

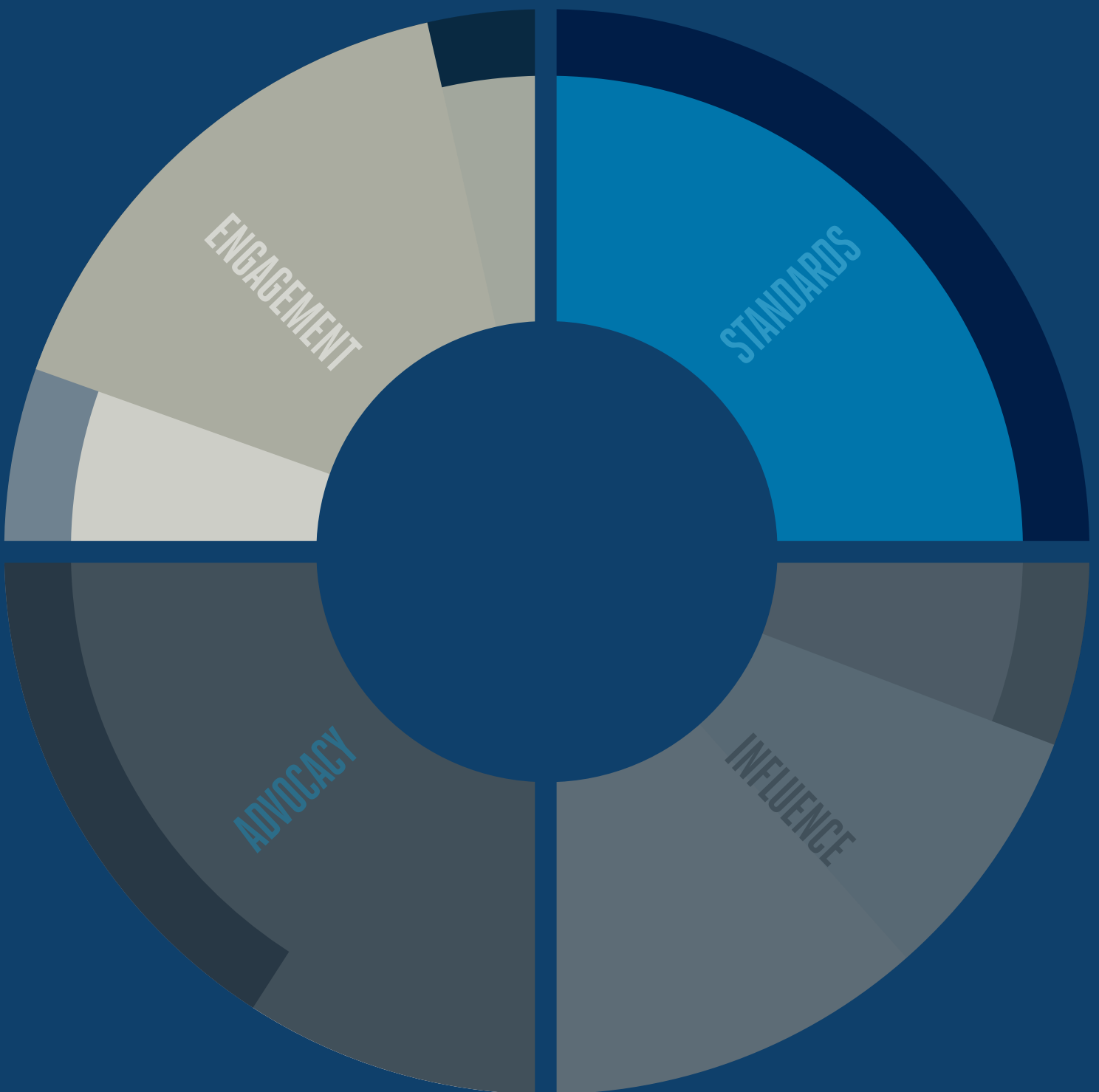
Accounting  
Professional &  
Ethical Standards  
Board Limited

ACN 118 227 259



**Annual Report**

for the year ended  
30 June 2014

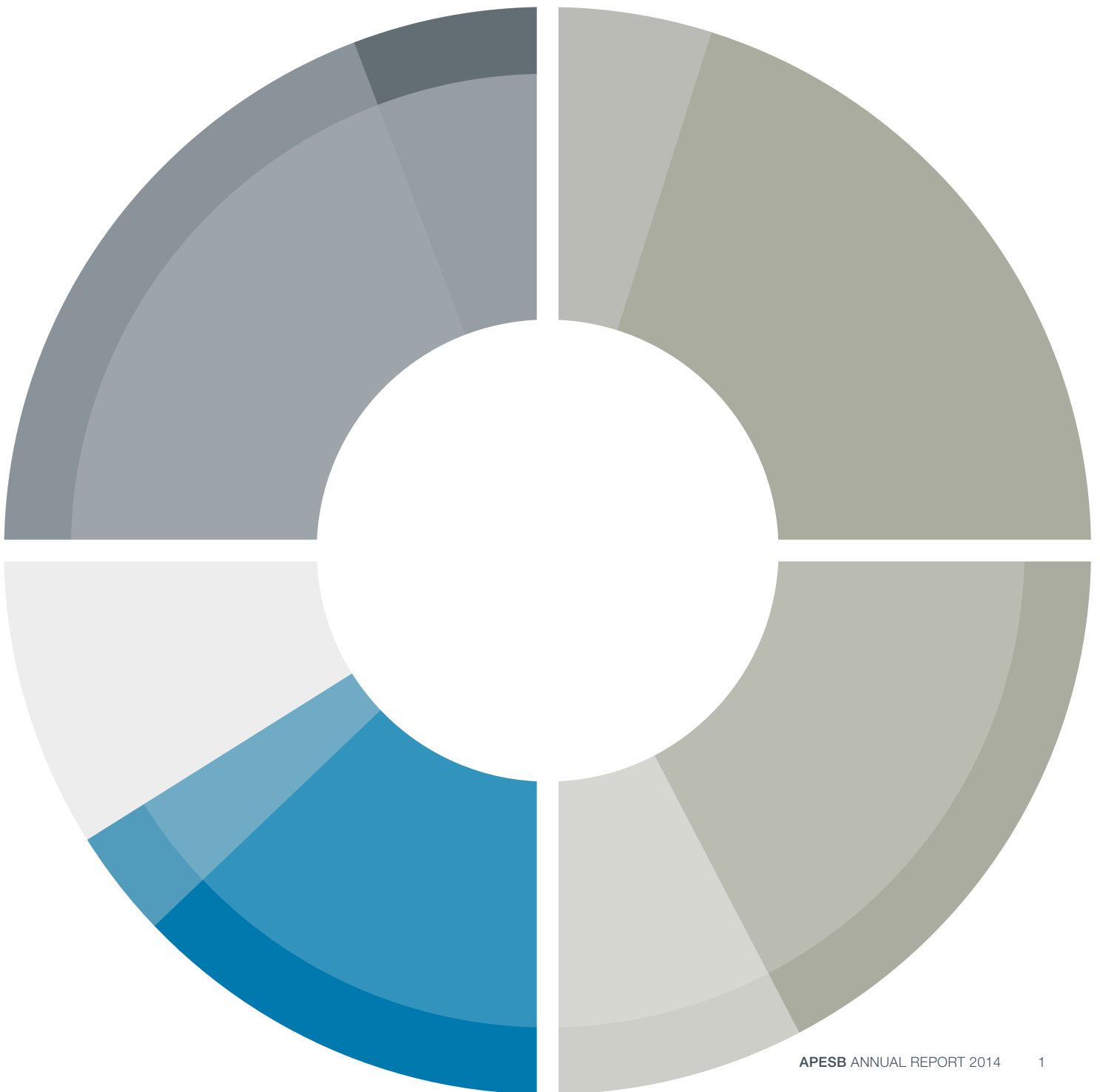


# Contents





APESB's Strategic Plan 2013 – 2015	2
Achievements for 2013 – 2014	4
APESB's Thought Leadership Events	8
APESB's Communication Strategies	9
Taskforce Composition as at 30 June 2014	10
Chairman's Report	11
Directors' Report	13
Financial Statements	16



# APESB's Strategic Plan 2013 – 2015

## **Vision**

Exemplary levels of professionalism and ethical behaviour in the accounting profession.

## **Statement of Purpose**

To develop and issue, in the public interest, high quality professional and ethical standards.

## **Values**

To be consultative and transparent in all our activities and work independently and resourcefully in the public interest.

We will promote professionalism and ethical behaviour and maximise the integrity of the accounting profession by

## Standards

Issuing professional and ethical standards that are relevant to members of the three major accounting bodies in Australia while serving the public interest

### Strategies

Monitor the external environment to ensure the issued pronouncements remain relevant and up to date and identify the need for new standards and guidance.

Attract and retain an appropriate mix of skills and knowledge to the Board.

Ensure the organisation is governed, structured and resourced appropriately with transparent oversight.

Ensure that the concepts of professionalism and public interest are the cornerstones of the standard setting process.

Attract and retain experienced management, staff and high calibre individuals with the necessary subject matter expertise to taskforces.

## Engagement

Effectively engaging our key stakeholders, including professional accountants, the public, government bodies, regulators and the three major accounting bodies

### Strategies

Engage with key stakeholders in order to provide leadership in respect of accounting, professional and ethical matters.

Develop and maintain an ongoing communication and awareness raising program for the Members in Business, SMP/SME sector and others as required.

Maintain an effective user friendly website.

Develop and maintain a central information resource to enable effective communications.

## Influence

Influencing and responding to the national and international agenda in relation to professional and ethical standards

### Strategies

Respond to relevant exposure drafts of regulators, government bodies and other Australian standard setters.

Respond to international exposure drafts of the International Federation of Accountants (IFAC) and the International Ethics Standards Board for Accountants (IESBA).

Develop and maintain a communication and awareness raising program for the Asia-Pacific region.

Contribute to the agenda of the IESBA National Standard Setters Group.

## Advocacy

Advocating that professionalism and ethical conduct drive the behaviour of accountants

### Strategies

Maintain regular communication with the staff of the three major accounting bodies who are involved in professional standards, quality review and disciplinary activities to respond effectively to emerging issues.

Demonstrate leadership in ethical thinking.

Advocate and promote to the public the professionalism and ethical conduct of accountants in the public sphere.

# Achievements for 2013 – 2014

## APESB Strategy and Work Plan

In the past year APESB successfully completed the revision of the full suite of the professional standards it inherited from the accounting profession in 2006. APESB will now move into a consolidation phase, shifting from pure standard development activities to monitoring and awareness raising activities. New standards will nevertheless be developed on an as needs basis.

APESB's aim is to ensure that professional accountants who are members of the Institute of Chartered Accountants Australia, CPA Australia and the Institute of Public Accountants (the Professional Bodies) are aware of and apply its professional and ethical pronouncements.

The four strategic priorities identified by the Board over the 2013 – 2015 strategic period are:

Issuing and/or maintaining professional and ethical standards that are relevant to members of the Professional Bodies while serving the public interest;

Effectively engaging our key stakeholders, including professional accountants, the public, government bodies, regulators and the Professional Bodies;

Influencing and responding to the national and international agenda in relation to professional and ethical standards; and

Advocating that professionalism and ethical conduct underpin the behaviour of accountants.

## Improving Professional Practice through Standard Setting

APESB delivered on its primary strategic objective of developing and issuing professional and ethical standards by issuing, revising and compiling the following standards, exposure drafts and guidance note:

### **Amendments to APES 110 Code of Ethics for Professional Accountants due to revisions to IESBA's Code of Ethics for Professional Accountants**

An amending standard with the primary purpose to align APES 110 with the amendments to the international Code issued by the International Ethics Standards Board for Accountants (IESBA). The revisions to APES 110 included IESBA's amendments in respect of a breach of a requirement of the Code (primarily dealing with auditor independence) and conflicts of interest. APESB did not incorporate IESBA's amendment to the definition of Engagement Team to permit direct assistance from internal auditors due to AUASB's prohibition of this practice in its standards.

### **Compiled APES 110 Code of Ethics for Professional Accountants**

A compiled version of APES 110 which incorporates amendments to the definition of Public Interest Entity, amendments to auditor independence requirements and related definitions, and changes arising due to the amending standard noted above.

### Revised APES 215 *Forensic Accounting Services*

The revision of APES 215 *Forensic Accounting Services* was undertaken to clarify the breadth and scope of the work performed by an expert witness. Two new appendices have also been introduced to the standard. The first new appendix includes a schematic diagram to assist a professional accountant in determining whether they are providing a forensic accounting service and the specific type of forensic accounting service. The second new appendix provides examples of a range of scenarios which provide guidance for a professional accountant to determine the type of forensic accounting service that is being provided. The revised standard is effective for Engagements or Assignments commencing on or after 1 April 2014.

### Revised APES 310 *Dealing with Client Monies*

The revision of APES 310 *Dealing with Client Monies* was undertaken to provide greater clarity concerning application of the standard in a number of areas including:

- monies being handled as trustees of a trust or under a power of attorney;
- allocation of interest earned on trust accounts;
- provision of statements on application of client monies and interest earned;
- obligations around the preparation of bank account reconciliations; and
- audit obligations.

The revised standard is effective for Engagements or Assignments commencing on or after 1 October 2013.

### APES GN 20 *Scope and Extent of Work for Valuation Services*

APES GN 20 was issued in December 2013, provides guidance to Members on the application of APES 225 *Valuation Services*. The Guidance Note provides guidance in relation to the nature of valuation services and the associated valuation approaches, valuation methods and valuation procedures to be utilised. In addition the guidance addresses the level of evidence that a professional accountant may consider obtaining for the different types of valuation services.

### Revision of APES 330 *Insolvency Services*

A revision of APES 330 *Insolvency Services* was initiated due to the need for consistency with revisions made by the Australian Restructuring Insolvency and Turnaround Association (ARITA) to their Code of Professional Conduct (ARITA Code). The revised APES 330 was issued in September 2014.

### Proposed Revision of APES 315 ED *Compilation of Financial Information*

A revision of this standard was initiated primarily due to IAASB's revision of its equivalent standard. In addition to the international amendments, APESB developed enhanced requirements and guidance on a compilation engagement, the applicable financial reporting framework, and circumstances in which an accountant's report disclaimer can be issued. Work is continuing on this project.

In addition to the above standard development projects, the Board also completed a revision of its *Due Process and Working Procedures for the development and review of APESB Pronouncements* in December 2013.

## Enhanced Stakeholder Engagement and Advocacy Activities

APESB delivered on its strategic objectives of engagement and advocacy by conducting thought leadership events for stakeholders, joint roundtables with the AUASB and engaging subject matter experts in its taskforces.

### Thought Leadership Activities

APESB hosted two thought leadership events in conjunction with the visit of the International Ethics Standards Board for Accountants (IESBA) to Sydney in September 2013. APESB's thought leadership events provided the opportunity for the visiting IESBA delegation to connect with local stakeholders from the accounting profession, firms, members, regulators and government authorities

The APESB Dinner Event with the late IESBA Chairman Jörgen Holmquist was attended by nearly 100 guests at the Pavilion, Royal Botanic Gardens, Sydney. Jörgen held a captivated audience as he addressed two key topics. The first related to the challenges that the global accounting profession is facing, the importance of ethics and the professional accountant's obligation to act in the public interest. The second topic was the European Union, the Euro and the current economic crisis in Europe. It is with great sadness that APESB notes Jörgen's passing away on 28 March 2014. We would like to take this opportunity to acknowledge Jörgen's outstanding contribution to the global accounting profession. He was highly respected and will be greatly missed by his colleagues and friends in the global standard setting and regulatory community.

The APESB Luncheon Event with Auditor-General of Victoria John Doyle was attended by over 90 guests at the Heritage Ballroom, Westin, Sydney. John addressed the topic of accountability and trust in Government and the role of Auditors-General. He explored the role of Auditors-General to provide assurance to parliaments on the accountability and performance of the public sector. He noted that regulators have an important role to play and need to strengthen their enforcement and compliance activities.

In conjunction with the two thought leadership events, an Audit Committee Chairs/CFOs roundtable meeting between the late IESBA Chairman Jörgen Holmquist and invited Audit Committee Chairs/CFOs was also organised by APESB. IESBA has commenced a number of projects for Members in Business/CFOs and was interested in gaining the perspectives of the Audit Committee Chairs and CFOs on these projects.

APESB also developed a webcast interview with the IESBA Chairman where he shared his views on the global reach of the IESBA Code, IESBA projects and the role of National Standards setters with the APESB Technical Director Channa Wijesinghe. These discussions were released in a half hour webcast on the APESB website, the success of which was reflected by an increase in website views following its release and the webcast was subsequently released on IFAC's YouTube channel.

### **APESB-AUASB Joint Roundtables held in Melbourne and Sydney, November 2013**

In November 2013 APESB together with the Auditing and Assurance Standards Board (AUASB) held two Roundtable events in Sydney and Melbourne to elicit feedback from constituents regarding any post implementation issues associated with APES 350 *Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document* and ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*. The APESB/AUASB Roundtables provided the opportunity to discuss and exchange the views of practitioners and other interested constituents on issues related to the implementation and use of these important pronouncements, and accordingly provide input to APESB and the AUASB as part of the post implementation review of these pronouncements.

The events were well-attended by stakeholders representing law firms, accounting firms, investment banks, ASIC and the Professional Bodies. The two Boards greatly appreciated the stakeholder comments and feedback that were provided at these Roundtables.

### **Engaging with Experts in the Development of Professional and Ethical Standards**

During the financial year APESB convened 4 taskforces to provide expert advice on the development of key standards in the following areas:

- Forensic Accounting Services;
- Compilation of Financial Information;
- Due Diligence Committees; and
- Valuation Services

## Influencing the international and national Standard Setting Agenda

### **International developments**

APESB is one of the National Standards Setters of the IESBA National Standards Setters Group (IESBA NSS Group) and represents Australia's interests in this group. The IESBA NSS Group held their sixth annual meeting in New York in May 2014 and APESB Technical Director Channa Wijesinghe attended this meeting. The meeting provides a valuable forum in which National Standards Setters share information on, and insights into, emerging ethical issues and developments in jurisdictions around the world that are of international relevance.

APESB Technical Director Channa Wijesinghe also attended the IESBA Asia Pacific Roundtable on its project on responding to Non-Compliance with Laws and Regulations (NOCLAR) in Hong Kong in May 2014.

APESB Director Stuart Black AM continued in his role as a member of IFAC's Small and Medium Practices Committee and a member of the IESBA SME/SMP Working Group on the Code of Ethics.

John Cahill, who was recently appointed to APESB, is the Deputy Chairman of IFAC's Professional Accountants in Business (PAIB) Committee.

Kate Spargo, the former APESB Chairman, continues in her role as a Board member of IESBA. Kate's involvement as a public interest member of the IESBA is strongly valued by APESB as she provides a public interest perspective to the international debate and helps the APESB remain current in terms of global perspectives and changes during her term of office. We take this opportunity to thank Kate for her ongoing contributions and efforts at the IESBA.

### **National developments**

As noted above APESB has collaborated with other National Standards Setters such as the AUASB in the development of standards as well as in engaging with other stakeholders.



## Communication Strategy

APESB has strengthened its work to raise the awareness of accounting professional and ethical standards by implementing communication programs and activities to build upon the strong consultation foundation established in the first seven years of APESB's operations. The cornerstones of this approach are access to information on the APESB website, proactive media relations, relationship management and responsiveness.

The APESB website continues to engage its stakeholders, providing updates on exposure drafts, finalisation of standards and media releases in respect of APESB activities. APESB meeting information including agenda items, board papers and meeting minutes are published providing transparency of activities to our stakeholders in a timely manner consistent with the strategic goals set out in the APESB Communication and Engagement Strategy.

Two new communication initiatives in the current year have been the development of APESB's LinkedIn page and the issue of the APESB quarterly eNews – *Professionalism*. The LinkedIn profile is proving successful as evidenced by growth in followers and stakeholder engagement via the LinkedIn page. APESB has maintained regular updates on this page including media releases, exposure drafts and quarterly eNewsletters.

As part of the strategic direction and approach for the communication and engagement activities outlined in the 2013 – 2015 Communication Strategy, APESB identified that a more responsive website would provide professional accountants with a cost effective and convenient platform by which to access APESB standards from a multitude of different devices. As part of this project APESB is also developing a mobile application to enable stakeholders to have access to APESB standards from different devices. This project formally commenced in May 2014 and is expected to be completed by the end of the calendar year.

In addition to the above activities, APESB continues to make presentations at relevant conferences and member professional development events. In addition, APESB liaises with the media in issuing the release of exposure drafts and standards, as well as with the Professional Bodies for journal publications.

## Maintaining Strong Governance of APESB

The Board experienced some changes during the year, one of which was the retirement of Kate Spargo as Independent Chair in September 2013. APESB would like to place on record its strong appreciation of the leadership that Kate provided during her six year appointment with the company. Kate's dedication and contributions to the work completed by APESB were invaluable and the Board wishes Kate well in her future endeavours.

APESB welcomes the appointment of Nicola Roxon, former Federal Attorney-General and Health Minister, as its new Independent Chair. Nicola's extraordinary success as a leader along with her experience and proven skills make her eminently qualified to lead APESB into the future. Nicola brings her knowledge and experience in law and public service along with her commitment to public advocacy to lead APESB in its role as the National Standards Setter for professional and ethical standards for the Australian accounting profession.

APESB also welcomes the appointment of John Cahill to the Board for an initial term of three years and looks forward to his valued contributions as a former Chief Financial Officer and a Non-Executive Director. He brings a wealth of experience to APESB. John is a highly experienced company director who is currently Deputy Chairman of Western Power Corporation, a Non-Executive Director of Emeco Holdings Limited, a Councillor at Edith Cowan University, and Deputy Chairman of the International Federation of Accountants (IFAC) Professional Accountants in Business Committee.

# APESB's Thought Leadership Events

APESB hosted two thought leadership events in conjunction with the visit of the International Ethics Standards Board for Accountants (IESBA) to Sydney. APESB's thought leadership events provided the opportunity for the visiting IESBA delegation to connect with local stakeholders from the accounting profession, firms, members, regulators and government authorities.

Dinner Event with the late IESBA Chairman Jörgen Holmquist at the Pavilion, Royal Botanic Gardens, Sydney - 18th of September 2013



Luncheon Event with Auditor-General of Victoria John Doyle at the Heritage Ballroom, Westin, Sydney 19th of September 2013



## APESB/AUASB Roundtables

In November 2013 APESB together with the Auditing and Assurance Standards Board (AUASB) held two Roundtable events in Sydney and Melbourne to elicit feedback from constituents in respect of APES 350 and ASAE 3450. These roundtables provided the opportunity to discuss and exchange the views of practitioners and other interested constituents on issues relating to the implementation of these important pronouncements.

# APESB's Communication Strategies

APESB's communication strategies, in line with its strategic plan for 2013 – 2015, included several new initiatives, such as:

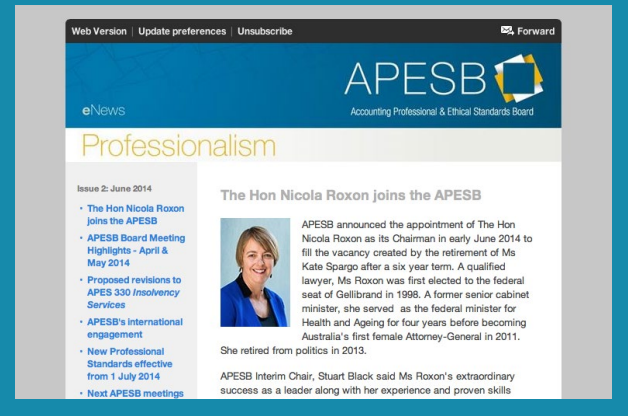
- Development of a new responsive website and a mobile app that will enable professional accountants to access APESB standards from a multitude of different devices, such as tablets and mobile phones;
- Publishing quarterly eNews to provide our stakeholders with an update on APESB's activities; and
- Developing a company LinkedIn page in order to update our stakeholders on APESB's activities via social media.

The new website and mobile app is expected to be rolled out in October/November 2014.

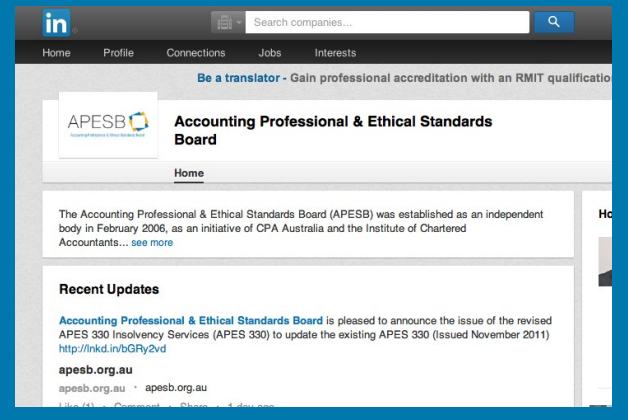
## APESB's new responsive website and mobile app



## APESB's quarterly eNews



## APESB's LinkedIn page



## APESB webcast on IFAC's YouTube channel



# Taskforce Composition as at 30 June 2014

## Forensic Accounting Services

Channa Wijesinghe	APESB (Chairman)
Owain Stone	KordaMentha
Geoff Crawford	CPA Australia nominee
Brendan Halligan	Halligan & Co
Gregory O'Neil	Transport Accident Commission
Keith Reilly	IPA Nominee

## Compilation of Financial Information

Channa Wijesinghe	APESB (Chairman)
Dianne Azoor Hughes	Pitcher Partners
Dennis Robertson	Weston Woodley & Robertson
Paul Meredith	ICAA nominee
Michael Cain	Cain Consulting
Amir Ghandar	CPA Australia nominee
Colin Parker	IPA nominee

## Due Diligence Committees

Channa Wijesinghe	APESB (Chairman)
Jeff Cook	KPMG
Marina Stuart	Deloitte
Claire Cardno	Ernst & Young
Mark Haberlin	PricewaterhouseCoopers
Jeffrey Luckins	William Buck
Paul Meredith	ICAA nominee
Amir Ghandar	CPA Australia nominee
Reece Agland	IPA nominee
Stephen Lomas	Ernst & Young

## Valuation Services

Channa Wijesinghe	APESB (Chairman)
Richard Stewart	PricewaterhouseCoopers
Brendan Halligan	Halligan & Co
Jim McDonald	IPA Nominee
Alan Max	Moore Stephens
Tapan Parekh	Deloitte
Dr Mark Shying	CPA Australia nominee



# Chairman's Report

It is with great enthusiasm that I write my first report as the new independent Chair of APESB.

I believe that the professional and ethical pronouncements issued by the Board that guide the behaviour and conduct of the Australian accounting profession are vital to protecting the interests of the public, business groups and the profession. I look forward to contributing to the future work program of the Board as it enters a different phase having completed the significant standards development phase.

I would like to take this opportunity to extend the Board's deep appreciation to my predecessor Kate Spargo for her valuable leadership of the APESB and its governance during her tenure. Kate oversaw the development and launch of all APESB pronouncements issued to date and was also responsible for developing an international profile for the APESB whilst serving as a Board member of the IESBA. I would also like to thank Board member Stuart Black who functioned as the interim Chair during the time that the chair position was vacant.

APESB needs to continue to consolidate and update its existing world class suite of professional and ethical pronouncements and monitor emerging issues in order to maintain and enhance APESB's current position as a world leader. It will also be timely to ensure that our structure and approach to standard setting continues to be effective for the public and the profession.

I am honoured to lead the Board as it enters a new phase of consolidation and enhancing its communication and engagement activities with stakeholders.

## APESB's Strategic Direction

The Board's Strategic Plan for 2013 – 2015 was complemented by the development of a communications strategy earlier this year. The communication programs and activities contained within this strategy build upon the strong consultation foundation established in the first seven years of APESB's operations. This will support the Board's increased dialogue and engagement with a wide range of stakeholders while the Board remains committed to being responsive to any required changes to its pronouncements.

## Taskforce Program, and stakeholders

As at 30 June 2014, APESB has four active taskforces in the areas of forensic accounting services, compilation of financial information, valuation services and due diligence committees.

APESB relies significantly on the interest, commitment and hard work of the members of the taskforces throughout the year with much of the preparatory work of developing standards and guidance notes completed by these groups. All taskforce members perform work on a voluntary basis and we continue to welcome all members of the profession who are interested in contributing in this way. We further encourage representatives from outside the accounting profession to become involved and enable APESB to gain a wide perspective in developing standards. On behalf of the Board, I would like to thank the taskforce participants and acknowledge how much these efforts are appreciated.

The Board is also grateful for the valuable contributions made by our stakeholders including staff of the accounting bodies, accounting firms, government bodies, regulators and others who provide input and different perspectives to our standard setting process. We acknowledge the interest of those who attend the APESB board meetings and offer valuable input at the time we are considering issues.

## Staff

The APESB Secretariat is a small team lead by the capable Channa Wijesinghe (Technical Director / Company Secretary). Channa is supported by Saras Shanmugam (Senior Project Manager), Rozelle Azad (Senior Project Manager), Aleasha McCallion and Rebecca Williams (Administration & Communications Officers), Margareth Lioe (Project Officer) and Dolla Wilkinson (Bookkeeper).

I would like to thank Secretariat on behalf of the Board and our stakeholders, for their commitment to their work and the high quality output they produce in an area requiring deep technical expertise.

I look forward to contributing to APESB's work and sharing our progress with you in the coming year.



Nicola Roxon  
Chairman

9 September 2014



*Directors left to right: Mr John Cahill, Mr Kevin Osborn, Mr Peter Day, Ms Nicola Roxon (Chairman), Mr Stuart Black AM, Mr Harley McHutchison*



*Staff left to right: Ms Margaret Lioe (Project Officer), Ms Rebecca Williams (Admin & Communications Officer), Ms Saras Shanmugam (Senior Project Manager), Mr Channa Wijesinghe (Technical Director/Company Secretary) Absent: Ms Rozelle Azad (Senior Project Manager), Ms Dolla Wilkinson (Bookkeeper), Aleasha McCallion (Admin and Communication Officer)*

# Directors' Report

The directors of Accounting Professional & Ethical Standards Board Limited (APESB or the company) submit herewith the financial report of the company for the year ended 30 June 2014. In complying with the provisions of the *Corporations Act 2001*, the directors report as follows:

## Principal Activities

The principal activities of APESB during the year were the development and issue in the public interest of professional and ethical standards that apply to the members of the Professional Bodies and the provision of a formal and rigorous forum for the consideration, promulgation and approval of professional and ethical standards in an open, timely, independent and proactive manner.

The company's objectives are to monitor and evaluate the robustness of professional and ethical pronouncements for professional accountants in Australia and to develop in the public interest additional pronouncements as required. To achieve its objectives, the company has adopted the following strategies:

- Communicating and raising awareness of APESB pronouncements with our constituency;
- Engaging in and keeping up to date with international developments in ethical standard setting;
- Requesting input in terms of work plan inclusions from the Professional Bodies;
- Maintaining awareness of the business environment and legislative developments to identify opportunities where APESB should develop pronouncements in the public interest; and
- Engaging in stakeholder consultation when developing pronouncements for members.

## Results of Operations

The company's operations for the year ended 30 June 2014 resulted in a surplus of \$74,153 (2013: surplus \$42,564).

## Review of Operations

The major focus of the company's operations for the year continued to be the review of existing standards and guidance notes and the development of new pronouncements as required.

## Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs during the financial year.

## Environmental Issues

The operations of the company are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations. The company is continually updating, reviewing and improving its management and governance practices to ensure that the strategic objectives of the company are met.

## Dividends

The company is limited by guarantee and its Constitution precludes the payments of dividends.

## After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or are likely to significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.



## Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated. None of the directors listed had any special responsibilities during the year other than as noted below.

### **Nicola Roxon** (Chairman)

Ms Nicola Roxon was appointed Chairman of APESB in June 2014. Nicola became Australia's first female Attorney-General in 2011. As the nation's First Law Officer she oversaw all Commonwealth laws, counter terrorism measures and ASIO, and later gained the added responsibility of Minister for Emergency Management. Nicola Roxon was first elected to the federal seat of Gellibrand in 1998, she was a senior cabinet minister and held the complex portfolio of Minister for Health and Ageing for four years. She oversaw major reforms to the public hospital, primary care and preventative health systems. Nicola holds a BA/LLB (first class honours) from Melbourne University and is a graduate member of the Australian Institute of Company Directors. She retired from politics in 2013 and is now an Adjunct Professor within the College of Law and Justice at Victoria University.

*Date of Appointment: 1 June 2014*

### **Kate Spargo** (Past Chairman)

Ms Kate Spargo was appointed Chairman of APESB in July 2007. She is a non-executive director of Sonic Healthcare Ltd, UGL Ltd, SMEC Holdings Ltd, Fletcher Building Industries, Colinvest Ltd, and Suncorp Portfolio Services Ltd. Kate is also a Fellow of the Australian Institute of Company Directors. She was appointed to the International Ethics Standards Board for Accountants as a public interest member on 1 January 2010.

*Date of Appointment: 16 July 2007*

*Date of Retirement: 30 September 2013*

### **Stuart Black AM**

Mr Stuart Black is a past President and a Fellow of the Institute of Chartered Accountants Australia, a Fellow of both CPA Australia and the Australian Institute of Company Directors. He is the former managing partner of the Sydney based accountancy practice Chapman Eastway. Stuart is also a non-executive director of Australian Agricultural Company Limited, Coffey International Ltd, NetComm Wireless Ltd, a member of the International Federation of Accountants (IFAC) Small and Medium Practices Committee, Chair of the Chartered Accountants Benevolent Foundation Ltd and a non-executive director of the Country Education Foundation of Australia Ltd.

*Date of Appointment: 7 February 2006*

### **W Peter Day**

Mr Peter Day is a non-executive director of Alumina, Ansell, Boart Longyear, SAI Global, Gippsland Water and Financial Executives Institute of Australia. He is Chairman of Multiple Sclerosis Limited and serves on the Board of Multiple Sclerosis Australia. Peter was formerly CFO of Amcor for seven years and previously held senior positions with Bonlac Foods, Rio Tinto, CRA and Comalco. He is a past Chairman of the Australian Accounting Standards Board and a past Deputy Chairman of the Australian Securities & Investments Commission. He is a Fellow of both CPA Australia and the Institute of Chartered Accountants Australia, and a Fellow of the Australian Institute of Company Directors.

*Date of Appointment: 15 April 2009*

### **Harley McHutchison**

Mr Harley McHutchison is a former partner and past Chairman of professional services firm Deloitte Touche Tohmatsu. He is a Fellow of the Institute of Chartered Accountants Australia.

He is also a former Chairman of Colonial Mutual Superannuation Pty Ltd, Commonwealth Custodial Services Ltd and the Compliance Committees of Commonwealth Managed Investments Ltd, Colonial First State Investments Ltd and CFS Managed Property Ltd. He has retired from these positions with effect from 30 June 2014.

*Date of Appointment: 7 February 2006*

### **John Cahill**

Mr. John Cahill is a past President/Chairman, a Fellow and life member of CPA Australia Ltd, a Graduate member of the Australian Institute of Company Directors and a member of the Australian Institute of Management. John is a non-executive Director and Deputy Chairman of Western Power Corporation, a non-executive Director of Emeco Holdings Limited, a Councillor at Edith Cowan University, and Deputy Chairman of the International Federation of Accountants (IFAC) Professional Accountants in Business Committee. John's past roles include being Chief Executive Officer of Alinta Infrastructure Holdings, Chief Financial Officer of Alinta Ltd and other senior management roles in treasury, finance, accounting and risk management, predominantly in the energy industry.

*Date of Appointment: 1 February 2014*

### **Kevin Osborn**

Mr Kevin Osborn is a non-executive Director of SA Water. He is a non-executive Director of the Australian Institute of Company Directors and also serves as the SA/NT Division President. In addition Kevin is the Deputy Chairman of the Port Adelaide Football Club. Kevin is a Foundation Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Public Accountants. He was formerly the Deputy Chairman of Bendigo and Adelaide Bank and a non-executive Director of Calgary based Viterra Inc. Prior to his career as a non-executive Director, Mr Osborn had a 25 year career in international financial markets where he held various global senior management positions with the USA's



then 4th largest Banking Corporation, Bank One, which is now part of J P Morgan Chase.

Kevin was the Chairman of Invest in South Australia Advisory Board and Deputy Chairman of the Economic Development Board of South Australia. He has retired from these positions with effect from 30 June 2014.

*Date of Appointment: 18 March 2013*

## Company Secretary

### Channa Wijesinghe

Mr Channa Wijesinghe is the Technical Director and Company Secretary of APESB. He is a Fellow of the Institute of Chartered Accountants in Australia and CPA Australia. Channa has been with APESB since January 2007 and was previously an Audit Director at Deloitte Touche Tohmatsu.

## Indemnification of Officers and Auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the cover and the amount of the premium.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such officer or auditor.

## Directors' Meetings

The following table sets out the number of directors' meetings held during the financial reporting year and the number of meetings attended by each director. During the financial reporting year, six directors' meetings were held.

Director	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Kate Spargo	2	1
Stuart Black	6	6
Peter Day	6	5
Harley McHutchison	6	6
John Cahill	2	2
Kevin Osborn	6	6
Nicola Roxon	0	N/A

## Proceedings on Behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2014 the number of members was 3 (2013: 3 members).

## Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2014 has been received and can be found in the directors' report on page 17.

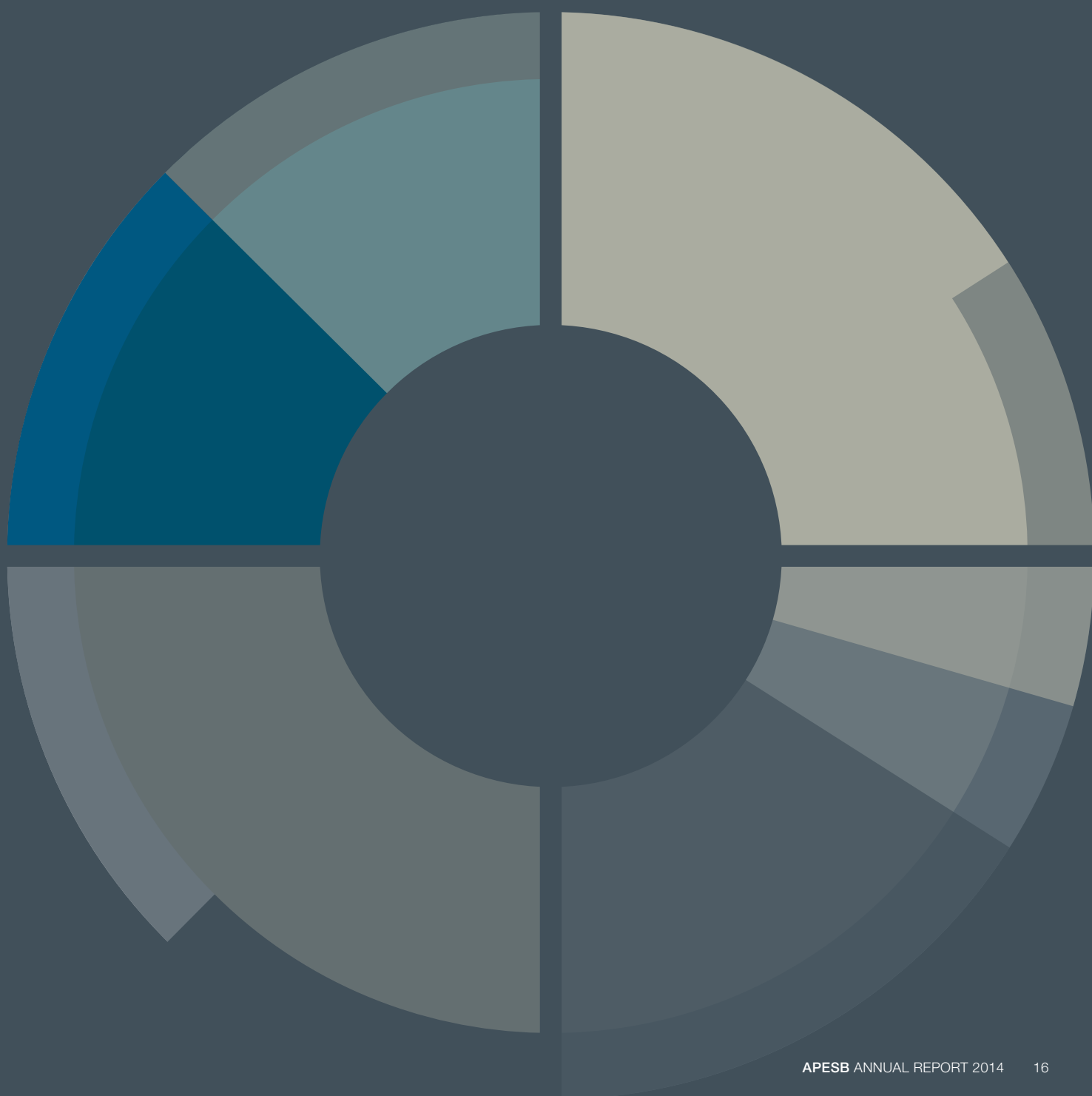
Signed in accordance with a resolution of the Board of Directors.



Nicola Roxon  
Chairman  
9 September 2014

# Financial Statements

Directors' Declaration	18
Statement of Comprehensive Income for the year ended 30 June 2013	19
Statement of Financial Position at 30 June 2013	20
Statement of Changes in Equity for the year ended 30 June 2013	21
Statement of Cash Flows for the year ended 30 June 2013	22
Notes to the Financial Statements	23



Level 10, 530 Collins Street  
Melbourne VIC 3000

T +61 (0)3 8635 1800

F +61 (0)3 8102 3400

[www.moorestephens.com.au](http://www.moorestephens.com.au)

**Auditor's Independence Declaration  
under Section 307C of the Corporations Act 2001 to the Directors of  
Accounting Professional & Ethical Standards Board Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 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.



MOORE STEPHENS  
Chartered Accountants



Scott Phillips  
Partner

Melbourne, 9<sup>th</sup> September 2014

# Directors' Declaration

The directors of the company declare that:

- (1) The financial statements and notes, as set out on pages 19 to 39 are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2014 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.



Nicola Roxon  
Chairman  
9 September 2014

# Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	1,346,745	1,310,700
Other income	2	27,774	34,517
Employee costs and directors fees		(822,857)	(915,640)
Employee benefits expense	3	(49,468)	(46,353)
Rent		(67,867)	(59,836)
Board meeting costs		(66,697)	(76,437)
Conferences and events		(61,741)	(26,560)
Consulting fees		(54,206)	(8,010)
Depreciation and amortisation	3	(8,680)	(9,799)
Finance (charges)/writebacks		(321)	89
Accounting and legal fees		(23,869)	(21,228)
Cleaning and outgoings		(24,674)	(23,930)
Information technology support and development		(21,375)	(11,911)
Marketing		(35,366)	(39,733)
Insurance		(9,656)	(9,452)
Postage, printing and stationery		(18,617)	(20,118)
Communications		(11,829)	(12,120)
Other expenses		(23,143)	(21,615)
<b>Surplus before income tax</b>		74,153	42,564
Income tax expense	1(i)	-	-
<b>Surplus after income tax</b>		74,153	42,564
<b>Surplus for the financial year</b>		74,153	42,564
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		74,153	42,564

*The accompanying notes form part of these financial statements*

# Statement of Financial Position at 30 June 2014

	Note	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents	4,14(a)	1,072,887	965,137
Other assets	5	16,550	31,836
<b>Total Current Assets</b>		1,089,437	996,973
<b>Non-Current Assets</b>			
Property, plant and equipment	6	15,313	16,512
<b>Total Non-Current Assets</b>		15,313	16,512
<b>Total Assets</b>		1,104,750	1,013,485
<b>Current Liabilities</b>			
Trade and other payables	7	76,346	74,559
Provisions	8	28,598	28,829
<b>Total Current Liabilities</b>		104,944	103,388
<b>Non-Current Liabilities</b>			
Other payables	7	5,172	419
Provisions	8	64,986	54,183
<b>Total Non-Current Liabilities</b>		70,158	54,602
<b>Total Liabilities</b>		175,102	157,990
<b>Net Assets</b>		929,648	855,495
Accumulated surplus		929,648	855,495
<b>Total Equity</b>		929,648	855,495

*The accompanying notes form part of these financial statements*

# Statement of Changes in Equity for the year ended 30 June 2014

	<b>Accumulated Surplus \$</b>
Balance at 1 July 2012	812,931
Net surplus for the financial year	42,564
Other comprehensive income for the year	-
<b>Balance at 30 June 2013</b>	<b>855,495</b>
Balance at 1 July 2013	855,495
Net surplus for the financial year	74,153
Other comprehensive income for the year	-
<b>Balance at 30 June 2014</b>	<b>929,648</b>

*The accompanying notes form part of these financial statements*

# Statement of Cash Flows

## for the year ended 30 June 2014

	Note	2014 \$	2013 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Professional Bodies		1,481,420	1,441,770
Receipts from other operating activities		-	55
Payments to suppliers and employees		(1,395,104)	(1,404,821)
Interest received		28,376	32,684
Net cash generated by operating activities	14(b)	114,692	69,688
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(6,942)	(6,818)
Net cash used in investing activities		(6,942)	(6,818)
<b>Cash Flows from Financing Activities</b>			
Net cash used in financing activities		-	-
<b>Net Increase in Cash and Cash Equivalents</b>		107,750	62,870
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		965,137	902,267
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	14(a)	1,072,887	965,137

*The accompanying notes form part of these financial statements*



# Notes to the Financial Statements

Contents	Note
Statement of Significant Accounting Policies	1
Revenue	2
Surplus for the Year	3
Cash and Cash Equivalents	4
Other Assets	5
Property, Plant and Equipment	6
Trade and Other Payables	7
Provisions	8
Leasing Commitments	9
Contingent Liabilities	10
Events After the Reporting Period	11
Key Management Personnel Compensation	12
Related Party Transactions	13
Cash Flow Information	14
Financial Risk Management	15
Capital Management	16
Members' Guarantee	17
Company Details	18

# Notes to the Financial Statements

Accounting Professional & Ethical Standards Board Limited (APESB or the company) is an individual company, incorporated and domiciled in Australia. APESB is a not-for-profit company limited by guarantee. The address of its registered office and principal place of business is disclosed in note 18. The financial report was authorised for issue on 9 September 2014 by the Board of Directors.

## Note 1: Statement of Significant Accounting Policies

### **Basis of Preparation**

The financial statements are General Purpose Financial Statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements that contain relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The functional and presentation currency of the company is in Australian dollars.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

# Notes to the Financial Statements

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

## Accounting Policies

### (a) Revenue

Revenue primarily consists of subscriptions paid by the Professional Bodies (Institute of Chartered Accountants Australia, CPA Australia and the Institute of Public Accountants) in the form of transfers of resources to the company in return for past or future compliance with certain conditions relating to the operating activities of the company. Revenue is recognised when it is receivable.

#### *Interest Revenue*

Revenue is recognised as interest accrues.

### (b) Property, Plant and Equipment

Plant and equipment and leasehold improvements are measured on the basis of cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of improvements.

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

Class of fixed asset	Depreciation Rate
Leasehold improvements	20%
Lease assets	10%
Furniture	20%
Computer equipment	25% - 33.3%
Office equipment	25% - 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

### (c) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

### (d) Financial Instruments

#### *Initial Recognition and Measurement*

Financial assets are recognised when the company becomes entitled to the risks and rewards of ownership of the asset. The company's financial assets are classified as cash and cash equivalents and trade and other receivables.

Financial liabilities are recognised when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation, and the amount at which settlement will take place can be measured reliably.

#### *Classification and Subsequent Measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

# Notes to the Financial Statements

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the profit or loss.

*(i) Financial Assets at Fair Value Through Profit or 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, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation 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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(ii) Loans and Receivables*

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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

*(iii) 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 company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months of the end of the reporting period.

*(iv) Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

***Fair Value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

***Impairment***

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

***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 company 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 expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Comprehensive Income.

**(e) Impairment of Assets**

At each reporting date, the company reviews the carrying values 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 asset's 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 Statement of Comprehensive Income.

As a not-for-profit company where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows, value in use is determined as the depreciated replacement cost of an asset.

# Notes to the Financial Statements

## (f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits expected to be settled within 12 months together with benefits arising from wages, salaries and annual leave which may be settled after 12 months, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

Contributions to defined contribution superannuation plans are expensed when incurred.

## (g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call at banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## (h) Goods and Services Tax (GST)

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

## (i) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

## (j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## (k) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## (l) Make Good Provision

A provision is recognised for the present value of anticipated costs of future restoration of leased office premises.

The provision includes future cost estimates associated with the dismantling of office premises, fixtures and fittings. The calculation of this provision is based on the best estimate of future costs which may result in future actual expenditure differing from the amounts currently provided. The provision recognised for the office premises is periodically reviewed and updated based on the facts and information available at the time. Changes to the estimated future costs for the office premises are recognised in the Statement of Financial Position by adjusting both the expense and asset (if applicable) and provision. The related carrying amounts are disclosed in notes 6 and 8 to the financial statements.

# Notes to the Financial Statements

## (m) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

## (n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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 company.

The company did not have any significant accounting estimates or judgements that required any further disclosures during the year.

## (o) Economic Dependency

APESB is dependent on the Professional Bodies (CPA Australia, the Institute of Chartered Accountants Australia and the Institute of Public Accountants) for the majority of its revenue used to operate the business. As per clause 2.2 of the Memorandum of Agreement between the Institute of Chartered Accountants Australia, CPA Australia and APESB, funding is on a three year rolling cycle, reviewable annually.

At the date of this report the Board of Directors has no reason to believe the Professional Bodies will not continue to support APESB.

## (p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company and are applicable in future reporting periods is set out below:

- **AASB 9:** Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2015).

These standards are not expected to impact the company's financial statements.

# Notes to the Financial Statements

## Note 2: Revenue

	2014 \$	2013 \$
<b>Revenue from Professional Bodies</b>		
Operating revenue	1,346,745	1,310,700
Total Revenue	1,346,745	1,310,700
<b>Other Income</b>		
Bank deposits interest revenue	27,774	34,462
Licensing fees	-	55
Total other income	27,774	34,517
<b>Total Revenue and Other Income</b>	<b>1,374,519</b>	<b>1,345,217</b>

## Note 3: Surplus for the Year

	2014 \$	2013 \$
<b>Expenses</b>		
Depreciation and Amortisation		
– Lease asset/leasehold improvement make good	2,625	3,115
– Computer equipment	4,846	4,705
– Office equipment	1,209	1,979
Total Depreciation and Amortisation	8,680	9,799
Employee Benefits Expense		
– Annual leave	39,527	37,989
– Long service leave	9,941	8,364
Total Employee Benefits Expense	49,468	46,353
Auditor's Remuneration		
– Audit services	12,000	11,500
Total Auditor's Remuneration	12,000	11,500

# Notes to the Financial Statements

## Note 4: Cash and Cash Equivalents

	2014 \$	2013 \$
<b>Current</b>		
Cash at bank	1,072,877	965,087
Cash on hand	10	50
	1,072,887	965,137

## Note 5: Other Assets

	2014 \$	2013 \$
<b>Current</b>		
Accrued interest	9,227	9,829
Prepayments and deposits	7,323	13,109
Expenses reimbursable	-	8,898
	16,550	31,836

The company has assessed the recoverability of amounts receivable and on the basis that no amounts are past due or are considered impaired, a provision for impairment of receivables is not required. Further there is no material credit risk exposure to any single receivable or group of receivables.



# Notes to the Financial Statements

## Note 6: Property, Plant and Equipment

	Lease Asset/ Leasehold Improvement Make Good \$	Leasehold Improvements \$	Furniture \$	Computer Equipment \$	Office Equipment \$	Total \$
<b>Gross Carrying Amount</b>						
<b>Balance at 1 July 2013</b>	21,923	197,072	38,511	20,953	14,600	293,059
Additions	-	-	-	6,942	-	6,942
Increase in make good provision	541	-	-	-	-	541
Disposals	-	-	-	(8,928)	(1,475)	(10,403)
<b>Balance at 30 June 2014</b>	22,464	197,072	38,511	18,967	13,125	290,139
<b>Accumulated Depreciation/ Amortisation and Impairment</b>						
<b>Balance at 1 July 2013</b>	(15,346)	(197,072)	(38,511)	(13,029)	(12,589)	(276,547)
Depreciation and amortisation expense	(2,625)	-	-	(4,846)	(1,209)	(8,680)
Eliminated on disposal of assets	-	-	-	8,926	1,475	10,401
<b>Balance at 30 June 2014</b>	(17,971)	(197,072)	(38,511)	(8,949)	(12,323)	(274,826)
<b>Net Book Value</b>						
<b>As at 1 July 2013</b>	6,577	-	-	7,924	2,011	16,512
<b>As at 30 June 2014</b>	4,493	-	-	10,018	802	15,313
<b>Gross Carrying Amount</b>						
<b>Balance at 1 July 2012</b>	20,385	197,072	38,511	14,135	14,600	284,703
Additions	-	-	-	6,818	-	6,818
Increase in make good provision	1,538	-	-	-	-	1,538
Disposals	-	-	-	-	-	-
<b>Balance at 30 June 2013</b>	21,923	197,072	38,511	20,953	14,600	293,059
<b>Accumulated Depreciation/ Amortisation and Impairment</b>						
<b>Balance at 1 July 2012</b>	(12,231)	(197,072)	(38,511)	(8,324)	(10,610)	(266,748)
Depreciation and amortisation expense	(3,115)	-	-	(4,705)	(1,979)	(9,799)
Eliminated on disposal of assets	-	-	-	-	-	-
<b>Balance at 30 June 2013</b>	(15,346)	(197,072)	(38,511)	(13,029)	(12,589)	(276,547)
<b>Net Book Value</b>						
<b>As at 1 July 2012</b>	8,154	-	-	5,811	3,990	17,955
<b>As at 30 June 2013</b>	6,577	-	-	7,924	2,011	16,512

# Notes to the Financial Statements

## Note 7: Trade and Other Payables

	2014 \$	2013 \$
<b>Current</b>		
Trade payables	19,444	15,340
Goods and services tax payable	21,938	23,803
Rent payable	2,110	2,432
PAYG payable	18,686	22,534
Paid parental leave	3,718	-
Audit fees payable	10,450	10,450
	76,346	74,559
<b>Non Current</b>		
Rent payable	5,172	419
	5,172	419
	81,518	74,978

## Note 8: Provisions

	2014 \$	2013 \$	
<b>Current</b>			
Annual leave provision	28,598	28,829	
	28,598	28,829	
<b>Non-Current</b>			
Make good provision	27,370	26,508	
Long service leave provision	37,616	27,675	
	64,986	54,183	
	93,584	83,012	
	<b>Annual Leave Provision \$</b>	<b>Make Good Provision \$</b>	<b>Long Service Leave Provision \$</b>
Opening Balance at 1 July 2012	20,582	25,059	19,311
Additional provisions recognised	37,989	1,538	8,364
Finance writebacks	-	(89)	-
Reductions arising from payments	(29,742)	-	-
Closing Balance at 30 June 2013	28,829	26,508	27,675
Opening Balance at 1 July 2013	28,829	26,508	27,675
Additional provisions recognised	39,527	541	9,941
Finance charges	-	321	-
Reductions arising from payments	(39,758)	-	-
Closing Balance at 30 June 2014	28,598	27,370	37,616

# Notes to the Financial Statements

## Note 9: Leasing Commitments

### Leasing Arrangements

The company has operating leases relating to office facilities and office equipment.

The office facilities lease was for an initial term of five years which expired on 31 August 2011. Thereafter the company exercised its option to extend the lease for a further period of four years and eleven months which ends on 30 July 2016.

The office equipment lease is for a fixed term of four years with no options to extend or to purchase the leased asset at the expiry of the lease period.

A provision has been made for the present value of anticipated costs of future restoration of leased office premises. The provision includes future cost estimates associated with the dismantling of office premises, fixtures and fittings. The calculation of this provision is based on the best estimate of future costs which may result in future actual expenditure differing from the amounts currently provided. The provision recognised for the office premises is periodically reviewed and updated based on the facts and information available at the time. Changes to the estimated future costs for the office premises are recognised in the Statement of Financial Position by adjusting both the expense and asset (if applicable) and provision. The related carrying amounts are disclosed in note 6 and 8 to the financial statements.

### Non-Cancellable Operating Lease Commitments

	2014 \$	2013 \$
Not longer than 1 year	63,650	63,650
Longer than 1 year and not longer than 5 years	68,954	132,604
Greater than 5 years	-	-
	132,604	196,254

In respect of non-cancellable operating leases the following liabilities have been recognised:

	2014 \$	2013 \$
Current	2,110	2,432
Non-current	5,172	419
	7,282	2,851

## Note 10: Contingent Liabilities

The directors are not aware of any material contingent liabilities as at 30 June 2014 (2013: Nil).

# Notes to the Financial Statements

## Note 11: Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial reporting year to the date of this report that have or may significantly affect the activities of the company, the results of those activities or the state of affairs of the company in the ensuing or any financial year.

## Note 12: Key Management Personnel Compensation

The aggregate compensation paid to directors and other key management personnel of the company is set out below:

	2014 \$	2013 \$
Short-term employee benefits <sup>1</sup>	491,657	560,750
Post-employment benefits <sup>2</sup>	60,955	61,729
	552,612	622,479

<sup>1</sup> Includes payments to directors for their services.

<sup>2</sup> Comprises payments to contributory superannuation funds.

## Note 13: Related Party Transactions

### (a) Equity Interests in Related Entities

The company does not have any equity interests in related entities.

### (b) Key Management Personnel Compensation

Disclosures relating to key management personnel compensation are set out in note 12.

### (c) Key Management Personnel Loans

There are no loans to or from key management personnel.

### (d) Transactions with Key Management Personnel

Key management personnel have transactions with the company that occur within a normal employment relationship.

There have been no transactions with key management personnel, with the exception of the above, or their related entities.

### (e) Transactions with Members of the Company

All transactions with related parties were carried out on an "arms length" basis. Funding income received from the members of the company during the year is as follows:

	2014 \$	2013 \$
Institute of Chartered Accountants Australia	448,915	436,900
CPA Australia	448,915	436,900
Institute of Public Accountants	448,915	436,900
	1,346,745	1,310,700

# Notes to the Financial Statements

## Note 14: Cash Flow Information

### (a) Reconciliation of Cash

	2014 \$	2013 \$
Cash at bank	1,072,877	965,087
Cash on hand	10	50
	1,072,887	965,137

### (b) Reconciliation of Cash Flow from Operations with Surplus for the reporting period

	2014 \$	2013 \$
Surplus for the year	74,153	42,564
<i>Non-Cash Flows:</i>		
Depreciation and amortisation expense	8,680	9,799
Finance charges/(Finance charge write back)	321	(89)
Long service leave expense	9,941	8,364
<b>Movement in Working Capital</b>		
(Increase)/decrease in receivables	15,286	(4,499)
Increase in trade and other payables	6,542	5,302
Increase/(Decrease) in provisions	(231)	8,247
Net cash from operating activities	114,692	69,688

# Notes to the Financial Statements

## Note 15: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The company does not have any derivative instruments as at 30 June 2014.

### Specific Financial Risk Exposures and Management

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

#### (a) Interest Rate Risk

The company is not exposed to any fluctuations in interest rates, other than interest income earned on bank deposits. The company monitors interest rate risk by effective oversight of the treasury transactions.

#### (b) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised funds are maintained.

*Financial liability and financial asset maturity analysis*

Weighted Average Effective Interest Rate		Variable Interest Rate		Fixed Interest Rate Maturing				Non Interest Bearing		Total	
2014	2013	2014	2013	2014		2013		2014	2013	2014	2013
				<1 year	>1 year	<1 year	>1 year				
%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

#### Financial Assets

Cash and cash equivalents	2.74	3.64	-	-	1,072,887	-	965,137	-	-	-	1,072,887	965,137
Other receivables	-	-	-	-	-	-	-	-	16,550	31,836	16,550	31,836
<b>Total Financial Assets</b>	<b>2.74</b>	<b>3.64</b>	<b>-</b>	<b>-</b>	<b>1,072,887</b>	<b>-</b>	<b>965,137</b>	<b>-</b>	<b>16,550</b>	<b>31,836</b>	<b>1,089,437</b>	<b>996,973</b>

#### Financial Liabilities

Trade payables	-	-	-	-	-	-	-	-	81,518	74,978	81,518	74,978
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,518</b>	<b>74,978</b>	<b>81,518</b>	<b>74,978</b>

# Notes to the Financial Statements

## (c) Credit Risk

The maximum exposure to credit risk, excluding the value of collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

The company manages credit risk by continuously monitoring its exposure to credit risk by dealing with reputable counter parties.

## (d) Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how surplus and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in interest rates is independent of other variables.

	Surplus \$	Equity \$
<b>Year Ended 30 June 2014</b>		
+2% in interest rates	18,522	18,522
-2% in interest rates	(15,004)	(15,004)
<b>Year Ended 30 June 2013</b>		
+2% in interest rates	17,856	17,856
-2% in interest rates	(15,582)	(15,582)

No sensitivity analysis has been performed on foreign exchange risk as the company is not exposed to foreign currency fluctuations.

# Notes to the Financial Statements

## (e) Net Fair Values

For all assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets.

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. Aggregate net fair values and carrying amounts of financial assets and financial liabilities at the end of the reporting period are as follows:

	2014	
	Carrying Amount \$	Net Fair Value \$
Financial assets	1,089,437	1,089,437
Financial liabilities	81,518	81,518
		<b>2013</b>
	Carrying Amount \$	Net Fair Value \$
Financial assets	996,973	996,973
Financial liabilities	74,978	74,978



# Notes to the Financial Statements

## **Note 16. Capital Management**

Management manages the capital of the company to ensure that adequate cash flows are available to fund its activities.

The Board ensures that the overall risk management strategy is in line with this objective. Management operates under policies approved and regularly reviewed by the Board of Directors. These include credit risk policies and cash flow policies.

The company's capital consists of an accumulated surplus, represented and supported by financial assets, net of trade payables.

The company's capital is managed by assessing its financial risks and responding to changes in these risks. Investments are directed at ensuring minimal risk of capital loss on invested funds.

There have been no changes to the strategy adopted by management to manage the capital of the company since the previous year.

Consistent with the previous financial year, APESB does not have any borrowings and funds its operations utilising subscriptions from its members.

APESB is not subject to any externally imposed capital requirements.

## **Note 17: Members' Guarantee**

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2014 the number of members was 3 (2013: 3 members).

## **Note 18: Company Details**

The registered office and principal place of business of the company is Level 7, 600 Bourke Street, Melbourne, Victoria, 3000.

Level 10, 530 Collins Street  
Melbourne VIC 3000

T +61 (0)3 8635 1800  
F +61 (0)3 8102 3400

[www.moorestephens.com.au](http://www.moorestephens.com.au)

## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of Accounting Professional & Ethical Standards Board Limited, which comprises the Statement of Financial Position as at 30 June 2014, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view 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 directors, 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 have complied with the independence requirements of the Corporations Act 2001.

*Opinion*

In our opinion:

- a) the financial report of Accounting Professional & Ethical Standards Board Limited is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

*Moore Stephens*

MOORE STEPHENS  
Chartered Accountants

*Scott Phillips*

Scott Phillips  
Partner

Melbourne, 9<sup>TH</sup> September 2014



**Accounting Professional & Ethical Standards Board**

Level 7, 600 Bourke Street, Melbourne, Victoria, 3000

T +61 (3) 9670 8911 F +61 (3) 9670 5611

E [enquiries@apesb.org.au](mailto:enquiries@apesb.org.au) [www.apesb.org.au](http://www.apesb.org.au)

