncertainty due to COVID-19 continued in 2021 and with high levels of reserves Council approved a budget deficit in 2021 of \$435k.
- ▶ As at balance date capital expenditure of \$987k has been incurred on work in progress (website, CRM and CPD dashboard) which will be amortised over a three-year period commencing in 2021.
- ▶ 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 2020.
- ▶ The members of Council believe that the COVID-19 pandemic is likely to continue to impact the operations of the Institute and the expected results in the financial years subsequent to 31 December 2020, however due to the inherent uncertainty are, at the date of this report, unable to quantify the financial impact.
- ▶ 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.
- ▶ Council members 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 2020 has received, or become entitled to receive, a benefit by reason of a contract made by the Institute with that member or with a firm of which s/he is a member or with a company in which s/he has a substantial financial interest for services rendered in connection with the activities of the Institute, except as disclosed in Note 14 to the Financial Statements.
- ▶ During the financial year, the Institute had in place an insurance policy covering the Office Bearers against liabilities incurred as such Office Bearers to the extent permitted by law. The Institute has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Institute against a liability incurred.

If the Institute is wound up, the Constitution states that each Member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 31 December 2020, the total amount that Members of the Institute are liable to contribute if the Institute is wound up is \$99,280 (2019: \$99,860).

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).

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THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020

Not Applicable

Hoa Bui BEc FIAA GAICD

Hoa is an Australian consulting actuary with over 35 years of experience. A partner at KPMG Australia, she is in charge of its Actuarial & Financial Risk division, which spans insurance, banking and superannuation. Before joining KPMG, Hoa held senior actuarial roles at AC&L, AXA and Tower Australia including being the senior actuary of Australia No 1 and No 2 Group and retail risk portfolio. Hoa has been the Appointed Actuary for 3 life insurers at various times, acted as trustee of a superannuation fund, and director of KPMG Financial Services Consulting Ltd.

Councillor

1 January 2015 to 31 December 2020

Council Committee service during 2020

Member, Presidential Committee
Member, International Council Committee
Member, Public Policy 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 is currently the Chief Actuary and Chief Investment Officer for Resolution Life Australasia and is 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. Greg has worked in Australia, New Zealand, India and the United Kingdom.

Councillor

1 January 2021 to present

Council Committee service during 2020

Not Applicable

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 the boards of Propel Funeral Partners, a listed company providing services in the death care industry and Nikko AM, the Australian funds management subsidiary of the global Nikko Group. 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 2020

Member, Nominations Council Committee
Member, Public Policy Council Committee

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2020

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 present

Council Committee service during 2020

Member, Presidential Committee
Chair, Audit and Risk Council Committee
Member, International Council Committee
Member, Public Policy Council Committee

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 2022.

Councillor

1 January 2019 to present

Council Committee service during 2020

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 present

Council Committee service during 2020

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

Annette King BEc FIAA FAICD

Annette is a Non-Executive Director at Swiss Re Australia and New Zealand, the Chair and Co-Founder of Galileo Platforms (an insurtech company) and formerly a Non-Executive Director at FNZ (a wealth technology company). She has been a CEO, CMO and CFO working in wealth management, pensions and life insurance for companies such as Manulife, AXA and Mercer. She has lived and worked in Australia, Singapore and Hong Kong.

Councillor

1 January 2018 to present

Council Committee service during 2020

Member, Presidential Committee
Member, Audit and Risk Council Committee
Chair, ICA 2023 Council Steering Committee
Chair, Nominations Council Committee

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Iris Lun BA BCom FIAA

Iris is the founder and director of 10Life, a digital platform 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.

Councillor

1 January 2020 to present

Council Committee service during 2020

Member, CPD Council Committee
Member, ICA 2023 Council Steering Committee

Darren Stevens FIAA

Darren is a qualified actuary with over 34 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 before joining MLC Australia in January 2020 as Group Executive Platforms responsible for the management, growth and development of investment platforms in Australia.

Councillor

1 January 2020 to present

Council Committee service during 2020

Chair, Audit and Risk Council Committee

Jia Tan BCom FIAA

Jia is a contemporary actuary with a wide-ranging leadership actuarial and non-actuarial experience in the Life Insurance industry. Jia is currently the Head of Pricing and Propositions at iptiQ by Swiss Re where she is leading a multi-function team (pricing, product and underwriting) to design and deliver a bespoke customer centric proposition for some of Australia's most trusted and well-known brands using digital solution. Jia has also been passionately volunteering at the Actuaries Institute over the last eight years with a strong focus on younger members in her roles as the President of Young Actuaries Program, Convenor of the inaugural Young Actuaries Conference 2015 and Member of Life Insurance Wealth Management Practice Committee.

Councillor

1 January 2021 to present

Council Committee service during 2019

Not Applicable

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, ICA 2023 Council Steering Committee
Member, International Council Committee

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2020

Company Secretary's qualifications and experience

Glyn Thomas BBus CPA

Company Secretary from 26 February 2016 to present.

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

Report of Council

THE INSTITUTE OF ACTUARIES OF AUSTRALIA REPORT OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' attendance at Council and Council Committee meetings: 01/01/20 – 31/12/20

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	CPD Council Committee ⁶
H Bui	9 of 9			5 of 6		4 of 4	0 of 1		
N Edwards	9 of 9				3 of 3		3 of 4		
J Gibbs	9 of 9	4 of 4 ¹		3 of 5 ⁵		3 of 4	3 of 3 ⁴		
J Gribble	9 of 9								10 of 10
S Hui	8 of 9	6 of 6	4 of 4	1 of 1 ³					
A King	9 of 9	6 of 6			3 of 3	4 of 4		9 of 9	
I Lun	9 of 9							8 of 9	10 of 10
D Stevens	8 of 9	3 of 3 ²							
D Whittle	8 of 9			6 of 6				9 of 9	

¹ Cr Gibbs resigned from the Audit and Risk Council Committee on 11 May 2020

² Cr Stevens was a member of the Audit and Risk Council Committee from 11 May 2020

³ Cr Hui resigned from the International Council Committee on 17 February 2020

⁴ Cr Gibbs was a member of the Public Policy Council Committee from 1 April 2020

⁵ Cr Gibbs was a member of the International Council Committee from 1 April 2020

⁶ The CPD Council Committee was terminated on 30 October 2020

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 13.

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


J GIBBS
 President/Director
 Sydney 17 March 2021


A KING
 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 2020

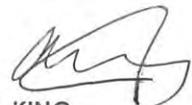
The members of Council of the Institute declare that:

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 2020 and of its performance and cashflows for the year then ended on that date; and
2. in the Council's opinion, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

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



J GIBBS
President/Director
Sydney, 17 March 2021



A KING
Senior Vice President/Director

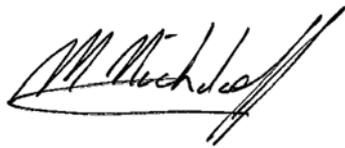
THE INSTITUTE OF ACTUARIES OF AUSTRALIA

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

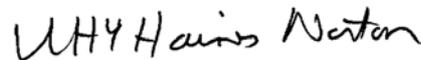
TO THE COUNCILLORS OF THE INSTITUTE OF ACTUARIES OF AUSTRALIA

As auditor for the audit of the Institute of Actuaries of Australia for the year ended 31 December 2020, 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 2021
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 2020, 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 2020 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 2020, 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.

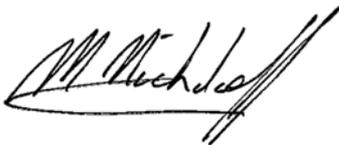
Auditor's Responsibilities for the Audit of the Financial Report

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.

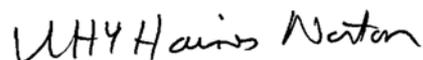
A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Presentation of the financial report on the Internet

It is our understanding that the Institute intends to publish a hard copy of the audited financial report and the auditor's report for members, and 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 directors of the Institute.



Mark Nicholaeff
Partner
17th March 2021
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 2020**

	Note	Year Ended 31/12/2020 \$	Year Ended 31/12/2019 \$
Revenues	3	9,013,092	11,221,846
Expenses	3	(8,948,961)	(9,996,383)
(Deficit)/Surplus before income tax expense		64,131	1,225,463
Income tax expense	1	-	-
(Deficit)/Surplus after income tax expense		64,131	1,225,463
Other Comprehensive Income:			
Other Comprehensive Income for the period, net of tax		-	-
Total Comprehensive Income for the period		64,131	1,225,463

The accompanying notes form part of these financial statements.

THE INSTITUTE OF ACTUARIES OF AUSTRALIA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31/12/2020 \$	31/12/2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,333,595	3,997,630
Trade and other receivables	5	682,187	635,106
Financial assets	6	4,964,791	4,853,067
Total current assets		9,980,573	9,485,803
NON CURRENT ASSETS			
Property, plant and equipment	7	130,055	139,011
Other non-current assets	8	584,977	949,011
Intangible assets	9	987,308	818,356
Total non-current assets		1,702,340	1,906,378
TOTAL ASSETS		11,682,913	11,392,181
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	4,464,457	3,922,113
Other Liabilities	11	415,906	400,654
Provisions	12	392,980	356,676
Total current liabilities		5,273,343	4,679,443
NON CURRENT LIABILITIES			
Provisions	12	105,471	114,226
Other liabilities	11	232,678	591,222
Total non-current liabilities		338,149	705,448
TOTAL LIABILITIES		5,611,492	5,384,891
NET ASSETS		6,071,421	6,007,290
MEMBERS' FUNDS			
Retained surplus		6,071,421	6,007,290
TOTAL MEMBERS' FUNDS		6,071,421	6,007,290

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 2020**

	31/12/2020	31/12/2019
	\$	\$
Balance at 1 January	6,007,290	4,635,056
Surplus from cessation of AASB 117	-	146,771
Surplus after income tax expense for the year	64,131	1,225,463
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	64,131	1,225,463
Balance at 31 December	6,071,421	6,007,290

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 2020

	Note	31/12/2020 \$	31/12/2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and others		9,201,349	10,817,989
Payments to suppliers and employees		(8,879,743)	(9,600,317)
Net cashflow from operations		321,606	1,217,672
Other revenue		198,129	245,482
Government wage subsidies		628,401	-
Finance costs paid		(48,436)	(67,829)
Interest received		87,476	150,894
Net cash inflow from operating activities	16(b)	1,187,176	1,546,219
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		(247,450)	(365,005)
Payment for investments		(111,725)	(114,017)
Net cash outflow from investing activities		(359,175)	(479,022)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease principal amounts		(391,729)	(321,433)
Net cash outflow from financing activities		(391,729)	(321,433)
Net increase in cash held		436,272	745,764
Unrealised currency differences		(100,307)	
Cash at the beginning of year		3,997,630	3,251,866
Cash at the end of year	4, 16(a)	4,333,595	3,997,630

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 2020 (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 2020 (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.

1. Significant accounting policies (continued)

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. Trade and other payables 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 2020 (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 5 – Trade and other receivables -Deferred expenses and Note 10 – Trade and other payables – unearned income).

Interest

Interest income is recorded on an accruals basis.

Employee Benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expenses

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

1. Significant accounting policies (continued)

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 2020 (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 during the year are classified as work in progress and will be amortised over a three-year period from 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 2020 (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 effective from 1 January 2020

- (i) *AASB 2020-4 Amendments to Australian Accounting Standards – Covid – 19 Related Rent Concessions*

The institute has early adopted AASB 2020-4 from 1 January 2020. The standard amends AASB 16 – *Leases* to allow lessees to not account for rent concessions as lease modifications, provided certain conditions are met. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Once elected, the practical expedient is required to be applied consistently to all lease contracts with similar characteristics and in similar circumstances.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

The institute has applied the practical expedient to all rent concessions that meet the conditions noted above, and an amount of \$25,765 has been recognised in profit and loss for the period ended 31 December 2020 to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient.

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 2020 except AASB2020-4. 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.

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 2020 (CONTINUED)

	31/12/2020	31/12/2019
	\$	\$
3. REVENUE AND EXPENSES		
(a) Revenue		
Revenue from operating activities		
Member subscriptions	4,119,051	3,925,974
Education courses & exams and CPD	3,670,501	5,422,425
Events	326,449	1,524,532
Sale of publications and advertising	135,702	108,168
Total Revenue from operating activities	8,251,703	10,981,099
Revenue from non-operating activities		
Credit card fees recovered	62,426	89,853
Interest received	70,562	150,894
Government COVID-19 wage subsidies	628,401	-
Total Revenue from non-operating activities	761,389	240,747
Total Revenue	9,013,092	11,221,846
(b) Expenses		
Specific activities costs		
Member services costs	303,328	492,076
Education courses & exams costs	1,403,056	2,017,138
Education strategy review (refer page 6)	1,346,457	1,156,667
Events costs	722,010	1,144,806
Sale of publications and advertising costs	27,936	14,356
	3,802,787	4,825,043
Supporting activities costs		
Communications and marketing costs	704,044	976,002
Public policy & Professionalism costs	626,531	602,869
Research grants, scholarships and prizes	6,000	500
	1,336,575	1,579,371
Corporate administration costs		
Employee costs	1,512,642	1,307,895
Council, presidents and committees	32,599	186,471
Premises	129,547	156,768
Office & IT costs	1,053,045	777,399
Asian liaison costs	273,867	327,236
Audit, Legal and consulting fees,	64,613	64,116
Credit card and bank fees	82,787	113,175
Staff travel and accommodation costs	8,075	73,245
Depreciation and amortisation	87,453	140,495
Depreciation of Right-of-use of lease	364,034	364,298
Interest on lease liability	48,436	67,829
Unrealised currency differences	100,307	1,710
Realised currency differences	-	(31)
Other costs	52,194	11,373
	3,809,599	3,591,979
Total Expenses	8,948,961	9,996,393

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	31/12/2020	31/12/2019
	\$	\$
3. REVENUE AND EXPENSES (Continued)		
(c) Expenses requiring additional disclosure		
Amortisation and Depreciation of assets:		
Leasehold improvements	1,627	1,628
Office equipment	64,798	111,535
Furniture and fittings	9,891	5,223
Computer software and website	11,138	22,110
	87,454	140,496
Amortisation of lease liability and fit out		
Deferred fit out benefit	-	-
Lease liability	364,034	364,298
	364,034	364,298
Movement in provisions		
Leave and entitlements (see note 12)	27,550	(129,437)
Doubtful debts	-	-
	27,550	(129,437)
Rental expenses on leases		
Outgoings & cleaning	83,606	114,219
	83,606	114,219
Remuneration of the auditors		
Auditing the accounts	27,845	27,900
Other audit related services	-	-
	27,845	27,900
4. CASH AND CASH EQUIVALENTS		
Cash at bank and equivalents	3,665,360	3,968,887
Cash on hand	400	400
Cash at bank held in foreign currencies	667,835	28,343
	4,333,595	3,997,630
5. TRADE AND OTHER RECEIVABLES		
Interest receivable	6,202	23,116
Other income receivable	65,702	20,669
Less: allowance for expected credit loss	-	-
Deferred expenses	610,283	591,321
	682,187	635,106
6. FINANCIAL ASSETS - Current		
Term deposits	4,964,791	4,853,067
	4,964,791	4,853,067

For 2020, revenue includes \$3,443,130 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 2020 (CONTINUED)

	31/12/2020	31/12/2019
	\$	\$
7. NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	13,012	13,012
Less: accumulated amortisation	(8,142)	(6,515)
	4,870	6,497
Computer and office equipment, at cost	645,923	599,704
Less: accumulated depreciation	(573,621)	(508,823)
	72,302	90,881
Furniture and fittings, at cost	78,092	56,951
Less: accumulated depreciation	(25,209)	(15,318)
	52,883	41,633
	130,055	139,011

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 2019	8,125	141,459	30,080	179,664
Additions	-	60,957	16,776	77,733
Assets written off	-	-	-	-
Depreciation / amortisation expense	(1,628)	(111,535)	(5,223)	(118,386)
Balance at 31 December 2019	6,497	90,881	41,633	139,011
Additions	0	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

	31/12/2020	31/12/2019
	\$	\$
8. OTHER NON-CURRENT ASSETS		
Right-of-use of Lease	1,313,309	1,313,309
Accumulated depreciation - right of use	(728,332)	(364,298)
	584,977	949,011

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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 2019	1,208,143	102,264	2,902	1,313,309
Depreciation / amortisation expense	(345,184)	(17,531)	(1,583)	(364,298)
Balance at 31 December 2019	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

	\$	\$
9. INTANGIBLE ASSETS		
Computer software, IT infrastructure and website, at cost	1,180,106	1,180,106
Less: accumulated amortisation	(1,050,567)	(1,039,429)
Less: impairment	(118,250)	(118,250)
WIP - IT software & Website	976,019	795,929
	987,308	818,356

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 2019	527,377	11,807	14,010	553,194
Additions	268,552	-	-	268,552
Transfers	-	-	18,720	18,720
Assets written off	-	-	-	-
Depreciation / amortisation expense	-	(8,333)	(13,777)	(22,110)
Balance at 31 December 2019	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	(0)	11,289	987,308

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	31/12/2020	31/12/2019
	\$	\$
10. TRADE AND OTHER PAYABLES		
Unsecured:		
Trade creditors, accruals and other payables	472,754	478,982
Enrolments and Registration fees received in advance	983,676	499,705
Unearned income (Membership subscriptions received in advance)	3,008,027	2,943,426
	4,464,457	3,922,113
11. OTHER LIABILITIES		
Current		
Lease liability	415,906	400,654
Non current		
Lease liability	232,678	591,222
Total other liabilities	648,584	991,876
Interest expense	48,436	67,829
Variable lease expenses	83,606	114,219
Total	132,042	182,048

12. PROVISIONS

Employee entitlements

Current	Bonuses	Annual Leave	Long Service Leave	Total
	\$	\$	\$	\$
Balance at 1 January 2019	243,960	243,570	-	487,530
Increase in provision during the year	67,950	(182,866)	-	(114,916)
Transferred from non-current	-	-	30,962	30,962
Amounts used	(243,960)	197,060	-	(46,900)
Balance at 31 December 2019	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 and/or reversed	(67,553)	(227,991)	(30,962)	(326,506)
Balance at 31 December 2020	61,155	257,425	74,400	392,980

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12. PROVISIONS (continued)

Employee entitlements

Non-current	Long Service Leave	Total
Balance at 1 January 2019	112,810	112,810
Increase in provision during the year	32,378	32,378
Transferred to current provision	(30,962)	(30,962)
Balance at 31 December 2019	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
Total Provisions		498,451

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.

	31/12/2020	31/12/2019
	\$	\$
(a) Aggregate employee entitlement liability	498,451	470,902
Current	392,980	356,676
Non-current	105,471	114,226
(b) Number of employees at year end	29	29

13. LEASING COMMITMENTS

Leases		
Lease rental expenses and commitments:		
Rentals charged to Statement of Profit or Loss and Other Comprehensive Income	83,606	114,219
Lease commitments:		
Not later than 12 months	537,889	518,794
Between 12 months and 5 years	319,637	863,887
Greater than 5 years	-	-
Total lease commitments	857,526	1,382,681

See note 23.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

14. i 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 18.

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

- ▶ 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.

14. ii RELATED PARTY AND RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2019

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

H Bui	J Gribble	N Rubinsztein
A-M Cook	S Hui	D Whittle
A Doughman	A King	
J Gibbs	B Konstantinidis	

(b) Key Management Personnel

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

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

14. ii RELATED PARTY AND RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

- (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 \$13,694 relating to reimbursement of catering costs were paid to KPMG (which is related to Hoa Bui and Jefferson Gibbs) for increased number of 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.

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

15. FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

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

(b) Interest Rate Risk

The Institute's exposure to interest rate risk, and the effective weighted average interest rates on financial assets and financial liabilities is set out in the following table:

	31/12/2020	31/12/2019
Weighted Average Effective Interest Rate:	%	%
Financial Assets		
Cash at banks	0.35	1.33
Term deposits	1.20	2.02
	\$	\$
Floating Interest Rate: Financial Assets		
Cash at banks	3,749,528	3,784,357
Total Financial Assets	3,749,528	3,784,357
Non-Interest Bearing: Financial Assets		
Cash at banks	583,667	212,873
Total Financial Assets	583,667	212,873
Fixed Interest Rate maturing within 1 year: Financial Assets		
Cash at banks	-	-
Term deposits	4,964,791	4,853,067
Total Financial Assets	4,964,791	4,853,067

(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 2020 (CONTINUED)

15. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk

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

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

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

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

	Cash flows	1 year	2-5 years	Total	Carrying Amount
	\$	\$	\$	\$	\$
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	1,121,338
NET MATURITY	8,238,492	8,497,618	(259,126)	8,238,492	8,248,952
Maturity Analysis - 2019					
Financial assets					
Cash and cash equivalents	3,997,630	3,997,630	-	3,997,630	3,997,630
Other income receivables - net	20,669	20,669	-	20,669	20,669
Term deposits with accrued interest	4,892,172	4,892,172	-	4,892,172	4,876,183
TOTAL	8,910,471	8,910,471	-	8,910,471	8,894,482
Financial liabilities					
Trade creditors, accruals and other payables	478,983	478,983	-	478,983	478,983
Lease liabilities	991,876	400,654	591,222	991,876	991,876
TOTAL	1,470,859	879,637	591,222	1,470,859	1,470,859
NET MATURITY	7,439,612	8,030,834	(591,222)	7,439,612	7,423,623

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

15. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Net Fair Values

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

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

(f) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This may be whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At balance date the Institute had foreign currency holdings of \$655,628 (2019: \$28,342) 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 31/12/2020			
+/- 1% in interest rates	+/-	87,143	87,143
Year ended 31/12/2019			
+/- 1% in interest rates	+/-	86,309	86,309
Year ended 31/12/2020			
+/- 5% in currency fluctuations	+/-	34,507	34,507
Year ended 31/12/2019			
+/- 5% in currency fluctuations	+/-	1,492	1,492

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

16. CASH FLOW INFORMATION

(a) Reconciliation of Cash

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

	31/12/2020	31/12/2019
	\$	\$
Cash	4,333,595	3,997,630

(b) Reconciliation of Cash Flow from Operations with Net Surplus/(Deficit)

Net Surplus	64,131	1,225,463
Non-Cash Flows in Surplus		
Depreciation and amortisation	76,315	118,385
Amortisation of intangibles	11,138	22,110
Depreciation of right-of-use of asset	364,034	364,298
Interest on lease liability	48,436	
Unrealised currency differences	100,307	
AASB16 adjustment to retained earnings	-	146,771
Changes in Assets and Liabilities		
(Increase)/Decrease in income receivable	(10,180)	(154,253)
(Increase)/Decrease in prepaid expenses	(18,962)	325,693
(Decrease)/Increase in trade and other payables	(26,295)	1,093
(Decrease)/Increase in provisions	27,550	(129,437)
(Decrease)/Increase in prepaid revenue	548,574	
(Decrease)/Increase in other liabilities	2,128	(373,904)
Net cash from (used in) by operating activities	1,187,176	1,546,219

17. MEMBERS' GUARANTEE

The Institute is incorporated under the *Corporations Act 2001* (Cth) and is a company limited by guarantee. If the Institute is wound up, the Constitution states that each Member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 31 December 2020 the total amount that Members of the Institute are liable to contribute if the Institute is wound up is \$99,280 (2019: \$99,880).

Notes to the Financial Statements

THE INSTITUTE OF ACTUARIES OF AUSTRALIA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18. EMPLOYEE BENEFITS AND KEY MANAGEMENT PERSONNEL COMPENSATION

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

The aggregate compensation made to 4 (2019: 4) key management personnel is set out below:

	Termination payments	Short-term benefits	Post- employment benefits	Other long-term benefits	Total
	\$	\$	\$	\$	\$
2020	-	1,063,893	62,416	28,010	1,154,318
2019	-	882,526	33,801	14,818	931,145

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

	Termination payments	Short-term benefits	Post- employment benefits	Other long-term benefits	Total
	\$	\$	\$	\$	\$
2020	60,789	4,078,671	334,657	34,683	4,508,801
2019	-	3,726,812	305,172	40,184	4,072,168

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

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

Related party transactions:

Related party transactions are set out in Note 14.

19. 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 2020 (CONTINUED)

20. REMUNERATION OF AUDITORS

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

Audit services – UHY Haines Norton	2020 (\$)	2019 (\$)
Audit of the financial statements (accrual)	28,400	27,900

21. INSTITUTE DETAILS

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

22. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2020 (2019: \$0).

23. COMMITMENTS

The Institute has commitments totalling:

- (a) \$782,106 (2019: \$1,280,720) 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 new lease totalling \$299,055 which is secured by a term deposit of \$300,000 has been issued by the ANZ Bank (see Note 13);
- (b) \$75,420 (2019: \$95,532) for leasing of photocopying equipment payable over the next 4 years (see Note 13); and
- (c) \$404,311 (2019: \$534,671) for venue hire relating to events scheduled for 2021 and beyond;
- (d) \$306,792 (2019: \$0) in contracts currently under negotiations for venue hire relating to events scheduled for 2021; and
- (e) \$0 (2019: \$1,260) for leasing of telephone lines payable over the next 10 months

The Institute has capital commitments totalling \$23,455 (2019: \$0) for consulting services for enhancements to the Institute's Aptify Member database during 2021.

24. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Institute, the results of those operations or the state of affairs of the Institute in the financial year subsequent to 31 December 2020.