



ABN: 49 012 662 861

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2011

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
TOTAL REVENUE	2	2,546,698	2,376,469
EXPENDITURE			
Membership Services		165,733	217,148
Seminars & Events		353,716	255,563
Professional Development		616,268	587,577
Employee Remuneration & On-Costs		787,450	821,056
Corporate Services		249,680	212,526
Rental Expenses on Operating Leases		58,344	55,775
Depreciation	9	54,102	58,402
Amortisation	8	35,127	30,136
Audit and Accounting Fees	5	15,670	15,250
Impairment of Financial Assets		962	35,909
Loss on disposal of Plant and Equipment		2,582	-
TOTAL EXPENDITURE	3	2,339,634	2,289,342
NET OPERATING SURPLUS attributable to the Institute		207,064	87,127
OTHER COMPREHENSIVE INCOME			
Movement in fair value of financial assets available for sale		77	5,691
TOTAL COMPREHENSIVE INCOME attributable to the Institute		207,141	92,818

The accompanying notes form part of this Financial Report.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Notes	2011 \$	2010 \$
CURRENT ASSETS			
Cash & Cash Equivalents	6	1,014,959	690,474
Trade & Other Receivables	7	210,564	141,412
Other Current Assets		93,147	74,013
TOTAL CURRENT ASSETS		1,318,670	905,899
NON-CURRENT ASSETS			
Intangible Assets	8	49,655	64,609
Plant and Equipment	9	262,063	293,097
Financial Assets	10	643,368	700,576
TOTAL NON-CURRENT ASSETS		955,086	1,058,282
TOTAL ASSETS		2,273,756	1,964,181
CURRENT LIABILITIES			
Unearned Revenue		730,028	642,722
Trade & Other Payables	11	292,181	295,266
Provision for Employee Entitlements		40,680	36,840
TOTAL CURRENT LIABILITIES		1,062,889	974,828
NON CURRENT LIABILITIES			
Provision for Employee Entitlements		14,373	-
TOTAL NON CURRENT LIABILITIES		14,373	-
TOTAL LIABILITIES		1,077,262	974,828
NET ASSETS		1,196,494	989,353
EQUITY			
Reserves	12	(24,129)	(24,206)
Retained Surplus		1,220,623	1,013,559
TOTAL EQUITY		1,196,494	989,353

The accompanying notes form part of this Financial Report.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Financial Assets Reserve \$	Retained Earnings \$	Total Equity \$
Balance as at 30 June 2009	(29,897)	926,432	896,535
Total comprehensive income attributed to the Institute	5,691	87,127	92,818
Balance as at 30 June 2010	(24,206)	1,013,559	989,353
Total comprehensive income attributed to the Institute	77	207,064	207,141
Balance as at 30 June 2011	(24,129)	1,220,623	1,196,494
Total comprehensive income attributed to the Institute			

The accompanying notes form part of this Financial Report.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Membership Contributions		715,906	715,093
Receipts from Program Activities		1,817,727	1,688,668
Interest and Distributions Received		29,758	6,851
Payments to Suppliers & Employees		(2,311,191)	(2,161,801)
NET CASH PROVIDED BY OPERATING ACTIVITIES	16	252,200	248,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Investments		(85,000)	(515,000)
Redemptions of Investments		183,156	512,781
Payments for Property, Plant and Equipment		(25,650)	(11,191)
Payments for Intangible Assets		(20,173)	(19,500)
Payments for Deposits		19,952	(1,669)
NET CASH (USED IN) INVESTING ACTIVITIES		72,285	(34,579)
Net Increase in Cash Held		324,485	214,232
Cash at the Beginning of the Financial Year		690,474	476,242
CASH AT THE END OF THE FINANCIAL YEAR	16	1,014,959	690,474

The accompanying notes form part of this Financial Report.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act (Victoria) 1981.

The Financial Report covers the Institute of Public Administration Australia (Victorian Division) Incorporated, (the "Institute"), as an individual entity. The Institute is an Institute incorporated in Victoria under the Associations Incorporation Act (Vic.) 1981.

The financial report was authorised for issue on 25th October 2011.

BASIS OF PREPARATION

Reporting Basis and Conventions

The Financial Report has been prepared on an accrual basis and is based on historical costs and where necessary, modified by the revaluation of selected non-current assets, financial assets and liabilities for which the fair value basis of accounting has been applied.

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

a) Income Tax

The Australian Taxation Office has classified the Institute as an Institute exempt from paying income tax under the Income Tax Assessment Act.

b) Plant & Equipment

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

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

c) Depreciation

The depreciable amounts of all plant and equipment are depreciated on a straight line basis over the useful lives of the assets to the Institute commencing from the time the asset is held ready for use. The depreciation rates range between 10% - 33% per annum. Leasehold improvements are amortised over the unexpired term of the premises lease.

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

Class of fixed asset	Depreciation rates	Depreciation basis
Computer Hardware	33 %	Straight line basis
Office Furniture & Equipment	20 %	Straight line basis
Leasehold Improvements	10%	Straight line basis

d) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

e) Employee Benefits

Provision is made for the Institute's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits expected to be settled within one year together with benefits 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 benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

f) Revenue Recognition

Membership subscriptions are recognised over the period of membership on an accruals basis.

Seminar and course revenue is also recognised on a proportional basis over the period to which the activity relates. If at balance date an activity has not been completed, a determination of the unearned revenue and accrued expenses or prepayments in relation to the activity is made and recognised on the Statement of Financial Position.

g) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit.

h) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense or prepayments. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

i) Receivables

Accounts Receivable to be settled are carried at amounts due. Debt recovery is assessed at the balance date and specific allowance is made for any doubtful debts.

j) Payables

Liabilities are recognised for amounts to be paid within the future for goods and services received, whether or not billed to the Institute. Accounts Payable are settled normally within 30 – 45 days.

k) Critical Accounting Estimates & Judgements

The members of the Audit, Finance and Risk Committee evaluate estimates and judgements incorporated into the Financial Report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Institute.

l) Going Concern

The financial statements have been prepared on the basis that the Institute is a going concern, which contemplates the continuity of normal business activities and the realisation of assets and the extinguishment of liabilities in the normal course of business at the amounts stated in the financial statements.

m) Reclassification of Financial Information

Where necessary, comparative information has been reclassified to achieve consistency in disclosures with current financial period amounts and other disclosures:

n) Financial Instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Institute becomes a party to the contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention. Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit and loss. Transition costs related to instruments classified as at fair value through profit and loss are expensed to profit and loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Institute no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit and loss.

Classification and Subsequent Measurement

Financial Assets at Fair Value through Profit and Loss

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evolution where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains & losses arising from changes in fair value are included in profit and loss in the period in which they arise.

Loans and Receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Institute's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the Institute reviews whether there is objective evidence that a financial instrument has been impaired. In the case of Available-for-Sale investments, a prolonged decline in the value is considered to determine whether impairment has occurred. Impairment losses are recognised in the income statement.

o) Impairment of Assets

At each reporting date, the Institute reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Institute estimates the recoverable amount of the cash-generating unit to which the asset belongs.

p) Intangible Assets

Website, membership and event management system development costs.

Expenditure during the planning stages and for training purposes in relation to system development costs are recognised as an expense when incurred.

Development costs are capitalised only when the Institute is able to demonstrate future economic benefits will flow to the entity, including from their ability to generate revenues, achieve cost savings or from other benefits resulting from the use of the assets and these benefits can be reliably measured.

The amortisation rates used for each class of intangible assets are:

Class of intangible asset	Amortisation rates	Amortisation basis
ICT Website	33 %	Straight line basis

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

q) New & Revised Accounting Standards & Interpretations

The Institute has adopted all of the new and revised accounting Standards and Interpretations issued by the Australian Accounting Standard Board (AASB) that are relevant to its operations.

The members of the Audit, Finance and Risk Committee have given due consideration to new and revised standards and interpretations issued by the AASB that are not yet effective and do not believe they will have any material financial impact on the Financial Report of the Institute.

NOTE 2 REVENUE

	2011 \$	2010 \$
REVENUE		
Membership Subscriptions	697,479	684,745
Seminars & Events	550,683	520,674
Professional Development	1,229,137	1,085,285
Bank Interest	27,763	3,460
Investment Revenue	25,997	27,425
Other Income	1,175	-
Gain on Disposal of Financial Assets	14,464	54,880
TOTAL REVENUE	2,546,698	2,376,469

NOTE 3 ITEMS INCLUDED IN SURPLUS

Surplus has been determined after:

	2011 \$	2010 \$
EXPENSES		
Depreciation of Non Current Assets		
Computer Equipment	8,407	13,418
Plant & Equipment	13,536	14,271
Leashold Improvements	32,159	30,713
TOTAL DEPRECIATION EXPENSE	54,102	58,402
Amortisation of Intangible Assets		
ICT Website	35,127	30,136
RENTAL EXPENSE ON OPERATING LEASES		
Annual Rental Expense for Lease	58,344	55,775
MOVEMENT IN PROVISIONS		
Employee Benefits	18,213	4,879

NOTE 4**KEY MANAGEMENT PERSONNEL COMPENSATION****Board Members Remuneration**

Elected Members of the Board act in an honorary capacity and have not received any remuneration for their services. The Executive Director is an *ex-officio* member of the Board. The Executive Director's remuneration and on-costs are fully funded by the Institute.

	2011 \$	2010 \$
Short-term Employee Benefits	174,338	118,280
Post-Employment Benefits	22,646	47,754
	196,984	166,034

NOTE 5**AUDITOR'S REMUNERATION**

	2011 \$	2010 \$
Auditing the financial reports	10,500	10,000
Additional prior year audit fees	5,170	5,250
	15,670	15,250

NOTE 6**CASH & CASH EQUIVALENTS**

Notes	2011 \$	2010 \$
Cash on Hand	500	500
Cash at Bank	1,014,459	689,974
Cash & Cash Equivalents	1,014,959	690,474

NOTE 7**TRADE & OTHER RECEIVABLES**

	2011 \$	2010 \$
Trade Debtors	52,059	141,412
Loan Receivable - International Congress 2012	158,505	-
Total	210,564	141,412

NOTE 8**INTANGIBLE ASSETS**

	2011 \$	2010 \$
ICT Management Platform - at cost	114,918	94,745
Less Accumulation amortisation	(65,263)	(30,136)
Balance at 30 June 2011	49,655	64,609

Movement in carrying amounts:

ICT Management Platform		
Balance at 30 June 2010 - at cost	94,745	75,245
Additions	20,173	19,500
Balance at 30 June 2011	114,918	94,745

Accumulated Amortisation:

Balance at 30 June 2010	(30,136)	-
Amortisation Expense	(35,127)	(30,136)
Balance at 30 June 2011	(65,263)	(30,136)

NOTE 9**PLANT AND EQUIPMENT**

	Computer Equipment \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Gross Carrying Amount				
Balance 30 June 2010 - at cost	132,051	121,935	319,516	573,502
Additions	11,291	1,743	12,616	25,650
Disposals	(28,777)	(41,247)	(1,591)	(71,615)
Balance at 30 June 2011	114,565	82,431	330,541	527,537

Accumulated Depreciation

Balance at 30 June 2010	124,514	87,069	68,822	280,405
Depreciation Expense	8,407	13,536	32,159	54,102
Write back Accumulated Depreciation on Disposal	(28,293)	(40,317)	(423)	(69,033)
Balance at 30 June 2011	104,628	60,288	100,558	265,474

Carrying Amount

As at 30 June 2010	7,537	34,866	250,694	293,097
As at 30 June 2011	9,937	22,143	229,983	262,063

**NOTE 10
FINANCIAL ASSETS**

	2011 \$	2010 \$
Available-for-Sale Financial Assets	643,368	700,576

Available-for-sale financial assets comprise: Investments in managed funds and property syndicates at market value

643,368	700,576
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**NOTE 11
TRADE & OTHER PAYABLES**

	2011 \$	2010 \$
Trade & Sundry Payables	187,198	93,767
Accrued Expenses	52,829	145,546
GST Liability	52,154	55,953
Total	292,181	295,266

**NOTE 12
RESERVES**

Financial Assets Reserve

The Financial Assets Reserve records revaluations of financial assets.

**NOTE 13
OPERATING LEASE COMMITMENTS**

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	2011 \$	2010 \$
Payable - minimum lease payments		
- Not later than 1 year	60,975	58,629
ar but not later than 5 years	31,231	93,091

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the five year term for an additional five years. The lease does not allow for subletting of the leased premises and is due to expire on 1 January 2013 with a further term of 5 years.

**NOTE 14
CONTINGENT LIABILITIES**

As at 30 June 2011, there were no contingent liabilities, other than in the form of a rental bank guarantee for \$13,750 (2010 \$13,750).

**NOTE 15
TRANSACTIONS WITH RELATED PARTIES**

(a) The Institute provides membership services to organisations for which some Board Members hold executive positions.

(b) A Board member, Michael White is the Principal of MW Group Consulting, a business contracted directly to the Institute for the delivery of a short course, Brief Writing. The amount paid during the 2010-11 year was \$21,450 (2009-10, \$21,950). At year end \$11,000 is owing to MW Group Consulting (2009-10, Nil). A conflict of interest was declared and the Board Member did not participate in the preparation of the Tender, the selection process or in the management of the contract.

(c) The above amounts are based on normal commercial forms no more or less favourable than may be negotiated with any other independent party.

**NOTE 16
CASH FLOW INFORMATION**

	Notes	2011 \$	2010 \$
(A) RECONCILIATION OF CASH & CASH EQUIVALENTS			
Cash on Hand		500	500
Cash at Bank		1,014,459	689,974
Total		1,014,959	690,474

**(B) RECONCILIATION OF NET CASH PROVIDED BY
OPERATING ACTIVITIES TO OPERATING SURPLUS**

Operating Surplus		207,064	87,127
Non-Cash Flows in Operating Surplus			
Depreciation		54,102	58,402
Amortisation		35,127	30,136
Gain on Disposals of Financial Assets		(14,464)	(54,880)
Loss on Disposal of Property, Plant and Equipment		2,582	-
Reinvestment of Investment Distributions		(14,326)	(19,523)
Impairment Losses on Financial Assets		962	35,909
Changes in Assets & Liabilities			
(Increase) / Decrease in Trade Receivables		(102,147)	28,215
Increase in Prepayments		(19,134)	(13,242)
Increase in Unearned Income		87,306	80,330
(Decrease) / Increase in Creditors & Accruals		(3,085)	11,458
Increase in Provisions		18,213	4,879
Net Cash Provided by Operating Activities		252,200	248,811

NOTE 17 FINANCIAL RISK INSTRUMENTS

The Institute's financial instruments consist mainly of deposits with banks, local money market instruments, short - term investments, accounts receivable and payable.

The Institute does not have any derivative instruments at 30 June 2011.

Financial Risk Exposures and Management

The main risks the Institute is exposed to through its financial instruments are interest rate risk, liquidity risk credit risk and price risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Sensitivity Analysis – Interest Rates

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date. At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity would have been affected as follows:

	Net Profit Higher/(Lower)		Net Assets Higher / (Lower)	
	Year Ended 30 June		As at 30 June	
	2011	2010	2011	2010
	\$	\$	\$	\$
Increase in interest rates of 1% (100 basis points)	10,150	6,905	10,150	6,905
Decrease in interest rate of 2% (200 basis points)	(20,300)	(13,810)	(20,300)	(13,810)

Foreign Currency Risk

The Institute is not exposed to fluctuations in foreign currencies.

Liquidity Risk

The Institute manages liquidity risk by monitoring forecast cash flows and ensuring that adequate un-utilised borrowing facilities are maintained. The Institute's policy is to ensure no more than 30% of borrowings should mature in any 12 month period.

Trade and Sundry Payables are expected to be paid as follows:

	Notes	2011 \$	2010 \$
Less than 6 months		292,181	295,266

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowances for doubtful debts, as disclosed in the Balance Sheet and notes to the financial report. The Institute does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Board.

Price Risk

The Institute is exposed to equity securities price risk. This arises from investments held in managed funds and classified on the balance sheet as available-for-sale. The Institute is not exposed to commodity price risk.

A Finance Committee consisting of senior committee members meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The committee's overall risk management strategy seeks to assist the Institute in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Finance Committee operates under policies approved by the senior committee members. Risk management policies are approved and reviewed by the committee on a regular basis. These include the use of credit risk policies and future cash flow requirements.

Sensitivity Analysis – Equity Prices

The following sensitivity analysis is based on the equity price risk exposures in existence at the balance sheet date at 30 June 2011, if equity prices had moved, as illustrated in the table below, with all other variables held constant and equity would have been affected as follows:

	Net Assets Higher / (Lower)	
	As at 30 June	
	2011	2010
	\$	\$
Increase in equity prices of 10%	64,337	70,058
Decrease in equity prices of 10%	64,337	(70,058)

Net Fair Values

The net fair values of equity investments have been valued at the quoted market bid price at balance date adjusted for transactions costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- Inputs for asset or liability values that are not based on observable market data (unobservable inputs) (Level 3).

	2011			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Available for sale financial assets				
Carried at cost less accumulated impairment				
Investment in managed funds	-	593,303	-	593,303
Investment in property syndicates	-	50,065	-	50,065
	-	643,368	-	643,368

	2010			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Available for sale financial assets				
Carried at cost less accumulated impairment				
Investment in managed funds	-	648,363	-	648,363
Investment in property syndicates	-	52,213	-	52,213
	-	700,576	-	700,576

NOTE 18 SUBSEQUENT EVENTS

No matter or circumstances have arisen since the end of the financial year which significantly effected or may significantly effect the operations of the Institute, the results of those operations, or the state of affairs of the Institute in future financial years.

NOTE 19 INSTITUTE DETAILS

The registered office and principal place of business of the Institute is:
Institute of Public Administration Australia (Victorian Division) Inc.
Level 3, 37 Little Bourke Street
MELBOURNE VIC 3000

The principal activities of the Institute are to facilitate membership, networking and leadership opportunities for executives, managers, and young professionals working in or servicing the public sector and the provision of seminars and courses relevant to the public sector.

STATEMENT BY MEMBERS OF THE BOARD FOR THE YEAR ENDED 30 JUNE 2011

In the opinion of the Board:


1. Presents a true and fair view of the financial position of the Institute of Public Administration Australia (Victorian Division) Incorporated as at 30 June 2011 and its performance for the year ended on that date, in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act (Victoria) 1981.

2. At the date of this statement, there are reasonable grounds to believe that the Institute of Public Administration Australia (Victorian Division) Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

Chair, Audit, Finance & Risk Committee

Member, Audit, Finance & Risk Committee




Dr Claire Noone BA/LLB, DipEd,
MBA (Melb), DBA (RMIT)

Paula Giles BA Hons (Melb), MA (La Trobe)

Dated at Melbourne this 25 October 2011



Chartered Accountants
& Business Advisers

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
INSTITUTE OF PUBLIC ADMINISTRATION AUSTRALIA (VICTORIA DIVISION) INCORPORATED**

We have audited the accompanying financial report of the Institute of Public Administration Australia (Victorian Division) Incorporated (the Institute), which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by the Members of the Board.

The Responsibility of the Members of the Board for the Financial Report

The Members of the Board of the Institute are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Associations Incorporation Act (Vic) 1981 and for such internal control as the Members of the Board determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report of the Institute of Public Administration Australia (Victorian Division) Incorporated is in accordance with the Associations Incorporation Act (Vic) 1981 including:

- (i) giving a true and fair view of the Institute's financial position as at 30 June 2011 and of its performance and cash flows for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Associations Incorporation Act (Vic) 1981.

PKF

25 October 2011
Melbourne

J A Mooney
Partner

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