Australian Securities & Investments Commission

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Document No. **7E9633954**

Lodgement date/time: 09-11-2017 18:24:20

Reference Id: 105245719

Form 388

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

Copy of financial statements and reports

Company details

Company name

INSTITUTE OF PUBLIC AFFAIRS LIMITED

ACN

008 627 727

Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial year ends

Financial year end date

30-06-2017

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Date of appointment **01-02-2015**

Name of auditor

SHINEWING AUSTRALIA

Address

LEVEL 10

530 COLLINS STREET
MELBOURNE VIC 3000

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name	John Peter ROSKAM
Date	09-11-2017

For more help or information

Web	www.asic.gov.au
Ask a question?	www.asic.gov.au/question
Telephone	1300 300 630

Institute of Public Affairs Limited

ABN 49 008 627 727

Financial Report

For the Year Ended 30 June 2017

Institute of Public Affairs Limited

ABN 49 008 627 727

Principal Office in Victoria

Executive Director

John Roskam

Senior Staff

Scott Hargreaves, Andy Poon.

Secretary

John Roskam

Auditors

ShineWing Australia, Chartered Accountants

Principal Office

Level 2, 410 Collins Street, Melbourne, Victoria

3000 Ph (03) 9600 4744, Fax (03) 9602 4989

Institute of Public Affairs Limited

ABN 49 008 627 727

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Institute of Public Affairs Limited

ABN 49 008 627 727

Directors' Report
For the Year Ended 30 June 2017

The Directors present their report together with the financial report of the Institute of Public Affairs Limited for the financial year ended 30 June 2017.

Incorporation

The Company was incorporated in the Australian Capital Territory on 10 June 1987 as a company limited by guarantee. The Company acquired and took over the funds and other assets and liabilities of the unincorporated Institute of Public Affairs with effect from 1 July 1987.

Directors

The names of each person who has been a Director of the Company at any time during or since the end of the financial year are:

Janet Kim Albrechtsen
William Harold Clough
William Timothy Duncan
Geoffrey Michael Folie
Michael Robb Hickinbotham
Geoffrey William Hone
Charles Roderick Kemp (Chairman)
Rodney William Menzies
William Hugh Matheson Morgan
Maurice Joseph O'Shannassy
John Peter Roskam (Executive Director)

Short and long term objectives

The primary long-term objectives of the Company are:

1. To further the individual, social, political and economic freedom of Members and of the Australian people.
2. To inform Members and the Australian people of the facts of Australia's economic system and thus to raise the level of economic understanding in Australia.
3. To work for improved understanding and productive relationships between employers and employees and governments.
4. To study the means by which private enterprise can be made to operate better in the interests of Members and all sections of the Australian people.
5. To express viewpoints on national economic policies and on any other matter considered to be of national importance.

In order to achieve these long-term objectives, a number of key short-term objectives have been determined:

1. Increase number of Company supporters and donors.
2. Increase revenue to allow for the Company to continue its research into national economic policies and other matters considered to be of national importance.

Institute of Public Affairs Limited

ABN 49 008 627 727

Directors' Report
For the Year Ended 30 June 2017

Strategies to achieve short and long-term objectives

The Company has the following strategies to achieve its short and long-term objectives:

1. Actively engage in public debate to bring the Company's research to the attention of as many people as possible.
2. Identify new areas of research which are of national importance, and engage in research and share the outcomes of the research with the Australian people.

Principal activities

The principal activities of the Company during the year were the conduct of economic and social research, including the conduct of a number of seminars, the publishing of several booklets and papers, and media commentary.

During the year the Company undertook the following activities:

- Four issues of the *IPA Review* were produced.
- IPA staff published numerous research papers and appeared before various parliamentary enquiries.
- Emails were produced for IPA members and supporters each week.
- Numerous events were held around Australia.
- IPA staff made extensive media comment about IPA research.

The Company's activities during the year have facilitated the dissemination of its research to Members and Australian people. The *IPA Review* has a circulation of over 6,000, the weekly email reaches over 20,000, and the Company's numerous research papers are readily accessible through its website.

Performance measures

The Company measures its performance by comparing financial results and the number of research outputs on a year to year basis.

Institute of Public Affairs Limited

ABN 49 008 627 727

Directors' Report
For the Year Ended 30 June 2017

Director's qualifications and experience

Janet Kim Albrechtsen

Qualifications	LLB (Hons) degree from University of Adelaide, and S.J.D. from University of Sydney.
Experience	Weekly columnist, *The Australian*, since 2001. Member of the Board of the Australian Broadcasting Corporation 2005 to 2010. Solicitor at Freehills, 1989 to 1991. Currently a member of the National Museum of Australia, and an ambassador and mentor at the Australian Indigenous Education Fund. Director since June 2015.

William Harold Clough AO, OBE, CitWA

Qualifications	B.E. (Hons) degree and Hon DEng from University of WA, M.S. from University of California, Berkeley, FIEAust, FTSE, FAIM, FICD
Experience	Fifty years chairman and owner of Clough Ltd, an engineering company. Now Chairman Emeritus and owner of McRae Investments Pty Ltd, a family company, which has a number of diverse activities with SouFun – a large property company in China. Was President of the Australian Chamber of Commerce and Industry and Vice President of the Confederation of Asian-Pacific Chamber of Commerce and Industry (CACCI). Ten years member of The Government Australian Indonesian Institute. Chairman of Alzhyme Pty Ltd, a company supporting research by Professor Ralph Martins into alzhyme disease. Director since 1991.

William Timothy Duncan

Qualifications	B.A. (Hons) degree in Economic History and Politics from University of Melbourne, and PhD (Economic History) from University of Melbourne.
Experience	Former Melbourne Correspondent, *The Bulletin*; and Head Australian External Affairs at Rio Tinto; Director of strategic communications consultancy, Hinton & Associates, and advisor to numerous Australian and offshore listed companies. Author of (with John Fogarty) *Australia and Argentina: on parallel paths* (MUP, 1985). He is also a committee member of the Melbourne Mining Club. Director since 2002.

Institute of Public Affairs Limited

ABN 49 008 627 727

Directors' Report
For the Year Ended 30 June 2017

Geoffrey Michael Folie

Qualifications	B.E, degree from University of Melbourne, D.I.C. Grad Diploma from Imperial College London, M.Sc (Econ) degree from London School of Economics, and PhD from University of Southampton.
Experience	Thirty years of business experience and related policy issues in mining and petroleum industries, including positions as CEO and Chairman of several ASX-listed resource companies. These executive responsibilities included involvement in policy debates as a Board/Council member of the WA and Queensland Chambers of Mines and the Minerals Council in Canberra. Prior employment included 10 years at the University of NSW, holding the position of Associate Professor of Economics prior to resignation. Previous appointments include Board membership of EFIC and the Australian Research Council and as an Associate Commissioner of the Productivity Commission. Director since 1995.

Michael Robb Hickinbotham

Qualifications	LLB (Hons) degree from University of London (University College London), and B.Econ degree from University of Adelaide.
Experience	Managing Director of Hickinbotham Group. Worked as a solicitor at Blake Dawson Waldron. His other current appointments include Chairman of the Australian Population Institute of Australia (SA), and an executive member of the Urban Development Institute of Australia (SA). Director since 2007.

Geoffrey William Hone

Qualifications	LLB (Hons) degree from University of Melbourne. Barrister and solicitor of the Supreme Court of Victoria.
Experience	Partner of the law firm, Ashurst (formerly Blake Dawson), for 37 years, and a senior consultant at that firm until March, 2017. He has acted as a director or adviser to numerous public and private companies. His other current appointments include Chairman of The Scobie and Claire Mackinnon Trust and director of Legal Super (the legal profession's industry superannuation fund). Director since 2011.

Charles Roderick Kemp (Chairman)

Qualifications	B.Com degree from University of Melbourne.
Experience	Former Minister in the Howard Government for 10 years. As Assistant Treasurer from 1996 to 2001, he was responsible for the Australian Taxation Office and superannuation. He was also Minister for the Arts and Sport from 2001 to 2007. He was previously Executive Director of the IPA from 1982 to 1989. Director since 2008.

Institute of Public Affairs Limited

ABN 49 008 627 727

Directors' Report
For the Year Ended 30 June 2017

Rodney William Menzies

Qualifications	B.B.A and M.B.A (Hons) degrees from Pepperdine University, California, USA.
Experience	Chairman and owner of Menzies International, a Top 500 Australian company, Chairman and owner of Allcorp Building Services, Menzies Fine Art Auctions, Lawson's Collectible Auctions, and Noorilim Estate Winery. Director since 2014.

William Hugh Matheson Morgan

Qualifications	B.Eng (Hons) and B.Arts degrees, and GradDip App. Fin. & Invest. from RMIT University.
Experience	Partner, Intrinsic Investment Management, an Australian listed equity investment firm (12 years). Previously a professional investor (10 years), private company managing director (4 years), and civil engineer (4 years). Director since 2007.

Maurice Joseph O'Shannassy

Qualifications	B.Sc degree and M.Ec (prelim) from Monash University.
Experience	Former Chief Executive Officer of BlackRock Investment Management Australia (formerly Merrill Lynch Investment Managers Australia). He currently holds a number of Directorships of Australian public companies and his other appointments include Vice President of the Richmond Football Club, and a Life Member of the Financial Services Council. Director since 2009.

John Peter Roskam (Executive Director)

Qualifications	B.Comm (Hons) and LLB (Hons) degrees from University of Melbourne. Barrister and solicitor of the Supreme Court of Victoria.
Experience	Executive Director of the IPA. Current appointments include being a member of the Editorial Board of the Australian Journal of Public Administration, and Connor Court Publishing. He is a fellow of the Institute of Public Administration Australia (Victoria), and is an Honorary Fellow of Campion College. Director since 2005.

Institute of Public Affairs Limited

ABN 49 008 627 727

Directors' Report
For the Year Ended 30 June 2017

Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the 2016/2017 financial year are:

	Directors' meetings	
	No. of meetings attended	**No. of meetings eligible to attend**
Janet Kim Albrechtsen	4	5
William Harold Clough AO, OBE, CitWA	-	5
William Timothy Duncan	5	5
Geoffrey Michael Folie	4	5
Michael Robb Hickinbotham	5	5
Geoffrey William Hone	4	5
Charles Roderick Kemp (Chairman)	4	5
Rodney William Menzies	5	5
William Hugh Matheson Morgan	3	5
Maurice Joseph O'Shannassy	4	5
John Peter Roskam (Executive Director)	5	5

Members liability on winding up

In the event of the Company winding up, each member of the Company undertakes to contribute to the property of the Company for payment of the debts and liabilities of the Company, such amounts as may be required not exceeding ten dollars. The maximum total amount that members of the Company are liable to contribute is $340, if wound up.

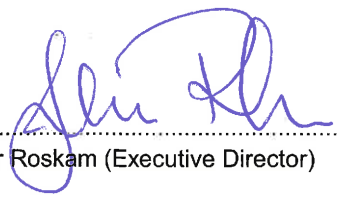
Related entity

The Institute of Public Affairs Trust receives donations, administers research scholarships and supports research. The Company is the trustee.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2017 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director: .....
John Peter Roskam (Executive Director)

Dated 13 October 2017

ShineWing Australia
Accountants and Advisors
Level 10, 530 Collins Street
Melbourne VIC 3000
T +61 3 8635 1800
F +61 3 8102 3400
shinewing.com.au

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Institute of Public Affairs Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

(i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 13 October 2017

ShineWing Australia ABN 39 533 589 331. Liability limited by a scheme approved under Professional Standards Legislation. ShineWing Australia is an independent member of ShineWing International Limited – members in principal cities throughout the world.

Institute of Public Affairs Limited

ABN 49 008 627 727

Statement of Comprehensive Income
For the Year Ended 30 June 2017

	2017 $	2016 $
INCOME		
Memberships	**375,036**	349,429
General contributions	**2,255,037**	2,346,634
Conferences and seminars	**24,414**	153,762
Donations received	**2,960,417**	1,897,759
	5,614,904	4,747,584
OTHER INCOME		
Receipts from IPA Research Trust	**425,000**	139,750
Interest received	**55,904**	62,749
Royalties received	**4,686**	4,156
	485,590	206,655
	6,100,494	4,954,239
EXPENSES		
Advertising	**16,500**	14,238
Ancillary research costs	**340,138**	158,213
Bank charges	**19,356**	21,768
Communication expenses	**154,691**	78,892
Conference & seminar costs	**245,859**	368,274
Direct unit cost	**325,341**	225,100
Depreciation	**34,793**	16,398
Electricity & telephone	**26,610**	30,356
Fringe benefits tax	**3,560**	3,560
Hire of plant and equipment	**14,448**	14,316
Legal expenses	**28,218**	11,219
Office rental and cleaning	**217,329**	188,726
Publication costs	**224,089**	120,321
Repairs and maintenance	**29,411**	81,539
Salaries & contractor fees	**3,103,189**	2,111,139
Sundry office expenses	**546,214**	312,476
Superannuation contributions	**237,140**	175,266
Workcover insurance	**10,173**	9,412
	5,577,059	3,941,213
CURRENT YEAR SURPLUS	**523,435**	1,013,026

The accompanying notes form part of these financial statements.

Institute of Public Affairs Limited

ABN 49 008 627 727

Statement of Financial Position
As At 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	**3,834,562**	3,056,654
Trade and other receivables	3	**51,073**	78,716
Other current assets		**124,941**	340,060
TOTAL CURRENT ASSETS		**4,010,576**	3,475,430
NON-CURRENT ASSETS			
Property, plant and equipment	4	**124,922**	123,033
TOTAL NON-CURRENT ASSETS		**124,922**	123,033
TOTAL ASSETS		**4,135,498**	3,598,463
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	**236,797**	229,930
Income in advance		**152,053**	189,400
Provisions	6	**200,604**	175,405
TOTAL CURRENT LIABILITIES		**589,454**	594,735
NON-CURRENT LIABILITIES			
Provisions	6	**31,890**	13,009
TOTAL NON-CURRENT LIABILITIES		**31,890**	13,009
TOTAL LIABILITIES		**621,344**	607,744
NET ASSETS		**3,514,154**	2,990,719
EQUITY			
Retained surplus		**3,514,154**	2,990,719
TOTAL EQUITY		**3,514,154**	2,990,719

The accompanying notes form part of these financial statements.

Institute of Public Affairs Limited

ABN 49 008 627 727

Statement of Changes in Equity
For the Year Ended 30 June 2017

2016

	Retained Earnings	Total
	$	$
Balance at 1 July 2015	1,977,693	1,977,693
Surplus for the year	1,013,026	1,013,026
Balance at 30 June 2016	2,990,719	2,990,719

2017

	Retained Earnings	Total
	$	$
Balance at 1 July 2016	**2,990,719**	**2,990,719**
Surplus for the year	**523,435**	**523,435**
Balance at 30 June 2017	**3,514,154**	**3,514,154**

The accompanying notes form part of these financial statements.

Institute of Public Affairs Limited

ABN 49 008 627 727

Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from subscriptions and donations		**5,609,885**	4,745,087
Receipts from IPA Research Trust		**425,000**	139,750
Payments to suppliers and employees		**(5,276,199)**	(4,115,924)
Interest received		**55,904**	62,749
Net cash provided by operating activities		**814,590**	831,662
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for office equipment		**(36,682)**	(94,195)
Net cash used in investing activities		**(36,682)**	(94,195)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in cash and cash equivalents held		**777,908**	737,467
Cash and cash equivalents at beginning of financial year		**3,056,654**	2,319,187
Cash and cash equivalents at end of financial year	2	**3,834,562**	3,056,654

The accompanying notes form part of these financial statements.

Institute of Public Affairs Limited

ABN 49 008 627 727

Notes to the Financial Statements
For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

Institute of Public Affairs is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 13 October 2017 by the directors of the company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements (including Australian accounting Interpretations) and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of the statements are as follows:

(a) Property, plant and equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Depreciation

The depreciable amount of all fixed assets, except for freehold land is depreciated on a straight line method over the asset's useful life to the company commencing from the time the asset is held ready for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the asset's useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment & Furniture	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

1 Summary of Significant Accounting Policies (continued)

(a) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(b) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more 12 months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(c) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Revenue

Donations are recognised as revenue when received.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive dividend has been established.

Membership revenue is recognised on an accruals basis over a twelve-month period of the paid membership.

Revenue is measured at the fair value of the consideration received or receivable.

All revenue is stated net of the amount of goods and services tax (GST).

1 Summary of Significant Accounting Policies (continued)

(f) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997.*

(i) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(j) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

1 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Classification and subsequent measurement (continued)

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

(k) Critical accounting estimates and judgments

The directors make estimates and judgments during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events which could have a material impact on the assets and liabilities in the next financial year are discussed below:

(a) Provision for employee benefits

Calculation of long-term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of the benefits. The estimates are based on historical trends and forecasts.

(l) New accounting standards for application in future periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, revised impairment requirements and simplified requirements for hedge accounting.

  The revised requirements include:

  - simplifications to the classification of financial assets.
  - simplifications to the accounting of embedded derivatives.
  - an expected loss impairment model.
  - the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.
  - a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

1 Summary of Significant Accounting Policies (continued)

(l) New accounting standards for application in future periods (continued)

The financial assets and liabilities of the Company consist of cash, receivables and payables. Therefore, the directors do not expect a material impact on transition to AASB 9.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018).

  This Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

  AASB 16 will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard include:

  - recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
  - variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
  - by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
  - additional disclosure requirements.

  The directors expect that the adoption of AASB 16 will result in lease assets and liabilities being recognised on the statement of financial position and a change in how related expenses are incurred. The financial impact of this has not yet been determined.

1 Summary of Significant Accounting Policies (continued)

(l) New accounting standards for application in future periods (continued)

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

AASB 1058 applies to transactions where the consideration to purchase an asset is significantly less than its fair value in order to support the entity to further its objectives. It also applies to volunteer services.

The following are the key requirements in this standard:

1. Income arising from the excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets, and revenue should be immediately recognised in profit or loss. For this purpose assets, liabilities and revenue are to be measured in accordance with the applicable standard;

2. A liability is recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with other standards. This liability has to be amortised to profit or loss as the entity satisfies its obligations under the transfer; and

3. An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services shall be measured at fair value and any excess over the related amounts (such as contribution by owners or revenue) should be immediately recognised in profit or loss.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Institute of Public Affairs Limited

ABN 49 008 627 727

Notes to the Financial Statements
For the Year Ended 30 June 2017

2 Cash and Cash Equivalents

	2017	2016
	$	$
Cash and cash equivalents	**3,833,662**	3,055,754
Petty cash	**900**	900
	3,834,562	3,056,654

3 Trade and Other Receivables

Other receivables	**51,073**	78,716

4 Property, Plant and Equipment

Plant and equipment at cost	**238,134**	201,452
Accumulated depreciation	**(113,212)**	(78,419)
Total property, plant and equipment	**124,922**	123,033

Movements in Carrying Amounts

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

	2017	2016
	$	$
Plant and equipment		
Balance at beginning of the year	**123,033**	45,236
Additions at cost	**36,682**	94,195
Disposals	**-**	-
Depreciation expense	**(34,793)**	(16,398)
Balance at end of the year	**124,922**	123,033

5 Trade and Other Payables

CURRENT		
Trade creditors	**6,389**	-
Other creditors and accruals	**170,041**	172,159
Superannuation payable	**60,367**	57,771
	236,797	229,930

6 Provisions

	2017 $	2016 $
CURRENT		
Annual leave	**101,762**	80,018
Long service leave	**98,842**	95,387
Total current provisions	**200,604**	175,405
NON-CURRENT		
Long service leave	**31,890**	13,009
Total Non-current provisions	**31,890**	13,009
Total provisions	**232,493**	188,414

	Employee benefits 2017 $
Analysis of total provisions:	
Opening balance at 1 July 2016	**188,414**
Additional provisions raised during the year	**221,299**
Amounts used	**(177,220)**
Balance at 30 June 2017	**232,493**

7 Events Occurring After the Reporting Date

Since the end of the financial year, there has not arisen any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial years.

8 Remuneration & Retirement Benefits

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The totals of remuneration paid to the key management personnel (KMP) of the Company during the year are as follows:

	2017 $	2016 $
Key management personnel compensation	**700,037**	610,266

Directors of the company receive no financial benefits. They provide their services on an honorary basis.

9 Related Parties

The Institute of Public Affairs Trust receives donations, administers research scholarships and supports research. The Company is the trustee.

10 Capital and Leasing Commitments

	2017 $	2016 $
Non-cancellable operating and finance leases contracted for but not capitalised in the financial statements		
- not later than 12 months	**181,988**	160,391
- between 12 months and 5 years	**76,952**	122,980
- later than five years	**258,940**	-
	517,880	283,371

11 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	2	**3,834,562**	3,056,654
Trade and other receivables	3	**51,073**	78,716
Total financial assets		**3,885,635**	3,135,370
Financial liabilities			
Trade and other payables	5	**236,797**	229,930
Total financial liabilities		**236,797**	229,930

12 Fair Value Measurements

The Company does not measure any assets or liabilities at fair value on a recurring or non-recurring basis.

13 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016:None).

Institute of Public Affairs Limited

ABN 49 008 627 727

Notes to the Financial Statements
For the Year Ended 30 June 2017

14 Restatement of Prior Period Error

During the year, the Company noted that distributions received from the Institute of Public Affairs Research Trust ("trust") were incorrectly classified as a distribution rather than an expense as the Company is not a beneficiary of the trust. This has been corrected by restating each of the financial statement line items for prior periods. The table below summarise the impacts on the company's financial statements.

	Previously Stated	Adjustments	30 June 2016 Restated
	$	$	$
Statement of Cash Flows			
Receipts from IPA Research Trust	-	139,750	139,750
Distribution from Trust	139,750	(139,750)	-
Statement of Cash Flows			
Receipts from IPA Research Trust	-	139,750	139,750
Net Cash provided by operating activities	691,912	139,750	831,662
Distribution received from the trust	139,750	(139,750)	-
Net Cash generated by financing activities	139,750	(139,750)	-

Institute of Public Affairs Limited

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Directors' Declaration

The directors of the Company declare that, in their opinion:

1. The financial statements and notes, as set out on pages 8 to 22, are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards - Reduced Disclosure Requirements; and

   b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company.

2. There are reasonable grounds to believe that the Company 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 the Board of Directors.

Director .....
John Peter Roskam (Executive Director)

Dated this 13th day of October 2017

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INSTITUTE OF PUBLIC AFFAIRS

Opinion

We have audited the financial report of Institute of Public Affairs which comprises the statement of financial position as at 30 June 2017, the statement of 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 directors' declaration.

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

a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Company 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors 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 directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can

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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 identify and assess 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.

We 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 Company's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Company to cease to continue as a going concern.

We 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 19 October 2017