

Institute of Public Affairs Limited

(A Company Limited by Guarantee)
Incorporated in the Australian Capital Territory, 10 June 1987

Principal Office in Victoria

Executive Director:

Michael Nahan, BA (Econ.), M.Sc (As. Econ.), PhD (Econ.)

Editor, *IPA Review*:

Michael Nahan, BA (Econ.), M.Sc (As. Econ.), PhD (Econ.)

Regulation Unit:

Alan Moran, B. Sc (Econ.), M.Sc (Management), PhD (Econ.)

NGO Unit:

Gary Johns, BA, MA (Geography), PhD (Political Science)

Environmental Unit:

Jennifer Marohasy, BA (Science), PhD

Director Economic Policy:

Jim Hoggett,

Research Fellow:

Don D'Cruz, BA (Politics), MA (Strategy Studies)

Senior Fellow:

John Roskam,

Secretary:

Michael Nahan, BA (Econ.), M.Sc (As. Econ.), PhD (Econ.)

Auditors:

Moran Chartered Accountants

Registered Office in ACT:

Agent for Secretary:

PricewaterhouseCoopers

Principal Office

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Institute of Public Affairs Limited

Directors' Report

The directors present their report together with the financial report of the Institute of Public Affairs Limited (the "Company") for the year ended 30 June 2004 and the auditors' report thereon:

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 1st July 1987 pursuant to Clause 3 (f) of the Memorandum of Association of the Company.

By its Memorandum of Association and pursuant to the provisions of the Corporations Law the Company is a non-profit, policy research and educational organization having no political affiliation whatsoever.

Directors

The directors of the Company at any time during or since the financial year are:

Alan Stockdale

Howard Clough

Dr. Tim Duncan

David Karpin

Dr. Thomas Quirk

Dr. Robert Officer

William Clough

Dr. Michael Folie

Ian Nethercote

M.D. Nahan – Principal Executive Officer.

Institute of Public Affairs Limited

Directors' Report

Directors' meetings

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

Director	Directors' Meetings	
	No. of meetings Attended	No. of meetings held*
Mr Howard Clough	-	4
Mr William Clough	-	4
Dr Tim Duncan	3	4
Dr Michael Folie	2	4
Mr David Karpin	-	4
Dr Michael Nahan	4	4
Mr Ian Nethercote	3	4
Dr Robert Officer	3	4
Mr Alan Stockdale	2	4
Dr Thomas Quirk	4	4

* Reflects the number of meetings held during the time the director held office during the year.

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 and conferences, the publishing of several booklets and papers, and media comments.

Institute of Public Affairs Limited

Directors' Report

Review of operations

During the year the company undertook the following activities:

- a.) Four issues of IPA Review were produced.
- b.) Two issues of In Touch – the institute's newsletter were produced.
- c.) Economic Freedom of the World – a joint venture with 62 other think tanks from around the world – was released during the year.
- d.) Four backgrounders, four electronic backgrounders, two Energy Forum Issues papers and a report to the Prime Minister's Business Community Partnership were published during the year.
- e.) Institute staff made twelve submissions to government and parliamentary inquiries.
- f.) Three major conferences, nineteen dialogues, seminars, book launches and lectures were organized by the Institute during the year.
- g.) IPA staff had 553 major media contacts and gave 49 lectures during the year.
- h.) The Energy Forum met six times during the year with nine guest speakers.
- i.) One issue of Facts was published.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

Results

The operating profit/(loss) for the year ended 30 June 2004 was (\$41,444) (2003: \$81,277).

Share Capital

The Company is limited by guarantee and has no share capital. The payment of dividends is prohibited by the Memorandum of Association of the Company.

Institute of Public Affairs Limited

Directors' Report

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year to the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the company in future financial years.

Likely developments

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in the report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Indemnification of officers and auditors

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Date at Melbourne this day of 2004

Signed in accordance with a resolution of the Directors.

Director

Institute Of Public Affairs Limited
A.B.N. 49 008 627 727
Detailed Statement of Financial Performance
For the year ended 30 June, 2004

	2004	2003
	\$	\$
Income		
Interest received	4,697	3,226
Subscriptions - general	262,367	222,047
Subscriptions - units/projects	385,780	472,012
Conferences & seminars	146,840	92,683
Publications & media	36,018	28,254
Sundry income	127	19,282
Donations received	34,627	-
Overprovisions	3,346	-
Total income	873,800	837,504
Expenses		
Salaries and consultancy fees	426,199	252,799
Superannuation	38,287	33,896
Workers compensation insurance	3,050	2,921
Provisions set aside- annual leave	8,811	(405)
Provisions set aside- long service leave	-	5,330
Depreciation	3,085	3,240
Electricity & telephone	13,559	13,464
Office rental & cleaning	50,213	51,723
Sundry office expenses	37,184	51,435
Travelling expenses	12,362	11,504
Publication costs	66,161	51,865
Conferences & seminars	79,218	37,089
Direct unit costs	177,116	241,366
Total expenses	915,245	756,228
Profit (Loss) from Ordinary Activities before income tax	(41,444)	81,276

The accompanying notes form part of these financial statements.

Institute Of Public Affairs Limited
A.B.N. 49 008 627 727
Statement of Financial Position As At 30 June, 2004

	Note	2004	2003
Current Assets			
Cash assets	5	152,663	236,996
Receivables	6	67,390	55,396
Other	8	1,390	3,613
Total Current Assets		221,443	296,006
Non-Current Assets			
Property, plant and equipment	9	12,918	11,362
Other	8	7,818	7,818
Total Non-Current Assets		20,736	19,180
Total Assets		242,180	315,186
Current Liabilities			
Payables	10	14,374	51,914
Provisions	12	28,152	18,829
Total Current Liabilities		42,526	70,742
Non-Current Liabilities			
Provisions	12	29,773	33,118
Total Non-Current Liabilities		29,773	33,118
Total Liabilities		72,299	103,861
Net Assets		169,881	211,325
Equity			
Reserves		46,500	46,500
Retained profits		123,381	164,825
Total Equity		169,881	211,325

The accompanying notes form part of these financial statements.

Institute Of Public Affairs Limited
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Notes to the Financial Statements
For the year ended 30 June, 2004

Note 1: Statement of Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Institute Of Public Affairs Limited as an individual entity. Institute Of Public Affairs Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Income tax

The Company is not liable for tax as it is exempted under Section 50-5 of the Australian Income Tax Assessment Act.

Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

a) Plant and equipment

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The cost of fixed assets constructed within Institute Of Public Affairs Limited includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

b) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Institute Of Public Affairs Limited commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Asset	Depreciation Rate %
Furniture and fittings	20%
Office Equipment	20%

Employee entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year

Institute Of Public Affairs Limited
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Notes to the Financial Statements
For the year ended 30 June, 2004

together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by Institute Of Public Affairs Limited to an employee superannuation fund and are charged as expenses when incurred.

Institute Of Public Affairs Limited does not record, as an asset or a liability, the difference between the employer established defined benefit superannuation plan's accrued benefits and the net market value of the plans assets.

Institute Of Public Affairs Limited operates an ownership-based remuneration scheme, details of which are provided in the Notes to Accounts. Profits or losses incurred by employees, being the difference between the market value and the par value of the shares acquired, are not recorded as remuneration paid to employees.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

Note 2: Revenue

Operating Activities:

Interest revenue*	4,697	3,226
Other operating revenue:		
- Subscriptions - general	262,367	222,047
- Subscriptions - units/projects	385,780	472,012
- Conferences & seminars	146,840	92,683
- Publications & media	36,018	28,254
- Sundry income	127	19,282
- Donations received	34,627	
- Over provisions	3,346	
	873,800	837,504

***Interest from:**

Interest from Investments	4,697	3,226
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Institute Of Public Affairs Limited
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Notes to the Financial Statements
For the year ended 30 June, 2004

Note 3: Profit from Ordinary Activities

Profit (loss) from ordinary activities before income tax has been determined after:

Charging as Expense:

Depreciation of non-current assets:

- Other	3,085	3,240
Total depreciation expenses	3,085	3,240

Note 4: Cash assets

Bank accounts:

- Cash At Bank	152,663	236,996
	152,663	236,996

Reconciliation of Cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

- Cash	152,663	236,996
	152,663	236,996

Note 5: Receivables

Current

Trade debtors	67,390	54,315
Bills of exchange		1,081
	67,390	55,396

Note 6: Other Assets

Current

Prepayments	1,390	3,613
	1,390	3,613

Non Current

Security Deposit	7,818	7,818
	7,818	7,818

Note 7: Property, Plant and Equipment

Leasehold improvements:

- At cost		122,434
- Less: Accumulated depreciation		(122,434)

Leased plant and equipment:

- At cost	23,434	276,634
- Less: Accumulated amortisation	(10,515)	(265,273)
	12,918	11,362
	12,918	11,362

Institute Of Public Affairs Limited
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Notes to the Financial Statements
For the year ended 30 June, 2004

Note 8: Payables

Unsecured:

- Trade creditors		35,769
- Other creditors	14,374	16,145
	14,374	51,914

Note 9: Provisions

Current

Employee entitlements*	21,648	18,748
Sundry provisions	6,504	80
	28,152	18,829

Non Current

Employee entitlements*	29,773	33,118
	29,773	33,118

* Aggregate employee entitlements liability 51,421 51,867

There were 5 employees at the end of the year

Note 10: Remuneration & Retirement Benefits

Directors' Remuneration

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

Note 11: Superannuation Commitments

The Company contributes to one defined contribution employee superannuation plan.

The Company contributes to superannuation funds based on years of service and final average salary.

Defined Contribution Plan

Benefits provided under the plan are based on accumulated contributions and earnings for each employee.

Note 12: Events Subsequent to 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.

Note 13: Limitation of members liability

Pursuant to the Memorandum of Association, in the event of the Company being wound up the liability of each member or each former member who ceased to be a member within one year of the Company being wound up would not exceed \$10 per member. As At 30 June 2004 there were fifty-four member.

