Accounting Professional & Ethical Standards Board Limited

ACN 118 227 259

APESB

Annual Report

for the year ended
30 June 2011

Vision:

Our vision is:

To be recognised by our stakeholders for our leading contribution in achieving the highest level of professional and ethical behaviour in the accounting profession.

We will achieve this vision by:

- Issuing professional and ethical standards that are integral to the Australian accounting profession
- Being innovative in engaging key stakeholders, professional accountants and the public
- Influencing international agenda
- Advocating that professionalism and ethical conduct drive the behaviour of accountants.

Statement of Purpose:

To protect the Australian public by issuing professional and ethical standards which maximise the integrity of the accounting profession by setting out the highest principles of professional and ethical accounting practice.

Values:

We are committed to:

- Being independent, consultative and transparent in our work
- Encouraging universal access to standards that are easy to use and understand
- Working innovatively in the public interest to guide the ethical and professional practices of accountants.

Highlights for 2010 – 2011

Directors (left)

Back row left to right:
Mr W Peter Day
Mr Harley McHutchison
Ms Catherine Mulcare

Front row left to right:
Mr Bob Sendt
Ms Kate Spargo
Mr Stuart Black

Staff (right)

Left to right:
Ms Lisa Rozanitis
Ms Celine Cho
Mr Channa Wijesinghe
Ms Si-Jia Li
Ms Rozelle Azad

Achieving our Objectives

APESB has been successful in achieving the objectives of its work plan which has included issuing the following standards:

- Revised APES 110 *Code of Ethics for Professional Accountants*;
- A new professional standard APES 310 *Dealing with Client Monies*;
- Revised APES 220 *Taxation Services*; and
- Revised APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document*.

Work continues on the following major projects:

- Proposed standard APES 230 *Financial Advisory Services;*
- Proposed Standard APES 325 *Risk Management for Firms;*
- Proposed Guidance Note on *Ethical conflicts in the workplace – Considerations for Members in Business;* and
- Proposed Guidance Note on *Outsourcing of Accounting Services.*

In addition, work is progressing in the following areas:

- Revision of APES 330 *Insolvency Services;*
- Revision of APES 225 *Valuation Services;* and
- Revision of APES 215 *Forensic Accounting Services*.

Improving Professional Practice through Standard Setting

APESB delivered on its primary objective of developing and issuing professional and ethical standards by issuing the following standards, exposure drafts and consultation paper:

- **APES 110 *Code of Ethics for Professional Accountants*** – which is effective from 1 July 2011 and replaced the existing APES 110 *Code of Ethics for Professional Accountants* issued in June 2006 and subsequently amended in February 2008. The revised APES 110 incorporates the changes in the IESBA Code issued in July 2009.
- **APES 310 *Dealing with Client Monies*** - which is effective from 1 July 2011 and replaces the existing professional pronouncements APS 10 *Trust Accounts* and GN 3 *Operation of Trust Accounts*. APES 310 specifies the professional obligations of members who handle client monies and the obligations of the auditor. It addresses members' professional obligations in respect of fundamental responsibilities, general principles of client monies, operation of trust accounts and client bank accounts and the related audit obligations. The professional obligations of a member in public practice who performs the audit is addressed in part B of the standard.
- **A Consultation Paper on the proposed definition of Public Interest Entity** – the definition of "Public Interest Entity" in the revised APES 110 *Code of Ethics for Professional Accountants* is central to the "stricter" independence requirements of section 290 of the revised Code. APESB is reviewing the definition of "Public Interest Entity" in the Australian context and issued a Consultation Paper seeking comments from stakeholders.

- **APES 325 ED *Risk Management for Firms*** – the proposed APES 325 includes mandatory requirements and guidance in respect of objectives of a firm's risk management framework, establishing and maintaining a risk management framework, monitoring risk management policies and procedures and documentation.
- **Revision of APES 330 ED *Insolvency Services*** – a revision of APES 330 Insolvency Services was initiated due to amendments made to the revised IPA Code of Professional Practice.

Engaging with Experts in the Development of Professional and Ethical Standards

APESB convened seven taskforces to provide expert advice on the development of key standards in the following areas:

- Financial advisory services
- Members in business
- Outsourcing of accounting services
- Risk management for firms
- Valuation Services
- Forensic Accounting Services
- Insolvency Services

Influencing the International Standard Setting Agenda

Ms Kate Spargo, the APESB Chairman, continued her appointment to the International Ethics Standards Board for Accountants (IESBA) and is in her second year of a three year term. Kate's involvement as a public interest member of the IESBA is advantageous to the Australian profession and adds to the international profile of APESB. Further, Mr. Stuart Black who is one of our inaugural directors is 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.

Increasing Awareness of Accounting Professional and Ethical Standards

APESB has continued to raise the profile of accounting professional and ethical standards by:

- Engaging with media around the release of key standards and exposure drafts.
- Speaking at conferences and events including the ICAA Business Forum, IPA Public Practice Symposium, IPA Chinese Delegations, ICAA 2011 National Audit Conferences and a number of other Member training events.
- Averaging 60,138 hits per month to the website.

Maintaining Strong Governance of APESB

The composition of the APES Board remains strong with no changes in director appointments during the year. The Board extended the appointments of Mr Peter Day and Mr Bob Sendt for an additional three years and look forward to their ongoing valued contributions.

Chairman's Report

I am pleased to report again this year on the work of the APESB. It is now five years since the Board was established to provide independence from the accounting profession in the setting of professional and ethical standards of behaviour.

Accountants play a fundamental role in ensuring that reliable information and advice is provided to those who seek it, and that this is always done with integrity, objectivity, independence and care. The regard with which accountants and the accounting profession are held is dependent on the levels of professionalism they exhibit. The work of the APESB is to provide appropriate professional and ethical standards of conduct which give clear guidance to members of the accounting profession. We do this in an environment which continues to demand high levels of responsiveness from accountants.

This year much of the Board's time has been spent considering a new standard APES 230 to apply to the provision of financial advice, replacing APS 12. We see this standard as particularly significant in contributing to the professionalism of those accountants who undertake financial advisory work.

APESB Strategic Direction

We continue to work to our Strategic Plan 2009 – 2012. Our clear priorities are to act in the public interest as well as contributing to the accounting profession and its professional standing. We are doing this by the ongoing development of professional and ethical standards for members, both in the revision of existing standards and the development of standards in new areas. We are committed to being responsive in this standard setting to the needs and requirements of the accounting profession, consideration of the public interest, practical business aspects and the ongoing enhancement of the professionalism in the profession.

APESB completed the revision of APES 110 in December 2010 and is currently working on defining a Public Interest Entity in the Australian context. In respect of the APES 230 project, APESB received a record number of submissions from members, joint accounting bodies, firms, industry participants and other stakeholders. The Board is currently evaluating these submissions as well as engaging in stakeholder consultations to understand the different points of view expressed by respondents to the APES 230 Exposure Draft. We are also mindful of the Government's *Future of Financial Advisory Services* (FoFA) reforms and the need for the highest level of ethical professional practice in the financial planning industry.

Other key focus areas are our stakeholder relationships with the professional bodies, regulators and government, the processes for monitoring compliance with APESB standards and related disciplinary actions, and communicating the role of APESB to members of the accounting profession.

Relationship with the International Ethics Standards Board for Accountants and Influencing the International Standard Setting Agenda

I am in my second year of a three year term with the International Ethics Standards Board for Accountants (IESBA). My involvement as a public interest member of the IESBA has raised the profile of the Australian profession internationally with increased credibility of APESB and our pronouncements. I continue to be involved as a member of the Fraud and Illegal Acts Taskforce of the IESBA and as Chair of the IESBA Taskforce relating to Inadvertent Violations. Inadvertent violations of the Code are a particular area of focus for regulators and thus has been an area of focus at the IESBA. I am pleased to say that progress has been made and we aim to issue an exposure draft in the near future.

Stuart Black is also in a position to influence the international agenda as a member of IFAC's Small and Medium Practices Committee and as a member of the IESBA SME / SMP Working Group on the Code of Ethics.

APESB is one of the National Standards Setters of the IESBA National Standards Setters group and represents Australia's interests in this group. The IESBA National Standards Setters

Our clear priorities are to act in the public interest as well as contributing to the accounting profession and its professional standing. We are doing this by the ongoing development of professional and ethical standards for members, both in the revision of existing standards and the development of standards in new areas.

held their annual meeting in April this year which was attended by APESB's Technical Director Channa Wijesinghe.

These involvements help ensure that APESB is close to international developments and thinking in professional and ethical standard setting.

Work Plan

APESB will continue with its technical work program over the next two years. The current program is progressing well and reflects the good work of a small dedicated team. The primary focus of the APESB team is the review and re-issue of the remaining standards from the professional standards and guidance notes originally inherited from the accounting profession in 2006. From those original pronouncements the only professional pronouncements that remain to be replaced are APS 12 *Financial Advisory Services* and GN 1 relating to Members in Business. As stated previously APESB has already issued an Exposure Draft for APES 230 which in due course will replace APS 12. The proposed pronouncement to replace GN1 for Members in Business is nearing completion and an Exposure Draft will be issued later in 2011. Accordingly, it is expected that in the next 12 to 18 months the Board will complete the initial review and relaunch phase started in 2006.

Taskforce Program

As at 30 June 2011, APESB has seven active taskforces in the areas of financial advisory services, members in business, outsourcing, risk management, insolvency services, valuation services and forensic accounting services. Throughout the year I have again been very impressed by the commitment, expertise, enthusiasm and interest of these groups. They carry a significant part of the APESB's workload and also provide insights from a variety of perspectives. We are indebted to the members of the profession, professional bodies and others who undertake this work so willingly on a voluntary basis.

I would also like to again sincerely thank those firms and companies that enable their staff to undertake this work.

Acknowledgements

The Board is also appreciative of the work of the APESB secretariat. The management team is led by Mr Channa Wijesinghe (Technical Director), and includes Ms Rozelle Azad (Project Manager), Ms Si-Jia Li (Project Manager), Ms Lisa Rozanitis (Executive Assistant) and Ms Celine Cho (Graduate). This small team works conscientiously to produce work of excellent quality. I would like to thank the group on behalf of the board members and our stakeholders, for their very valuable work.

APESB enjoys the active support of stakeholders, including many of the accounting firms, individual members of the professional bodies, as well as regulators and the professional bodies. The Board's thanks go again this year to all who have attended our meetings, made submissions, and provided helpful advice and interest.

All at APESB look forward to again contributing to the "professionalism of the profession" in the year ahead.

K Spargo

Ms Kate Spargo

Chairman
26 September 2011

Taskforce Composition as at 30 June 2011

Financial Advisory Services

Mr Channa Wijesinghe	APESB (Chairman)
Mr Reece Agland	IPA nominee
Mr Robert MC Brown	Chartered Accountant
Mr Michael Davison	CPA Australia Limited nominee
Mr Hugh Elvy	ICAA nominee
Ms Suzanne Haddan	BFG Financial Services
Mr Harry Moyle	Harry Moyle Pty Ltd

Forensic Accounting Services

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

Insolvency Services

Mr Channa Wijesinghe	APESB (Chairman)
Ms Kim Arnold	Insolvency Practitioners Association of Australia
Ms Robyn Erskine	Brooke Bird
Mr Derrick Vickers	PricewaterhouseCoopers
Mr Paul Meredith	ICAA nominee
Mr Michael Murray	Insolvency Practitioners Association of Australia
Mr John Purcell	CPA Australia Limited nominee
Ms Julie Williams	Insolvency Solutions IPA nominee

Members in Business

Mr Channa Wijesinghe	APESB (Chairman)
Ms Karen McWilliams	Institute of Chartered Accountants in Australia
Ms Jo-Ann Long	Latent Petroleum
Mr Paul Meredith	ICAA nominee
Mr Jeff O'Connell	Ipswich Shire Council IPA nominee
Mr John Purcell	CPA Australia Limited nominee
Mr Geoff Williams	GLW Analysis Services Pty Limited

Outsourcing of Accounting Services

Mr Channa Wijesinghe	APESB (Chairman)
Mr Bruce Coombes	MYOB Accountants Resourcing
Mr Paul Meredith	ICAA nominee
Mr Peter Docherty	CPA Australia Limited nominee
Mr Harry Rosenberg	Quintessential Equities Pty Limited
Mr Tom Ravlic	IPA nominee

Risk Management

Mr Channa Wijesinghe	APESB (Chairman)
Mr Reece Agland	IPA nominee
Mr Paul Carter*	PricewaterhouseCoopers
Mr Jean-Marc Imbert	RSM Bird Cameron
Ms Catherine Kennedy	ICAA nominee
Mr Gerard Meade	Deloitte
Ms Bernadette Nakhl	MJN Holdings
Mr Amir Ghandar	CPA Australia Limited nominee
Mr Mark Wilson	KPMG

Valuation Services

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

**Taskforce member to March 2011*

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 2011. In order to comply 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 accounting 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 short-term objectives are to complete work on the following projects:

- Proposed standard APES 230 *Financial Advisory Services*
- Revision of existing standard APES 330 *Insolvency Services*
- Proposed standard APES 325 *Risk Management for Firms*
- Proposed guidance note on *Ethical conflicts in the workplace – Considerations for Members in Business*
- Proposed guidance note on *Outsourcing of Accounting Services*
- Revision of APES 225 *Valuation Services*
- Revision of APES 215 *Forensic Accounting Services*.

To achieve its objectives, the company has adopted the following strategies:

- Engaging in and keeping up to date with international developments in ethical standard setting;
- Requesting input in terms of work plan inclusions from the accounting 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 2011 resulted in a surplus of $143,383 (2010: surplus $70,802).

Review of Operations

The major focus of the company's operations for the year continued to be the review and re-issue of existing professional and ethical standards and guidance notes issued previously by CPA Australia and the Institute of Chartered Accountants in Australia and the development of new pronouncements as required.

Funding revenue increased by 2% on the prior year which was accompanied by increased interest revenue and lower employee and marketing costs. Delays in recruitment and a restructuring of staff roles accounted for part of the lower spending and there were a number of less significant variations in other expense accounts.

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' Report



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 mentioned below had any special responsibilities during the year.

Mr Stuart Black

Stuart Black is a Past President and a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of both CPA Australia and the Australian Institute of Company Directors. He is managing partner of the Sydney based accountancy practice Chapman Eastway. Stuart is also a non-executive director of Coffey International 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

Mr W Peter Day

Peter Day is Chairman of Orbital Corporation Limited and Centro Retail Trust Limited, a non-executive director of Ansell Limited and SAI Global Limited. Peter was formerly CFO of Amcor for seven years and previously held senior executive positions with Bonlac Foods, Rio Tinto, CRA and Comalco. Peter is a past Chairman of the Australian Accounting Standards Board and a past Deputy Chairman of the Australian Securities and Investments Commission. He is a Fellow of CPA Australia and the Institute of Chartered Accountants in Australia, and a Graduate member of the Australian Institute of Company Directors.
Date of Appointment: 15 April 2009

Mr Harley McHutchison

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 in Australia. He is also 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.
Date of Appointment: 7 February 2006

Ms Catherine Mulcare

Catherine Mulcare is the Chief Financial Officer of Defence Health Limited. Prior to that she was the Chief Financial and Operations Officer of the Melbourne Storm Rugby League Club and previously was Regulatory Affairs Partner with professional services firm, KPMG. She is a member of CPA Australia, Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.
Date of Appointment: 1 May 2010

Mr Bob Sendt

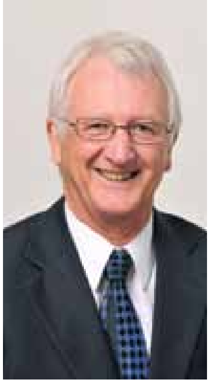
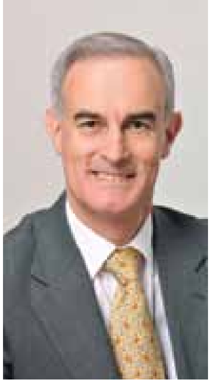
Bob Sendt was New South Wales Auditor General from 1999 to 2006. He is a Fellow of CPA Australia, a Fellow of the Institute of Public Accountants and a Graduate of the Australian Institute of Company Directors. He is the Chairman of Job Futures Ltd and a director of National Health Call Centre Ltd and Cancer Council NSW. From 2001 – 2005 he was a member of the Auditing and Assurance Standards Board and was Deputy Chair from 2004 – 2005.
Date of Appointment: 11 December 2006

Ms Kate Spargo

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, Pacific Hydro Pty Ltd, Investec Bank (Australia) Ltd,, Colnvest Ltd, and Suncorp Portfolio Services Ltd. She 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 from 1 January 2010.
Date of Appointment: 16 July 2007

Page 8
Left to right:
Mr Stuart Black
Mr W Peter Day
Ms Catherine Mulcare

Page 9
Left to right:
Mr Harley McHutchison
Mr Bob Sendt
Ms Kate Spargo


Company Secretary

Channa Wijesinghe

Channa Wijesinghe is the Technical Director and Company Secretary of APESB. He is a member of the Institute of Chartered Accountants in Australia and CPA Australia. He 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 and of any related body corporate 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, seven [7] directors' meetings were held.

Director	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Stuart Black	7	7
Peter Day	7	6
Harley McHutchison	7	7
Catherine Mulcare	7	7
Bob Sendt	7	6
Kate Spargo	7	7

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 2011 the number of members was 3 (2010: 3 members).

Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2011 has been received and can be found in the directors' report on page 11.

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

Ms Kate Spargo

Chairman
26 September 2011

Financial Statements

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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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 2011 there has 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

MOORE STEPHENS
Chartered Accountants

Scott Phillips
Partner

Melbourne, 26 September 2011

Directors' Declaration

The directors of the company declare that:

(1) The financial statements and notes, as set out on pages 13 to 33 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 2011 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.

Ms Kate Spargo

Chairman
26 September 2011

Statement of Comprehensive Income
for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenue	2	1,277,007	1,246,188
Other income	2	32,621	12,851
Employee costs and directors fees		(749,075)	(785,766)
Employee benefits expense	3	(38,790)	(31,482)
Rent		(54,684)	(52,387)
Board meeting costs		(95,222)	(76,526)
Consulting fees		(27,360)	(10,643)
Depreciation and amortisation	3	(52,711)	(54,569)
Finance charges		(1,142)	(1,082)
Accounting & legal fees		(19,939)	(16,450)
Cleaning & outgoings		(22,929)	(21,963)
Information technology support & development		(12,284)	(16,760)
Marketing		(29,599)	(67,442)
Insurance		(9,824)	(7,771)
Postage, printing & stationary		(21,846)	(18,467)
Communications		(11,643)	(9,955)
Gain/(Loss) on sale of assets	3	12	(1,341)
Other expenses		(19,209)	(15,633)
Surplus before income tax		143,383	70,802
Income tax expense	1(i)	-	-
Surplus after income tax		143,383	70,802
Surplus for the financial year		143,383	70,802
Other comprehensive income for the year		-	-
Total comprehensive income for the year		143,383	70,802

The accompanying notes form part of these financial statements

Statement of Financial Position at 30 June 2011

	Note	2011 $	2010 $
Assets			
Current Assets			
Cash and cash equivalents	4,14(a)	861,220	678,601
Other assets	5	20,513	25,967
Total Current Assets		881,733	704,568
Non-Current Assets			
Property, plant and equipment	6	21,291	73,730
Total Non-Current Assets		21,291	73,730
Total Assets		903,024	778,298
Current Liabilities			
Trade and other payables	7	75,211	81,370
Provisions	8	21,264	42,518
Total Current Liabilities		96,475	123,888
Non-Current Liabilities			
Provisions	8	32,007	23,251
Total Non-Current Liabilities		32,007	23,251
Total Liabilities		128,482	147,139
Net Assets		774,542	631,159
Accumulated surplus		774,542	631,159
Total Equity		774,542	631,159

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2011

	Accumulated Surplus $
Balance at 30 June 2009	560,357
Net surplus for the financial year	70,802
Other comprehensive income for the year	-
Balance at 30 June 2010	631,159
Balance at 30 June 2010	631,159
Net surplus for the financial year	143,383
Other comprehensive income for the year	-
Balance at 30 June 2011	774,542

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the year ended 30 June 2011

	Note	2011 $	2010 $
Cash Flows from Operating Activities			
Receipts from funding bodies		1,406,215	1,377,663
Payments to suppliers and employees		(1,254,459)	(1,248,016)
Interest received		31,123	8,655
Net cash provided by operating activities	14(b)	182,879	138,302
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		125	637
Payments for property, plant and equipment		(385)	(12,783)
Net cash used in investing activities		(260)	(12,146)
Cash Flows from Financing Activities			
Net cash used in financing activities		-	-
Net Increase in Cash and Cash Equivalents		182,619	126,156
Cash and Cash Equivalents at the Beginning of the Financial Year		678,601	552,445
Cash and Cash Equivalents at the End of the Financial Year	14(a)	861,220	678,601

The accompanying notes form part of these financial statements

Notes to the Financial Statements

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The financial statements are for Accounting Professional & Ethical Standards Board Limited (APESB or the company) as an individual company, incorporated and domiciled in Australia. APESB is a company limited by guarantee. The financial report was authorised for issue on 26 September 2011 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 containing 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 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.

Accounting Policies

(a) Revenue

Revenue primarily consists of subscriptions paid by the professional bodies (Institute of Chartered Accountants Australia, CPA Australia, and 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 received.

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%
Office equipment	25%

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

Asset classes 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.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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 after 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 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 assets 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.

(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 was raised 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.

(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 Judgments

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 Joint Accounting Bodies (CPA Australia, The Institute of Chartered Accountants in 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 in 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 Joint Accounting Bodies will not continue to support the APESB.

(p) New Accounting Standards for Application in Future Periods

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has not impacted the recognition, measurement or disclosure of transactions.

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. At 30 June 2011, the Standards and Interpretations listed below were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9: Financial Instruments	1 January 2013
AASB 124: Related Party Disclosures	1 January 2011
AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	1 January 2011
AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	1 January 2011
AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	1 July 2011
AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	1 January 2013
AASB 1054: Australian Additional Disclosures	1 July 2011
AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project	1 July 2011

These Standards and Interpretations will be first applied in the financial report of the company that relates to the annual reporting period beginning after the effective date of each pronouncement.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company.

Note 2: Revenue

	2011 $	2010 $
Revenue from Joint Accounting Bodies		
Operating revenue	1,277,007	1,246,188
Total Revenue	1,277,007	1,246,188
Other Income		
Bank deposits interest revenue	32,431	11,765
Miscellaneous income	190	1,086
Total Other Income	32,621	12,851
Total Revenue and Other Income	1,309,628	1,259,039

Note 3: Surplus for the Year

	2011 $	2010 $
a. Expenses		
Depreciation and Amortisation		
— Lease asset/leasehold improvement make good	1,689	1,689
— Leasehold improvements	39,414	39,414
— Furniture	7,724	7,826
— Computer equipment	2,246	3,237
— Office equipment	1,638	2,403
Total Depreciation and Amortisation	52,711	54,569
Employee Benefits Expense		
— Annual leave	31,176	30,580
— Long service leave	7,614	902
Total Employee Benefits Expense	38,790	31,482
Auditor's Remuneration		
— Audit services	10,300	11,200
Total Auditor's Remuneration	10,300	11,200
b. Other Revenue and Expenses		
Property, Plant and Equipment		
(Gain)/Loss on disposals	(12)	1,341

Note 4: Cash and Cash Equivalents

	2011 $	2010 $
Current		
Cash at bank	861,181	678,569
Cash on hand	39	32
	861,220	678,601

Note 5: Other Assets

	2011 $	2010 $
Current		
Accrued Interest	5,516	4,198
Prepayments and Deposits	5,966	1,246
Expenses Reimbursable	9,031	20,523
	20,513	25,967

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

Note 6: Property, Plant and Equipment

	Lease Asset/ Leasehold Improvement Make Good $	Leasehold Improvements $	Furniture $	Computer Equipment $	Office Equipment $	Total $
Gross Carrying Amount						
Balance at 1 July 2010	16,895	197,072	39,131	13,733	11,460	278,291
Additions	-	-	-	-	385	385
Disposals	-	-	(620)	-	-	(620)
Balance at 30 June 2011	16,895	197,072	38,511	13,733	11,845	278,056
Accumulated Depreciation/ Amortisation and Impairment						
Balance at 1 July 2010	(6,757)	(154,309)	(30,639)	(5,822)	(7,034)	(204,561)
Depreciation & amortisation expense	(1,689)	(39,414)	(7,724)	(2,246)	(1,638)	(52,711)
Eliminated on disposal of assets	-	-	507	-	-	507
Balance at 30 June 2011	(8,446)	(193,723)	(37,856)	(8,068)	(8,672)	(256,765)
Net Book Value						
As at 1 July 2010	10,138	42,763	8,492	7,911	4,426	73,730
As at 30 June 2011	8,449	3,349	655	5,665	3,173	21,291
Gross Carrying Amount						
Balance at 1 July 2009	16,895	197,072	39,131	11,377	7,605	272,080
Additions	-	-	-	8,928	3,855	12,783
Disposals	-	-	-	(6,572)	-	(6,572)
Balance at 30 June 2010	16,895	197,072	39,131	13,733	11,460	278,291
Accumulated Depreciation/ Amortisation and Impairment						
Balance at 1 July 2009	(5,068)	(114,895)	(22,813)	(7,180)	(4,631)	(154,587)
Depreciation & amortisation expense	(1,689)	(39,414)	(7,826)	(3,237)	(2,403)	(54,569)
Eliminated on disposal of assets	-	-	-	4,595	-	4,595
Balance at 30 June 2010	(6,757)	(154,309)	(30,639)	(5,822)	(7,034)	(204,561)
Net Book Value						
As at 1 July 2009	11,827	82,177	16,318	4,197	2,974	117,493
As at 30 June 2010	10,138	42,763	8,492	7,911	4,426	73,730

Note 7: Trade and Other Payables

	2011 $	2010 $
Current		
Trade payables	15,923	11,315
Goods and services tax payable	23,318	23,156
Rent payable	698	2,408
Superannuation payable	-	525
PAYG payable	27,972	28,132
Directors fees payable	-	5,834
Audit fees payable	7,300	10,000
	75,211	81,370

Note 8: Provisions

	2011 $	2010 $
Current		
Annual leave provision	21,264	42,518
	21,264	42,518
Non Current		
Make good provision	22,041	20,899
Long service leave provision	9,966	2,352
	32,007	23,251
	53,271	65,769

	Annual Leave Provision $	Make Good Provision $	Long Service Provision $
Opening Balance at 1 July 2009	28,017	19,817	1,450
Additional provisions recognised	30,580	1,082	902
Reductions arising from payments	(16,079)	-	-
Closing Balance at 30 June 2010	42,518	20,899	2,352
Opening Balance at 1 July 2010	42,518	20,899	2,352
Additional provisions recognised	31,176	1,142	7,614
Reductions arising from payments	(52,430)	-	-
Closing Balance at 30 June 2011	21,264	22,041	9,966

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on management estimate. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

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 five 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 to the financial statements.

Non-Cancellable Operating Lease Commitments

	2011 $	2010 $
Not longer than 1 year	61,772	55,207
Longer than 1 year and not longer than 5 years	254,599	19,071
Greater than 5 years	5,304	-
	321,675	74,278

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

	2011 $	2010 $
Current	698	2,408
	698	2,408

Note 10: Contingent Liabilities

The directors are not aware of any material contingent liabilities as at 30 June 2011.

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:

	2011 $	2010 $
Short-term employee benefits[1]	515,024	531,125
Post-employment benefits[2]	46,352	70,771
	561,376	601,896

[1] Includes payments to directors for their services.
[2] 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:

	2011 $	2010 $
Institute of Chartered Accountants in Australia	425,669	415,396
CPA Australia	425,669	415,396
National Institute of Accountants	425,669	415,396
	1,277,007	1,246,188

Note 14: Cash Flow Information

(a) Reconciliation of Cash

	2011 $	2010 $
Cash at bank	861,181	678,569
Cash on hand	39	32
	861,220	678,601

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

	2011 $	2010 $
Surplus for the year	143,383	70,802
Non Cash Flows:		
Depreciation and amortisation expense	52,711	54,569
(Gain)/Loss on disposal	(12)	1,341
Finance costs	1,142	1,082
Long service leave expense	7,614	902
Decrease/(Increase) in assets:		
Current:		
Receivables	5,454	(23,908)
(Decrease)/Increase in liabilities and provisions:		
Current:		
Trade and other payables	(27,413)	33,514
Net cash from operating activities	182,879	138,302

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 2011.

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	
	2011	2010	2011	2010	2011		2010		2011	2010	2011	2010
					<1 year	>1 year	<1 year	>1 year				
	%	%	$	$	$	$	$	$	$	$	$	$
Financial Assets												
Cash and cash equivalents	4.67	3.21	-	-	861,220	-	678,601	-	-	-	861,220	678,601
Other receivables	-	-	-	-	-	-	-	-	15,061	24,918	15,061	24,918
Total Financial Assets			-	-	861,220	-	678,601	-	15,061	24,918	876,281	703,519
Financial Liabilities												
Trade payables	-	-	-	-	-	-	-	-	75,211	81,370	75,211	81,370
Other current provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities			-	-	-	-	-	-	75,211	81,370	75,211	81,370

(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 $
Year ended 30 June 2011		
+2% in interest rates	14,646	14,646
-2% in interest rates	(14,646)	(14,646)
Year Ended 30 June 2010		
+2% in interest rates	9,362	9,362
-2% in interest rates	(8,809)	(8,809)

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

(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:

	2011 $	
	Carrying Amount $	**Net Fair Value $**
Financial assets	876,281	876,281
Financial liabilities	75,211	75,211

	2010 $	
	Carrying Amount $	**Net Fair Value $**
Financial assets	703,519	703,519
Financial liabilities	81,370	81,370

Note 16. Capital Management

Management controls the capital of the company to ensure that adequate cash flows are generated 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 future cash flow requirements. The company's capital consists of an accumulated surplus, represented and supported by financial assets, net of trade creditors.

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 control 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.

The 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 2011 the number of members was 3 (2010: 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.

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2011, 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. We confirm that the independence declaration required by the Corporations Act 2001, which was given to the directors of Accounting Professional & Ethical Standards Board Limited on 26 September 2011, would be in the same terms if given to the directors at the date of this auditor's report.

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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 2011 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
Partner

Melbourne, 28 September 2011

Accounting Professional & Ethical Standards Board
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