



# **Institute of Public Affairs Limited**

**ABN 49 008 627 727**

## **Financial Statements and Reports 30 June 2003**

# **Institute of Public Affairs Limited**

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

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## **Principal Office in Victoria**

**Executive Director:**

Michael Nahan, BA (Hons), M.Sc, PhD

**Editor, *IPA Review***

Michael Nahan, BA (Hons), M.Sc, PhD

**Deregulation Unit:**

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

**NGO Unit:**

Gary Johns, BA (Monash), MA (Monash), PhD

**Secretary:**

Michael Nahan, BA (Hons), M.Sc, PhD

**Auditors:**

KPMG

## **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 2003 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 organisation having no political affiliation whatsoever.

### Directors

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

K.J.Campbell (resigned 8.8.02)  
W.M.Clough  
Dr G.M.Folie  
I.G. Nethercote (from 11.11.02)  
T.W.Quirk

W.H.Clough AO, OBE  
Dr T. W. Duncan (from 11.11.02)  
D.S.Karpin AM  
Prof.R.R.Officer  
A.R Stockdale (from 11.11.02)

M.D.Nahan - Principal Executive Officer.

The qualifications of the Directors are set out on page 25.

## 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 K.J. Campbell	-	-
Mr W.H. Clough AO, OBE	-	7
Mr W.M. Clough	-	7
Dr T.W Duncan	4	6
Dr. G.M. Folie	6	7
Mr. D.S. Karpin AM	1	7
Mr M.D. Nahan	7	7
Mr I G Nethercote	3	6
Professor R.R. Officer	4	7
Dr. T.W. Quirk	7	7
Mr A R Stockdale	5	6

\* 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 comment.

## 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) Three issues of In Touch – the institute's newsletter were produced.
- c) Economic Freedom of the World – a joint venture with 54 other think tanks from around the world – was released during the year.
- d) Five backgrounders, three electronic backgrounders and two Energy Forum Issue papers were published during the year.
- e) Institute staff made five submissions to government and parliamentary inquiries.
- f) Six major conferences, eleven dialogues, seminars, book launches and lectures were organised by the Institute during the year.
- g) IPA staff had 237 major media contacts and gave 23 lectures during the year.
- h) The Energy Forum met nine times during the year with nine guest speakers.
- i) Two issues of Facts were published.
- j) Six NGO Watch Digest's were published (electronic or paper).

#### 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 for the year ended 30 June 2003 was \$ 81,277 (2002: \$ 29,048).

#### 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.

Dated at Melbourne this 12 day of September 2003

Signed in accordance with a resolution of the Directors.



Director

**INSTITUTE OF PUBLIC AFFAIRS LIMITED**  
**STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED**  
**30 JUNE 2003**

	Notes	2003 \$	2002 \$
Revenue from rendering of services	3	814,996	660,228
Other revenues from ordinary activities	3	<u>22,507</u>	<u>9,236</u>
<b>Total revenue from ordinary activities</b>		<b>837,503</b>	<b>669,464</b>
Publication unit and seminar expenses		(330,319)	(263,267)
Employee expenses		(294,539)	(287,988)
Occupancy expenses		(51,723)	(22,471)
Depreciation	4	(3,240)	(4,080)
Other expenses from ordinary activities		<u>(76,405)</u>	<u>(62,610)</u>
<b>Net profit</b>		<b><u>81,277</u></b>	<b><u>29,048</u></b>

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 8 to 20.

**INSTITUTE OF PUBLIC AFFAIRS LIMITED**

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2003**

	Notes	2003 \$	2002 \$
<b>Current assets</b>			
Cash assets	7	236,996	15,620
Receivables	8	55,396	60,977
Investments	7	-	108,576
Other current assets	9	<u>3,613</u>	<u>1,354</u>
<b>Total current assets</b>		<b><u>296,005</u></b>	<b><u>186,527</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	10	11,362	8,661
Other current assets	9	<u>7,818</u>	<u>7,818</u>
<b>Total non-current assets</b>		<b><u>19,180</u></b>	<b><u>16,479</u></b>
<b>Total assets</b>		<b><u>315,185</u></b>	<b><u>203,006</u></b>
<b>Current liabilities</b>			
Payables	11	51,914	22,575
Provisions	12	<u>18,828</u>	<u>25,043</u>
<b>Total current liabilities</b>		<b><u>70,742</u></b>	<b><u>47,618</u></b>
<b>Non-current liabilities</b>			
Provisions	12	<u>33,118</u>	<u>25,411</u>
<b>Total non-current liabilities</b>		<b><u>33,118</u></b>	<b><u>25,411</u></b>
<b>Total liabilities</b>		<b><u>103,860</u></b>	<b><u>73,029</u></b>
<b>Net assets</b>		<b><u>211,325</u></b>	<b><u>129,977</u></b>
<b>Equity</b>			
Reserves	13	46,500	46,500
Retained profits	14	<u>164,826</u>	<u>83,477</u>
<b>Total equity</b>		<b><u>211,326</u></b>	<b><u>129,977</u></b>

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 8 to 20.



**INSTITUTE OF PUBLIC AFFAIRS LIMITED**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003**

	Notes	2003 \$	2002 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		829,584	635,613
Cash payments in the course of operations		(714,069)	(643,752)
Interest received		<u>3,226</u>	<u>2,708</u>
<b>Net cash provided by/(used in) operating activities</b>	19(b)	<u>118,741</u>	<u>(5,431)</u>
<b>Cash flows from investing activities</b>			
Payments property, plant and equipment		<u>(5,941)</u>	<u>(4,988)</u>
<b>Net cash used in investing activities</b>		<u>(5,941)</u>	<u>(4,988)</u>
Net increase/(decrease) in cash held		112,800	(10,419)
<b>Cash at the beginning of the financial year</b>		<u>124,196</u>	<u>134,615</u>
<b>Cash at the end of the financial year</b>	19(a)	<u>236,996</u>	<u>124,196</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 20.

## INSTITUTE OF PUBLIC AFFAIRS LIMITED

### Notes to the financial statements for the year ended 30 June 2003

#### 1. Statement of significant accounting policies

The significant accounting policies which have been adopted in the preparation of this financial report are:

##### (a) Basis of preparation

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

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values.

These accounting policies have been consistently applied and, except where stated, are consistent with those of the previous year.

##### (b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST), payable to the Australian Taxation Office.

###### *Subscription revenue*

Subscription revenue is recognised as revenue when the subscription is received.

###### *Interest and discount earned revenue*

Interest and discount earned revenue is recognised as it accrues.

###### *Other income*

Units, projects, conferences and seminars are recognised as revenue as it accrues.

##### (c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, and payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

# INSTITUTE OF PUBLIC AFFAIRS LIMITED

## Notes to the financial statements for the year ended 30 June 2003

### 1. Statement of significant accounting policies (continued)

#### (d) Taxation

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

#### (e) Acquisition of assets

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

#### (f) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

##### *Trade debtors*

Trade debtors are carried at amounts due.

#### (g) Investments

Term deposits are classified as current assets and carried at the lower of cost and recoverable amount.

#### (h) Leased assets

Leases under which the Company assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

##### *Operating leases*

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

#### (i) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

# INSTITUTE OF PUBLIC AFFAIRS LIMITED

## Notes to the financial statements for the year ended 30 June 2003

### 1. Statement of significant accounting policies (continued)

#### (j) Depreciation

##### *Useful lives*

All assets have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives, taking into account estimated residual values.

Assets are depreciated from the date of acquisition. Depreciation rates and methods are reviewed annually for appropriateness.

The depreciation rates or useful lives for each class of asset are as follows:

	2003	2002
<i>Property, plant and equipment</i>		
Furniture and fittings	20%	20%
Office equipment	20%	20%

#### (k) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

#### (l) Employee benefits

##### *Wages, salaries, annual leave, sick leave and non-monetary benefits*

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to balance date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

##### *Long service leave*

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to balance date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at balance date which are most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

##### *Superannuation plan*

The Company contributes to a defined superannuation plan. Contributions are recognised as an expense as they are made.

# INSTITUTE OF PUBLIC AFFAIRS LIMITED

## Notes to the financial statements for the year ended 30 June 2003

### 1. Statement of significant accounting policies (continued)

#### (m) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice or economic benefit will be required to be settle the obligation, the timing or amount of which is uncertain.

### 2. Changes in accounting policies

#### (a) Employee benefits

The Company has applied the revised AASB 1028 "Employee Benefits" for the first time from 1 July 2002.

The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the Company expects to pay as at each balance date.

#### (b) Provisions and contingent liabilities

The Company has applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from 1 July 2002.

AASB 1044 requires disclosure of contingent liabilities only when the probability of payment is not remote.

There was no impact on net profit for the current financial year to 30 June 2003.

	2003 \$	2002 \$
<b>3. <u>Revenue from ordinary activities</u></b>		
Rendering of services revenue from operating activities	<u>814,996</u>	<u>660,228</u>
Other revenues:		
<i>From operating activities</i>		
Interest	3,226	3,298
Other	<u>19,281</u>	<u>5,938</u>
	<u>22,507</u>	<u>9,236</u>
Total revenue from ordinary activities	<u>837,503</u>	<u>669,464</u>

# INSTITUTE OF PUBLIC AFFAIRS LIMITED

## Notes to the financial statements for the year ended 30 June 2003

	2003 \$	2002 \$
<b>4. <u>Profit from ordinary activities</u></b>		
(a) Individually significant expenses/(revenues) included in profit from ordinary activities		
Salaries and consulting fees	252,799	266,696
Direct unit costs	241,366	209,500
(b) Profit from ordinary activities after charging/ (crediting) the following items:		
Operating lease rental expense (includes cleaning)	51,723	22,471
Depreciation of plant & equipment	3,240	4,080
Net expense from movements in provision for:		
Employee entitlements		
- Long service leave	5,330	(888)
- Annual leave	(406)	(8,678)
<b>5. <u>Auditors' remuneration</u></b>		
Audit services by auditors of company	2,500	2,500

## INSTITUTE OF PUBLIC AFFAIRS LIMITED

Notes to the financial statements for the year ended 30 June 2003

### 6. Segment reporting

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### **Business segments**

The Company comprises the following main business segments, based on the Company's management reporting system:

- Subscriptions*      Funding received from corporations and individuals to projects run by the IPA as well as to the IPA itself.
- Conferences*        Income received as a result of conferences run by the IPA on economic and social topics.
- Publications*      Sale of literary magazines on matters in the field of research on economic and social matters of concern to the community.

#### **Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

The Company's business segments operate entirely within Australia.

<b>Business segments</b>	<b>Subscriptions</b>		<b>Conferences</b>		<b>Publications</b>		<b>Total</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	694,059	627,287	92,683	7,364	28,254	25,440	837,503	669,464
Segment net profit/ (loss)	67,147	23,214	8,742	273	2,542	942	81,277	17,544
Segment assets	261,288	190,217	34,986	2,233	10,716	7,714	315,185	203,006

## INSTITUTE OF PUBLIC AFFAIRS LIMITED

### Notes to the financial statements for the year ended 30 June 2003

	2003	2002
	\$	\$
<u>7. Cash assets</u>		
Cash at bank	236,996	15,620
Term Deposits	<u>-</u>	<u>108,576</u>
	<u>236,996</u>	<u>124,196</u>
The term deposit paid a weighted average interest rate of 4.2% at 30 June 2002.		
 <u>8. Receivables</u>		
Sundry debtors	54,315	60,239
Accrued interest	<u>1,081</u>	<u>738</u>
	<u>55,396</u>	<u>60,977</u>
 <u>9. Other current assets</u>		
Prepayments	3,613	1,354
Security deposit	<u>7,818</u>	<u>7,818</u>
	<u>11,431</u>	<u>9,172</u>



**INSTITUTE OF PUBLIC AFFAIRS LIMITED**

**Notes to the financial statements for the year ended 30 June 2003**

	2003	2002
	\$	\$
<b>10. <u>Property, plant and equipment</u></b>		
Furniture and fittings		
<i>At cost</i>	122,434	122,434
<i>Accumulated depreciation</i>	<u>(122,434)</u>	<u>(122,434)</u>
	-	-
Office machines		
<i>At cost</i>	276,634	270,693
<i>Accumulated depreciation</i>	<u>(265,272)</u>	<u>(262,032)</u>
	<u>11,362</u>	<u>8,661</u>
 Total property, plant and equipment net book value	 <u>11,362</u>	 <u>8,661</u>

**Reconciliations**

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

***Furniture and fittings***

Carrying amount at beginning of year	-	58
Additions	-	-
Disposals	-	-
Depreciation	<u>-</u>	<u>(58)</u>
Carrying amount at end of year	<u>-</u>	<u>-</u>

***Office machines***

Carrying amount at beginning of year	8,661	7,695
Additions	5,941	4,988
Disposals	-	-
Depreciation	<u>(3,240)</u>	<u>(4,022)</u>
Carrying amount at end of year	<u>11,362</u>	<u>8,661</u>

## INSTITUTE OF PUBLIC AFFAIRS LIMITED

### Notes to the financial statements for the year ended 30 June 2003

	2003	2002
	\$	\$
<b>11. Payables</b>		
Trade creditors	35,769	17,428
Other creditors and accruals	<u>16,145</u>	<u>5,147</u>
	<u>51,914</u>	<u>22,575</u>
<b>12. Provisions</b>		
<b>Current</b>		
Employee benefits	18,748	19,154
Other	<u>80</u>	<u>5,889</u>
	<u>18,828</u>	<u>25,043</u>
<b>Non-current</b>		
Employee benefits	<u>33,118</u>	<u>25,411</u>
<b>13. Reserves</b>		
General	<u>46,500</u>	<u>46,500</u>
<b>14. Retained profits</b>		
Retained profits at beginning of year	83,477	54,429
Prior year-end adjustment	72	-
Net profit	<u>81,277</u>	<u>29,048</u>
Retained profits at end of year	<u>164,826</u>	<u>83,477</u>
<b>15. Total equity reconciliation</b>		
Total equity at beginning of year	129,977	100,929
Total changes in equity recognised in statement of financial performance	81,277	29,048
Prior year-end adjustment	<u>72</u>	<u>-</u>
Total equity at end of year	<u>211,326</u>	<u>129,977</u>

## INSTITUTE OF PUBLIC AFFAIRS LIMITED

### Notes to the financial statements for the year ended 30 June 2003

#### 16. Additional financial instruments disclosure

##### Net fair values of financial assets and liabilities

The directors consider that the carrying amount of recognised financial assets and liabilities approximates their net fair values.

	2003 \$	2002 \$
<b>17. <u>Commitments</u></b>		
<b>Operating lease payable commitments</b>		
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	48,785	46,909
One year or later and no later than five years	34,753	80,365
Later than five years	-	-
	<u>83,538</u>	<u>127,274</u>

The Company leases property under operating leases expiring from one to five years. Leases generally provide the Company with a right of renewal at which time all terms are renegotiated.

#### 18. Contingent liabilities and contingent assets

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Directors of the IPA receive no financial benefits, therefore, retirement benefits which are payable on termination of directors under service agreements do not apply to the IPA.

#### 19. Notes to the statement of cash flows

##### a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown on the statement of cash flows is reconciled to the related item in the statement of financial position as follows:

	2003 \$	2002 \$
Cash at bank	236,996	15,620
Term deposit	-	108,576
	<u>236,996</u>	<u>124,196</u>

**INSTITUTE OF PUBLIC AFFAIRS LIMITED**

**Notes to the financial statements for the year ended 30 June 2003**

	<b>2003</b>	<b>2002</b>
	\$	\$
<b>19. <u>Notes to the statement of cash flows (continued)</u></b>		
b) Reconciliation of profit from ordinary activities to net cash provided by operating activities		
Profit from ordinary activities	81,277	29,048
Items classified as investing/financing activities:		
Add/(less) non-cash items:		
Depreciation	<u>3,240</u>	<u>4,080</u>
Net cash provided by operating activities before change in assets and liabilities	84,517	33,128
Change in assets and liabilities:		
(Increase)/decrease in prepayments	(2,187)	1,446
(Increase)/decrease in trade debtors	1,352	(31,143)
(Decrease)/increase in accounts payable	28,170	11,068
(Decrease)/increase in provisions	<u>6,889</u>	<u>(12,112)</u>
Net cash provided by operating activities	<u>118,741</u>	<u>(5,431)</u>

**20. Employee benefits**

Aggregate liability for employee benefits, including on-costs

Current		
Employee benefits provision	18,748	19,154
Non-current		
Employee benefits provision	<u>33,118</u>	<u>25,411</u>
	<u>51,866</u>	<u>44,565</u>

The present values of employee entitlements not expected to be settled within twelve months of reporting date have been calculated using the following weighted averages:

	<b>2003</b>	<b>2002</b>
Assumed rate of increase in wage and salary rates	2%	-
Discount rate	4.65%	6.05%
<b>Number of employees</b>		
Number of employees at year end	4	4

## INSTITUTE OF PUBLIC AFFAIRS LIMITED

### Notes to the financial statements for the year ended 30 June 2003

#### 20. Employee benefits (continued)

##### Superannuation plans

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.

Details of contributions to the defined plans during the year and contributions payable at 30 June 2003 are as follows:

	2003 \$	2002 \$
Employer contributions to the plan	33,896	27,731
Employer contributions payable to the plan at balance date	80	16

#### 21. Directors' remuneration

##### Directors' income

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

#### 22. Related parties

##### Directors

The names of each person holding the position of director of the Institute of Public Affairs Limited during the financial year are Messer's K.J. Campbell., W.M. Clough., W.H. Clough AO, OBE., G.M. Folie., D.S. Karpin., Professor R.R. Officer, M.D., T.W. Quirk., I.G Nethercote., Dr T.W Duncan, and A.R Stockdale.

K.J. Campbell retired as director during the year.

## INSTITUTE OF PUBLIC AFFAIRS LIMITED

### Notes to the financial statements for the year ended 30 June 2003

#### 23. Events subsequent to reporting date

Since 30 June 2003, 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.

#### 24. 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 2003 there were fifty-four members.

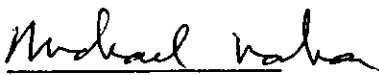
**INSTITUTE OF PUBLIC AFFAIRS LIMITED**

**DIRECTORS' DECLARATION**

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

- (a) the financial statements and notes, set out on pages 5 to 20, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the company as at 30 June 2003 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

  
Director

12 - 9 - 03  
Dated



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

**Scope**

We have audited the financial report of the Institute of Public Affairs Limited for the financial year ended 30 June 2003, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes, and the directors' declaration set out on pages 5 to 21. 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 examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company'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 the 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 2003 and of its performance for the year ended on that date; and
  - ii) complying with Accounting Standards in Australia and the Corporations Regulations and;
- (b) other mandatory professional reporting requirements in Australia.

**KPMG**  
KPMG

  
P.J. McDonald  
Partner

Melbourne

23-9-2003





## DISCLAIMER

The additional financial information presented on page 24 is in accordance with the books and records of the Institute of Public Affairs Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 30 June 2003. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our Firm policy, we advise that neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any person (other than the company) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

KPMG  
KPMG

Melbourne

23 9-2003

**INSTITUTE OF PUBLIC AFFAIRS LIMITED**  
**STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED**  
**30 JUNE 2003**

	2003	2002
	\$	\$
<b>Income</b>		
Subscriptions - General	222,047	278,066
Subscriptions – Units/Projects	472,012	349,383
Conferences & Seminars	92,683	7,353
Publications & Media	28,254	25,426
Interest	3,226	3,298
Sundry	<u>19,282</u>	<u>5,938</u>
<b>Total Income</b>	<b><u>837,504</u></b>	<b><u>669,464</u></b>
<b>Expenses</b>		
<b>Administration Costs</b>		
Salaries and consultancy fees	252,799	266,696
Superannuation	33,896	27,731
Workers compensation insurance	2,921	3,127
Amounts set aside to provisions		
Annual leave	(405)	(8,678)
Long service leave	<u>5,330</u>	<u>(888)</u>
<b>Total Staff Costs</b>	<b><u>294,541</u></b>	<b><u>287,988</u></b>
<b>Other Administration Costs</b>		
Depreciation	3,241	4,080
Office Rental & Cleaning	51,723	22,471
Electricity and telephone	13,464	14,096
Travelling Expenses	11,505	12,781
Computer Expenses		10,391
Sundry Office Expenses	<u>51,435</u>	<u>25,342</u>
<b>Total Administration Costs</b>	<b><u>131,368</u></b>	<b><u>86,161</u></b>
<b>Publication, Unit &amp; Seminar Costs</b>		
Publication costs	51,865	48,603
Conferences & Seminars	37,089	5,164
Direct Unit Costs	241,366	209,500
<b>Total Publication, Unit &amp; Seminar Costs</b>	<b><u>330,320</u></b>	<b><u>263,267</u></b>
<b>Total Expenses</b>	<b><u>756,227</u></b>	<b><u>640,416</u></b>
<b>Operating (loss)/profit for the year</b>	<b><u>81,276</u></b>	<b><u>29,048</u></b>

## INSTITUTE OF PUBLIC AFFAIRS LIMITED

### Qualifications of Directors

#### President

Hon. Alan Robert Stockdale, B.A., LL.B (Melb.); Chairman, IPA; Chairman, Axon Instruments Inc.; Chairman, Symex Holdings Ltd., Director, Baker Heart Research Institute Foundation and Director of various family trust companies.

William Harold Clough, AO, OBE, B.E.(WA), M.S. (Calif)  
Director Clough Ltd Group

William McRae Clough, B.Sc, B.Comm  
Director Mitchell River Group Pty Ltd., Koast Corporation Pty Ltd.

William Timothy Duncan, B.A.(Hons), Ph.D. (Melb)

Michael Folie, B.Eng., Dip IC, PhD, Msc (Econ); Deputy Chairman, InterOil Corporation; Director, Australian Research Council, Associate Commissioner Productivity Commission; Chairman Concept Gold.

David Simon Karpin, AM. B.Com (Hons), MBA (Hon),(Hon).LLD, F.C.P.A., F.A.I.M, ASIA, MACS. Exec. Chairman, Karpin Slaughter Ltd., Chairman, Melbourne Health, Chairman Mt Eliza Business School Ltd., Director, Placer Dome Inc., Director Warnambool Cheese & Butter Factory Ltd., Director Bio21 Ltd., Director ANUTECH Pty Ltd.

Ian Nethercote, MIE. Aust, CP Eng, FAICD, FAIM, Chief Executive of Loy Yang Power, Chairman of ESAA, Director of Gippsland Group Training and CRC – Clean Power from Lignite, Member of NEMMCO PAC and CSIRO Energy and Transport Sector Advisory Council, registered assessor of mechanical testing for the National Association of Testing Authorities (NATA).

Professor Robert Rupert Officer, B.Ag.Sc(Melb), M.Ag.Ec (New England), MBA, PHD (Chicago), FASSA., Principal Capital Research Pty Ltd., Professor Emeritus, University of Melbourne.

Thomas William Quirk, M.Sc., D.Phil., M.A.(Oxon), SMP(Harv.)  
Chairman, Victorian Rail Track, Virax Holdings, Deputy Chairman, VENCORP, and Director Biota, Holdings.

#### **Chief Executive Officer and Executive Director**

Michael Dennis Nahan, BA (Hon), Msc., PhD.

# INSTITUTE OF PUBLIC AFFAIRS LIMITED

## IPA COUNCIL AND COMMITTEE

P.C. Barnett  
M.D. Bridgland, AO  
Sir Laurence Brodie-Hall  
John Brunner  
D.J. Brydon  
J.A. Calvert-Jones  
K.J. Campbell  
JFH Clark  
\* W.H. Clough, AO, OBE  
\* W.M. Clough  
J.C. Dahlsen  
Sir Peter Derham  
\* T.W. Duncan  
D.L. Elsum AM  
\* Dr. G.M. Folie  
Sir James Foots  
A. Gibson  
Charles B. Goode  
A.J. Hancock, OBE  
Sir John Holland AC  
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J.A. Leckey  
G. Littlewood  
B.T. Loton, AC  
Sir Eric McClintock  
M.J.C. Moore  
H.M. Morgan, AO  
S.B. Myer, AC  
S.H. Myer  
H.J. Nicholas, OBE  
\* I.G. Nethercote  
\* Professor R.R. Officer  
Emeritus Professor D. Penington AC  
J.B. Prescott, AC  
E.M. Proust  
\* T.W. Quirk  
N.E. Renton  
C.J.S. Renwick  
E. Ritchie  
L.I. Roach, AO  
M.B. Robinson  
Professor John Rose  
R.A. St John  
P.D. Scanlon  
J.P. Simpson  
C.J. Smith  
D.M. Staunton  
\* A.R. Stockdale  
G.J. Travers  
P.H. Wade  
Sir Bruce Watson  
I.E. Webber  
Hon Vernon Wilcox, CBE. QC  
E.L. Windholz

\*Members of the Committee (Board of Directors)