

Annual Report 2008

The Insolvency Practitioners Association of Australia (IPA) is the leading professional body for those who specialise in business reconstruction and corporate and personal insolvency as well as for those who support and interact with practitioners.

Insolvency Practitioners Association of Australia, ABN 28 002 472 362

Financial Statements

For the Year Ended 31 December 2008



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Annual Report

2008 was another very successful year for the IPA. It saw the consolidation of a number of organisational innovations, the launch and implementation of our Code of Professional Practice and further gains in the Association's role in positioning the profession.

Organisational Consolidation

We further enhanced our nationally co-ordinated support for a wide range of events and activities. We welcomed a total of 86 new members to the IPA in 2008; 52 Full Members, 28 Associate, four to the INSOL Lenders Group and our first two Members in the new Academic category.

In addition to a very successful National Conference in May, we held State Conferences in all Divisions except SA/NT, where a series of three Dinner Seminars took place, along with a Golf Day in VIC/TAS, and a wine tasting in Queensland.

Regular Study Groups or Forums were held in all Divisions. Building on the experience of the long running VIC/TAS CBD Insolvency Network, a very successful Young Professionals Series was launched in the NSW/ACT Division. The INSOL Lenders group conducted a Seminar in conjunction with our National Conference, and another in October, which featured a speech by Senator the Hon Nick Sherry, Minister for Superannuation and Corporate Law.

For all of these events, IPA staff work with and support the relevant Divisional Committees to ensure the professional running and financial success of the events, and take the lead in identifying suitable sponsors and negotiating sponsorship arrangements.

Our flagship education program, the *Insolvency Education Program*, has been running for many years now, and 2008 saw 215 individual students enrol in this program, 75 of whom enrolled for both semesters. IEP students came from across Australia, along with two from overseas. National Office manages all university enrolments and liaison, and co-ordinates all IPA workshops in NSW/ACT, VIC/TAS, SA/NT and Queensland, as well as the phone-in workshops for those outside capital cities and overseas.

A record number of 19 *Introduction to Insolvency* programs, with 345 attendees, took place in all mainland capital cities, and for the first time in Cairns and Newcastle, and a successful pilot of our *s 439A Investigation and Report* course was held in December 2008, following a request from the SA/NT Division.

IPA National Office works with the relevant education members on Divisional Committees and with national Education and Education Strategy Committees to ensure the quality of course development and delivery. Our technical and legal staff develop and help to deliver training programs, set workshop questions, facilitate telephone workshops and set and assess ethics essays.

Code of Professional Practice (Code)

It is difficult to overestimate the importance of the IPA's achievement in the development and launch of the Code in May 2008. The impact of the Code in the time since its launch has been rapid and widespread, and it has been particularly effective in reinforcing the position of the IPA as the pre-eminent professional association for insolvency practitioners in Australia.

Positioning the profession

We continued to make substantial investment in repositioning the IPA throughout 2008. The initial appointment of a Legal Director was a decision taken in the context of the development of the Code. Following the Code's launch in May, we have committed to the continuation of this role, effectively doubling the size of our permanent technical team.

The very high quality of our technical insolvency expertise, embodied in Kim Arnold and Michael Murray, is a major contributor to the excellent reputation and influence that the Association enjoys, and is central to our ability to provide the appropriate support in this area to our members, and to the profession generally.

A significant technical contribution is also made by our volunteer member practitioners who serve on the Board, Divisional and subject matter Committees and liaison teams, lead education workshops, contribute articles to our website and journal, and present at our many conferences and events.

Their contribution to the IPA is substantial, and critical to our success.

Representation

A substantial number of submissions and representations were made to policy makers and regulators throughout 2008. A particular highlight during the year, which will come to fruition in 2009, was our input to the APES Board in the development of the new Insolvency Accounting Standard, and to the related Forensic Accounting Standard. IPA made a substantial contribution to the Consultation Draft of the new Insolvency Standard which was released at the end of 2008, successfully pursuing the objective of ensuring consistency between the new standard and the IPA Code.

Media

We chose to increase our investment in media advice and relations in 2008, focused primarily around the launch of the Code and subsequently in response to the changing economic environment and the increased visibility of insolvency and insolvency practitioners as a result.

Advertising and sponsorship

Following the consolidation of advertising and sponsorship activities in 2007, 2008 saw us achieve a significant increase in total advertising and sponsorship value, and the reinforcement of strong and mutually beneficial relationships, which we will continue to nurture.

Staffing

2008 saw the completion of the new IPA team, with the appointment in April of a full time accountant following a period of outsourcing.

After an energetic two years as CEO, which saw the implementation of our organisational initiatives, the successful recruitment of a new national office team and the launch of the Code, Mike Lotzof departed to pursue international opportunities.

Total employment costs rose by 11 percent, to \$956,725, reflecting the final addition to the National Office team, and the investment in Code development.

Commentary on the accounts

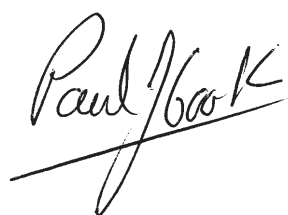
The Board took a conscious decision to invest previously accumulated reserves in the development of the Code of Professional Practice, and a substantial deficit was budgeted for in 2007. In the event, many of these costs came to account in 2008, with the result that the loss in 2007 of \$32,199, was significantly less than budgeted, and the 2008 loss was significantly higher than expected, at \$115,753.

Income increased by 15 percent over the previous year, led by significant growth in both education and events activity and by gains in advertising and sponsorship.

On the cost side, investment in finalisation of the Code totalled \$77,603 for the year, and a further \$31,630 was invested in Code-related media activity. Depreciation costs flowing from the website and computer investment that we committed to in 2007 increased by \$35,000. These investments are critical to the IPA's ability to perform its role.

We have every confidence in the IPA returning to surplus in 2009.

We finished the year with a net equity position of \$542,223.



Paul John Cook
President
4 May 2009

31 December 2008

Your Directors present their report on the company for the financial year ended 31 December 2008.

1. General Information

Principal Activities

The principal activity of Insolvency Practitioners Association of Australia during the financial year was being a professional association.

No significant change in the nature of this activity occurred during the year.

2. Business Review

a) Operating Results

The loss of Insolvency Practitioners Association of Australia after providing for income tax amounted to \$115,753 (2007: loss of \$32,199).

b) Dividends Paid or Declared

This is a company limited by guarantee and is prohibited from making distributions to Members.

3. Other Items

a) Significant Changes in State of Affairs

No significant changes in Insolvency Practitioners Association of Australia's state of affairs occurred during the financial year.

b) After Balance Day Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Insolvency Practitioners Association of Australia, the results of those operations or the state of affairs of Insolvency Practitioners Association of Australia in future financial years.

c) Auditors Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out at page 20.

d) Environmental Regulations

The company's operations are not regulated by any significant environmental regulations under Australian Law.

4. Director Information

Information on Directors and Attendance

Director	Qualifications	Sub-Committees	Attendance
Paul John Cook Vic/Tas	B.Ed, FCA, IPA, AICD Principal – Paul Cook & Associates Official Liquidator – 1992 Registered Trustee – 1990	Professional Conduct Technical & Best Practice ASIC & ATO Liaison	6 of 6
John Cronin QLD	B.Bus, Grad Cert (Management), Grad Cert (Applied Finance), CA, IPA, AICD Partner – McGrathNicol Official Liquidator – 2005	ASIC Liaison Member Discipline	3 of 6
Robyn Erskine CPA Representative Vic/Tas	B.Bus, FCPA, CA, IPA Partner – Brooke Bird & Co Official Liquidator – 1993 Registered Trustee – 1992	Technical & Best Practice ASIC & ATO Liaison Member Discipline Quality Assurance	6 of 6
William John Fletcher QLD	B.Comm, FCA, IPA Partner – Bentleys MRI Official Liquidator – 1991 Registered Trustee – 1986	Professional Conduct Technical & Best Practice Membership Quality Assurance	5 of 6
Michael Richard Hughes NSW/ACT	B.Ec LLB, IPA, Law Institute Partner – Minter Ellison	Member Discipline ASIC Liaison Law Society Liaison	5 of 6
David John Kerr NSW/ACT	Grad Dip Adv Acctg, B.Bus (Accy) Partner – RSM Bird Cameron CA, CPA, IPA Official Liquidator – 2002 Registered Trustee – 1997	Education AIJ Advisory Board Technical & Best Practice Membership Quality Assurance	6 of 6
John Lindholm Vic/Tas	B.Econ, CA Partner – Ferrier Hodgson Official Liquidator – 2005 Registered Liquidator – 1997	Membership Member Discipline Education	4 of 6
David Lombe ICAA Representative NSW/ACT	B.Com, CA, IPA, AICD, JP Partner – Deloitte Official Liquidator Trustee in Bankruptcy Registered Auditor	Professional Conduct Technical & Best Practice Member Discipline ASIC Liaison	4 of 6
Ross Whyte McClymont Vic/Tas	LLB, B.Com, Law Institute of Victoria, IPA Partner – Blake Dawson	Education Member Discipline Technical & Best Practice	2 of 6
Chris Powell SA/NT	B.Bus, CA, IPA, AICD Partner – KordaMentha Official Liquidator – 1999 Registered Liquidator – 1996	Codes & Standards Quality Assurance	6 of 6
Mark Julian Robinson NSW/ACT	B.Com (Merit), M.Econ, CA, CPA, IPA Partner – PPB Official Liquidator – 2005 Registered Trustee – 1998	Quality Assurance Finance - Treasurer	5 of 6

4. Director Information (continued)

Information on Directors and Attendance

Director	Qualifications	Sub-Committees	Attendance
Derrick Vickers WA	B.Bus Acc/BLT. CA. IPA Partner – PricewaterhouseCoopers Official Liquidator – 2004	Education Quality Assurance	5 of 6
Company Secretary	Qualifications	Sub-Committees	Attendance
Denise North	B.Ec (Hons), MBA, FAICD, FAIM		3 of 3

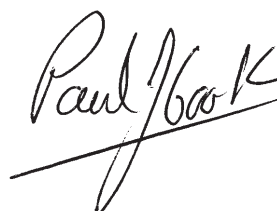
INVITED DIRECTORS (non-voting, former presidents who attend board meetings to advise and counsel)

Director	Qualifications	Sub-Committees	Attendance
Bruce Carter Former IPA President 1 Jan 08 – 23 May 08	B.Econ, MBA, FCA, IPA, FAICD Partner – Ferrier Hodgson Official Liquidator – 1990 Registered Trustee – 1989	INSOL ASIC & ATO Liaison	0 of 2
John Melliush Former IPA President	B.Econ, CA, IPAA Partner – Ferrier Hodgson Official Liquidator – 2005 Registered Trustee – 1997	Technical & Best Practice Membership ASIC & ITSA Liaison INSOL Lenders Group Quality Assurance	5 of 6
Stephen James Parbery Former IPA President 1 Jan 08 – 23 May 08	CA, IPAA Partner – PPB Official Liquidator – 1986	INSOL Lender's Group	1 of 2

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



MJ Robinson
4 May 2009



PJ Cook
4 May 2009

Suite 2404
Level 24 MLC Centre
19-21 Martin Place
Sydney 2000

K.S. Black & Co.
ABN 57 446 398 808

Level 1, 460 Church Street
North Parramatta NSW 2151
PO Box 2210
North Parramatta NSW 1750

Scope

We have audited the financial report of Insolvency Practitioners Association of Australia for the financial year ended 31 December 2008 as set out on pages 8 to 19.

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 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.

Independence

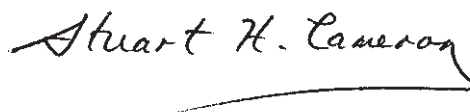
In conducting our audit, we followed the applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out in the financial report has not changed as at the date of providing our audit opinion.

Audit Opinion

In our opinion, the financial report of Insolvency Practitioners Association of Australia is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.



KS Black & Co
Chartered Accountants
Sydney
5 May 2009

Stuart H Cameron
Partner

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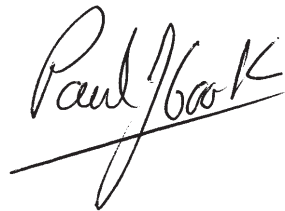
**Chartered
Accountants**

1. the financial statements and notes, as set out on pages 9 to 19, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2008 and of the performance for the year ended on that date of the company.
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.



MJ Robinson
4 May 2009



PJ Cook
4 May 2009

Income Statement



For the year ended 31 December 2008

	Note	2008 \$	2007 \$
Revenue	2	2,550,409	2,204,995
Accounting fees		(65,390)	(39,127)
Auditors remuneration		(3,516)	(18,533)
Bad debts expense		(2,200)	–
Consultants		(5,500)	–
Depreciation		(46,363)	(11,216)
Employee costs		(956,725)	(865,038)
Rent and facilities		(97,172)	(76,387)
Printing and postage		(34,255)	(42,781)
Travel and accommodation (Board)		(52,511)	(45,468)
Travel and accommodation		(44,949)	(44,784)
Education and training		(457,428)	(393,612)
Events expenses		(570,269)	(431,519)
Journal expenses		(99,554)	(90,661)
Bank and merchant fees		(41,878)	(41,367)
INSOL fees		(70,544)	(59,706)
IT and website		(45,997)	(23,485)
Media, marketing and promotion		(52,838)	(9,421)
Telephone and fax		(12,219)	(7,362)
Entertainment		(2,634)	(3,160)
Legal fees		(5,000)	–
Code and Standards development		–	(22,562)
Other expenses		(26,228)	(16,536)
Expenses		(2,693,170)	(2,242,725)
Loss before income tax		(142,761)	(37,730)
Income tax expense	3(b)	(27,008)	5,531
Loss attributable to members		(115,753)	(32,199)

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet



As at 31 December 2008

	Note	2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	378,233	872,260
Trade and other receivables	5	180,732	200,398
Current tax receivables	10	13,933	25,919
Total current assets		572,898	1,098,577
Non-current assets			
Property, plant and equipment	6	89,292	125,459
Deferred tax assets	10	33,376	6,368
Total non-current assets		122,668	131,827
TOTAL ASSETS		695,566	1,230,404
LIABILITIES			
Current liabilities			
Trade and other payables	7	106,160	525,125
Provisions	8	43,595	33,543
Total current liabilities		149,755	558,668
Non-current liabilities			
Other long-term provisions	8	588	10,760
Total non-current liabilities		588	10,760
TOTAL LIABILITIES		150,343	569,428
NET ASSETS		545,223	660,976
MEMBERS' ACCUMULATED FUNDS			
Trade and other payables		545,223	660,976
MEMBERS' ACCUMULATED FUNDS		545,223	660,976

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Recognised Income and Expense



For the year ended 31 December 2008

	Accumulated Funds \$
2008	
Balance at 1 January 2008.	660,976
Loss attributable to members	(115,753)
Balance at 31 December 2008	545,223
2007	
Balance at 1 January 2007, per 2006 accounts.	717,443
Changes in 2006 accounts due to correction of PAYG withholding tax	(37,665)
Changes in 2006 accounts due to overstating income tax expense.	13,397
Revised balance at 1 January 2007	693,175
Loss attributable to members	(32,199)
Balance at 31 December 2007	660,976

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

Cash Flow Statement



For the year ended 31 December 2008

	Note	2008 \$	2007 \$
Cash from operating activities:			
Receipts from operating activities		2,606,291	2,676,871
Interest received		39,252	43,471
Payments to suppliers.		(2,155,758)	(1,728,408)
Employee costs		(973,616)	(823,521)
Income tax paid		–	(19,344)
Net cash provided by (used in) operating activities	12	(483,831)	149,069
Cash flows from investing activities:			
Acquisition of plant and equipment.		(10,196)	(106,568)
Net cash provided by (used in) investing activities.		(10,196)	(106,568)
Net increase (decrease) in cash and cash equivalents held		(494,027)	42,501
Cash and cash equivalents at beginning of financial year.		872,260	829,759
Cash and cash equivalents at end of financial year	4	378,233	872,260

The above cash flow statement should be read in conjunction with the accompanying notes.

1. Statement of Significant Accounting Policies

(a) General Information

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of preparation

Reporting Basis

The financial report has been prepared on an accruals basis and is based on historical costs.

(c) Property, plant and equipment

The depreciable amount of all fixed assets excluding computer software is depreciated on a diminishing value basis over the assets' useful lives to the company commencing from the time the asset is held ready for use. The depreciable amount of all computer software is depreciated on a straight line basis in accordance with the effective lives prescribes by the tax authority.

The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset

Furniture, fixtures and fittings . . .	4-20 years
Office equipment	4-10 years
Computer equipment	4-10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

(f) Income Tax

The charge for current income tax expense is calculated based on the mutuality principle. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(g) Revenue

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

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

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

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

For the year ended 31 December 2008

	Note	2008 \$	2007 \$
2. Revenue			
Operating activities			
Interest received		44,087	44,155
Sponsorship and advertising (a)		351,816	303,251
Journal subscriptions		16,756	16,208
Member subscriptions		577,020	572,932
Education and training (b)		929,614	765,449
Events – states and national (c)		625,941	495,281
Other revenue		5,175	7,719
Total Revenue		2,550,409	2,204,995
(a) Sponsorship			
Sponsorship revenue continued to increase as the National co-ordination of sponsorship and marketing activities was further consolidated.			
(b) Education			
Enrolments in IPA Education programs, particularly the year long Insolvency Education Program reached record levels in 2008, with more than 140 students enrolling in each semester.			
(c) Events			
The 2008 National Conference in Sydney drew record attendances and made a major contribution to higher than usual Events income.			
3. Income Tax Expense			
The prima facie tax on loss before income tax is reconciled as follows			
Prima facie tax payable (refundable) on loss before income tax at 30% (2007: 30%)		(42,828)	(11,319)
Add:			
– deferred tax asset written-back.			–
– income tax attributable to amounts charges in arriving at the loss which are permanently non-deductible (non-assessable) for income tax purposes .		15,820	5,788
Income tax attributable to entity		(27,008)	5,531
4. Cash and Cash Equivalents			
Cash at bank		78,074	372,010
Short-term bank deposits		300,000	500,000
Other cash and cash equivalents		159	250
		378,233	872,260
5. Trade and Other Receivables			
Current			
Trade receivables		39,524	46,869
Less: Provision for doubtful debts		(2,200)	–
Prepayments		83,480	111,583
Deposits		20,675	450
GST receivable.		39,253	41,496
		180,732	200,398

For the year ended 31 December 2008

	2008 \$	2007 \$
6. Plant and Equipment		
Office equipment		
At cost	13,015	12,738
Less accumulated depreciation	(7,127)	(4,987)
Total office equipment.	5,888	7,751
Computer equipment		
At cost	43,840	40,848
Less accumulated depreciation	(22,654)	(8,819)
Total computer equipment	21,186	32,029
Website development		
At cost	68,760	68,760
Less accumulated depreciation	(27,504)	–
Total website development	41,256	68,760
Office furniture		
At cost	25,677	18,751
Less accumulated depreciation	(4,715)	(1,832)
Total office furniture	20,962	16,919
Total plant and equipment	89,292	125,459

	Furniture, Fixtures and Fittings \$	Office Equipment \$	Computer Equipment \$	Computer Software \$	Total \$
Movements in Carrying Amounts					
Current Year					
Balance at the beginning of year	16,919	7,751	32,029	68,760	125,459
Additions	6,928	271	2,997	–	10,196
Depreciation expense	(2,885)	(2,134)	(13,840)	(27,504)	(46,363)
Carrying amount at the end of year	20,962	5,888	32,029	41,256	89,292
Prior Year					
Balance at the beginning of year	2,550	565	3,147	–	6,262
Additions	15,942	8,384	37,327	68,760	130,413
Depreciation expense	(1,573)	(1,198)	(8,44)	–	(11,216)
Carrying amount at the end of year	16,919	7,751	32,029	68,760	125,459

For the year ended 31 December 2008

	2008 \$	2007 \$
7. Trade and Other Payables		
Current		
Unsecured liabilities		
Trade payables	50,690	147,324
Amounts in advance	750	4,836
PAYG withholding tax	24,755	59,957
Other tax amounts	(3,993)	–
Superannuation payable	6,547	–
Credit cards	6,878	2,876
Accrued charges	5,895	62,000
Subscription in advance (a)	14,638	248,132
	106,160	525,125
(a) Due to a decision to increase subscription rates for 2009, and the subsequent requirement for a reprint of the membership kit, renewal notices were not dispatched until late December. This resulted in minimal subscriptions being received in advance for the 2009 year.		
8. Provisions		
Current		
Employee entitlements	43,595	33,543
Non-current		
Employee entitlements	588	10,760
9. Members' Guarantee		
The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$100.00 each towards any outstanding obligations of the company. At 31 December 2008 the number of members was 1,249 (2007: 1,242).		
10. Tax		
Current		
Income tax refundable	13,933	25,919
Non-current		
Other deferred tax	33,376	6,368
11. Auditors' remuneration		
Remuneration of the auditor of the company for:		
– Auditing the financial report (a)	3,516	18,533
(a) This cost represents the auditor's management review activity undertaken in late 2008. The remaining audit cost (a further \$12,000) will be taken up in the 2009 accounts.		

For the year ended 31 December 2008

12. Cash Flow Information

Reconciliation of cash flow from operations with loss

	2008 \$	2007 \$
Net loss for the period	(115,753)	(32,199)
Non-cash flows in loss:		
Depreciation	46,363	11,216
Changes in assets and liabilities		
(Increase)/decrease in receivables and prepayments	31,652	(190,749)
Increase/(decrease) in payables and provisions	(419,085)	366,332
(Increase)/decrease in deferred taxes	(27,008)	(5,531)
Cash flow from operations	(483,831)	149,069

13. Financial Risk Management

(a) General objectives, policies and processes

In common with all business, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the company's risk management objectives and policies. The company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of objectives are therefore designed to minimise the potential impacts of these risk on the results of the company where such impacts may be material. The Board receives reports from the Chief Executive Officer through which it reviews the effectiveness of the process put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible. Further details regarding these policies are set out below:

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the company incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the company. There is no concentration of credit risk with respect to receivables as the company has government departments as debtors only. As a result, the credit quality of financial assets that are neither past due nor impaired is good.

The maximum exposure to credit risk at balance date is as follows:

	2008 \$	2007 \$
Receivables	39,524	46,869

For the year ended 31 December 2008

13. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the company may encounter difficulties raising funds to meet commitments associated with financial instruments that is creditors. It is the policy of the Board of Directors that the company maintains adequate funds.

Maturity Analysis

2008

	Carrying Amount	Contract Cash Flows	<6 months
Financial Liabilities	-	-	-
Non-derivatives	-	-	-
Current payables	50,690	50,690	50,690
Total financial liabilities	50,690	50,690	50,690

2007

Financial Liabilities	-	-	-
Non-derivatives	-	-	-
Current payables	147,324	147,324	147,324
Total financial liabilities	147,324	147,324	147,324

(d) Market risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk).

(i) Interest rate risk

The company is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

Sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's surplus (through the impact on adjusted interest rate).

2008

	Carrying Amount	+1% Interest Rate	-1% Interest Rate
Cash and cash equivalents	378,233	3,782	(3,782)
Increase/(decrease)		3,782	(3,782)

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 31 December 2007.

2007

Cash and cash equivalents	872,260	8,723	(8,723)
Increase/(decrease)		8,723	(8,723)

The above analysis assumes all other variables remain constant.

For the year ended 31 December 2008

14. Related Party Disclosures

- (a) Key management personnel include the Directors and the Chief Executive Officer.
- (b) The names of Directors in office at any time during the financial year are P Cook, D Vickers, R Erskine, W Fletcher, B Carter, D Kerr, M Hughes, D Lombe, R McClymont, J Melliush, M Robinson, S Parbery, J Cronin, J Lindholm and C Powell.
- (c) No amounts were paid, payable or otherwise provided to Directors during the financial year. Amounts paid, payable or otherwise provided to other key management personnel consisted of:

	2008 \$	2007 \$
Salary	209,840	143,339
Superannuation	14,798	106,166
Total	224,638	249,505

15. Lease Commitments

Operating lease on premises

- Under 1 year	60,350	60,350
- 1 year to 5 years	241,400	241,400
- Over 5 years	211,225	271,575
	512,975	573,325

Auditor's Independence Declaration



under Section 307C of the Corporations Act 2001

Suite 2404
Level 24 MLC Centre
19-21 Martin Place
Sydney 2000

K.S. Black & Co.

ABN 57 446 398 808

Level 1, 460 Church Street
North Parramatta NSW 2151
PO Box 2210
North Parramatta NSW 1750

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KS Black & Co
Chartered Accountants
Sydney
5 May 2009

Stuart H Cameron
Partner

Phone 02 8839 3000
Fax 02 8839 3055



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under Professional
Standards Legislation



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