

Institute Of Public Affairs Limited

A.B.N. 49 008 627 727

Financial Statements
For the year ended 30 June, 2005

MORAN Chartered Accountants
584 Nicholson Street
P O Box 530
Carlton North 3054

Phone: 03 9482 1955 Fax: 03 9482 1655

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 (Ag. Econ.), PhD (Econ.)

Editor, *IPA Review*:

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

Regulation Unit:

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

NGO Unit:

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

Environmental Unit:

Jennifer Marohasy, BA (Science), PhD (Entomology)

Director Economic Policy:

Jim Hoggett, BA (Geography)

Research Fellow:

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

Senior Fellow:

John Roskam, B.Com, LL.B

Secretary:

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

Auditors:

Moran Chartered Accountants

Registered Office in ACT:

Agent for Secretary:

PricewaterhouseCoopers

Principal Office

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MELBOURNE VIC 3000

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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 2005 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	1	5
Mr William Clough	-	5
Dr Tim Duncan	4	5
Dr Michael Folie	3	5
Mr David Karpin	1	5
Dr Michael Nahan	5	5
Mr Ian Nethercote	4	5
Dr Robert Officer	3	5
Mr Alan Stockdale	2	5
Dr Thomas Quirk	5	5

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.) One issue of In Touch – the institute's newsletter was produced.
- c.) IPA News Digest, which is an e-newsletter, providing a description of and links to IPA activities and published material was distributed to over 2,500 people, five times during the year.
- d.) One monograph, three backgrounders, three electronic backgrounders, two Energy Forum Issues papers.
- e.) Institute staff made twelve submissions to government and parliamentary inquiries.
- f.) Two major conferences, four major lectures, nineteen dialogues, seminars, book launches and talks were organized by the Institute during the year.
- g.) IPA staff had over 550 major media contacts and gave 39 lectures during the year.
- h.) The Energy Forum met seven times during the year with eight guest speakers.
- i.) The Workplace Reform Forum met four times with four guest speakers.
- j.) The IPA website was upgraded and expanded and attracted around 480,000 unique visits during the year.
- k.) Economic Freedom of the World – a joint venture with 62 other think tanks from around the world – was released during the year.

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.

Institute of Public Affairs Limited

Directors' Report

Results

The operating profit/(loss) for the year ended 30 June 2005 was (\$76,722) (2004: (\$41,444)).

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.

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 *24* day of *October*, 2005

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, 2005

	2005	2004
	\$	\$
Income		
Interest received	4,477	4,697
Subscriptions - general	182,756	262,367
Subscriptions - units/projects	349,772	385,780
Conferences & seminars	278,014	146,840
Publications & media	38,087	36,018
Sundry income	-	127
Donations received	1,372	34,627
Over provisions	300	3,346
Rents received	5,004	-
Total income	859,781	873,800
Expenses		
Salaries and consultancy fees	391,431	426,199
Superannuation	28,486	38,287
Workers compensation insurance	3,647	3,050
Provisions set aside- annual leave	10,279	8,811
Depreciation	3,805	3,085
Electricity & telephone	17,391	13,559
Office rental & cleaning	61,956	50,213
Sundry office expenses	59,607	37,184
Travelling expenses	50,329	12,362
Publication costs	29,624	66,161
Conferences & seminars	12,264	79,218
Direct unit costs	267,683	177,116
Total expenses	936,502	915,245
Profit (Loss) from Ordinary Activities before income tax	(76,722)	(41,444)

The accompanying notes form part of these financial statements.

Institute Of Public Affairs Limited
A.B.N. 49 008 627 727
Detailed Statement of Financial Position As At 30 June, 2005

	2005 \$	2004 \$
Current Assets		
Cash Assets		
Cash At Bank	164,888	152,663
	<u>164,888</u>	<u>152,663</u>
Receivables		
Sundry debtors	12,556	67,390
	<u>12,556</u>	<u>67,390</u>
Other		
Prepayments	-	1,390
	<u>-</u>	<u>1,390</u>
Total Current Assets	<u>177,445</u>	<u>221,443</u>
Non-Current Assets		
Property, Plant and Equipment		
Office machines	26,218	23,434
Less: Accumulated amortisation	(14,320)	(10,515)
	<u>11,898</u>	<u>12,918</u>
Other		
Security deposit	7,818	7,818
	<u>7,818</u>	<u>7,818</u>
Total Non-Current Assets	<u>19,716</u>	<u>20,736</u>
Total Assets	<u>197,160</u>	<u>242,180</u>

The accompanying notes form part of these financial statements.

Institute Of Public Affairs Limited

A.B.N. 49 008 627 727

Detailed Statement of Financial Position As At 30 June, 2005

	2005 \$	2004 \$
Current Liabilities		
Payables		
Unsecured:		
- Trade creditors	12,065	-
- Other creditors and accruals	21,191	14,374
	<u>33,255</u>	<u>14,374</u>
Provisions		
Employee entitlements	31,927	21,648
Sundry provisions	7,104	6,504
	<u>39,031</u>	<u>28,152</u>
Total Current Liabilities	<u><u>72,286</u></u>	<u><u>42,526</u></u>
Non-Current Liabilities		
Provisions		
Employees entitlements	29,473	29,773
	<u>29,473</u>	<u>29,773</u>
Total Non-Current Liabilities	<u><u>29,473</u></u>	<u><u>29,773</u></u>
Total Liabilities	<u><u>101,759</u></u>	<u><u>72,299</u></u>
Net Assets	<u><u>95,401</u></u>	<u><u>169,881</u></u>
Equity		
Reserves		
General reserve	46,500	46,500
Retained profits / (accumulated losses)	48,901	123,381
Total Equity	<u><u>95,401</u></u>	<u><u>169,881</u></u>

The accompanying notes form part of these financial statements.

Institute Of Public Affairs Limited

A.B.N. 49 008 627 727

Statement of Cash Flows

For the year ended 30 June, 2005

	2005	2004
	\$	\$
Cash Flow From Operating Activities		
Cash receipts in the course of operations	910,099	856,029
Cash payments in the course of operations	-899,567	-941,498
Interest received	4,477	5,778
Net cash provided by/(used in) operating activities (note 2)	<u>15,010</u>	<u>-79,691</u>
Cash flows from investing activities		
Payments property, plant and equipment	-2,784	-4,642
Net cash used in investing activities	-2,784	-4,642
Net increase/(decrease) in cash held	12,225	-84,333
Cash at the beginning of the year	<u>152,663</u>	<u>236,996</u>
Cash at the end of the year (note 1)	<u>164,888</u>	<u>152,663</u>

The accompanying notes form part of these financial statements.

Institute Of Public Affairs Limited

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Statement of Cash Flows

For the year ended 30 June, 2005

	2005	2004
	\$	\$

Note 1. Reconciliation Of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash At Bank	164,888	152,663
	<u>164,888</u>	<u>152,663</u>

Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Operating Profit After Income Tax

Operating profit after income tax	-76,722	-41,444
Depreciation	3,805	3,085
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade debtors	54,796	-11,994
(Increase) decrease in prepayments	1,390	2,223
Increase (decrease) in accounts payable	21,162	-37,539
Increase (decrease) in provisions	10,579	5,978
Net cash provided by (used in) operating activities	<u>15,010</u>	<u>-79,691</u>

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, 2005

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 public company limited by guarantee, 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 %
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, 2005

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	2005	2004
	\$	\$
Operating Activities:		
Interest revenue*	4,477	4,697
Other operating revenue:		
- Subscriptions - general	182,756	262,367
- Subscriptions - units/projects	349,772	385,780
- Conferences & seminars	278,014	146,840
- Publications & media	38,087	36,018
- Sundry income	-	127
- Donations received	1,372	34,627
- Over provisions	300	3,346
- Rents received	5,004	-
	859,781	873,800
*Interest from:		
Interest from Investments	4,477	4,697

Institute Of Public Affairs Limited
A.B.N. 49 008 627 727
Notes to the Financial Statements
For the year ended 30 June, 2005

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	\$	\$
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Other operating revenue:		
- Subscriptions - general	182,756	262,367
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- Donations received	1,372	34,627
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	859,781	873,800
*Interest from:		
Interest from Investments	4,477	4,697

Institute Of Public Affairs Limited

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Notes to the Financial Statements

For the year ended 30 June, 2005

	2005	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:		
- Office Machines	3,805	3,085
Total depreciation expenses	3,805	3,085
Note 4: Cash assets		
Bank accounts:		
- Cash At Bank	164,888	152,663
	164,888	152,663
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	164,888	152,663
	164,888	152,663
Note 5: Receivables		
Current		
Sundry debtors	12,556	67,390
	12,556	67,390
Note 6: Other Assets		
Current		
Prepayments	-	1,390
	-	1,390
Non Current		
Security Deposit	7,818	7,818
	7,818	7,818
Note 7: Property, Plant and Equipment		
Office Machines:		
- At cost	26,218	23,434
- Less: Accumulated amortisation	(14,320)	(10,515)
	11,898	12,918

Institute Of Public Affairs Limited

A.B.N. 49 008 627 727

Notes to the Financial Statements

For the year ended 30 June, 2005

	2005	2004
Note 8: Payables	\$	\$
Unsecured:		
- Trade creditors	12,065	-
- Other creditors	21,191	14,374
	33,255	14,374
Note 9: Provisions		
Current		
Employee entitlements*	31,927	21,648
Sundry provisions	7,104	6,504
	39,031	28,152
Non Current		
Employee entitlements*	29,473	29,773
	29,473	29,773
* Aggregate employee entitlements liability	61,400	51,421

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 2005 there were fifty-four members.

Institute Of Public Affairs Limited
A.B.N. 49 008 627 727
Directors' Declaration

In the opinion of the directors of the Institute of Public Affairs Limited:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations; and
 - (b) give a true and fair view of the company's financial position as at 30 June, 2005 and of its performance for the year ended on that date;
2. in the directors' opinion, 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

24/10/05

Dated

moran

MORAN Chartered Accountants 584 Nicholson Street Telephone 03) 9482 1955
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Victoria Australia www.moranaccountants.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF INSTITUTE OF PUBLIC AFFAIRS LIMITED

SCOPE

We have audited the financial report of institute of Public Affairs Limited for the financial year ended 30 June 2005, as set out on pages 1 to 14 including the Statement by Directors. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Statement. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the entity's financial position and performance as represented by the results of its operations and its cash flows

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the financial report of Institute of Public Affairs Limited is in accordance with:

- (a) the Corporations Act 2001 including
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and their performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards and the Corporations Regulations 2001 ;
and
- (b) other mandatory professional reporting requirements.

MORAN Chartered Accountants
Zeina T Moran
11th October 2005

