

The background of the page is a solid red color. Overlaid on this are several intricate, white, abstract line drawings. These lines form a complex, swirling pattern that resembles a stylized globe or a series of overlapping orbits. The lines vary in thickness and curve, creating a sense of depth and movement. The overall effect is modern and dynamic.

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The Institute of Chartered Accountants in Australia

Financial commentary

For the year ended 30 June 2007

Principal activities

The principal activities of the organisation in the course of the year were the provision of education and training to members, potential members and the broader business community, and the provision of member services. There were no significant changes in the nature of activities of the Institute during the year.

Financial results and review of operations

The Institute achieved a surplus of \$1.99m for the year (2006: \$0.45m). Revenue rose by 12.4 per cent to \$69.59m while, due to a number of strategic initiatives introduced, expenses increased by 10.0 per cent to \$67.60m compared to 2006.

During the year the Institute renovated its new premises in Erskine Street, Sydney in preparation for commencing operations from that location on 23 July, 2007. It also sold its strata property at York Street, Sydney.

Revenue and expenditure

Major movements in revenue:

- > Growth in membership was primarily due to increased member numbers of 5.0 per cent combined with an increase in subscription rates of 3.2 per cent, which produced \$1.48m of increased income from member fees
- > Growth in the Training & Development business of 12.9 per cent due to increased attendance at Institute CPE events and growth in the in-house business
- > Growth in education was due to increased enrolments in the Chartered Accountants Program. Revenue increased by 34.0 per cent and overseas qualifications assessment

fees also increased by 55.0 per cent. The Chartered Accountants Program recorded a 6.6 per cent increase in initial student enrolments from 3,483 to 3,713. Revenue also included an amount of \$3.60m for the Tax module that was deferred into this financial year from the 2006 year due to a change in the module delivery dates last financial year

- > Growth in Business Development of 37.0 per cent as a result of additional revenue from sponsorship of Institute events and the various business partner schemes
- > Interest received decreased as a result of a decline in the cash position. Surplus cash was utilised in the renovation of new premises at Erskine Street, Sydney.

Funds were channelled into a number of activities affecting expenditure as follows:

- > Education costs increased by 13.5 per cent as a result of increased delivery costs from additional student numbers and the costs of the Tax module deferred into this financial year
- > Reputation Ethics and the Profession costs decreased by 8.1 per cent as a result of a reduction in costs primarily in legal fees and consultants' fees
- > Occupancy and Administration costs increased primarily due to:
 - Costs of \$1.70m expended on the Fit for the future project to achieve greater operational efficiency through the implementation of tools for forecasting, planning and scheduling work
 - Costs of \$1.30m associated with new premises at 33 Erskine Street, Sydney for consulting fees, legal costs, relocation expenses, and

repairs and maintenance

- Additional interest expense of \$0.40m incurred as a result of increased borrowings to fund the renovation of new premises at 33 Erskine Street, Sydney.

Capital expenditure

The major costs incurred during the year were for the renovation of premises at 33 Erskine Street, Sydney of \$17.3m as at balance date. Total costs of the renovation upon completion of the project are expected to come in on budget at \$21.18m.

The contracts of sale for premises at 37 York Street, Sydney were exchanged on 26 June 2007 and the sale has been recorded during this financial year.

Other capital expenditure included a program to fit out new leased premises in Brisbane of \$1.6m, and the roll out of new IT infrastructure at the Institute's head office of \$0.9m.

Cash flow and liquidity

The purchase of premises at 33 Erskine Street, Sydney in February 2006 and the renovation during this financial year caused the Institute to move into a net debt position. It commenced the financial year with borrowings of \$1.8m which increased to \$22.0m in May 2007. At balance date the borrowings were \$10.0m.

The contracts of sale for 37 York Street strata holdings were exchanged on 26 June 2007 and the proceeds of sale of \$14.0m were received on 9 August 2007, which were utilised in repaying the \$10.0m borrowings owed at balance date. Borrowings are expected to be required again in October 2007.

The Institute of Chartered Accountants in Australia

Income Statement

For the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Revenue from operating activities		68,070	59,508
Revenue from non-operating activities		1,519	2,371
Total revenue from ordinary activities	3	69,589	61,879
Service expenses		(20,175)	(14,820)
Marketing, promotion and publication expenses		(3,599)	(4,289)
Occupancy expenses		(4,157)	(3,795)
Administration expenses		(31,970)	(29,642)
Other expenses		(7,699)	(8,883)
Total expenses from ordinary activities		(67,600)	(61,429)
Surplus from ordinary activities		1,989	450

The Institute of Chartered Accountants in Australia

Balance Sheet

As at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Current assets			
Cash and cash equivalents	5	22	2,328
Trade and other receivables	6	18,183	4,959
		18,205	7,287
Available for sale asset	7	–	13,900
Total current assets		18,205	21,187
Non-current assets			
Property, plant and equipment	8	54,779	36,680
Intangible assets	9	69	105
Total non-current assets		54,848	36,785
Total assets		73,053	57,972
Current liabilities			
Receipts in advance	10	22,677	21,038
Trade and other payables	11	9,243	6,253
Interest bearing loans and borrowings	12	49	14
Provisions	13	1,569	1,556
Total current liabilities		33,538	28,861
Non-current liabilities			
Interest bearing loans and borrowings	12	10,291	1,927
Provisions	13	584	533
Total non-current liabilities		10,875	2,460
Total liabilities		44,413	31,321
Net assets		28,640	26,651
Members' funds			
Reserves	14	–	7,367
Retained earnings	14	28,640	19,284
Total members' funds		28,640	26,651

The Institute of Chartered Accountants in Australia

Statement of Recognised Income and Expense

For the year ended 30 June 2007

	2007	2006
	\$'000	\$'000
Fair value reversal of freehold property sold		
- recognised directly in members' funds	7,367	(448)
Surplus for the year	1,989	450
Total recognised income and expense for the year	9,356	2
Total recognised income and expense for the year is attributable to:		
Members of the Institute	9,356	2

The Institute of Chartered Accountants in Australia

Cash Flow Statement

For the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Cash flows from operating activities			
Receipts from members' subscriptions*		32,906	29,551
Receipts from Institute activities		37,841	33,704
Payments to suppliers and employees		(61,865)	(61,473)
Net cash flows from operating activities	5	8,882	1,782
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		101	147
Purchase of property, plant and equipment and intangibles		(19,392)	(35,909)
Interest received		227	1,249
Net cash flows used in investing activities		(19,064)	(34,513)
Cash flows from financing activities			
Proceeds from borrowings		22,150	1,941
Repayment of borrowings		(13,800)	(139)
Interest paid		(523)	(231)
Net cash flows from financing activities		7,827	1,571
Net decrease in cash and cash equivalents		(2,355)	(31,160)
Cash and cash equivalents at beginning of the financial year		2,328	33,488
Cash and cash equivalents at end of the financial year	5	(27)	2,328

* Members' annual subscription notices are sent out shortly before balance date each year. Variations each year in the actual date of despatch can have a significant impact upon actual cash inflows from this source – refer Note 10.

Notes to the Financial Statements

For the year ended 30 June 2007

1. Corporate information

The Institute of Chartered Accountants in Australia ('the Institute') is a body corporate that is governed by its Supplemental Royal Charter and is domiciled in Australia. The liability of its members is limited.

The registered office of the Institute is:
33 Erskine Street
Sydney NSW 2000

The principal activities of the Institute during the year were:

- > the delivery of pre- and post-admission education and services
- > the setting and maintaining of high standards as they apply to members to enhance their standing with the public and the business community
- > the continuing development of government relations and advocacy program in pursuit of legislative and regulatory objectives
- > the continuing development of a program to enhance the market and personal value of the Chartered Accountant designation.

The Institute had 246 permanent employees and in-house contractors at 30 June 2007 (2006: 254 employees).

2. Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

This financial report has been prepared on the basis of historical cost, except for freehold property (Note 2(e)).

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS').

The Institute has early adopted AASB 8 *Operating Segments*. As the Institute is not a listed entity, the Institute has not included a note on an operating segment.

Certain Australian Accounting Standards and AASB Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Institute for the annual reporting period ended 30 June 2007. The directors have assessed the impact of these new or amended standards (to the extent relevant to the Institute) and interpretations as follows:

AASB 7 Financial Instruments: Disclosures and *AASB 2005–10 Amendments to Australian Accounting Standards* [AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, and AASB 1038] – new disclosure requirements for financial instruments applicable for annual reporting periods beginning on or after 1 January 2007. These standards will not impact the amounts recognised in the financial statements.

AASB 101 Presentation of Financial Statements – amended presentation and disclosure requirements and guidance via the removal of Aus specific guidance and paragraphs from the predecessor of this standard applicable for annual reporting periods beginning on or after

1 January 2007. This standard will not impact the amounts recognised in the financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet, which comprise cash at bank and in hand and short-term deposits, are stated at their nominal amount. Short-term money market securities are valued at cost plus accrued interest to balance date.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above and includes short-term money securities and deposits at call which are readily convertible to cash in hand and subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(d) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for doubtful debts.

An allowance for doubtful debts is raised when there is objective evidence that the Institute will not be able to collect the debts. Bad debts are written off when identified.

(e) Property, plant and equipment

Freehold property is measured at fair value less accumulated depreciation on buildings and building plant and less any impairment losses recognised after the date of revaluation.

All plant and equipment is carried at cost less accumulated depreciation or amortisation and any accumulated impairment losses.

Depreciation of property, plant and equipment, other than freehold land, is calculated on a straight line basis at rates which take account of the remaining

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2. Summary of significant accounting policies (continued)

useful life of the relevant assets and their estimated residual values.

The cost of fixtures and fittings on leasehold premises is amortised over their estimated useful lives or the remainder of the lease period, dependent on whichever period is shorter.

Major depreciation periods are:

Freehold property:	
Building	50 years
Building plant	25 years
Furniture	10 years
Office equipment	5 years
Computer equipment	3 years
Fixtures and fittings on freehold premises	10 years
Fixtures and fittings on leasehold premises	Lease term
Motor vehicles	3 years

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised as expenditure in the Income Statement. Freehold property is measured at revalued amounts, and therefore impairment losses on freehold property is treated as a revaluation decrement.

(ii) Revaluations

Following initial recognition at cost, freehold property is carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Any revaluation increment is credited to

the property revaluation reserve included in the members' funds section of the Balance Sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement.

Any revaluation decrease is recognised in the Income Statement, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

(iii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognised.

(iv) Available for sale assets

Available for sale assets are those assets that are designated as 'available for sale' or are not classified as any of the three preceding categories. After initial recognition, available for sale assets are measured at fair value with gains or losses being recognised as a separate component of equity until the asset is derecognised or until the asset is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Income Statement.

(f) Intangibles

Intangible assets acquired are initially measured at cost. Following initial

recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function of the intangible asset.

Intangibles are amortised as follows:

Computer software	3 years
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(g) Receipts in advance

Receipts in advance are carried at original invoice amount in respect of goods and services to be provided subsequent to balance date. Receipts in advance includes membership fees, Chartered Accountants Program enrolment fees and Training & Development course fees.

(h) Trade and other payables

Trade and other payables are recognised when the Institute becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are non-interest bearing and are normally settled on a 30 day term.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2. Summary of significant accounting policies (continued)

(i) Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(j) Revenue and expense recognition

Revenue and expenses are recognised to the extent that it is probable that their respective economic benefits will flow to or be lost or consumed by the Institute, and the revenue and expenses can be reliably measured. The following specific recognition criteria must also be met before revenue or expenses are recognised.

(i) Member fees

The Institute's membership subscription year is 1 July to 30 June. Fees are payable annually in advance. Only those member fee

receipts which are attributable to the current financial year are recognised as revenue.

Fee receipts relating to periods beyond the current financial year are shown, excluding any applicable taxes, in the Balance Sheet as Receipts in advance under the heading of Current liabilities.

(ii) Other revenue-generating activities

The Institute undertakes certain activities which are accounted for on a work in progress basis including Chartered Accountants Program modules, Training & Development courses, Quality Reviews, Charter Journals, Congresses and student activities. The Institute's policy of accrual accounting with respect to the recognition of revenue and expenses on such activities is as follows:

- (a) For activities which are completed on or before balance date, any surplus or deficit is incorporated into the year's results,
- (b) For activities which take place wholly after the end of the financial year, any revenue received and expense incurred on such activities prior to balance date is deferred and carried forward in the Balance Sheet within Receipts in advance and Prepayments respectively,
- (c) For activities which span the balance date, a proportion of the final projected net surplus is recognised in the financial year on the percentage of completion basis.

Revenue in regard to certain activities is deferred in cases where it is anticipated that refunds will be made in regard to discontinuation by attendees. The deferred amount is carried forward in the Balance Sheet within Receipts in advance.

For activities which span the balance date, the methods adopted to determine the percentage of completion basis are as follows:

- (a) For Chartered Accountants Program modules, the percentage of completion is pro-rated according to the time span between the commencement of the module and the completion of the examination,
- (b) For other courses and activities that are delivered in a series of events, the percentage of completion is pro-rated according to the number of events delivered at balance date compared to the total number of events in the series.

(iii) Sale of goods

The Institute recognises revenue from the sale of goods when physical control of the goods passes to the purchaser pursuant to an enforceable sales contract and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(iv) Interest income and expense

Interest income on bank bills and deposits is recognised on an accrual basis (using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the investment) where the Institute attains control of a right to receive consideration for an investment.

Interest expense on borrowings is recognised on an accrual basis.

(v) Member groups

The Institute grants funds to certain intrastate and overseas member groups. These funds are paid to support and supplement membership activities controlled by members in those locations and are expensed by the Institute at the time of the payment to the groups.

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2. Summary of significant accounting policies (continued)

(k) Taxes

(i) Income tax

The Institute prepares its income tax returns by reference to the application of the principle of mutuality to the revenue and expenses of the Institute. The principle of mutuality is a common law principle arising from the premise that individuals cannot profit from themselves. Accordingly, receipts from members are deemed to be mutual income and not subject to income tax, and expenses in connection with mutual activities are therefore not deductible for taxation purposes. All other receipts and payments are classified in accordance with taxation legislation.

The Institute is liable for other taxes including fringe benefits tax.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets are measured at the tax rates that are expected to apply to the year when the asset is realised, based on tax rates that have been enacted or substantially enacted at the balance date.

Where assets are revalued, no provision for potential capital gains tax has been made because of the long-term nature of the asset and the existence of accumulated tax losses.

(ii) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- > where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- > receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

In respect of all receipts in advance that are subject to GST, a liability for GST payable is raised except for receipts in advance that have a settlement date in respect of the GST liability that occurs prior to balance date at which stage the liability will have already been settled.

Cash flows are included in the Cash Flow Statement 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 part of operating cash flows.

Commitments and contingent liabilities are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Operating leases

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term. Lease incentives are recognised in the Income Statement as an integral part of the total lease expense.

(m) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(n) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2. Summary of significant accounting policies (continued)

(o) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(p) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

(q) Impairment of assets

The carrying values of the Institute's assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflow, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of the asset is the greater of fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss and/or reversal is recognised in the Income Statement immediately.

(r) Significant accounting judgments, estimates and assumptions

In applying the Institute's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Institute. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

(i) Significant accounting judgments

Non-recovery of deferred tax assets

Deferred tax assets are not recognised for deductible temporary differences as management considers that it is not probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets

The Institute assesses impairment of all assets at each reporting date by evaluating conditions specific to the Institute and

to the particular asset that may lead to impairment. These include the assets' use and performance, future expectations, and the assessment of the assets' carrying value. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

(ii) Significant accounting estimates and assumptions

Long service leave provision

As discussed in Note 2(i), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management on an individual account basis. The impairment loss is outlined in Note 6.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as future expectations on use, lease terms (for leased equipment), and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 8.

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
3. Revenue and expenses		
(a) Revenue		
Revenue from operating activities:		
Subscriptions and related revenue	31,166	29,685
Revenue from education and other services	36,904	29,823
Total revenue from operating activities:	68,070	59,508
Revenue from non-operating activities:		
Rent	841	851
Royalties	350	124
Interest from other persons	227	1,249
Proceeds on sale of property, plant and equipment	101	147
Total revenue from non-operating activities:	1,519	2,371
Total revenue	69,589	61,879
(b) Other income		
Net gain on disposal of property, plant and equipment	30	78
(c) Expenses included in the Income Statement		
Depreciation and amortisation of non-current assets:		
Property with strata title	–	152
Freehold property	529	213
Furniture and equipment	192	247
Computer equipment	301	357
Fixtures and fittings on freehold premises	3	117
Fixtures and fittings on leasehold premises	133	96
Motor vehicles	47	54
	1,205	1,236
Computer software	53	37
	1,258	1,273
Impairment of furniture and equipment	–	193
Impairment of fixtures and fittings on freehold premises	–	235
Impairment of fixtures and fittings on leasehold premises	–	19
	–	447
Operating lease expense on premises	1,230	909
Other expenses		
Bad debts written off	117	38
Finance costs		
Bank loans and overdraft	523	231

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
4. Income tax		
Prima facie tax expense from ordinary activities	597	135
Depreciation of plant and equipment and intangibles	377	382
Entertainment	20	46
Mutual activities	(477)	(235)
Utilisation of tax losses	(517)	(328)
Income tax expense attributable to ordinary activities	–	–

At balance date, accumulated revenue tax losses of \$17m (2006: \$18m) existed, giving rise to a potential future tax benefit. The potential deferred tax asset attributable to the revenue tax losses is not recognised as realisation is not probable. The deferred tax asset for revenue tax losses, which will offset future non-mutual income, will only be utilised if:

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised,
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with, and
- (iii) no changes in tax legislation adversely affect the Institute in realising the benefit.

Deferred tax assets not recognised in respect of deductible temporary differences amount to \$239,000 (2006: \$276,000).

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
5. Cash and cash equivalents		
Cash at bank and in hand	22	2,328
<p>Cash and cash equivalents comprise cash in hand and cash at bank which is at call and which earned interest at floating rates based on daily bank deposit rates.</p> <p>At 30 June 2007, the Institute had available \$15,000,000 (2006: \$18,200,000) of undrawn committed borrowing facilities.</p>		
Reconciliation to Cash Flow Statement		
<p>For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at the end of the financial year:</p>		
Cash and cash equivalents (per Balance Sheet)	22	2,328
Bank overdraft (Note 12)	(49)	–
Cash and cash equivalents (per Cash Flow Statement)	(27)	2,328
Reconciliation of net surplus after tax to net cash flows from operations		
Net surplus from ordinary activities	1,989	450
Adjustment for non-cash items:		
Depreciation and amortisation of property, plant and equipment	1,205	1,236
Net gain on disposal of property, plant and equipment	(30)	(78)
Amortisation of intangible assets	53	37
Impairment of plant and equipment	–	447
Interest received	(227)	(1,249)
Interest paid	523	231
	1,524	624
Changes in working capital:		
(Increase)/decrease in receivables	(13,224)	315
Decrease in available for sale asset	13,900	–
Increase/(decrease) in payables	2,990	(1,056)
Increase in provisions	64	20
Increase in receipts in advance	1,639	1,429
	5,369	708
Net cash flows from operating activities	8,882	1,782

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
6. Trade and other receivables (current)		
Trade receivables	1,958	3,035
Less: Provision for doubtful debts	(194)	(235)
	1,764	2,800
Sundry debtor	13,966	–
Security deposit held	–	700
Other receivables and prepayments	2,453	1,459
Total Trade and other receivables	18,183	4,959

Sales of advertising, sponsorship and quality reviews made on credit and due in 30 days are included in trade receivables at balance date, net of a provision for amounts estimated to be uncollectible. Interest is not charged on outstanding amounts.

The Sundry debtor of \$13,965,866 at 30 June 2007 relates to the sale of the strata title property at 37 York Street, Sydney as disclosed in Note 7, and remains outstanding at balance date.

7. Available for sale asset

Strata title property – at fair value	–	13,900
---------------------------------------	---	--------

Available for sale asset consisted of the strata title property at 37 York Street, Sydney.

The Institute entered into a put and call option deed dated 30 June 2006 to dispose of the premises.

On 30 May 2007, the Institute completed sale for part of the premises (Lot 38) and a sum of \$34,242 was received.

On 26 June 2007, the Institute executed put options on the remaining lots and settled on 9 August 2007.

As the settlement of Lot 38 has occurred and the contracts of sale for the remaining lots were exchanged prior to the end of the financial year, the sale has been recorded during this financial year and the proceeds of sale recognised in Trade and other receivables as a Sundry debtor in Note 6.

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
8. Property, plant and equipment		
Property with strata title – at fair value	–	13,900
Less: Transferred as available for sale (Note 7)	–	(13,900)
	–	–
Freehold property – at fair value	43,757	34,060
Furniture and equipment – at cost	2,652	3,569
Less: Accumulated depreciation	(1,569)	(2,665)
Less: Impairment	–	(193)
	1,083	711
Computer equipment – at cost	3,351	2,478
Less: Accumulated depreciation	(2,276)	(2,011)
	1,075	467
Fixtures and fittings on freehold premises – at cost	7,105	3,031
Less: Accumulated depreciation	–	(1,911)
Less: Impairment	–	(235)
	7,105	885
Fixtures and fittings on leasehold premises – at cost	2,819	1,612
Less: Accumulated amortisation	(1,124)	(1,175)
Less: Impairment	–	(19)
	1,695	418
Motor vehicles – at cost	264	347
Less: Accumulated depreciation	(200)	(208)
	64	139
Total property, plant and equipment	54,779	36,680

Motor vehicles

Motor vehicles are provided to certain senior staff in accordance with approved employment arrangements and together with residual benefits are included in employee remuneration packages.

Revaluation of freehold property

The fair value of freehold property was determined by reference to director valuation and is in line with an independent valuation undertaken as at 30 June 2007 based upon depreciated replacement cost. The valuation was carried out by Mr Craig Miller FAPI.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

2007

\$'000

8. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Freehold property

Carrying amount at beginning of the financial year	34,060
Additions	10,226
Depreciation expense	(529)
	43,757

Furniture and equipment

Carrying amount at beginning of the financial year	711
Additions	594
Reclassification	(19)
Disposals	(11)
Depreciation expense	(192)
	1,083

Computer equipment

Carrying amount at beginning of the financial year	467
Additions	918
Disposals	(9)
Depreciation expense	(301)
	1,075

Fixtures and fittings on freehold premises

Carrying amount at beginning of the financial year	885
Additions	6,223
Depreciation expense	(3)
	7,105

Fixtures and fittings on leasehold premises

Carrying amount at beginning of the financial year	418
Additions	1,391
Reclassification	19
Amortisation expense	(133)
	1,695

Motor vehicles

Carrying amount at beginning of the financial year	139
Additions	23
Disposals	(51)
Depreciation expense	(47)
	64

Total

Carrying amount at beginning of the financial year	36,680
Additions	19,375
Disposals	(71)
Depreciation expense	(1,072)
Amortisation expense	(133)
	54,779

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
9. Intangible assets		
Cost	1,705	1,688
Less: Accumulated amortisation	(1,636)	(1,583)
	69	105
Reconciliation		
Carrying value at beginning of the financial year	105	35
Additions	17	107
Amortisation expense	(53)	(37)
	69	105
10. Receipts in advance		
Members' fees	16,905	15,165
Chartered Accountants Program and Training & Development course fees	5,566	5,871
Other	206	2
	22,677	21,038
11. Trade and other payables		
Trade payables	8,456	5,139
Other payable	787	1,114
	9,243	6,253
<p>Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Institute. Payables are normally settled on 30-day terms and no interest is incurred on these payables.</p>		
12. Interest bearing loans and borrowings		
Current		
Bank overdrafts	49	–
Lease liabilities	–	14
	49	14
Non-current		
Bill facility	10,000	1,800
Lease liabilities	291	127
	10,291	1,927

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

		2007 \$'000	2006 \$'000
12. Interest bearing loans and borrowings (continued)			
Bill facility			
<p>The Institute has entered into a floating rate bill facility with a limit of \$25,000,000. The facility was obtained from a financial institution and is secured by registered mortgages over the properties situated at 37 York Street, Sydney NSW and 33 Erskine Street, Sydney NSW. This facility was due to expire in February 2008.</p> <p>This facility has been replaced subsequently by an approved overdraft facility with another financial institution with a limit of \$25,000,000, and is secured by a registered mortgage over the property situated at 33 Erskine Street, Sydney NSW. The facility will be reviewed on 8 July 2008. The effective interest rate will be based upon the 30-day Bank Bill Swap Rate.</p> <p>At balance date, the Institute has utilised \$10,000,000 of the above bill facility. The outstanding bill will mature within a month of balance date and has an effective interest rate of 6.39 per cent per annum. (2006: 5.75 per cent per annum). The Institute expects to repay the bill upon maturity and discharge the registered mortgage on 37 York Street, Sydney NSW.</p> <p>The borrowings have been classified as non-current as the Institute expects to continue to utilise the borrowing facility beyond 12 months.</p>			
13. Provisions			
Current			
Employee entitlements	21	1,569	1,556
Non-current			
Employee entitlements	21	228	285
Make good provision		356	248
		584	533
Reconciliation make good provisions			
Balance at beginning of financial year		248	231
Arising during year		83	–
Discount rate adjustment		25	17
		356	248

In accordance with the lease agreements with various third parties, the Institute must restore leased premises in Adelaide, Brisbane, Melbourne and Perth to their original condition before the cessation of their respective lease terms.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provisions have been calculated using a discount rate of 7.5 per cent.

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007	2006
	\$'000	\$'000

14. Reserves and retained earnings

Nature and purpose of reserves

The property revaluation reserve is used to record increments and decrements in the value of the property. The reserve is not distributable to members under the terms of the Supplemental Royal Charter of the Institute. The balance was transferred to retained earnings on 30 June 2007.

Movements in reserves:

Property revaluation reserve

Balance at beginning of the financial year	7,367	7,815
Decrement on revaluation of property	-	(448)
Transfer to retained earnings	(7,367)	-
Balance at end of the financial year	-	7,367

Movements in retained earnings:

Retained earnings

Balance at beginning of the financial year	19,284	18,834
Surplus from ordinary activities	1,989	450
Transfer from property revaluation reserve	7,367	-
Balance at end of the financial year	28,640	19,284

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
15. Commitments		
Operating leases – state branch office space		
Within one year	1,390	809
After one year but not later than five years	5,312	2,729
More than five years	5,736	2,565
	12,438	6,103

The leases are all non-cancellable operating leases. Four leases do not have a renewal option and are subject to market review at set intervals.

Expenditure commitments – within one year

Fit-out – Freehold property at 33 Erskine Street, Sydney	1,867	3,843
Marketing and advertising	1,232	1,628
	3,099	5,471

Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AuASB)

The Institute contributes towards the funding of the operations of two Federal bodies, namely AASB and AuASB. Contributions during 2007 to AASB and AuASB were \$245,000 and \$362,500 respectively and are expected to be maintained at a similar level in the next financial year.

Australian Professional Ethics and Standards Board (APESB)

The Institute, in conjunction with CPA Australia and the National Institute of Accountants, contributes funds to APESB as agreed under the Memorandum of Agreement. The Institute expects to contribute an amount of \$223,000 during the 2008 financial year.

Australian Accounting Research Foundation (AARF)

Under the terms of the constitution of AARF, the Institute in conjunction with CPA Australia contributed to AARF such funds as were necessary for the pursuit of the objectives of AARF. It was agreed that the Foundation be wound up as at 31 December 2006 and, accordingly, no provision has been made to provide any funding in the next financial year.

Global Accounting Alliance (GAA)

As a founding partner in GAA, the Institute expects to contribute \$80,000 to the Alliance in the next financial year.

Association of Accounting Technicians (AAT)

The Institute expects to lend an amount of \$350,000 to the AAT during the next financial year. The term of the loan is eight years and will be secured by a joint charge in favour of the Institute, CPA Australia, and the National Institute of Accountants over the assets of the AAT.

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007 \$'000	2006 \$'000
16. Contingent liabilities		
Indemnities for bank guarantees to the lessors of premises occupied under operating leases and security for rectification of damage to footpaths bounding the premises at 33 Erskine Street, Sydney.	1,003	685

The Institute, in conjunction with CPA Australia, and the National Institute of Accountants, has financial undertakings in respect of the bodies as described in Note 15.

	2007 \$	2006 \$
17. Auditors' remuneration		
Audit services	139,000	109,000
Other services:		
Services in respect of Professional Standards Council contributions	5,562	5,150
Training & Development presentations	1,750	5,860
Risk review	-	47,500
Tax reviews	-	11,000
Advisory	5,500	20,000
	12,812	89,510

18. Unlisted shares in other entities

The Institute has an interest in the following corporation:

Name of corporation	Country of incorporation	Percentage of ownership	
		2007	2006
ICAA Nominees Pty Limited	Australia	100%	100%

The corporation is dormant and has not been consolidated as it is considered to be immaterial.

19. Financial risk management objectives and policies

The Institute's principal financial instruments comprise mainly bank loans and cash.

The main purpose of these financial instruments is to raise finance for the Institute's operations and the fit-out costs of new premises at 33 Erskine Street, Sydney NSW. The Institute has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Institute's financial instruments are cash flow interest rate risk, credit risk, and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow interest rate risk

The Institute's policy is to manage its interest cost using a mix of fixed and variable rate debt.

Credit risk exposure

The Institute's maximum exposure to credit risk at balance date in respect of each class of financial asset is the carrying amount for those assets as indicated in the Balance Sheet, net of any provision for doubtful debts.

The Institute does not have a significant exposure to any individual counterparty.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007	2006	2007	2006
	%	%	\$,000	\$,000
19. Financial risk management objectives and policies (continued)				
Credit risk exposure (continued)				
Trade receivables are concentrated in Australia, and the concentration of credit risk arises in the following industries:				
Industry				
Advertising and sponsors	38%	34%	673	956
Accounting practices	32%	45%	563	1,265
Credit services	18%	7%	323	185
Others	12%	14%	205	394
	100%	100%	1,764	2,800

Liquidity risk

The Institute's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

20. Financial instruments

Fair values

The estimated net fair values of financial assets and liabilities held at balance date are represented by their carrying amounts. The net fair value of a financial asset or liability is the amount at which the asset could be exchanged or the liability settled in a current transaction between willing parties after allowing for transaction costs.

	Notes	2007 \$'000	2006 \$'000
21. Employee entitlements and superannuation arrangements			
The aggregate employment liability is comprised of:			
Accrued wages, salaries and on-costs		976	667
Provisions (current)	13	1,569	1,556
Provisions (non-current)	13	228	285
		2,773	2,508

Contributions to a number of defined contributions (accumulation) funds are made for senior staff. The contributions are made only as part of and within agreed remuneration package entitlements.

The Institute contributes at least 9 per cent (2006: 9 per cent) to a variety of superannuation funds on behalf of its staff.

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

			2007	2006
			\$'000	\$'000
22. Related parties				
<p>The Institute made payments of a nature detailed below to certain parties, including partners or employees of Director-related entities. The payments were made to all parties on the same terms and conditions:</p> <ul style="list-style-type: none"> - Gifts and fees to guest speakers at Training & Development events - Author, group leader, reviewer, examination setting and examination marking fees in respect of the Chartered Accountants Program modules - Reviewer fees in respect of the Quality Review of certain practices. <p>The Institute also received the following fees from certain parties, including Director-related entities. The fees were received from all parties under the same terms and conditions:</p> <ul style="list-style-type: none"> - Registration fees for attendance at Training & Development events - Fees in respect of enrolment of students in the Chartered Accountants Program modules - Fees in respect of the Quality Review of certain practices - Fees in respect of attendances at networking functions. <p>The following table provides the total amount of transactions that were entered into with Director-related entities for the relevant financial year.</p> <p>All the following transactions were carried out on normal terms and conditions during the year.</p>				
Director	Director-related entity	Transaction details and terms		
R DiMonte	Deloitte Touche Tohmatsu	Preparation and presentation of educational courses	34	35
		Advisory IT services	-	41
N T Faulkner	KPMG	Fees relating to preparation of material and auditorium hire	5	-
		Fees relating to preparation and presentation at Training & Development events	12	21
		Recovery of catering charges	7	-
R D Deutsch	PricewaterhouseCoopers	Fees relating to preparation and presentation of IFRS seminars	-	12
		Comperio licence fees	8	8
		Advertising	2	-
M Parker	Hayes Knight Melbourne	Fees relating to preparation and presentation at Training & Development events	-	25

The above note reflects only those transactions incurred during the tenure of the respective Director.

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

23. Director and executive disclosures

(a) Details of key management personnel

(i) Directors

A R Arkell	
R D Deutsch	
R DiMonte	
J M Morison	
D X Parkin	
M Spinks	
N T Faulkner	retired 31 December 2006
R M Grimes	
M E Parker	

(ii) Executives

G B Meyer	Chief Executive Officer	
E McFadzean	Deputy Chief Executive Officer	
W J Palmer	General Manager Standards & Public Affairs	
S A O'Brien	General Manager Business Services	resigned 24 January 2007
A M McCotter	General Manager Business Services	appointed 12 March 2007
S E Frenkel	General Manager Chartered Accountants Program & Admissions	
S B M Grant	General Manager QLD	
M T Jones	General Manager SA/NT	
M J Nazzari	General Manager VIC/TAS	
C M Abbott	General Manager WA	
R J Stewart	General Manager Brand & Communications	appointed 11 November 2006
P Reddy	General Manager Support Services	
S G Kells	General Manager Training & Development	appointed 11 September 2006
L P Cochineas	General Manager NSW/ACT	
M A Bevan	General Manager Customer Service Division	appointed 19 March 2007
B Bell	General Manager Corporate Strategy & Planning	appointed 1 March 2007
M A Maky	General Manager Human Resources	appointed 1 May 2007

The Institute of Chartered Accountants in Australia

Notes to the Financial Statements (continued)

For the year ended 30 June 2007

	2007	2006
	\$'000	\$'000
23. Director and executive disclosures (continued)		
(b) Compensation of key management personnel		
(i) Compensation policy		
The Directors and senior management remuneration is determined by the Executive Review Committee, which also reviews remuneration levels for all staff. The committee is appointed by the Board and consists of three members of the Board (currently the President, Deputy President, and the Chairman of the Governance Committee).		
(ii) Compensation of executives for the year		
Compensation by category		
Short term	3,125	2,497
Other long-term leave payments	31	225
Termination	–	281
	3,156	3,003

(iii) Loans to key management personnel

There are no loans between key management personnel and the Institute.

(iv) Other transactions of key management personnel and their personally related entities

There are no other transactions with key management personnel or their personally related entities.

24. Indemnification of directors and officers

The By-Laws of the Institute indemnify the directors and officers, and provide that each director and officer:

- (a) shall be indemnified against any losses or expenses that such a director or officer incurs or becomes liable to pay by reason of any act or deed done by the director or officer in the discharge of that director's or officer's duties except to the extent that such act or deed arises from the director's or officer's own wilful default, and
- (b) shall not be liable for the acts of any person or for joining in any receipt or document or for any act of conformity or for any loss or expense happening to the Institute unless it arises from the director's or officer's own wilful default.

25. Members and members' liability

Total membership at 30 June 2007 is 46,528 (2006: 44,315).

In terms of the Institute's Charter and By-Laws:

- (a) Members are not entitled to receive a dividend from the Institute, and
- (b) Members who cease to be members remain liable to the Institute for all moneys which at the time of ceasing to be a member were due by that member to the Institute.

26. Events after balance date

On 9 August 2007, the Institute received the remaining cash consideration of \$13,965,866 for the sold property at 37 York Street Sydney NSW. Other than the above transaction, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Institute, to affect significantly the operations of the Institute or the state of affairs of the Institute in future financial years.

Directors' declaration

The directors of the Institute of Chartered Accountants in Australia declare that the financial statements and notes set out on pages 36 to 59 which have been prepared as required under the By-Laws of the Institute:

- (a) comply with Australian Accounting Standards and other mandatory professional reporting requirements; and
- (b) present fairly the financial position of the Institute as at 30 June 2007 and the results of its operations and its cash flows for the year ended on that date.


In the opinion of the directors, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.



R DiMonte FCA

President

Sydney, 28 August 2007



A R Arkell FCA

Deputy President

The Institute of Chartered Accountants in Australia

Independent auditor's report to the members of the Institute of Chartered Accountants in Australia

I have audited the accompanying financial report of the Institute of Chartered Accountants in Australia (the Institute), which comprises the Balance Sheet as at 30 June 2007, the Income Statement, Statement of Recognised Income and Expense, and Cash Flow Statement for the year ended on that date, a Summary of significant accounting policies, other explanatory notes and the Directors' declaration.

Directors' responsibility for the financial report

The directors of the Institute are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and in accordance with the By-laws of the Institute. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with Australian equivalents to International Financial Reporting Standards.

Audit responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. My audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting the audit I have met the independence requirements of the Australian professional accounting bodies. In addition to my audit of the financial report, I was engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired my independence.

Audit opinion

In my opinion:

- > the financial report presents fairly, in all material respects, the financial position of the Institute of Chartered Accountants as at 30 June 2007, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- > the financial report also complies with Australian equivalents to International Financial Reporting Standards as disclosed in Note 2.



Sean Van Gorp FCA

Auditor

Sydney, 28 August 2007