

**Accounting  
Professional &  
Ethical Standards  
Board Limited**

ACN 118 227 259



**Annual Report**

for the year ended  
30 June 2019





<b>Key Achievements and Highlights for 2018 – 2019</b>	<b>3</b>
<b>Events and Presentations 2018 – 2019</b>	<b>5</b>
<b>Taskforces for the year ended 30 June 2019</b>	<b>13</b>
<b>Chairman’s Report</b>	<b>14</b>
<b>CEO’s Report</b>	<b>16</b>
<b>Directors’ Report</b>	<b>18</b>
<b>Financial Statements</b>	<b>22</b>

## **Vision:**

---

**We strive to achieve exemplary levels of professionalism and ethical behaviour in the accounting profession.**

## **Statement of Purpose:**

---

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

## **Values:**

---

**We are committed to being independent, consultative and transparent in our activities and work resourcefully in the public interest.**

# Key Achievements and Highlights for 2018 – 2019

## In 2018-19, the Board:

- **Provided multiple opportunities for engagement on business ethics involving both international and local stakeholders**
- **Issued a comprehensive restructured Code of Ethics to promote exemplary professional and ethical conduct**
- **Sought stakeholder feedback on a major proportion of its pronouncements revised to align with the restructured Code**
- **Increased awareness of our standards through broad outreach**

**Strong progress was made in each of the four pillars of our strategic plan 2016-2020, as follows:**

## Standards

- Issue of restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*
- Revision of APES 220 *Taxation Services*
- Issued three exposure drafts with proposals to restructure sixteen standards and guidance notes

## Engagement

- Webinar events on the Code and the proposed International Quality Management Standards in collaboration with CA ANZ and CPA Australia
- Presented at the 2019 CA ANZ Audit Conferences across Australia with a focus on the restructured Code of Ethics and auditor independence requirements
- Five taskforces have been convened for the following:
  - Valuation Services
  - Forensic Accounting
  - Insolvency Services
  - Financial Planning
  - Due Diligence Committees

## Influence

- **International developments:**
  - Two thought-leadership events with IESBA on the restructured Code of Ethics, including a joint APESB/IESBA information session on the restructured Code of Ethics held in November 2018
  - Four international submissions - three to the IESBA and one to the IAASB
  - Attendance at the annual IESBA National Standard Setters Group
  - Collaborating with the AUASB and NZ XRB on the Monitoring Group roundtable held in May 2019

## National developments:

- Collaboration with AUASB, ASIC, ARITA and other stakeholders on projects of mutual interest
- Webinars and other stakeholder engagement activities in particular with SMP practices on the proposed International Quality Management Standards
- One national submission to FASEA on its proposed Code

## Outreach

- Presentations and preparation of journal articles to an extensive range of stakeholders focussed on the restructured Code of Ethics
- Eight engagements with the academic community, including presentations at Monash University and RMIT University
- Presentation to IPA China Delegation in October 2018
- Continual publication of our quarterly e-newsletter, *Professionalism*
- Regular social media updates on APESB activities via LinkedIn

Standards	Engagement	Influence
Revised Standards and Guidance Notes during the year.	APESB had over 1.5 million hits on its website during the year.	APESB Board member with a position on International Boards and Committees during the year.
2	1.5m	1
Standards and Guidance Notes released for exposure during the year.	LinkedIn updates per year.	International submissions.
17	48	4
Number of active Taskforces during 2018-19.	Increase in LinkedIn followers per year.	Attendance at IESBA's 11th Annual National Standards Setters meeting in Paris in May 2019.
5	11%	1
	LinkedIn Impressions	
	Over 23,000	
	Articles contributed to professional body publications.	
	4	
	Media releases promoting and communicating APESB's activities.	
	9	
		Ethics Outreach
		Total number of presentations, forums, panels and conferences.
		17
		APESB presented on the restructured Code of Ethics including auditor independence requirements, NOCLAR and whistleblowing at the 2019 CA ANZ Audit Conferences and CPA Australia webinars. APESB also contributed to various stakeholder forums and panels, including the Monitoring Group consultation; Emerging Issues Group; the Large National Networks Discussion Group and other technical meetings.

# Events and Presentations

## 2018 – 2019

### International events

#### An evening with IESBA Chairman, Dr Stavros Thomadakis

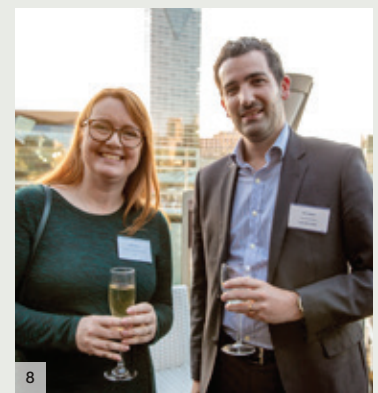
APESB hosted two thought-leadership events to coincide with the IESBA's visit to the World Congress of Accountants (WCOA), held in Sydney from 5-9 November 2018. *An Evening with IESBA Chairman, Dr Stavros Thomadakis* provided Australian stakeholders an opportunity to connect with the international standard setter and learn about the restructured Code of Ethics. Dr Thomadakis' keynote speech about the five fundamental principles of the Code of Ethics and how the Code makes it clear that compliance with the fundamental principles is a primary duty of the professional accountant was a highlight for the seventy guests at the dinner event.

Joining Dr Thomadakis were fellow IESBA Members, Sylvie Soulier and Ian McPhee AO, PSM and IESBA's Senior Technical Director, Ken Siong.

**Pre-dinner drinks 1.** Tom Imbesi, Chairman, Deloitte; Merran Kelsall, Director & Deputy President, CPA Australia and Gary McLean, Partner, Deloitte. **2.** Ian McPhee AO PSM, IESBA Board member; Colin Parker, Principal, GAAP Consulting; Sylvie Soulier, IESBA Board member and Peter Jones, CEO, Institute of Internal Auditors. **3.** Steve Miklos, Director, Deloitte; John Green, Partner, Deloitte; Sheena Mookhey, Director, Deloitte; Lourich van Rensburg, Director, Deloitte and Rachel Besley, Partner, Deloitte. **4.** Wynand Mullins, Partner, Ferrier Hodgson and Dr Paul Thambar, Lecturer, Monash University. **5.** Kristian Koktvedgaard, CAG Chair, IESBA; Mark Jones AM, Partner, KPMG; Ken Siong, Senior Technical Director, IESBA and Kate Johnston, Director, PwC.



6. Richard Stewart OAM, Partner, PwC; John Gibson, Former Partner, EY and Steve Bourke, Partner, PwC. 7. John Winter, CEO, ARITA; Robyn Erskine, Partner, Brooke Bird and Kevin Osborn, Director, APESB. 8. Leigh Walker, Country Independence Leader, EY and Chris Clayton, Executive Director, Audit Office of NSW. 9. David Dahm, CEO, Health and Life; Dr Eva Tsahuridu, Industry Fellow, RMIT; Regina Fikkers, Partner, PwC and Roger Simnett AO, Chairman, AUASB.







10



11



14

**10.** Jane Bowen, National Head of Professional Standards, BDO Australia; Craig Farrow, Director, APESB; Kristen Wydell, General Manager, CA ANZ; Gary Pflugrath, Executive General Manager, IPA; Jacqueline Maroney, Director, EY; Kate Dixon, Manager, CA ANZ; Claire Grayston, Policy Advisor, CPA Australia and Jo Haste, Policy Advisor, CPA Australia.

**11.** Willem Olivier, Director, BDO Australia; Robert Buchanan, Chair, NZAuASB and Warren Allen, Chief Executive, NZ XRB.

**12.** Andrew Archer, Partner, Grant Thornton; Jeff Cook, Partner, KPMG and Stephen Woodhill, CEO, Group of 100.



12



15

**13.** Denis Robertson, Consultant, Weston Woodley & Robertson and Stuart Black, Past Director, APESB.

**14.** Tom Imbesi, Chairman, Deloitte; Channa Wijesinghe, CEO, APESB and Gary McLean, Partner, Deloitte. **15.** Penny Egan, Director, APESB and Dr Reiner Veidt, Managing Director, WPK. **16.** Robert Brown AM, Chairman, ADF Financial Services Consumer Council; Channa Wijesinghe, CEO, APESB; Richard Savage, Director, PwC Australia; Manil Jayesinghe, Partner, EY and Phil Priest, Director, PwC Australia.



13



16



17

17. Guests at L'Aqua restaurant.

18. Dr Stavros Thomadakis, Chairman, IESBA, addressing the guests.



18



**19.** The Hon. Nicola Roxon, Chairman, APESB, introduces Dr Thomadakis. **20.** Channa Wijesinghe, CEO, APESB, delivers welcome address. **21.** The Hon. Nicola Roxon, Chairman, APESB and Dr Stavros Thomadakis, Chairman, IESBA, during Q&A. **22.** Richard Savage, Director, PwC and Phil Priest, Director, PwC. **23.** Suzanne Haddan, Managing Director, BFG Financial Services. **24.** Merran Kelsall, Director & Deputy President, CPA Australia; Ian McPhee, AO PSM, IESBA Board Member and Dr Stavros Thomadakis, Chairman, IESBA, enjoying the evening.

25. Chris Westworth, Principal, Westworth Kemp Consultants; Stephanie Kemp, Principal, Westworth Kemp Consultants; Harley McHutchison, Past Director, APESB; Michael Cain, Principal, Cain Consulting; Channa Wijesinghe, CEO, APESB and Doug Niven, Senior Executive Leader, ASIC. 26. Ben Collins, Graduate Accountant, APESB; Anna Brasier, Admin & Communications Officer, APESB; Jacinta Hanrahan, Senior Technical Manager, APESB; Channa Wijesinghe, CEO, APESB; The Hon. Nicola Roxon, Chairman, APESB and Vijay Kumar, Project Manager, APESB.



### Joint APESB/IESBA Restructured Code of Ethics presentation

The second international event was the joint APESB/IESBA information session on the restructured Code of Ethics. The IESBA presented on the changes to the International restructured Code of Ethics, while APESB focused on the relevant changes to the Australian Code and the new Interactive PDF features.

### IESBA NSS May 2019

APESB Chairman, Nancy Milne OAM and APESB CEO, Channa Wijesinghe, attended the 11<sup>th</sup> Annual Meeting of the IESBA National Standard Setters Group in May 2019 in Paris, where they presented on 'Insights from the Australian Banking Royal Commission'. The meeting also provided an opportunity to engage with standard setters on a global level and to discuss current issues.



27. Stakeholders listening to the Restructured Code presentation. 28. Dr Stavros Thomadakis, Chairman, IESBA; Sylvie Soulier, IESBA Board Member and Ken Siong, Senior Technical Director, IESBA. 29. Dr Stavros Thomadakis, Chairman, IESBA. 30. APESB Chairman, Nancy Milne OAM and APESB CEO, Channa Wijesinghe, at the IESBA NSS meeting, Paris.

## CA ANZ Audit Conferences

APESB were pleased to be involved in the CA ANZ Audit Conferences held across major Australian cities from March through to May 2019. The conferences were a great opportunity to engage with stakeholders on the restructured Code of Ethics, NOCLAR and the importance of professional ethics. APESB CEO, Channa Wijesinghe, presented at Brisbane, Sydney, Melbourne and Perth and APESB Director, Brian Morris presented at Adelaide.

- 31.** *Liz Giust, Managing Director, Qualitas Consultants and Channa Wijesinghe, APESB CEO at the Melbourne conference.*  
**32.** *Channa Wijesinghe, APESB CEO addressing the audience at the Sydney conference.*

## Webinars on proposed ISQM1 & ISQM2

Channa Wijesinghe, APESB CEO and Jon Reid, APESB Technical Manager, provided stakeholders with information and guidance on the proposed International Standards on Quality Management (ISQM1 & ISQM2) during a series of webinars in collaboration with CPA Australia and CA ANZ in May and June 2019.

The webinars were well attended and included live polling questions to determine the key aspects that may create challenges for stakeholders and how the proposed changes would impact their respective firms. The comments received from stakeholders helped inform the APESB's submission to the IAASB.

- 33.** *Claire Grayston, CPA Australia Policy Advisor and APESB CEO, Channa Wijesinghe.* **34.** *Channa Wijesinghe, APESB CEO and Jon Reid, APESB Technical Manager, preparing to present at the studio.*

## Monitoring Group - Sydney

APESB in collaboration with the AUASB and NZ XRB welcomed Gerben Everts, Co-Chair of the Monitoring Group, to a Roundtable in Sydney in May 2019. ASIC's Senior Executive Leader, Doug Niven, chaired the meeting in which stakeholders discussed the current proposed governance and structure of the international standard setting boards relating to audit and ethics and the Public Interest Framework.

- 35.** *Rachel Grimes, APESB Director welcomes stakeholders at the Monitoring Group Roundtable.* **36.** *Gerben Everts, Co-Chair, Monitoring Group.*



31



33



34



32



35



36

## Academic community

APESB has welcomed opportunities to participate in various academic events throughout the year. Greater engagement with the academic community informs accounting students early in their education on the importance of professional standards and ethical behaviour.

### Monash University

Ethical conduct was the main topic of APESB CEO, Channa Wijesinghe's presentation at Monash University in October 2018, where students learned about the APESB and its pronouncements, including *the Code of Ethics for Professional Accountants*, NOCLAR and the importance of personal integrity.

APESB Senior Technical Manager, Jacinta Hanrahan, presented on *Corporate Ethics and Professional & Ethical Standards* to the Master of Professional Accounting students at Monash University in March 2019. Corporate misconduct, scandals and the Australian Royal Commission

into Banking and Financial Services provided students with real-life examples of ethics at work. Thank you to Dr Paul Thambar, Lecturer of the School of Accounting at Monash University, for organising the session.

*37. Jacinta Hanrahan, APESB Technical Manager and Dr Paul Thambar and Monash University students.*

### Engaging for Impact

In February 2019, APESB CEO, Channa Wijesinghe was invited to present at RMIT's School of Accounting Ethical Innovation and Industry Transformation panel at the Engaging for Impact forum. The panel included Associate Professor and Industry Fellow, Dr Eva Tsahuridu, Associate Professor, Gillian Vesty and Professor Steven Dellaportas from the RMIT School of Accounting. The forum was a great opportunity for APESB to continue raising awareness on the importance of professional ethics for the Accounting Profession to students.

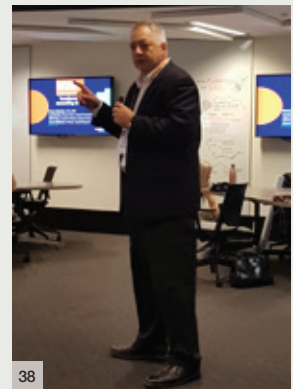
*38. Steven Dellaportas, Professor, RMIT.*

*39. Channa Wijesinghe, APESB CEO and Dr Eva Tsahuridu, RMIT Associate Professor.*

## Jiangsu Chinese presentation IPA

We welcomed the IPA China delegation from Hebei Certified Public Accountants (HBCPA) to our offices in October 2018. Jane Gao, General Manger International Division, IPA, accompanied the delegates who listened to APESB CEO, Channa Wijesinghe lead an informative session on the APESB's role as the professional and ethical standard setter for the Australian accounting profession.

*40. Jacinta Hanrahan, APESB Senior Technical Manager and Channa Wijesinghe, APESB CEO with the HBCPA Delegates.*



# Taskforces

for the year ended 30 June 2019

---

## Valuation Services

**Channa Wijesinghe**  
APESB (Chairman)

**Brendan Halligan**  
Halligan & Co

**Richard Stewart OAM**  
PricewaterhouseCoopers

**Sean Collins**  
KPMG

**Alan Max**  
Pitcher Partners

**Tapan Parekh**  
Deloitte

**Josephine Haste**  
CPA Australia

**Jim McDonald**  
Surety Accountants

---

## Insolvency Services

**Channa Wijesinghe**  
APESB (Chairman)

**Robyn Erskine**  
Brooke Bird

**Kim Arnold**  
ARITA

**Julie Williams**  
Insolvency Solutions

**Stephen Longley**  
PricewaterhouseCoopers

**Natasha McHattan**  
ARITA

**Karen McWilliams**  
CA ANZ

**Dr John Purcell**  
CPA Australia

---

## Financial Planning

**Channa Wijesinghe**  
APESB (Chairman)

**Robert Brown AM**  
ADF Financial Services Consumer  
Council

**Suzanne Haddan**  
BFG Financial Services

**Bronny Speed**  
CA ANZ

**Vicki Stylianou**  
IPA

**Keddie Waller**  
CPA Australia

---

## Due Diligence Committees

**Channa Wijesinghe**  
APESB (Chairman)

**Jeff Cook**  
KPMG

**Marina Stuart**  
Deloitte

**Claire Cardno**  
Ernst & Young

**Andrew Parker**  
PricewaterhouseCoopers

**Jeffrey Luckins**  
William Buck

**Kristen Wydell**  
CA ANZ

**Dr John Purcell**  
CPA Australia

**Colin Parker**  
IPA

---

## Forensic Accounting Services

**Channa Wijesinghe**  
APESB (Chairman)

**Owain Stone**  
Korda Mentha

**Brendan Halligan**  
Halligan & Co

**Andrew Ross**  
Korda Mentha

**Keith Reilly**  
Consultant

**Gregory O'Neil**  
Transport Accident Commission

# Chairman's Report

## I am honoured and privileged to be writing my first report as the new independent Chairman of the APESB.

I believe that the Board has a vital role to play in the regulatory landscape for the accounting profession in Australia from a public interest perspective. As we are all aware, recent events have highlighted the importance of business ethics to the orderly functioning of commerce and the critical role accountants play in these organisations.

Before I focus on the Board's past year's achievements, I would like to take this opportunity to thank my predecessor The Honourable Nicola Roxon for her leadership of the Board during her time as Chairman. During Nicola's tenure, APESB consolidated its suite of pronouncements in Australia as well as influenced international developments as one of the leading national standards setters globally for professional and ethical standards.

It has been a very successful year for the Board, with an emphasis on stakeholder communication and engagement, and the fruition of two important matters – the refreshed Constitution and the issue of the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

The revised Constitution, issued in December 2018, underpins a comprehensive review of governance processes of APESB after its first decade of operations. I take this opportunity to acknowledge the dedication and hard work of Nicola and the Board as well as the Professional Bodies in developing a robust governance framework to support the future operations of the APESB.

From a standards development perspective, the issue of the restructured Code of Ethics in November 2018 was a key milestone. Given the reported ethical lapses in the business world over the last year, there is a renewed focus on, and community expectations of, the ethical conduct and behaviour of professionals. We believe the restructured Code of Ethics will play a key role in regulating the conduct of accountants who provide services to clients or are employed in organisations in various roles.

International engagement has also been a focus of APESB this year. APESB provided opportunities for Australian stakeholders to engage directly with members of the

International Ethics Standards Board for Accountants (IESBA) when APESB hosted two successful thought-leadership events in November 2018: *An evening with the IESBA Chairman, Dr Stavros Thomadakis* and the APESB/IESBA joint session on the restructured Code of Ethics. Dr. Thomadakis' keynote speech on the five fundamental principles of the Code of Ethics and its global reach was a highlight for the guests who attended this event.

On behalf of the APESB, the CEO Channa Wijesinghe and I attended the IESBA's eleventh annual National Standard Setters Group meeting in Paris in May 2019. At this meeting, the key topics discussed were current IESBA projects on Non-assurance Services, Fees, the role and mindset expected of the professional accountant and initiatives on raising global awareness of the restructured Code of Ethics. The use and impact of technology on professional accountants was also a focal discussion point and APESB will be monitoring these developments as well as independently assessing the impact of technology on our pronouncements.

At the meeting, Channa and I presented on the lessons learned from the Australian Banking Royal Commission.

In May 2019, APESB collaborated with the AUASB and the NZ XRB to



host the Monitoring Group Roundtable in Sydney to inform Australian stakeholders on the current status of the proposed reforms of the international standard-setting boards.

---

### APESB's Strategic Direction

The Board continues to make significant progress across the key objectives of the APESB Strategic Plan as described in more detail on page 3 of this report.

The commencement of my role as Chairman at APESB coincided with the commencement of a project to revise all pronouncements to align with the restructured Code of Ethics. The extensive revision has been a key focus of the Technical Staff of the APESB, as discussed further in the CEO's report.

---

### Taskforce Program and stakeholders

APESB relies on the experience and engagement that our Taskforce members provide in helping the Board develop standards and guidance notes. Their dedication, commitment and knowledge are invaluable, and the Board appreciates their valuable input. The Board thanks each Taskforce member for their engagement with

APESB and their desire to contribute to the profession.

The Board also appreciates the contributions made by our stakeholders, including staff from the Professional Bodies, accounting firms, government bodies and regulators who provide important viewpoints to our standard-setting process. We especially acknowledge the attendance of members from the Professional Bodies, regulators and other stakeholders who attend the APESB board meetings.

---

### Board

In addition to my appointment, the Board also welcomed two new directors to the Board: Brian Morris (1 January 2019) and Rachel Grimes (1 February 2019). Thus, bringing the total number of directors to seven, in line with the revised Constitution. I take this opportunity to extend my gratitude to the Board for their generous welcome, expertise and input on complex issues facing the accounting profession. I would also like to acknowledge outgoing Director, Penny Egan, for her contribution, dedication and professionalism during her tenure.

---

### Staff

The APESB Secretariat team is led by Channa Wijesinghe (Chief Executive Officer/Company Secretary). Channa is supported by Jacinta Hanrahan (Senior Technical Manager), Jon Reid (Technical Manager), Anna Brasier (Administration & Communications Officer), Ben Collins (Graduate Accountant), Rozelle Azad (Accountant) and Dolla Wilkinson (Bookkeeper).

I want to take this opportunity to thank the Secretariat for their dedicated work effort in what has been a challenging year with the revised constitution, governance changes, national and international standard development projects and the extensive stakeholder engagement activities undertaken by the APESB.

I look forward to leading the APESB in a challenging landscape for the accounting profession, especially with the current focus locally and globally on the regulation of auditing, and to reporting on our progress in future years.



Nancy Milne OAM  
Chairman

10 October 2019

# CEO's Report

APESB has made great progress and achieved some of the key strategic objectives of the 2016-2020 Strategic Plan which includes the issue of the restructured Code and the issuance of sixteen pronouncements as exposure drafts as at 30 June 2019 to align with the restructured Code. The Board also undertook international engagement activities with the IESBA and the Monitoring Group, contributed submissions to international standard-setting projects of the IESBA and the International Auditing and Assurance Standards Board (IAASB), and raised awareness of the new restructured Code Australia wide.

As noted in the Chairman's report, in late 2018 APESB issued the restructured *Code of Ethics for Professional Accountants (including Independence Standards)*. The revision to the Code of Ethics incorporates the most substantive changes to the structure of the Code of Ethics since 2010, which includes an enhanced conceptual framework and the separation of mandatory requirements from guidance. This approach will facilitate professional accountants with enhanced clarity and understanding of the Code's requirements as well as its enforcement by regulators and professional bodies.

The Board has also determined to issue APESB pronouncements as interactive PDFs with dynamic features to assist professional accountants and users navigate the pronouncements in the digital age. The restructured Code was the first standard released in this format and APESB is working towards releasing all pronouncements in this format. We favourably note the positive feedback we have received to date from stakeholders in respect of this initiative.

Technical Staff have also embarked on an extensive project to revise APESB's suite of pronouncements to align them with the restructured Code. At the time of writing, the Board has issued exposure drafts for nineteen out of twenty pronouncements and remains

on track to issue the revised APESB's suite of pronouncements by 1 January 2020.

APESB has undertaken an extensive stakeholder engagement process to inform professional accountants of the restructured Code during 2019. This included presenting at the 2019 CA ANZ Audit National Conferences in all the major capital cities, participating in national webinars of the professional bodies, holding roundtable events, and writing journal articles in the publications of the professional bodies.

The Board also made submissions to the IESBA and the IAASB to influence international standards development projects. The most notable submission was in respect to IAASB's Exposure Drafts on the *Proposed International Standards on Quality Management*. The Australian accounting profession was a global pioneer in adopting a firm-wide quality control standard in 1983 which was a predecessor standard to the existing APES 320 *Quality Control for Firms*. APESB adopted the perspective of a Small and Medium Practice (SMP) and provided feedback to the IAASB to influence a commercially viable outcome. The submission was informed by a series of webinars organised in collaboration with the Professional Bodies to seek valuable feedback from SMP firms, professional accountants, professional bodies and other stakeholders.

Due to the Code restructure project and significant revision of the Insolvency Services standard, APESB Technical Staff had ongoing consultations with the Valuation Services, Insolvency Services, Forensic Accounting Services, Due Diligence Committees and Financial Planning Services Taskforces to gain valuable input in respect of current best practice and industry-specific issues. I take this opportunity to thank them for their valuable time and expert advice to assist the Technical Staff to deliver enhanced standards for the Board's consideration.

Our engagement with the academic community has also strengthened this year with a total of eight presentations and panel discussions at Monash and RMIT Universities. Technical Staff also engaged with RMIT University to provide input to the development of an online simulated ethics game to demonstrate the application of the Code of Ethics to various business scenarios.

I wish to thank the outgoing Chairman, the Honourable Nicola Roxon, for her wise counsel and guidance during her tenure. APESB's achievements are possible due to our small but dynamic team who are passionate about and committed to our work. I wish to place on record my appreciation to all APESB staff for their efforts.

Looking ahead, we expect to have in place the revised suite of APESB pronouncements from 1 January 2020 incorporating interactive PDF features. APESB is also working on revising its Technical Staff Q & A on Long Association (Audit Partner Rotation) document to align with the restructured Code and hopes to issue this document by the end of the year. Technology will also be a key focus, with APESB engaging after year-end a website developer to build a new website and mobile apps to replace the existing website and mobile apps and Technical Staff considering the ethical implications of technology on the accounting profession.

I look forward to engaging with our stakeholders as we progress these initiatives to enhance the professional and ethical standards framework for the accounting profession in 2019/2020.



Channa Wijesinghe  
Chief Executive Officer

10 October 2019



*Directors left to right:  
Ms Claire Mackay, Mr Kevin Osborn, Ms Nancy Milne (Chairman), Mr Brian Morris, Ms Rachel Grimes.  
Absent: Mr Craig Farrow and Mr John Cahill*



*Staff left to right:  
Mr Channa Wijesinghe (Chief Executive Officer/Company Secretary), Mr Ben Collins (Graduate Accountant), Ms Anna Brasier  
(Administration/Communications Officer), Ms Jacinta Hanrahan (Senior Technical Manager). Absent: Mr Jon Reid (Technical Manager),  
Ms Rozelle Azad (Accountant) and Ms Dolla Wilkinson (Bookkeeper)*

# Directors' Report

The directors of Accounting Professional & Ethical Standards Board Limited (APESB or the company) present the financial report of the company for the year ended 30 June 2019. In complying with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*, the directors' report is 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 Accounting 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;
- Requesting input in terms of work plan inclusions from the Professional Accounting 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 2019 resulted in a surplus of \$48,354 (2018: surplus \$ 88,854).

---

## 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 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.

---

## Events after the Reporting Period

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.

---

### Nancy Milne OAM (Chairman)

Ms Nancy Milne OAM brings over 30-years' experience, as a lawyer working on large commercial cases involving risk and compliance, to her role as Chairman at APESB. As a partner at Clayton Utz, her accounting and indemnity work established her strength in stakeholder management, dispute resolution and governance. She has also developed a deep knowledge of the regulatory environment within the financial services sector.

Nancy holds a Bachelor of Law from the University of Sydney and she is a Fellow of the Australian Institute of Company Directors. Nancy was a recipient of an Order of Australia Medal in 2008 for services to the legal sector and to the community.

Since 2003, Nancy has taken up a variety of governance roles, focussing on improving business performance. She is Chair at the Securities Exchanges Guarantee Corporation, Deputy Chair at the State Insurance Regulatory Authority, a Director at Fastbrick Robotics Limited (FBR) and

ALE Property Group Limited. She is a Council Member for the Asbestos Safety and Eradication Agency Council and Councillor for the NSW Division at the Australian Institute of Company Directors.

*Date of appointment: 1 January 2019*

---

### Nicola Roxon (Past Chairman)

The Honourable Nicola Roxon was appointed Chairman of APESB in June 2014. Since that time she has developed her career as a Non-Executive Director and serves in this capacity on various not-for-profit, listed and unlisted boards. Nicola is Chairman of HESTA, and a Non-Executive Director of Dexus Funds Management Ltd and Lifestyle Communities Ltd. Nicola became Australia's first female Attorney-General in 2011 after serving as Health Minister and a Member of Parliament since 1998. Nicola holds a BA/LLB (first-class honours) from Melbourne University and is a Graduate Member of the Australian Institute of Company Directors. Nicola is a well-known public speaker nationally and internationally.

*Date of Appointment: 1 June 2014*

*Date of Retirement: 31 December 2018*

---

### Kevin Osborn

Mr Kevin Osborn has worked in international financial markets where he held various global senior management positions with the USA's then fourth largest Banking Corporation, Bank One, which is now part of J P Morgan Chase. He was also a former Non-Executive Director of Calgary-based Viterra and the Deputy Chairman of Bendigo and Adelaide Bank.

Kevin is a Foundation Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Public Accountants.

Kevin is Chairman of VUCA Pty Ltd; Beerenberg Farm Advisory Board, Fisher Graham Pty Limited and

Deputy Chairman of Port Adelaide Football Club. Kevin is a Director of Pateka Pty Ltd which consults to Australian and International clients, and he is a Director of Nut Producers Australia Pty Ltd.

*Date of Appointment: 18 March 2013*

---

### John Cahill

Mr. John Cahill has extensive knowledge and diverse experience in the areas of finance, treasury, accounting and risk management. John has worked in senior executive positions for both government-owned corporations and publicly listed entities, predominately in the energy industry. John is a Non-Executive Director at ECU Holdings Pty Ltd. John's past roles include being Chief Executive Officer of Alinta Infrastructure Holdings, Chief Financial Officer of Alinta Ltd, a Non-Executive Director of Emeco Holdings Ltd and Toro Energy Ltd. He is a past President and Chairman, and also a Fellow and life member of CPA Australia.

*Date of Appointment: 1 February 2014*

---

### Craig Farrow

Mr Craig Farrow is the Chairman and a Partner of Brentnalls SA and is a past President of the Institute of Chartered Accountants Australia (ICAA). Craig played a pivotal role in ICAA's historic merger with the New Zealand Institute of Chartered Accountants as the Executive Chair of the merger project that led to the creation of Chartered Accountants Australia and New Zealand.

Craig is a Fellow of both the Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management (AIM). He is also a certified practicing manager and holds a Diploma of Financial Services.

Craig is the Chairman of Australian Independent Rural Retailers; BSA Advisors Pty Ltd; Carlisle Health Pty

Ltd; GM Hotels Group Ltd; Centre State Exports Group and Doctor's Health SA. He is also a Non-Executive Director of Australian Technology Innovators Pty Ltd and Country and Outback Health SA.

*Date of Appointment: 10 February 2015*

---

### Claire Mackay

Ms Claire Mackay is a Principal and Head of Advice at Quantum Financial, a leading independent financial planning firm. Previously, Claire worked in structured tax at PwC and Macquarie Bank and she was an industry nominated Panel Adjudicator for the Financial Ombudsman Service.

Claire is admitted to the NSW Supreme Court; she holds a Bachelor of Commerce and a Bachelor of Law from Macquarie University and a Masters of Law from Sydney University. Claire is a qualified Chartered Accountant (SMSF and Financial Planning Specialist), a Certified Financial Planner, a Chartered Tax Advisor and a Graduate Member of the Australian Institute of Company Directors. Claire is a Director of the recently established Australian Financial Complaints Authority.

Claire is a member of the Finance Audit and Compliance Committee of Surf Life Saving NSW and the Professional Standards and Conduct Committee at the Financial Planning Association. She sits on the RMIT's Program Advisory Committee for the School of Accounting. Claire has previously been a member of ASIC's External Advisory Panel and the ATO's Superannuation Industry Relationship Network; and sat on the Advisory Board of Professional Planner.

*Date of Appointment: 1 July 2016*

---

### Brian Morris

Mr Brian Morris is the Principal of Morris Forensic, a specialist forensic accounting practice. Over the years, Brian has served on a variety of board and committee positions.

From 1983 to 2014 he was a partner at Edward Marshall, specialising in audit, forensic accounting, valuations and management consulting services. He was also the firm's managing partner and chairman of partners at various times.

Brian is a Fellow of both the Chartered Accountants Australia and New Zealand and CPA Australia and a Member of the Australian Institute of Company Directors.

Brian is a member of the Audit Committee of the Art Gallery of South Australia and the editorial committee of the Australian Accounting Review. Brian is also the Chair of the Audit & Risk Committee of the Courts Administrative Authority.

*Date of appointment: 1 January 2019*

---

### Rachel Grimes

Ms Rachel Grimes is Westpac's Chief Financial Officer Technology, Finance Strategy, Transformation and Programs. Rachel is the immediate past President of the International Federation of Accountants (IFAC) (2016-2018) and prior to her international appointment, she was co-lead of the merger between Westpac and St George. She is a strong advocate for Diversity and Inclusion in the workplace and was a finalist in Westpac's internal Women of Influence Awards Inclusion & Diversity category from 2013 – 2015.

Rachel is a Fellow of the Institute of Public Accountants, Chartered Accountants Australia and New Zealand and CPA Australia. Rachel is the Chair of the Finance and Risk Committee of Surfing Australia and a Member of Loreto Ministries Committee.

*Date of appointment: 1 February 2019*

---

### Penny Egan

Ms Penny Egan is the Chief Executive Officer of Cancer Council Tasmania. She is the Chair of the Compliance Advisory Panel of the International Federation of Accountants (IFAC). Her previous positions include

Board Director and President of CPA Australia, Director of Softwood Tasmania and Director of Newwood Holdings Pty Ltd. Penny has worked in senior management roles across several Tasmanian government organisations, including as Chief Financial Officer with the Department of Health and Human Services and Forestry Tasmania. Penny is a Fellow of CPA Australia and a Graduate Member of the Australian Institute of Company Directors.

*Date of Appointment: 21 April 2016*

*Date of Retirement: 31 December 2018*

### Chief Executive Officer & Company Secretary

#### Channa Wijesinghe

Mr Channa Wijesinghe is the Chief Executive Officer and Company Secretary of APESB. He is a Fellow of Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Chartered Secretaries and Administrators. Channa joined the APESB in January 2007. He is the founding Technical Director of the APESB and subsequently appointed as the CEO in 2016. He manages the implementation of the Board's strategy, national and international stakeholder engagement, operations and technical work program.

### 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, five directors' meetings were held.

Director	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Nancy Milne	2	2
Nicola Roxon	3	3
Kevin Osborn	5	5
John Cahill	5	5
Penny Egan	3	2
Craig Farrow	5	5
Rachel Grimes	2	2
Claire Mackay	5	5
Brian Morris	2	2

### 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 out-standings and obligations of the company. At 30 June 2019 the number of members was 3 (2018: 3 members).

### Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2019 has been received and can be found in the directors' report on page 22.

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



Nancy Milne OAM  
Chairman

10 October 2019

# Financial Statements



ShineWing Australia  
Accountants and Advisors  
Level 10, 530 Collins Street  
Melbourne VIC 3000  
T +61 3 8635 1800  
F +61 3 8102 3400  
[shinewing.com.au](http://shinewing.com.au)

## Auditor's Independence Declaration

### 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 2019 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012*, in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants

**Hayley Underwood**  
Partner

Melbourne, 10 October 2019



# Directors' Declaration

The directors of the company declare that:

- (1) The financial statements and notes as set out on pages 24 to 42 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - (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 *Australian Charities and Not-for-profits Commission Regulation 2013*; and
  - (b) give a true and fair view of the financial position as at 30 June 2019 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 with a resolution of the Board of Directors and subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Nancy Milne OAM  
Chairman

10 October 2019

# Statement of Comprehensive Income

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	2	1,476,150	1,449,999
Other income	2	22,575	20,422
Employee costs, directors fees and contractors		(937,399)	(909,196)
Employee benefits expense	3	(44,841)	(49,932)
Rent		(62,600)	(59,539)
Board meeting costs		(61,809)	(53,253)
Conferences and events		(64,767)	(36,665)
Taskforce meeting costs		(4,317)	(7,130)
Consulting fees		(43,841)	(19,500)
Depreciation and amortisation	3	(25,714)	(27,291)
Finance charges		(3,680)	(6,743)
Accounting and legal fees		(28,847)	(45,088)
Cleaning and outgoings		(32,240)	(32,397)
Information technology support and development		(33,378)	(28,608)
Marketing		(37,963)	(40,066)
Insurance		(11,623)	(11,111)
Postage, printing and stationary		(13,959)	(13,529)
Communications		(12,681)	(13,010)
Gain on sale of assets		100	-
Other expenses		(30,812)	(28,509)
<b>Surplus before income tax</b>		48,354	88,854
Income tax expense	1(i)	-	-
<b>Surplus after income tax</b>		48,354	88,854
<b>Surplus for the financial year</b>		48,354	88,854
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		48,354	88,854

*The accompanying notes form part of these financial statements*

# Statement of Financial Position

as at 30 June 2019

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash	4,15(a)	391,069	377,100
Financial Assets	5	918,910	897,304
Other assets	6	32,595	32,366
<b>Total Current Assets</b>		<b>1,342,574</b>	<b>1,306,770</b>
<b>Non-Current Assets</b>			
Financial assets	5	42,383	42,383
Property, plant and equipment	7	97,994	118,084
<b>Total Non-Current Assets</b>		<b>140,377</b>	<b>160,467</b>
<b>Total Assets</b>		<b>1,482,951</b>	<b>1,467,237</b>
<b>Current Liabilities</b>			
Trade and other payables	8	89,247	103,155
Provisions	9	93,060	95,813
<b>Total Current Liabilities</b>		<b>182,307</b>	<b>198,968</b>
<b>Non-Current Liabilities</b>			
Other payables	8	87,229	105,648
Provisions	9	3,611	1,171
<b>Total Non-Current Liabilities</b>		<b>90,840</b>	<b>106,819</b>
<b>Total Liabilities</b>		<b>273,147</b>	<b>305,787</b>
<b>Net Assets</b>		<b>1,209,804</b>	<b>1,161,450</b>
Accumulated surplus		1,209,804	1,161,450
<b>Total Equity</b>		<b>1,209,804</b>	<b>1,161,450</b>

*The accompanying notes form part of these financial statements*

# Statement of Changes in Equity

for the year ended 30 June 2019

	Accumulated Surplus \$
Balance at 1 July 2017	1,072,596
Net surplus for the financial year	88,854
Other comprehensive income for the year	-
<b>Balance at 30 June 2018</b>	<b>1,161,450</b>
Balance at 1 July 2018	1,161,450
Net surplus for the financial year	48,354
Other comprehensive income for the year	-
<b>Balance at 30 June 2019</b>	<b>1,209,804</b>

*The accompanying notes form part of these financial statements*

# Statement of Cash Flows

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Professional Bodies		1,623,765	1,594,999
Receipts from other operating activities		-	-
Payments to suppliers and employees		(1,605,986)	(1,483,677)
Interest received		23,320	16,739
Net cash generated by operating activities	15(b)	41,099	128,061
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of plant and equipment		100	-
Payments for property, plant and equipment		(5,624)	(5,943)
Net cash used in investing activities		(5,524)	(5,943)
<b>Cash Flows from Financing Activities</b>			
Net cash used in financing activities		-	-
<b>Net Increase in Cash and Cash Equivalents</b>		35,575	122,118
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		1,316,787	1,194,669
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	15(a)	1,352,362	1,316,787

*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
Financial Assets	5
Other Assets	6
Property, Plant and Equipment	7
Trade and Other Payables	8
Provisions	9
Leasing Commitments	10
Contingent Liabilities	11
Events After the Reporting Period	12
Key Management Personnel Compensation	13
Related Party Transactions	14
Cash Flow Information	15
Financial Risk Management	16
Capital Management	17
Members' Guarantee	18
Company Details	19

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 19. The financial report was authorised for issue on 10 October 2019 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 the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Australian Accounting Standards set out accounting policies that the 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 except for cash flow information 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.

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

### New Standards adopted as at 1 July 2018

AASB 9 Financial Instruments became mandatorily effective on 1 July 2018. Accordingly, this standard applies for the first time to this set of financial statements. The nature and effect of changes arising from this standard is summarised in the section below.

AASB 9 Financial Instruments replaces AASB 139 'Financial Instruments: Recognition and Measurement'. The new Standard makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Company's adoption of AASB 9 has not had a material effect on the Company. The Company has changed its financial instruments accounting policies please refer to Note 1(d).

Financial instrument as at 30/6/18	AASB 139 measurement	AASB 9 classification	Carrying amount as at 30/6/18 under AASB 139	Carrying amount as at 1/7/18 under AASB 9
Financial assets	Amortised cost	Amortised cost	\$939,687	\$939,687
Trade and other payables	Amortised cost	Amortised cost	\$208,803	\$208,803

## Accounting Policies

### (a) Revenue

Revenue primarily consists of subscriptions paid by the Professional Accounting Bodies (Chartered Accountants Australia and New Zealand, 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 an invoice is raised and it is receivable.

#### Interest revenue

Revenue is recognised as interest accrues, using the effective interest rate method.

### (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	14.29% - 20%
Lease assets	10%
Furniture	20%
Computer equipment	25% - 50%
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 - Accounting Policy applicable from 1 July 2018

#### Financial assets measured at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Refer to Note 1 "New Standards adopted as at 1 July 2018" for the impact on the adoption of AASB 9.

#### Interest

Interest revenue is recognised using the effective interest rate method by applying the effective interest rate to the gross carrying amount of a financial asset. When applying the effective interest rate method, fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value

being recognised in profit or loss. In those cases, the fees are recognised as revenue or expense when the instrument is initially recognised.

#### Impairment of financial assets

Impairment of financial assets is recognised in the form of a loss allowance for expected credit losses. The loss allowance is measured as a lifetime expected credit loss if, at the reporting date, the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is measured at an amount equal to the 12-month expected credit losses if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.

The company determines whether there has been a significant increase in credit risk since initial recognition by comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition using reasonable and supportable information, unless the financial instrument is determined to have low credit risk at the reporting date.

Changes in expected credit losses from the previous reporting period are recognised in profit or loss as an impairment gain or loss. Expected credit losses are measured with reference to the maximum contractual period and reflect:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

No impairment on financial assets was recognised during the year ended 30 June 2019.

**Accounting Policy applicable to comparative period - 30 June 2018**

**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 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.

**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 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 wholly 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, bank deposits held at-call, 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) Comparative Figures**

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

**(m) 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.

**(n) Economic Dependency**

APESB is dependent on the Professional Accounting Bodies (CPA Australia, Chartered Accountants Australia & New Zealand 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 Chartered Accountants Australia and New Zealand, 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 Accounting Bodies will not continue to support APESB.

**(o) 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:

These standards have not impacted the company's financial statements.

- **AASB 16: Leases**

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets.

AASB 16 applies to the company for annual periods beginning on or after 1 January 2019. The directors expect that the adoption of AASB 16 will result in a right of use asset and a lease liability being recognised on balance sheet and

a change in how related expenses are incurred. APESB is tenant under its office lease. It is expected that the office lease commitments of approximately \$548,607 will be recognised on the balance sheet on 30 June 2020 as a right of use asset and a lease liability and that annual rental of approximately \$86,536 will be reclassified from occupancy costs to depreciation and interest for the year ended 30 June 2020.

- **AASB 1058:** Income of Not-for-Profit Entities and AASB 15: Revenue from Contracts with Customers

AASB 15 will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

AASB 1058 Income of Not-For-Profit Entities (effective for annual reporting periods beginning on or after 1 January 2019) clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2019). The revenue of the company is derived from contributions from members and interest income; and therefore APESB do not consider these standards will have a material impact on transition.

- **AASB 2018-8** Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019)

These Standards amend AASB 1, AASB 16, AASB 117, AASB 1049 and AASB 1058 to provide a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases.

AASB 2018-8 applies to the company for annual periods beginning on or after 1 January 2019. This standard is not expected to have a material impact on the financial statements of APESB, as no leases are considered to be likely to have significantly below-market terms and conditions as of the applicable date.

**Note 2: Revenue**

	2019 \$	2018 \$
<b>Revenue from Professional Bodies</b>		
Operating revenue	1,476,150	1,449,999
Total Revenue	1,476,150	1,449,999
<b>Other Income</b>		
Bank deposits interest revenue	22,575	20,422
Total Other Income	22,575	20,422
<b>Total Revenue and Other Income</b>	<b>1,498,725</b>	<b>1,470,421</b>

**Note 3: Surplus for the Year**

	2019 \$	2018 \$
<b>Expenses</b>		
Depreciation and Amortisation		
— Leasehold improvements	19,512	17,039
— Furniture	2,130	4,603
— Computer equipment	2,938	4,519
— Office equipment	1,134	1,130
Total Depreciation and Amortisation	25,714	27,291
Employee Benefits Expense		
— Annual leave	37,068	38,887
— Long service leave	7,773	11,045
Total Employee Benefits Expense	44,841	49,932
Auditor's Remuneration		
— Audit services	14,033	14,000
— Other services	-	15,000
Total Auditor's Remuneration	14,033	29,000
<b>b. Other Revenue and Expenses</b>		
Property, Plant and Equipment Gain on disposals	100	-

**Note 4: Cash and Cash Equivalents**

	2019 \$	2018 \$
<b>Current</b>		
Cash at bank	390,969	377,050
Cash on hand	100	50
	391,069	377,100

**Note 5: Financial Assets**

	2019 \$	2018 \$
<b>Current</b>		
Term deposits	918,910	897,304
<b>Non-Current</b>		
Security deposits	42,383	42,383
	961,293	939,687

**Note 6: Other Assets**

	2019 \$	2018 \$
<b>Current</b>		
Accrued interest	6,570	7,315
Prepayments and deposits	26,025	25,051
	32,595	32,366

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.

## Note 7: Property, Plant and Equipment

	Leasehold Improvements \$	Furniture \$	Computer Equipment \$	Office Equipment \$	Total \$
<b>Gross Carrying Amount</b>					
<b>Balance at 1 July 2018</b>	142,164	27,080	28,532	10,125	207,901
Additions	-	-	5,624	-	5,624
Disposals	-	-	(6,400)	(723)	(7,123)
<b>Balance at 30 June 2019</b>	142,164	27,080	27,756	9,402	206,402
<b>Accumulated Depreciation</b>					
<b>Balance at 1 July 2018</b>	(34,050)	(24,950)	(23,680)	(7,137)	(89,817)
Depreciation and amortisation expense	(19,512)	(2,130)	(2,938)	(1,134)	(25,714)
Eliminated on disposal of assets	-	-	6,400	723	7,123
<b>Balance at 30 June 2019</b>	(53,562)	(27,080)	(20,218)	(7,548)	(108,408)
<b>Net Book Value</b>					
<b>As at 1 July 2018</b>	108,114	6,733	4,852	2,988	118,084
<b>As at 30 June 2019</b>	88,602	-	7,538	1,854	97,994

### Gross Carrying Amount

<b>Balance at 1 July 2017</b>	142,164	27,080	25,309	7,405	201,958
Additions	-	-	3,223	2,720	5,943
Disposals	-	-	-	-	-
<b>Balance at 30 June 2018</b>	142,164	27,080	28,532	10,125	207,901

### Accumulated Depreciation

<b>Balance at 1 July 2017</b>	(17,011)	(20,347)	(19,161)	(6,007)	(62,526)
Depreciation and amortisation expense	(17,039)	(4,603)	(4,519)	(1,130)	(27,291)
Eliminated on disposal of assets	-	-	-	-	-
<b>Balance at 30 June 2018</b>	(34,050)	(24,950)	(23,680)	(7,137)	(89,817)
<b>Net Book Value</b>					
<b>As at 1 July 2017</b>	125,153	6,733	6,148	1,398	139,432
<b>As at 30 June 2018</b>	108,114	2,130	4,852	2,988	118,084

**Note 8: Trade and Other Payables**

	2019 \$	2018 \$
<b>Current</b>		
Trade payables	9,858	19,825
Other payables	342	3,555
Goods and services tax payable	26,777	23,452
Lease incentive	22,099	22,099
PAYG payable	21,171	20,224
Audit fees payable	9,000	14,000
	89,247	103,155
<b>Non-Current</b>		
Rent payable	19,090	15,410
Lease incentive	68,139	90,238
	87,229	105,648
	176,476	208,803

**Note 9: Provisions**

	2019 \$	2018 \$
<b>Current</b>		
Annual leave provision	33,292	41,378
Long service leave provision	59,768	54,435
	93,060	95,813
<b>Non-Current</b>		
Long service leave provision	3,611	1,171
	3,611	1,171
	96,671	96,984
<b>Movement in Provisions</b>	<b>Annual Leave Provision \$</b>	<b>Long Service Leave Provision \$</b>
Opening Balance at 1 July 2017	44,944	44,561
Additional provisions recognised	38,887	11,045
Reductions arising from payments	(42,453)	-
Closing Balance at 30 June 2018	41,378	55,606
Opening Balance at 1 July 2018	41,378	55,606
Additional provisions recognised	37,068	7,773
Reductions arising from payments	(45,154)	-
Closing Balance at 30 June 2019	33,292	63,379

## Note 10: Leasing Commitments

### Leasing Arrangements

The company has operating leases relating to office facilities.

The office facilities lease for Level 11 at 99 William Street, Melbourne, Victoria, 3000, is for an initial term of seven years which expires on 31 July 2023. Thereafter there is an option for the company to extend the lease for a further period of three years. The commencing rent is \$78,925 per annum with an agreed rental increase of 3.75% on each anniversary of commencement.

### Non-Cancellable Operating Lease Commitments

	2019 \$	2018 \$
Not longer than 1 year	87,876	84,699
Longer than 1 year and not longer than 5 years	292,101	371,774
Greater than 5 years	-	8,203
	379,977	464,676

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

	2019 \$	2018 \$
Non-current liability	19,090	15,410
	19,090	15,410

## Note 11: Contingent Liabilities

The directors are not aware of any material contingent liabilities as at 30 June 2019 (2018: Nil).

## Note 12: 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 future financial years.

### Note 13: Key Management Personnel Compensation

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

	2019 \$	2018 \$
Short-term employee benefits <sup>1</sup>	566,277	559,959
Post-employment benefits <sup>2</sup>	53,796	49,035
Other long-term benefits <sup>3</sup>	5,333	5,668
	625,406	614,662

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

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

<sup>3</sup> Includes long-service leave provided during the year, not paid (inc on costs).

Aggregate compensation paid to directors and other key management personnel of the company is comprised of the following amounts:

	Number	2019 \$	Number	2018 \$
Chairman <sup>1</sup>	2	97,222	1	97,222
Directors	7	237,250	5	219,000
Chief Executive Officer	1	290,934	1	298,440
	10	625,406	7	614,662

<sup>1</sup> Chairman compensation represents aggregate amounts paid to The Hon. Nicola Roxon (retired 31/12/18) and Nancy Milne OAM (appointed 1/1/19).

### Note 14: 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 13.

#### (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 other transactions with key management personnel or their related entities, with the exception of the matter noted below.

Mr Craig Farrow was a non-executive Director of APESB and was a Director of Vocus Group Ltd until early March 2018. APESB engages Vocus Group Ltd to provide telephone and internet services to the company under normal commercial terms and conditions. Payments made to Vocus Group Ltd during the period Mr. Farrow was a Director are considered related party transactions with total payments as follows.

	2019 \$	2018 \$
Telephone and Internet Services	-	6,471
	-	6,471



## Notes to the Financial Statements

### (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:

	2019 \$	2018 \$
Chartered Accountants Australia and New Zealand	492,050	483,333
CPA Australia	492,050	483,333
Institute of Public Accountants	492,050	483,333
	1,476,150	1,449,999

## Note 15: Cash Flow Information

### (a) Reconciliation of Cash

	2019 \$	2018 \$
<b>Current</b>		
Cash at bank	390,969	377,050
Cash on hand	100	50
	391,069	377,100
Cash at the end of the financial year as shown in the Statement of Cashflows is reconciled in the Statement of Financial Position as follows:		
Cash and cash equivalents	391,069	377,100
Term Deposits	918,910	897,304
Security deposit	42,383	42,383
	1,352,362	1,316,787

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

	2019 \$	2018 \$
Surplus for the year	48,354	88,854
<i>Non-Cash Flows:</i>		
Depreciation and amortisation expense	25,714	27,291
(Gain)/Loss on disposal	(100)	-
<b>Movement in Working Capital</b>		
(Increase)/Decrease in receivables	(229)	2,119
Increase/(Decrease) in trade and other payables	(32,327)	2,318
Increase/(Decrease) in provisions	(313)	7,479
Net cash from operating activities	41,099	128,061

## Note 16: 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 2019.

### 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	
2019	2018	2019	2018	2019		2018		2019	2018	2019	2018
				<1 year	>1 year	<1 year	>1 year				
%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

#### Financial Assets

Cash and cash equivalents	-	-	-	-	391,069	-	377,100	-	-	-	391,069	377,100
Term deposits and security deposits	1.61	1.49	-	-	918,910	-	897,304	-	-	-	918,910	897,304
Other receivables	-	-	-	-	42,383	-	42,383	-	6,570	7,315	48,953	49,698
<b>Total Financial Assets</b>	<b>1.61</b>	<b>1.49</b>	<b>-</b>	<b>-</b>	<b>1,352,362</b>	<b>-</b>	<b>1,316,787</b>	<b>-</b>	<b>6,570</b>	<b>7,315</b>	<b>1,358,932</b>	<b>1,324,102</b>

#### Financial Liabilities

Trade payables	-	-	-	-	-	-	-	-	108,337	118,565	108,337	118,565
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,337</b>	<b>118,565</b>	<b>108,337</b>	<b>118,565</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 2019</b>		
+2% in interest rates	24,510	24,510
-2% in interest rates	(19,325)	(19,325)
<b>Year Ended 30 June 2018</b>		
+2% in interest rates	23,548	23,548
-2% in interest rates	(18,978)	(18,978)

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.

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:

	30 June 2019	
	Carrying Amount \$	Net Fair Value \$
Financial assets	1,358,932	1,358,932
Financial liabilities	108,337	108,337
	30 June 2018	
	Carrying Amount \$	Net Fair Value \$
Financial assets	1,324,102	1,324,102
Financial liabilities	118,565	118,565

---

**Note 17:  
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 total assets, net of total liabilities.

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 18:  
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 2019 the number of members was 3 (2018: 3 members).

---

**Note 19: Company Details**

The registered office and principal place of business of the company is Level 11, 99 William Street, Melbourne, Victoria, 3000.

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

### *Opinion*

We have audited the financial report of Accounting Professional and Ethical Standards Board Limited ("the Company") which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### *Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors 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 the Australian Accounting Standards and the *Australian Charities and Not-for-profits*

Commission Act 2012 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 preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit 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 Company's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Hayley Underwood".

Hayley Underwood  
Partner

Melbourne, 10 October 2019

**Accounting Professional & Ethical Standards Board**

Level 11, 99 William 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)

