



IPA

building professional excellence

Annual Report 2009

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

Building professional excellence

The Insolvency Practitioners Association (IPA) is Australia's peak professional insolvency body.

The IPA's vision is building professional excellence. The IPA is delivering on its vision through our members' commitment to the highest standards of professional and ethical conduct which are set out in the IPA Code of Professional Practice.

The IPA works cooperatively with regulators and consults with members frequently to ensure that Australia has one of the most effective and efficient insolvency systems in the world.

Public interest and member benefits – 2009

1,784 Members of the IPA	650 Registered liquidators	213 Bankruptcy Trustees	85% Registered liquidators and bankruptcy trustees are IPA members	<1% Number of times other parties challenged liquidators' fees in Court
>30% Time not recovered on each administration by over 65% of practitioners	>20% Time on all administrations is spent completing forms and reports under statutory compliance requirements	600 People attended the IPA education programs	430 Enrolments in the university level Insolvency Education Program (IEP)	90% Pass rate in the Insolvency Education Program
375 People who successfully completed the IPA Introductory Insolvency Program	2,600 Filled places at IPA study groups	2 Times Australia has hosted INSOL International prior to 2009	400 Young professionals attended IPA networking events	36 Complaints made to IPA about its members. 7 were upheld; 7 remain under review
977 Full members of the IPA (accounting and legal qualifications + successfully completed the IEP)	71% Member satisfaction with the IPA	\$1.4m Invested back into member development and benefits	16 Submissions made by IPA to government about reform and regime improvement	24 Reforms implemented since the 2004 Insolvency Stocktake report





Annual Report

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2009 President's Report



31 December 2009

I am delighted to present to you the IPA's Annual Report for 2009.

A healthy financial result

2009 was a strong year financially for the IPA, and in terms of the breadth and depth of the activities undertaken, and the milestones achieved.

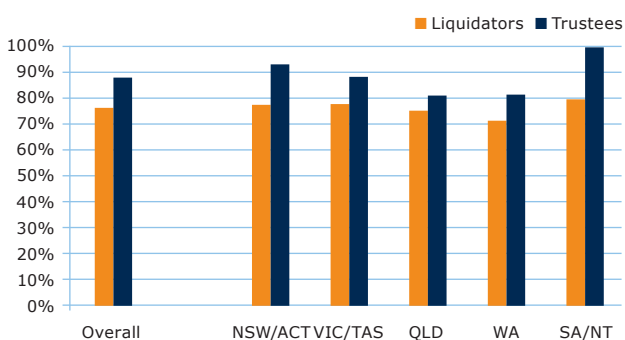
We achieved a surplus of \$187,772 for the year, against a budgeted \$91,989; a turnaround from the operating deficit of \$115,753 in 2008. This result reflects a significant increase in our education activity, the continued strength of our membership coverage, our wide-ranging event offerings and continued loyal support from our sponsors and advertisers. The strong bottom line for 2009 was achieved against a background of continued uncertainty with the global financial crisis and though there are signs of recovery, individual and corporate expenditure remain measured.

Membership strength

IPA membership is drawn from specialist insolvency firms of every size as well as from medium and large multi-practice accounting and legal firms. Membership retention rates remain at high levels.

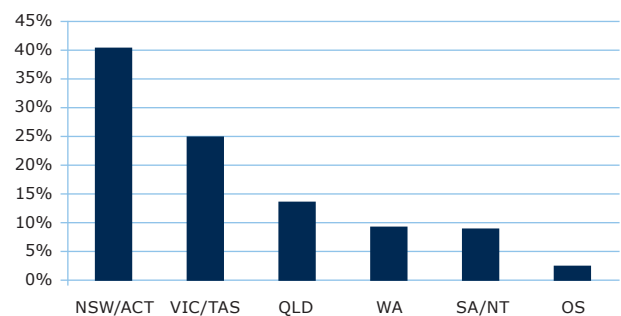
At the end of 2009, 78 percent of all registered Liquidators throughout Australia and 89 percent of Registered Trustees in Bankruptcy were IPA members (Table 1.1).

Table 1.1: IPA – Member Penetration



Liquidator and Trustee coverage varies across Divisions, and is highest in South Australia. It is a particularly strong result for an association where membership is voluntary and reflects the high value that members place on our activities. An additional 271 members are active in the legal profession, and of course many more members work alongside those who take formal insolvency appointments. The pattern of member distribution across the Divisions remains unchanged (Table 1.2).

Table 1.2: IPA Members by Division



Strong government and regulator relations

We continued to strengthen our relationships with regulators and policy makers throughout the year. This is a high priority, shared by the Board, the CEO and our legal and technical directors. We maintained frequent and effective liaison meetings and interactions with all key regulators and policy makers in the insolvency space.

In April, the CEO and I met with Nick Sherry, then Minister for Corporations Law, to present the IPA's views on the need for a debate about reform to Australia's insolvent trading provisions. We were pleased to see Minister Bowen, who became Minister for Corporations Law in June last year, release a discussion paper on this topic in early 2010, which includes the IPA's suggested approach as one of the options under consideration.

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We also established and maintained contact with Minister Bowen and his senior staff following his appointment to the portfolio.

Throughout the year we continued to make submissions and representations to ASIC, ITSA, Treasury, DEEWR, the ATO and the Attorney General's department on a wide range of issues, including OH&S law, Personal Property Securities, Bankruptcy, and changes in Taxation law.

Late in 2009, when the Senate Inquiry was announced, the strength of our existing relationships in government positioned us well to address difficult issues in a professional and constructive manner with Senators, Ministers and the Committee Secretariat.

Senate Inquiry

On 25 November 2009, the Australian Senate referred to its Economics References Committee an Inquiry into Liquidators and Administrators. Its Terms of Reference are to *'investigate the role of liquidators and administrators, their fees and their practices, and the involvement and activities of the Australian Securities and Investments Commission, prior to and following the collapse of a business'*.

Submissions were called for by 12 February 2010, and hearings were conducted in Canberra in early March, and in Adelaide, Sydney and Newcastle in April. I and the CEO gave evidence to the Canberra hearings on 12 March. Final hearings are expected in Canberra in June 2010. The Committee has received 87 submissions, from regulators and government departments, insolvency academics,

professional associations and a wide range of individuals.

The IPA submission made five key points, which we reinforced in our evidence:

- ▶ Australia's current regime is sound, and well regarded internationally, and practitioners are closely regulated by law, regulatory authorities and the IPA Code of Professional Practice.
- ▶ Insolvency practitioners play a key role in the orderly wind up of insolvent businesses. They act in the interests of creditors and employees and in the public interest.
- ▶ The community must have confidence in the regime and the integrity of practitioners, and the IPA supports fair and effective regulation of the insolvency profession.
- ▶ ASIC is the body responsible for practitioner registration and discipline, and the IPA supports them in this role through our Code of professional Practice, educating and informing our members and dealing with complaints made against them.
- ▶ Practitioner remuneration is closely regulated. Practitioners are skilled and experienced professionals and are entitled to be fairly paid for their work.

The Inquiry is to report by the end of August 2010. Following that, its recommendations will be considered by the government of the day, and if some or all are taken up, we would of course be involved in the development of any changes that may result. We anticipate that the Inquiry may make recommendations on the application process for liquidators, on the establishment of some form of insolvency ombudsman

and possibly also on tougher sanctions on directors who breach their duties and trade while insolvent.

The Inquiry is of critical importance to the profession and to the IPA and we will continue to ensure that our Members' interests and concerns are represented effectively and professionally, and to contribute to the ongoing reform of Australia's insolvency regime.

Significantly increased activities

There was a substantial increase in education enrolments in 2009. Our two core education programs – the Introduction to Insolvency Program (**IIP**) and the Insolvency Education Program (**IEP**) – were well attended throughout the year. Over 300 participants successfully completed the IIP and a record 430 students enrolled for one or both Semesters of the IEP. Enrolments for both courses were significantly higher than for 2008 and significantly above budget.

In addition, a total of 182 practitioners and their staff attended our focused s 439A Investigation and Report training program, which was launched early in 2009.

With the exception of WA, the Division that hosted our 2009 National Conference, each Division held their own Conferences and Dinners, or a series of Seminar Dinners in the case of SA/NT. Each Division also held a selection of study groups or discussion forums, and NSW/ACT and VIC/TAS ran a series of seminars and social activities specifically for Young Professionals. The increase in activity has placed an increased workload on our existing resources and I am pleased to

2009 President's Report *continued*



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see that the team's commitment to staging professional, well organised and quality events has been maintained.

The Australian Insolvency Journal continues to be rated by members as a critical and valued membership benefit. The quality of its editorial and articles has established it as an important resource within the profession and it is held in high regard by the judiciary, government and regulators who are regular contributors.

The Board and committees

In May and June 2009, Mike McCann of Grant Thornton in Queensland, Peter Macks of PPB

in South Australia and Scott Atkins of Henry Davis York in New South Wales joined the IPA Board. John Cronin, of McGrathNicol in Queensland completed his term on the National Committee in May, and I would like to take this opportunity to thank him for his contribution.

Throughout 2009, the Board was active in the leadership of the IPA, with two key policy committees, chaired by Robyn Erskine (Member Discipline) and Bill Fletcher (Quality Assurance) working with IPA's Legal and Technical Directors and the CEO to develop the Constitutional changes that you are to vote on at this year's AGM. These

changes, if accepted, will strengthen the IPA's Member Discipline regime, and enhance our ability to exchange information with Foundation Bodies in relation to practitioner member Quality Assurance.

Derrick Vickers chaired the Finance Committee, established in February 2009, former Presidents John Melluish and Paul Cook chaired the Membership and Governance Committees and David Kerr continued as chair of the Education Committee. Thank you to all the chairs and their committee members for your time and commitment over the year. The National Committees are listed below.

Committee	Membership
National Committees	
Discipline Review	Robyn Erskine, Brooke Bird (Chair) David Lombe, Deloitte Michael Hughes, Minter Ellison John Lindholm, Ferrier Hodgson Ross McClymont, Blake Dawson Mike McCann, Grant Thornton
Quality Assurance	Bill Fletcher, Bentleys (Chair) Mark Robinson, PPB Derrick Vickers, PricewaterhouseCoopers John Melluish, Ferrier Hodgson Chris Powell, Korda Mentha David Kerr, RSM Bird Cameron Peter Macks, PPB
Finance Committee	David Kerr, RSM Bird Cameron David Lombe, Deloitte Derrick Vickers, PricewaterhouseCoopers
Membership Committee	John Melluish, Ferrier Hodgson John Lindholm, Ferrier Hodgson David Kerr, RSM Bird Cameron
Governance Committee	Paul Cook, Paul Cook & Associates (Chair) John Melluish, Ferrier Hodgson Bill Fletcher, Bentleys Michael Murray, IPA
Professional Conduct Committee	Mark Robinson, PPB (Chair) Robyn Erskine, Brooke Bird David Lombe, Deloitte Michael Hughes, Minter Ellison Denise North, IPA

2009 President's Report *continued*



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Committee	Membership
Other National Committees – Non Board	
INSOL Lenders Group	Gwyn Morgan, Westpac Banking Corporation (Chair) Ben Edney, National Australia Bank Brett Perry, Commonwealth Bank David Brereton, ANZ Banking Group David Maynard, Deutsche Bank John Melliush, Ferrier Hodgson (as INSOL Board member)
Education Strategy Committee	Derrick Vickers, PricewaterhouseCoopers Narelle Ferrier, Banidu Pty Limited Nicholas Crouch, Crouch Insolvency Chris Watts, Commonwealth Bank Stewart Maiden, Vic Bar Richard Morrow, Ferrier Hodgson Phil Jefferson, Jefferson Advisers
Editorial Advisory Board	David Kerr, RSM Bird Cmaeron Jock Baird, Windeyer Chambers Michael Sloan, Blake Dawson Russell Morgan, KordaMentha Gerard Breen, Norton Rose

A Summary of the Divisional committees and their responsibilities and activities are included at page 9 of this report.

Terry Taylor Scholarship

In September 2009, we established the Terry Taylor Scholarship Fund as our way of commemorating the life and contribution of IPA Life Member Terry Taylor, who passed away in March. The Fund will make its first Scholarship award at the 2010 National Conference Dinner.

Outlook

The 2009 year has been very productive and a great indication of our focus and commitment to our strategic objectives. It has not been without its challenges,

perhaps none greater than the current Senate inquiry into the profession. We will continue to work with the Committee and the Secretariat to ensure that the Inquiry's findings and recommendations are sound and balanced and that any reforms that arise from the Inquiry are in the best interests of the insolvency regime in Australia.

The IPA team, led by CEO, Denise North, has risen to all the challenges throughout the year and continues to work towards more efficient processes and more relevant and beneficial

membership activities and services. The Board is grateful for their continued hard work and strong service culture.

In late 2010, the Board will undertake a major strategic review to ensure that we continue to deliver maximum benefit to our members, the profession and the community.

Mark Robinson
President

2009 Performance Review



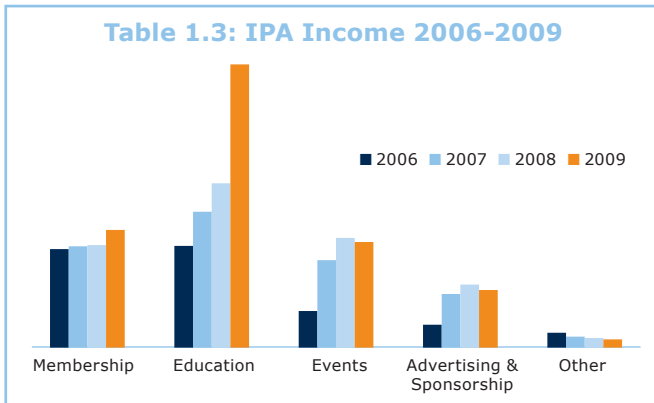
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Financial Performance

2009 was a particularly strong year for the IPA. The Association returned a surplus of \$187,772 for the year, compared with a \$115,753 deficit in 2008. This result was \$95,783 above budget for the year.

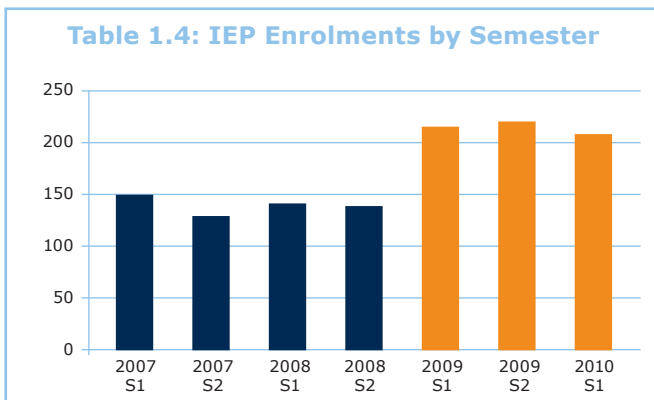
This improvement was due to a significant increase in the volume of our education activities, particularly the IEP, some increase in pricing across the board, and improved revenue collection and cost control processes (Table 1.3).

Table 1.3: IPA Income 2006-2009



The increased demand for insolvency services resulting from the global financial crisis in late 2008 and the first half of 2009 is likely to have driven the record enrolments in our education programs (Table 1.4). The increase in activity saw our total revenue top \$3 million for the year, up 27 percent on 2008, with just under half (49 percent) of all income coming from our education stream.

Table 1.4: IEP Enrolments by Semester



In addition to record enrolments in our IEP and IIP programs, our new s 439A Report training course ran on 12 occasions across six cities, and was attended by a total of 182 participants. Education revenues were further boosted by sales of our related s 439A reporting tool and by copies of Keay's Insolvency, offered to IEP students at a slightly discounted price.

IEP enrolments may have peaked in 2009 with continued strong semester enrolment in 2010 including many students who completed only one module in 2009.

A major milestone in our Education activities in 2009 was completion of the tender for our new University Partner for the IEP. Selection and contracts were finalised early in 2009 and we commenced delivery through the Queensland University of Technology in Semester 2.

There were small declines in event revenues, due to the lack of a WA State Conference and Dinner in 2009. The Division hosted last year's very successful National Conference.

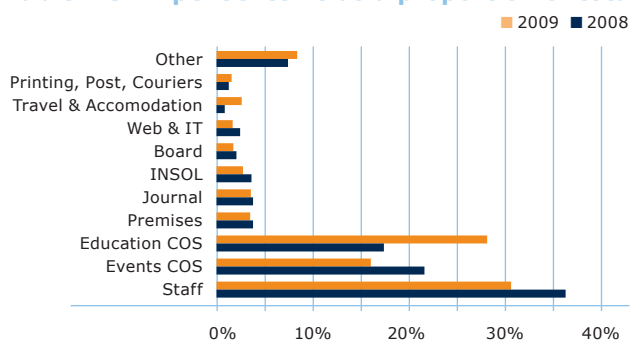
Sponsorship was slightly down on 2008, again due to fewer events held in 2009, but along with advertising, held up particularly well considering many of our supporters themselves were grappling with the effects of the GFC on their businesses.

Our cost of sales increased by 29 percent, driven by the increase in revenue, and by a change in our University partner for the IEP. General operating expenses increased by only two percent on the previous year.

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The relative importance of expense areas changed significantly due to the increased revenue contribution of education. Education cost of sales grew from 17 percent to 28 percent of total costs. Events cost of sales dropped from 22 percent to 16 percent and staff costs declined from 36 percent to 31 percent of total outgoings (Table 1.5).

Table 1.5: Expense items as a proportion of total



Membership

Membership Fees were increased, for the first time in many years, by approximately 10 percent in 2009. Despite this, member numbers were stable in 2009 over 2008.

At the conclusion of 2009, IPA member penetration of registered insolvency practitioners remained at around 83 percent – 78 percent for Liquidators, and 89 percent for bankruptcy Trustees.

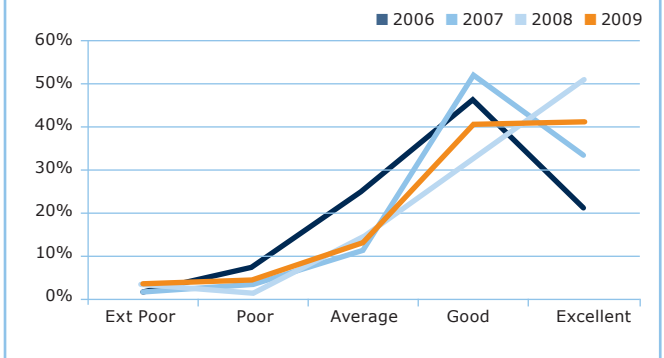
Membership Feedback

In late 2009, IPA members were again surveyed by Beaton Consulting, on behalf of the IPA.

The results for the 2009 survey are mixed. In terms of overall performance, and for most key drivers, IPA continues to score higher than the benchmark set included in the survey. However in a number of these key drivers, IPA member satisfaction has dropped slightly from 2008.

Overall member satisfaction is smoother than for 2008 – with 'Good' ratings slightly higher than for last year and 'Excellent' slightly lower (Table 1.6).

Table 1.6: IPA Member Satisfaction 2006-2009



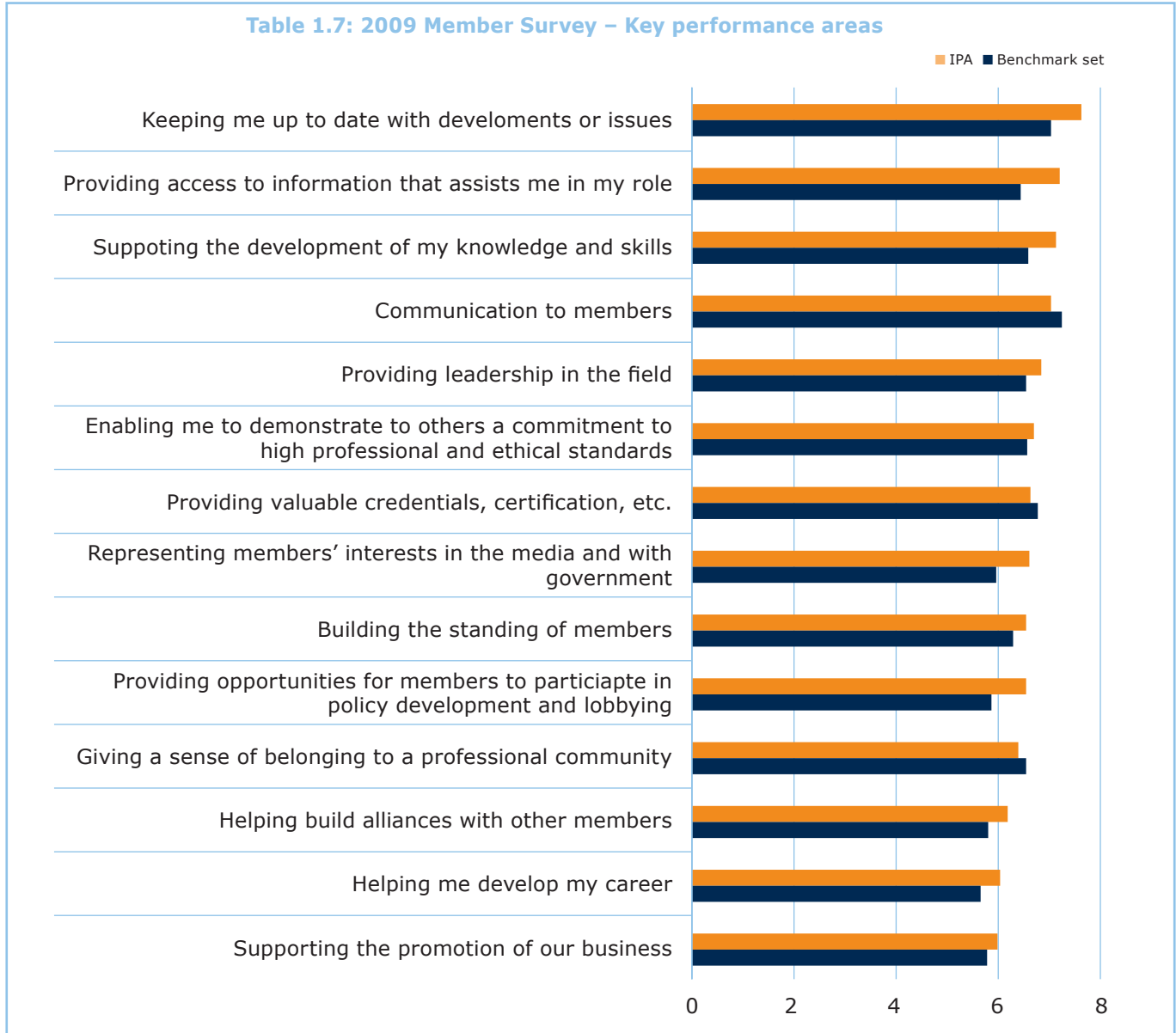
One of the key areas for improvement highlighted by the 2008 member survey was the IPA's enforcement of ethical standards of behaviour among members and the community. We have taken significant steps in this area throughout 2009 with our review of member disciplinary processes, intended to strengthen our ability to ensure high standards of conduct among our members, and the wider profession. Proposed changes arising from this review will enable the IPA to discipline a member independently of the actions of a regulator or other professional body in relevant circumstances.

Beaton introduced a new indicator in their 2009 Survey, measuring Member Engagement for the first time. IPA's Member Engagement score of 7.18 was significantly higher than for the benchmark set at 6.79. The key drivers of engagement for the IPA in 2009 were:

- ▶ Providing leadership in the field – IPA scored slightly below the 2008 response, but still above the benchmark set;
- ▶ Supporting the development of knowledge and skills – scoring 7.08 to the benchmark 6.55, and identified as a key strength for IPA; and
- ▶ Building the standing of members – scoring 6.50 to the benchmark 6.26, also categorised as a key strength for IPA.

Detailed scores for each key area is shown below in Table 1.7.

Table 1.7: 2009 Member Survey – Key performance areas



Divisions

Supported and facilitated by the IPA team, much of the day to day delivery of IPA services takes place in the Divisions. They provide the volunteers that assist in delivering our key programs, many of the speakers at our events and the Divisional Committees elect most of the members of the National Committee who form the IPA Board of Directors.

The value to the IPA of the time and expertise that is volunteered by our members who serve on Divisional Committees, as presenters and as IEP workshop leaders is enormous, and makes our substantial achievement in these areas possible.

Divisional AGM's in 2009 elected the following Committees and office holders.

2009 Performance Review *continued*



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	Firm	Responsibility	Sub-Committee
New South Wales/ACT Committee			
David Kerr	RSM Bird Cameron	Chairman, National Director	
Michael Hughes	Minter Ellison	Deputy Chair, National Director, Technical	Study Group, Conference
Andrew Needham	HLB Mann Judd	Secretary	
Scott Atkins	Henry Davis York	National Director, Technical	
Michael Brereton	KordaMentha	Technical	Conference
Anthony Elkerton	Pitcher Partners	Treasurer	Study Group
Peter Harrison	Kemp Strang	Technical	Study Group, Conference
Scott Pascoe	PPB	ITSA Liaison	
Mark Robinson	PPB	National Director, IPA President	
Victoria/Tasmanian Division			
Rod Slattery	PPB	Chairman	State Conference
Stephen Longley	PPB	Secretary	State Conference
Paul Cook	Paul Cook & Associates	National Director, ITSA Liaison	
James Downey	JP Downey & Co		Major Events
Robyn Erskine	Brooke Bird	National Director, ASIC & ATO	
John Lindholm	Ferrier Hodgson	National Director	Major Events
Ross McClymont	Blake Dawson	National Director	
Robyn McKern	McGrathNicol	ASIC & ATO	
Simon Wallace-Smith	Deloitte		
Queensland Division			
Michael McCann	Grant Thornton	Chairman, National Director	
John Cronin	McGrathNicol	Secretary	
Bill Fletcher	Bentleys	National Director	
John Greig	Deloitte	Education	
Phil Jefferson	Jefferson Advisers P/L	Education	
John Lobban	Blake Dawson	Law Council Liaison	Conference
Greg Moloney	Ferrier Hodgson		Conference
David O'Farrell	Minter Ellison		Conference
John Park	Korda Mentha		
Mark Pearce	Pearce & Heers	ITSA Liaison	
Peter Schmidt	Norton Rose	Law Council Liaison	Conference

2009 Performance Review *continued*



31 December 2009

	Firm	Responsibility	Sub-Committee
South Australia/Northern Territory Division			
Peter Macks	PPB	Chairman, National Director	Chair, National Conference
Arnie Narayan	Duncan Basheer Hannon	Deputy Chairman Secretary	National Conference
Sam Davies	McGrathNicol	Law Society Liaison	
George Divitkos	BDO	ASIC Liaison	
Martin Lewis	Ferrier Hodgson	Seminars Young Professional Liaison	
Michael O'Donnell	Thomson Playford	Education	
Chris Powell	KordaMentha	National Director	National Conference
Alan Scott	BRI Ferrier	ITSA Liaison Lunchtime workshops	National Conference
Stephen Williams	Norman Waterhouse	Seminars	National Conference
Western Australia Division			
Vince Smith	Ernst & Young	Chairman	Events
Russell Morgan	KordaMentha	Secretary	Events
Cameron Belyea	Clayton Utz	Insolvency Forum	
Mark Engelbert	Taylor Woodings	Education	
Chris McLeod	Norton Rose	Court liaison	Events
Cliff Roche	KordaMentha	Insolvency Forum	Events
Andrew Saker	Ferrier Hodgson	Insolvency Forum	
Derrick Vickers	PricewaterhouseCoopers	National Director	Events

The Divisions each offer a wide range of activities for members and their staff. 2009 activities are summarised below.

	Monthly Study Groups/ Forums	State Conference & Dinners	Young Professionals	Social Networking
New South Wales/ACT Division	⌚	⌚	⌚	YP Social Event
Victoria/Tasmanian Division		⌚	⌚	Cocktails, Golf Day
South Australia/ NT Division	⌚	⌚ (3)		
Queensland Division	⌚	⌚		Cocktails
Western Australian Division	⌚			

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Influencing decision makers

One of the IPA's most important roles involves the presentation of the views of members to a wide range of policy and decision makers. This includes the key regulators of insolvency activity in Australia, ASIC and ITSA, and the policy departments of Treasury and Attorney-General's, but also a number of other departments, at both the State and federal level. In particular, IPA has been active in working with the ATO to address matters of changing requirements, day to day interactions and broader policy objectives. Among the matters addressed by the ATO and IPA together were obligations of practitioners in relation to pre-appointment tax returns; in relation to GST liabilities following from the *PM Developments* court decision; and in relation to ATO garnishee notices following the High Court decision in *Bruton Holdings*.

During 2009, IPA made submissions to government on the Model Occupational Health and Safety Law, Personal Property Securities legislation, the Bankruptcy Law Amendment Bill and a draft bill on changes to GST Law relating to insolvency

Throughout the year, IPA executives, and National and Divisional Committee members liaised extensively with regulators and government departments. These included regular liaison meetings with ASIC, ITSA, the ATO and Treasury. In late November 2009, the Australian Senate announced an Inquiry into the insolvency profession, and this quickly became a key focus of activity for the IPA.

Throughout 2009, the IPA's technical Director, Kim Arnold,

played a key role in the development of the new insolvency accounting standard APES 330. Kim served as a member of the APESB taskforce from April 2008 to September 2009 and during that time worked to ensure the consistency of APESB with the IPA Code and the practical implications of the requirements set by the APES 330 when applied to insolvency practice. Whilst contributing to the task force, Kim also attended numerous APESB Board Meetings to represent insolvency practitioners' views during the Board's consideration of the standard and to explain key insolvency concepts to the Board. The standard was released late in 2009, and came into force on 1 April 2010.

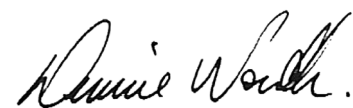
Looking forward

A key challenge for the IPA during 2010 will be our successful navigation of the Senate Inquiry. As we said in our Submission, we believe that Australia has a sound insolvency regime but acknowledge that there are always opportunities for improvement in any system. We made a number of suggestions to the Inquiry on possible areas for improvement, and we will continue to work closely with the Committee through the remainder of the Inquiry process.

We will make a final decision in 2010 on a replacement technology for our integrated member database, website and online registration system. This is an area of critical importance for the IPA, as our website represents the key point of contact between the IPA and members, and is our primary sales channel for our education programs and our many events.

In the second half of the year, the IPA Board will undertake a full strategic review. While of course our strategy is revised and reported on each year, our last full "root and branch" review was in 2006. Since that review, we have consolidated finances across all Divisions, restructured the IPA team – also significantly enhancing our technical expertise and bringing our accounting and reporting in house, made major revisions to our key Education programs and to event co-ordination, launched the IPA Code, and reviewed our Member Discipline process, and developed a comprehensive media strategy.

The IPA is well placed to identify and meet the challenges it faces for the future. The IPA Team, the Board and the Divisional Committees are functioning well, and enjoy strong leadership. We continue to be focused on member needs and the delivery of membership service and benefits. We continue to build the IPA's reputation as Australia's leading professional services association for the Insolvency sector.



Denise North
Chief Executive

Directors' Report

31 December 2009



Your Directors present their report on the company for the financial year ended 31 December 2009.

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 profit of Insolvency Practitioners Association of Australia after providing for income tax amounted to \$187,772 (2008: loss of \$115,753).

The result is \$95,783 above budget.

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 28.

d) Environmental Regulations

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

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4. Director Information

Information on Directors and Attendance

Director	Qualifications	Sub-Committees	Board Meetings Attended
Paul John Cook Vic/Tas	B.Ed, FCA, IPAA, AICD Principal – Paul Cook & Associates Official Liquidator – 1992 Registered Trustee – 1990	Professional Conduct Governance ATO Liaison	5 of 5
John Cronin QLD Resigned 27 May 2009	B.Bus, Grad Cert (Management), Grad Cert (Applied Finance), CA, IPAA, AICD Partner – McGrath Nicol Official Liquidator – 2005	Discipline Review Committee ASIC Liaison	1 of 3
Robyn Erskine CPA Representative	B.Bus, FCPA, CA, IPAA Partner – Brooke, Bird & Co Official Liquidator – 1993 Registered Trustee – 1992	Professional Conduct Discipline Review ASIC, ATO, Treasury Liaison	5 of 5
William John Fletcher QLD	B.Com, FCA, IPAA Partner – Bentleys MRI Official Liquidator – 1991 Registered Trustee – 1986	Professional Conduct Quality Assurance ASIC Liaison	5 of 5
Michael Richard Hughes NSW/ACT	B.Ec LLB, IPAA, Law Institute Partner – Minter Ellison	Professional Conduct Discipline Review ASIC, Treasury Liaison	5 of 5
David John Kerr NSW/ACT	Grad Dip Adv Acctg, B.Bus (Accy) Partner – RSM Bird Cameron CA, CPA, IPAA Official Liquidator – 2002 Registered Trustee – 1997	Education Strategy Quality Assurance AIJ Advisory Board Membership Finance Treasury Liaison	4 of 5
John Lindholm VIC/TAS	B.Econ, CA Partner – Ferrier Hodgson Official Liquidator – 2005 Registered Liquidator – 1997	Discipline Review Membership	2 of 5
David Lombe ICA Representative NSW/ACT	B.Com, CA, IPAA, AICD, JP Partner – Deloitte Official Liquidator – 1993 Registered Trustee Registered Auditor – 1992	Discipline Review Professional Conduct Finance ASIC, Treasury Liaison	3 of 5
Ross Whyte McClymont VIC/TAS	LLB, B.Com, Law Institute of Victoria, IPAA Partner – Blake Dawson Waldron	Discipline Review	4 of 5
Mark Julian Robinson NSW/ACT	B.Com (Merit), M.Econ, CA, CPA, IPAA Partner – PPB Official Liquidator – 2005 Registered Trustee – 1998	Professional Conduct Quality Assurance ITSA, Treasury Liaison	5 of 5

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4. Director Information *(continued)*

Information on Directors and Attendance

Director	Qualifications	Sub-Committees	Board Meetings Attended
Derrick Vickers WA	B.Bus Acc/BLT. CA. IPAA Partner – PriceWaterhouseCoopers Official Liquidator - 2004	Quality Assurance Finance	4 of 5
Peter Ivan Macks SA/NT Appointed 27 May 2009	B.Econ, CA, CPA, AICM, IPAA Partner – PPB Official Liquidator – 1992 Official Trustee – 1993	Quality Assurance ATO Liaison	3 of 3
Michael Gerard McCann QLD Appointed 27 May 2009	B. Econ, CA, IPAA Director – Grant Thornton Australia Limited Official Liquidator – 2001 Registered Liquidator - 1998	Discipline Review ATO Liaison	3 of 3
Scott Andrew Atkins NSW/ACT Appointed 6 August 2009	B.Ec LLB, LL.M, IPAA, Fellow – INSOL International Partner – Henry Davis York	Membership	2 of 2

Company Secretary

Denise Maree North	BEc (Hons), MBA, FIACD, FAIM	Membership	5 of 5
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Invited Directors *(non-voting, former presidents who attend board meetings to advise and counsel)*

John Melliush Former IPAA President	B. Econ, CA, IPAA Partner – Ferrier Hodgson Official Liquidator – 2005 Registered Trustee – 1997	Quality Assurance Governance Membership ASIC, INSOL International Liaison	4 of 5
Christopher Robert Powell SA/NT	B.Bus, FCA, IPAA Partner – KordaMentha Official Liquidator – 1999 Registered Liquidator – 1996	Quality Assurance	4 of 5

Signed in accordance with a resolution of the Board of Directors



MJ Robinson
22 April 2010



D Lombe
22 April 2010

Independent Audit Report



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 2009 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 2009 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

Stuart H Cameron
Partner

Dated at Sydney: 22 April 2010

Phone 02 8839 3000
Fax 02 8839 3055



Directors' Declaration



The Directors of the company declare that:

1. the financial statements and notes, as set out on pages 17 to 27, 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 2009 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.

A handwritten signature in black ink that reads 'MJ Robinson'.

MJ Robinson
22 April 2010

A handwritten signature in black ink that reads 'D Lombe'.

D Lombe
22 April 2010

Statement of Comprehensive Income



For the year ended 31 December 2009

	Note	2009 \$	2008 \$
Revenue	2	3,248,118	2,550,409
Accounting fees		(5,192)	(56,059)
Auditors remuneration		(13,120)	(12,847)
Bad debts expense		–	(2,200)
Consultants		(11,500)	(5,500)
Depreciation		(41,310)	(46,363)
Employee costs		(934,348)	(956,725)
Rent and facilities		(103,919)	(97,537)
Printing and postage		(39,044)	(34,255)
Travel and accommodation (Board)		(53,327)	(52,511)
Travel and accommodation		(44,769)	(21,195)
Education and training		(858,862)	(457,428)
Events expenses		(510,801)	(570,269)
Journal expenses		(114,599)	(99,554)
Bank and merchant fees		(70,320)	(41,878)
INSOL fees		(81,694)	(70,544)
INSOL travel & accommodation		(33,840)	(23,754)
Media, marketing and promotion		(40,396)	(52,838)
Telephone and fax		(12,937)	(12,219)
Entertainment		(1,325)	(2,634)
Legal fees		(9,014)	(5,000)
IT, website and projects		(49,521)	(45,997)
Other expenses		(29,796)	(25,863)
Expenses		(3,059,633)	(2,693,170)
Profit/(loss) before income tax		188,486	(142,761)
Income tax expense	3	(713)	27,008
Profit/(loss) attributable to members		187,772	(115,753)

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

Statement of Financial Position



As at 31 December 2009

	Note	2009 \$	2008 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,225,412	378,233
Trade and other receivables	5	71,398	180,732
Current tax receivables	10	-	13,933
Inventories		16,051	-
Total current assets		1,312,861	572,898
Non-current assets			
Property, plant and equipment	6	53,941	89,292
Deferred tax assets	10	33,376	33,376
Total non-current assets		87,317	122,668
TOTAL ASSETS		1,400,178	695,566
LIABILITIES			
Current liabilities			
Trade and other payables	7	585,160	103,232
Provisions – employee entitlements	8	45,886	43,595
GST Payable		19,820	-
Income Tax Payable	10	713	-
Total current liabilities		651,579	146,827
Non-current liabilities			
Other long-term provisions – employee entitlements	8	12,675	588
Total non-current liabilities		12,675	588
TOTAL LIABILITIES		664,255	147,415
NET ASSETS		735,923	548,151
MEMBERS' ACCUMULATED FUNDS			
Accumulated funds		735,923	548,151
MEMBERS' ACCUMULATED FUNDS		735,923	548,151

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

Statement of Changes in Equity



For the year ended 31 December 2009

	Accumulated Funds \$
2008	
Balance at 1 January 2008.	663,904
Loss attributable to members	(115,753)
Balance at 31 December 2008	548,151
2009	
Balance at 1 January 2009.	548,151
Profit attributable to members	187,772
Balance at 31 December 2009	735,923

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

Statement of Cash Flows



For the year ended 31 December 2009

	Note	2009 \$	2008 \$
Cash from operating activities:			
Receipts from operating activities		3,647,840	2,606,291
Interest received		31,294	39,252
Payments to suppliers		(1,891,649)	(2,172,649)
Employee costs		(934,348)	(956,725)
Net cash provided by (used in) operating activities	12	853,138	(483,831)
Cash flows from investing activities:			
Acquisition of plant and equipment		(5,959)	(10,196)
Net cash provided by (used in) investing activities		(5,959)	(10,196)
Net increase (decrease) in cash and cash equivalents held		847,179	(494,027)
Cash and cash equivalents at beginning of financial year		378,233	872,260
Cash and cash equivalents at end of financial year	4	1,225,412	378,233

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

Notes to the Financial Statements



For the year ended 31 December 2009

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 prescribed 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 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 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 statement of financial position are shown inclusive of GST.

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

Notes to the Financial Statements *continued*



For the year ended 31 December 2009

	2009 \$	2008 \$
2. Revenue		
Operating activities		
Interest received	31,294	44,087
Sponsorship and advertising	329,193	351,816
Journal subscriptions	13,643	16,756
Member subscriptions	671,826	577,020
Education and training	1,597,554	929,614
Events – states and national	602,452	625,941
Other revenue	2,156	5,175
Total Revenue	3,248,118	2,550,409
3. Income Tax Expense		
The prima facie tax on profit/(loss) before income tax is reconciled as follows		
Prima facie tax (payable) refundable on profit before income tax at 30% (2008: 30%)	(56,546)	42,828
Add/Less:		
– income tax attributable to amounts charges in arriving at the profit/(loss) which are permanently non-deductible (non-assessable) for income tax purposes.	55,832	(15,820)
Income tax attributable to entity	(713)	27,008
4. Cash and Cash Equivalents		
Cash at bank	121,936	78,074
Short-term bank deposits	1,003,152	300,000
Terry Taylor Scholarship Fund (a)	100,300	
Other cash and cash equivalents	24	159
	1,225,412	378,233
(a) The Terry Taylor Scholarship was established in September 2009 and self assessed as a DGR Trust Fund. The Trustees are current Directors and the Company Secretary of the company. The Balance of the Fund was received in Donations during 2009. The Fund expects to make a Scholarship grant of up to \$10,000 in any one year, commencing in 2010.		
5. Trade and Other Receivables		
Current		
Trade receivables	41,448	39,524
Less: Provision for doubtful debts	–	(2,200)
Prepayments	2,346	83,480
Deposits	21,000	20,675
GST receivable.	–	39,253
Other receivables.	6,604	–
	71,398	180,732

Notes to the Financial Statements *continued*



For the year ended 31 December 2009

	2009 \$	2008 \$
6. Plant and Equipment		
Office equipment		
At cost	13,243	13,015
Less accumulated depreciation	(8,710)	(7,127)
Total office equipment.	4,533	5,888
Computer equipment		
At cost	49,571	43,840
Less accumulated depreciation	(32,391)	(22,654)
Total computer equipment	17,179	21,186
Website development		
At cost	68,760	68,760
Less accumulated depreciation	(54,933)	(27,504)
Total website development	13,827	41,256
Office furniture		
At cost	25,677	25,677
Less accumulated depreciation	(7,275)	(4,715)
Total office furniture	18,401	20,962
Total plant and equipment	53,941	89,292

Movements in Carrying Amounts	Furniture, fixtures and fittings \$	Office equipment \$	Computer equipment \$	Website development \$	Total \$
Current Year					
Balance at beginning of year	20,962	5,888	21,186	41,256	89,292
Additions	-	228	5,732	-	5,959
Depreciation expense	(2,561)	(1,583)	(9,738)	(27,429)	(41,311)
Carrying amount at the end of year	18,401	4,533	17,180	13,827	53,941
Prior Year					
Balance at 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	21,186	41,256	89,292

Notes to the Financial Statements *continued*



For the year ended 31 December 2009

	2009 \$	2008 \$
7. Trade and Other Payables		
Current		
Unsecured liabilities	-	-
Trade payables	44,474	47,762
Amounts in advance	-	750
PAYG withholding tax	-	24,755
Other tax amounts	-	(3,993)
Superannuation payable	6,935	6,547
Credit cards	4,698	6,878
Accrued charges	12,030	5,895
Subscription in advance	311,473	14,638
Education fees in advances	96,250	-
Terry Taylor Scholarship Fund	100,300	-
Deposits	9,000	-
	585,160	103,232
8. Provisions		
Current		
Employee entitlements	45,886	43,595
Non-current		
Employee entitlements	12,675	588
9. Member's 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 2009 the number of members was 1,267 (2008: 1,249).		
10. Tax		
Current		
Current tax receivables. 2008 balance relates to overpayment of PAYG instalments during 2008. No instalments were paid in 2009.	-	13,933
Income tax payable/(refundable)	713	(27,008)
Non-current		
Other deferred tax	33,376	33,376
11. Auditors remuneration		
Remuneration of the auditor of the company for:		
- Auditing the financial report	13,120	12,847

Notes to the Financial Statements *continued*



For the year ended 31 December 2009

12. Cash flow information

Reconciliation of cash flow from operations with profit

	2009 \$	2008 \$
Profit/(loss) for the year	187,772	(115,753)
Non-cash flows in loss:		
Depreciation	41,310	46,363
Changes in assets and liabilities		
(Increase)/decrease in receivables and prepayments	107,216	31,652
Increase/(decrease) in payables and provisions	516,127	(419,085)
(Increase)/decrease in deferred taxes	713	(27,008)
Cash flow from operations	853,138	(483,831)

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 risks 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 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:

	2009 \$	2008 \$
Receivables	41,448	39,524

Notes to the Financial Statements *continued*



For the year ended 31 December 2009

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 (i.e. creditors). It is the policy of the Board of Directors that the company maintains adequate funds.

Maturity Analysis

2009

	Carrying Amount	Contract Cash Flows	<6 months
Financial Liabilities	-	-	-
Non-derivatives	-	-	-
Current payables	44,474	44,474	44,474
Total financial liabilities	44,474	44,474	44,474

2008

Financial Liabilities	-	-	-
Non-derivatives	-	-	-
Current payables	50,690	50,690	50,690
Total financial liabilities	50,690	50,690	50,690

(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).

	Carrying Amount	+1% Interest Rate	-1% Interest Rate
2009			
Cash and cash equivalents	1,225,412	12,254	(12,254)
Increase/(decrease)		12,254	(12,254)

The above analysis assumes all other variables remain constant.

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

2008

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.

Notes to the Financial Statements *continued*



For the year ended 31 December 2009

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, P Macks, M McCann, S Atkins, D Kerr, M Hughes, D Lombe, R McClymont, JMelluish, M Robinson, 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:

	2009 \$	2008 \$
Salary	178,977	209,840
Superannuation	16,076	14,798
Total	195,052	224,638

15. Lease Commitments

Operating lease on premises

- Under 1 year	84,527	60,350
- 1 year to 5 years	355,013	241,400
- Over 5 years	147,857	211,225
	587,397	512,975

Auditors Independent Declaration

under Section 307C of the Corporations Act 2001



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PO Box 2210
North Parramatta NSW 1750

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2009 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.

A handwritten signature in black ink that reads "Stuart H. Cameron".

KS Black & Co
Chartered Accountants

Stuart H Cameron
Partner

Dated at Sydney: 22 April 2010

Phone 02 8839 3000
Fax 02 8839 3055



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**Chartered
Accountants**



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