

**Accounting  
Professional &  
Ethical Standards  
Board Limited**

ACN 118 227 259

**Annual Report**

for the year ended  
30 June 2020





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## **Vision:**

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

## **Statement of Purpose:**

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

## **Values:**

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

# Key Achievements and Highlights for 2019 – 2020

## In 2019-20, the Board:

- Completed the project of revising the entire suite of APESB pronouncements to align with the restructured *Code of Ethics for Professional Accountants (including Independence Standards)*
- Issued submissions to the Parliamentary Joint Committee Inquiry into Regulation of Auditing in Australia
- Published the revised *Independence Guide – Fifth Edition* in collaboration with CA ANZ, CPA Australia and IPA
- Developed a new website and mobile apps for enhanced communication with stakeholders
- Continued raising awareness of standards and ethics through articles, presentations, webinars and other outreach events.

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

## Standards

- Revised fourteen Standards to align with the restructured *Code of Ethics for Professional Accountants (including Independence Standards)*
- Revised six Guidance Notes to align with the restructured *Code of Ethics for Professional Accountants (including Independence Standards)*

- Publication of *The Independence Guide – Fifth Edition* in collaboration with CA ANZ, CPA Australia and IPA
- Publication of resources on APESB 110 Public Interest Entity (PIE) Prohibitions and Technical Staff Q&As on Audit Partner rotation requirements
- Issue of three exposure drafts relating to several APESB pronouncements
- Issue of a Consultation Paper *Review of APES 230 Financial Planning Services*

## Engagement

- Hosted a roundtable event to stakeholders in Sydney in relation to the Parliamentary Joint Committee (PJC) Inquiry into Regulation of Auditing in Australia with an update from IESBA Board Member, Mr Ian McPhee AO PSM
- Presented a Q&A video with IESBA Board Member, Sylvie Soulier, on IESBA exposure drafts and projects
- APESB collaborated with the IESBA and conducted two online Zoom roundtable events for stakeholders in April 2020 during the COVID-19 pandemic on the IESBA's exposure drafts on Non-assurance Services and Fees
- Presented at conferences, forums and webinar events of CA ANZ, CPA Australia and IPA on the restructured Code of Ethics and other professional standards related matters
- Developed a new website and mobile app to provide stakeholders improved access to the professional standards

- Two taskforces have been convened for the following services:
  - Insolvency Services
  - Financial Planning Services

## Influence

### International developments

- Five international submissions to the IESBA on proposed revisions to the International Code and a submission to the IAASB on the proposed International Quality Management Standards
- Attendance at the annual IESBA National Standard Setters Group meeting in May 2020, which was held virtually due to the COVID-19 pandemic
- APESB is on the IESBA COVID-19 National Standards Setters Taskforce, which led to the development of the first-ever APESB/IESBA joint publication to assist professional accountants in applying the Code's conceptual framework when facing circumstances created by the COVID-19 pandemic in respect of Taxation and Valuation Services.
- Hosted IAASB Chair, Mr Tom Seidenstein, who presented to the Board on key IAASB developments at the March 2020 APESB meeting
- Continued engagement with NZAuASB on Trans-Tasman matters of mutual interest

**National developments**

- Three submissions to the PJC Inquiry into Audit Regulation in Australia
- Appeared before the PJC Inquiry into Audit Regulation in Australia hearing in Canberra in February 2020
- One national submission to Treasury on proposed draft legislation on ongoing fee arrangements and disclosure of lack of independence
- Collaboration with AUASB, ASIC, ATO, ACNC and the FRC and other stakeholders on projects of mutual interest



**Outreach**

- Collaborated with RMIT University and provided input on an Ethics Game on the restructured Code of Ethics
- Contributed journal articles to Professional Accounting magazines on the revised Code and APESB suite of pronouncements
- Continual publication of our quarterly e-newsletter, *Professionalism*
- Regular social media updates on APESB activities via LinkedIn



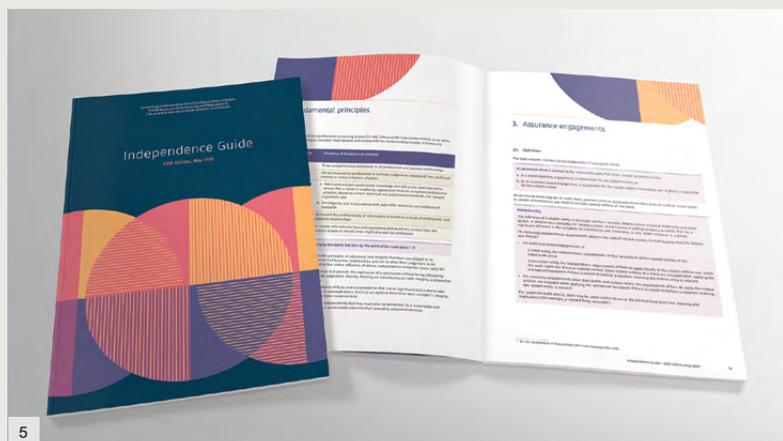
**Key 2019-20 Activities**

APESB Chairman, Nancy Milne and IESBA Board Member, Ian McPhee presented at the APESB Roundtable on the PJC Inquiry into Audit Regulation in Australia.

IESBA-IAASB Liaison Member, Sylvie Soulier and APESB CEO, Channa Wijesinghe recorded a Q&A session on IESBA EDs and projects.

APESB engaged with stakeholders on IESBA exposure drafts via Zoom in April 2020.

APESB in collaboration with the professional bodies developed the 5th edition of the Independence Guide.



1–2. APESB Roundtable on the PJC Inquiry into Audit Regulation – September 2019 3. Q & A on IESBA Projects – January 2020 4. Zoom APESB Roundtable Event on IESBA EDs on NAS & Fees – April 2020 5. Development of the 5th Edition of the Independence Guide – May 2020

Standards	
Revised Standards	14
Revised Guidance Notes	6
Exposure Drafts and Consultation Papers released during the year	4
Number of active Taskforces during 2019-20	2
New resources/guidance publications released	3
Influence	
National submissions	4
International submissions	6
Attendance at IESBA's 12th Annual National Standards Setters meeting May 2020	1
First IESBA COVID-19 NSS Working Group Meeting	10 June 2020
Roundtables on national and international issues	3
Thought leadership statement on Independence	1

Engagement	
Page views on website	Over 95,000
New LinkedIn followers acquired	Over 1,000
LinkedIn updates for the year	47
Articles contributed to professional body publications	3
Media releases on APESB activities	8
Webinars and presentations on APESB pronouncements and current projects	8
Ethics Outreach	
Panels, forums and presentations on ethics and the role of the APESB	3
New website and mobile apps released	4 June 2020

# APESB's 100th Board Meeting (2006 – 2020)

APESB celebrated its 100th Board Meeting in June 2020. Since it was established in 2006, the APESB has developed and maintained a world-class suite of professional & ethical pronouncements in the public interest for the Australian Accounting profession.

The Board thanks the professional accounting bodies, past Board members, staff, taskforce members, the staff of the professional accounting bodies, local and international standards setters, regulators, firms, and other stakeholders for their

contributions over 14 years which have contributed to APESB's journey.

As we celebrate this significant milestone, we look back at the highlights of thought leadership events held over the years.



## APESB 5 Year Anniversary Event, State Library of New South Wales – February 2012

1. Kate Spargo addressing guests 2. Channa Wijesinghe and Jack Flanagan 3. Eva Tsahuridu, Alice McCleary, Denise North and Robyn Erskine 4. David Gonski AC delivering the key note address 5. Left to right: Bob Sendt, Stuart Black AM, Peter Day, Kate Spargo, Harley McHutchison and Cath Mulcare. 6. Suzanne Haddan and Robert Brown AM.



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**Dinner Event with IESBA Chairman  
the late Jörgen Holmquist at the  
Pavilion, Royal Botanic Gardens,  
Sydney – September 2013**

*1. Kate Spargo 2. The late Jörgen Holmquist and  
Stuart Black AM 3. Liz Westover, Ken Siong  
and Amir Ghandar 4. Claire Mackay, Channa  
Wijesinghe and Suzanne Haddan 5. John Cahill  
and Rachel Grimes.*



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**Luncheon Event with Auditor-General of Victoria  
John Doyle, Heritage Ballroom, Westin,  
Sydney – September 2013**

*6. Lee White, Don Thomson and Stuart Black AM.*

**Celebrating a decade of setting professional and ethical standards, RACV Club Melbourne – November 2016**

1. Panel Discussion on Professionalism and Ethics: Current landscape and future challenges: Bill Edge, John Price, Dr Attracta Lagan, Ian McPhee AO PSM and the Hon. Nicola Roxon  
 2. The Hon. Nicola Roxon  
 3. Brendan Halligan, Geoff Crawford and Owain Stone.  
 4. Rozelle Azad, Kevin Stevenson AM, Cath Mulcare and Geoff Crawford  
 5. Channa Wijesinghe, Susan Fraser and Vicki Stylianou  
 6. Left to Right: Peter Docherty, Steve Miklos, Liz Westover, Jim McDonald, Richard Mifsud, Richard Stewart OAM, Dianne Azoor Hughes, Brendan Halligan, Channa Wijesinghe, Jeff Cook, Sonya Sinclair, Suzanne Haddan, Clark Anstis, Robert Brown AM, Justin Reid, Geoff Crawford, Owain Stone and Rob Florence.

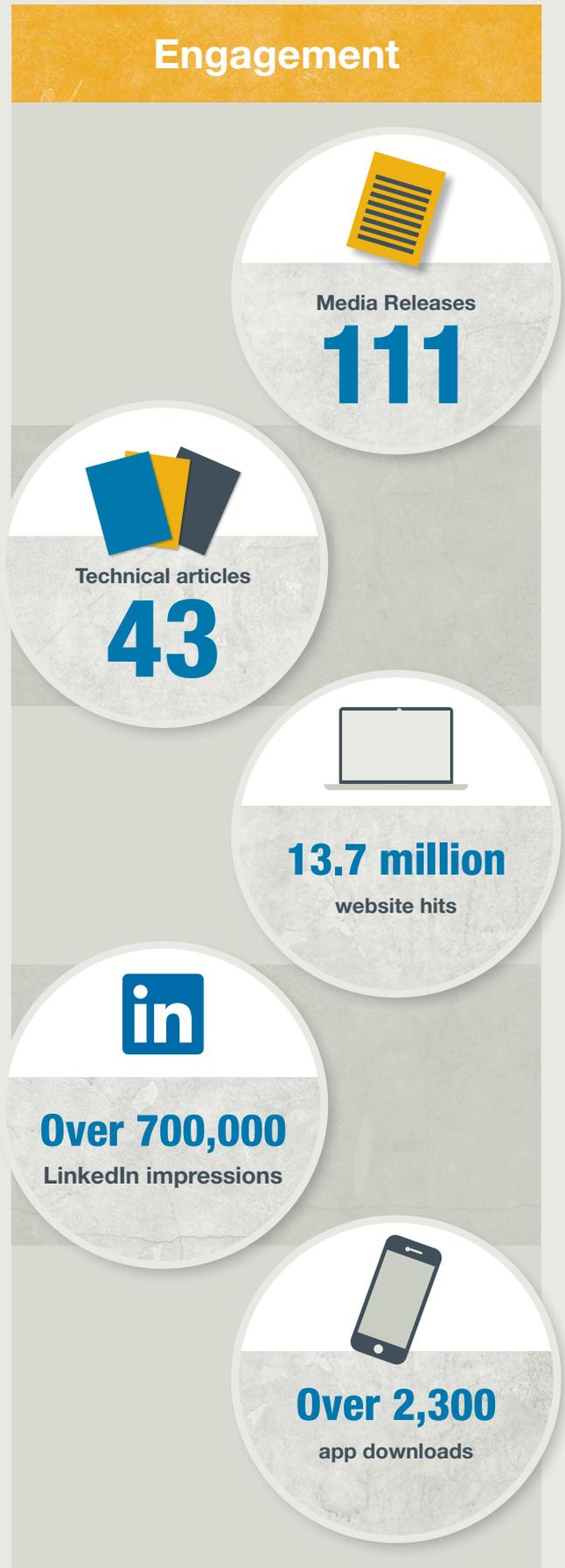


**An evening with IESBA Chairman, Dr Stavros Thomadakis, L'Aqua restaurant Sydney – November 2018**

1. Dr Stavros Thomadakis addressing the guests. 2. The Hon. Nicola Roxon and Dr Stavros Thomadakis during Q&A.  
3. Channa Wijesinghe delivers welcome address. 4. Guests at L'Aqua restaurant. 5. Tom Imbesi, Merran Kelsall and Gary McLean.  
6. Jane Bowen, Craig Farrow, Kristen Wydell, Gary Pflugrath, Jacqueline Maroney, Kate Dixon, Claire Grayston and Jo Haste.



# APESB's 100th Board Meeting – Infographic



## Influence



### National submissions

National Standards Setters, government and regulatory agencies



21

### International submissions

to IESBA, IAASB, IFAC and EU



45

### Annual IESBA National Standards Setters Meetings

12

APESB Board Members who have served concurrently on international boards/committees

4

## Advocacy

Presentations by APESB Board and staff at international and national conferences, CPD events and various stakeholder forums



131

Roundtable events to inform the development of APESB's international submissions



18

6

Major thought leadership events with around 100 guests at each event

# APESB's new dynamic website and mobile app

In June 2020, APESB launched its new-look website and mobile app. The new format provides our stakeholders with a more simplified and informative way to access our pronouncements, current projects and stakeholder engagement activities.

Improvements to the website and mobile app include changes to the structure of the APESB pronouncements page, a new dedicated Consultations & Projects page, and a more visually appealing Events page.

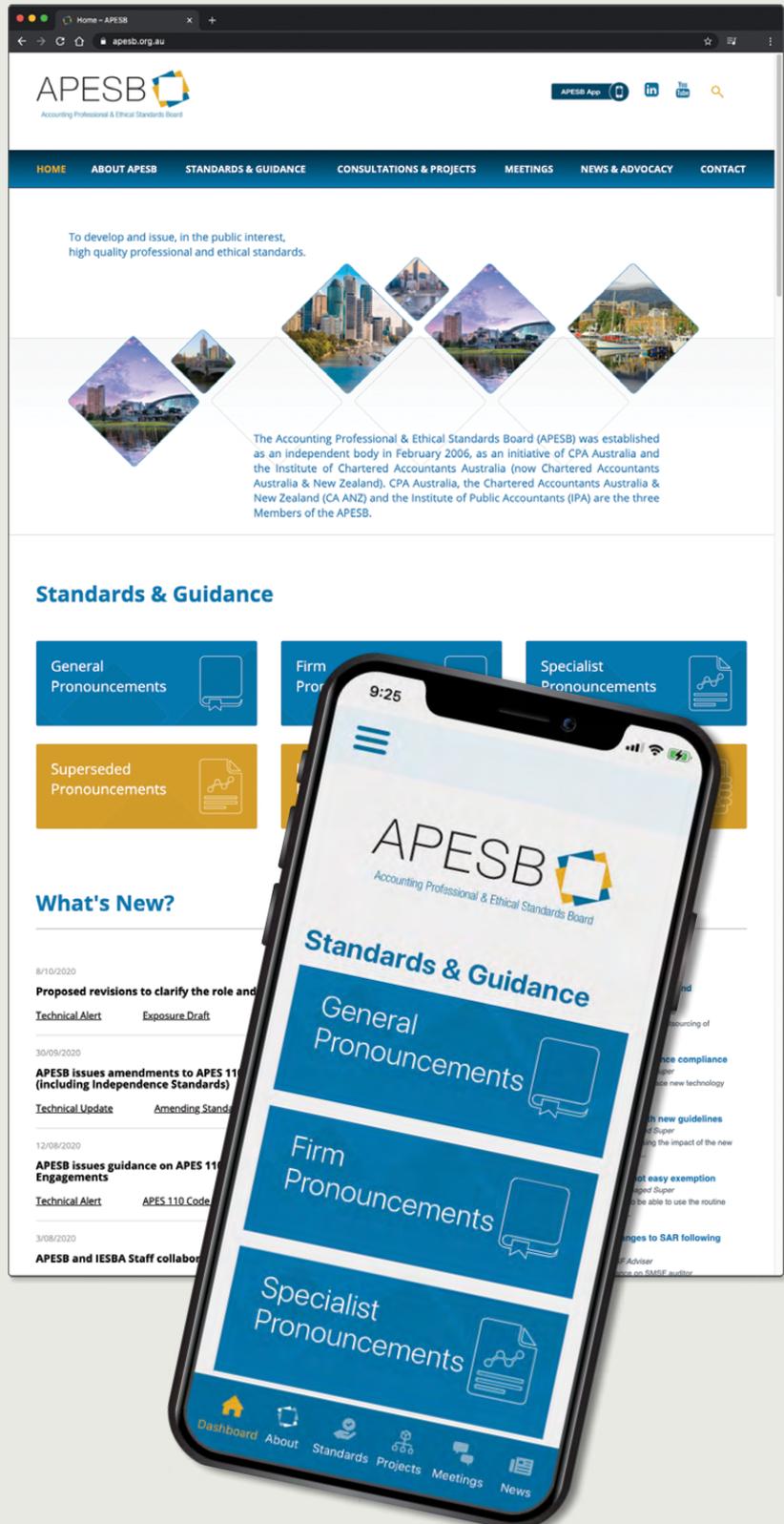
One of the main changes is the formatting and navigation of the Standards & Guidance page on the website as well as the mobile app.

APESB pronouncements are now grouped by category:

- General pronouncements;
- Firm pronouncements; and
- Specialist pronouncements.

The new website has an explanatory introduction for each pronouncement so professional accountants can determine the applicability of the pronouncement to the relevant professional activity they undertake.

The website also features a new Consultations & Projects page which includes information on all current APESB projects and relevant documents.



# Taskforces

for the year ended 30 June 2020

## Insolvency Services

**Channa Wijesinghe**  
APESB (Chairman)

**Robyn Erskine**  
Brooke Bird

**Kim Arnold**  
ARITA

**Julie Williams**  
Insolvency & Turnaround Solutions  
and Institute of Public Accountants

**Stephen Longley**  
PricewaterhouseCoopers

**Natasha McHattan**  
ARITA

**Karen McWilliams**  
Chartered Accountants Australia &  
New Zealand

**Dr John Purcell**  
CPA Australia

## Financial Planning Services

**Channa Wijesinghe**  
APESB (Chairman)

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

**Suzanne Haddan**  
BFG Financial Services

**Bronny Speed**  
Accountants IQ Pty Ltd and Chartered  
Accountants Australia & New Zealand

**Vicki Stylianou**  
Institute of Public Accountants

**Keddie Waller**  
CPA Australia

# Chairman's Report

## I am pleased to share the Board's accomplishments for the period 2019-2020, in what has been an extraordinary time of change due to the COVID-19 global pandemic.

Despite the recent challenges that the pandemic has brought to our lives and the accounting profession, the Board remains focused on its role to issue high quality professional & ethical standards in the public interest to support the Australian accounting profession in these challenging times.

The Parliamentary Joint Committee (PJC) Inquiry into Audit Regulation in Australia was a significant focus for the Board for the 2019-2020 period as APESB contributed three submissions to the Committee. The Board engaged with various stakeholders at a roundtable in Sydney in September 2019 on the Terms of Reference provided by the PJC. I am thankful for stakeholders' insight and feedback, which helped inform our submissions to the Inquiry. The APESB CEO and I were invited to provide evidence at one of the PJC's public hearings in Canberra in February 2020. I wish to thank the Board and the Secretariat for the significant time and effort that went into the various activities associated with this Inquiry during the year.

Given the reported ethical lapses in the business world over the last year, there is a renewed focus and community expectations of professionals' ethical conduct and behaviour. We believe the restructured Code of Ethics, which became effective on 1 January 2020, will play

a key role in regulating accountants who provide services to clients or are employed in organisations in various roles.

Another key achievement for the year was the publication of the *Independence Guide – Fifth Edition*, in collaboration with the three professional bodies: CA ANZ, CPA Australia and IPA. The guide is an invaluable resource for assurance practitioners, which now reflects the restructured Code.

We continued our stakeholder engagement with the Professional Accounting Bodies, accounting firms, standard setters, government, and regulatory bodies, to inform our standard-setting process. During the financial year, APESB's CEO and I presented on APESB's work program and future projects at the Board meetings of the Financial Reporting Council and the Auditing and Assurance Standards Board (AUASB). I am thankful for these opportunities to strengthen our stakeholder relationships.

Internationally, the Board was pleased to welcome the International Auditing and Assurance Standards Board (IAASB) Chair, Mr Tom Seidenstein, to APESB's March 2020 meeting. Mr Seidenstein provided the Board with an update on the IAASB's projects. In April 2020, APESB hosted its first online roundtable to inform Australian stakeholders on the status of the

proposed changes to the international Code in respect of non-assurance services and fees. The feedback from these roundtables was invaluable to APESB's submissions to the IESBA on these proposals. We were joined by IESBA Board member and Chair of Fees Taskforce, Mr Ian McPhee AO PSM.

The CEO and I represented the APESB at the IESBA's twelfth annual National Standard Setters Group meeting, via video conference, held in May 2020. APESB provided feedback from an Australian perspective on IESBA projects on Taxation Services and the definition of Public Interest Entity.

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### APESB's Strategic Direction

APESB is in its final months of the current Strategic Work Plan for 2016-2020. APESB has achieved the majority of its strategic objectives across its strategic pillars, as described in more detail on page 3 of this report.

Key accomplishments during the current strategic period include:

- Revising the APESB Constitution;
- Developing a restructured Code and reissuing the APESB suite of pronouncements to align with the restructured Code;

- Issuing guidance documents such as the Independence Guide, APES 110 Public Interest Entity Prohibitions Summary and Technical Staff Q&As on Audit Partner rotation requirements; and
- Development of a new website and mobile app with improved dynamic features and functionality.

The Board has commenced the process for developing its future strategic plan and I look forward to sharing the details of our future strategy with stakeholders in the near future.

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## APESB's 100th Board Meeting

APESB has reached a unique milestone and celebrated its 100th Board Meeting in June 2020. Over the last 14 years, APESB has developed a world-class suite of professional pronouncements and engaged with a broad range of stakeholders in Australia and overseas who have helped shape and inform the Board's work. The Board could not have achieved what it has to date without all stakeholders' contributions, and we thank them all for their invaluable input.

I take this opportunity to thank the Board and staff for their expertise and engagement in various debates to resolve complex issues facing the accounting profession. I also extend my gratitude to all past Board members, former staff and taskforce members who have contributed to APESB's journey as it celebrates this significant milestone.

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## 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 critical viewpoints to our standard-setting process. We especially acknowledge the attendance of representatives from the Professional Bodies, regulators and other stakeholders who attend the APESB board meetings.

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## Board

I am pleased to welcome our newest Director, Mr Colin Murphy PSM, who commenced his tenure in May 2020. Colin is the former Auditor General of Western Australia and a former Board member of the AUASB. Colin's extensive finance and government experience will make him an invaluable contributor to APESB's governance and standard development activities.

Colin replaces outgoing Director Mr John Cahill, who provided valuable insights from a CFO's perspective to the development of APESB

pronouncements. I thank John for his contribution, dedication and professionalism during his tenure and wish him all the best for the future.

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## 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 COVID-19 Pandemic, the revision of the entire suite of APESB pronouncements, the PJC Audit Inquiry, national and international standard development projects, and the stakeholder engagement activities undertaken by the APESB.

I look forward to engaging with our stakeholders as we enter the COVID normal environment and APESB continues to play a leading role in maintaining and enhancing the professional and ethical standards framework for the accounting profession.



Nancy Milne OAM  
Chairman

20 October 2020

# CEO's Report

APESB's Secretariat has had a productive year in delivering on the Board's Strategic Plan and Technical Work Program in a challenging environment that included dealing with the COVID-19 pandemic. A key milestone for the year was completing the revision of the APESB suite of pronouncements to align with the restructured *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) issued in 2018. This process was a monumental task that resulted in the issue of fourteen standards, six guidance notes and four supporting exposure drafts.

All 21 pronouncements are now published as interactive PDFs with dynamic search and information features that facilitate access and navigation of the pronouncements. I wish to acknowledge the extensive review process undertaken by the APESB Technical team, who engaged with standard-setters, regulators, and government bodies during the revision of the APESB suite of pronouncements to align with the restructured Code.

As noted in the Chairman's Report, the Board made three submissions to the Parliamentary Joint Committee (PJC) Inquiry into Audit Regulation in Australia for the 2019-2020 period. The submissions outlined APESB's role, the importance of professional and ethical standards and the restructured Code. A key focus of the submissions was to raise awareness of the Code's requirements relating to auditors and audits and clarification that the Code of Ethics incorporates specific prohibitions relating to auditor independence.

We continued to support and inform our stakeholders with various guidance publications. The complete rewrite of the *Independence Guide – Fifth Edition* to align with the restructured Code was a successful collaboration between APESB and the three professional bodies, and I thank the professional bodies, regulators, firms and other stakeholders for their invaluable contributions to

this project. Technical Staff also revised the Audit Partner rotation requirements in Australia publication to align with the restructured Code, and issued the APES 110 – *Prohibited Non-assurance Services, Interests Relationships for Auditors of Public Interest Entities (PIEs)*. These resources assist auditors, audit firms, professional accountants, and other stakeholders in implementing the Code.

Internationally, the Board continued to influence the standard-setting projects of the International Ethics Standards Board for Accountants (IESBA) and the International Auditing and Assurance Standards Board (IAASB), with a total of six international submissions. Notably, submissions concerning the exposure drafts on the IESBA's *Proposed Revisions to the Non-assurance Services Provisions of the Code* and the IESBA's *Proposed Revisions to the Fee-related Provisions of the Code* will influence future amendments to the independence provisions of the Code.

In January 2020, we welcomed IESBA Board member, Ms Sylvie Soulier, to the APESB offices in Melbourne, where we filmed a special Q&A interview on IESBA exposure drafts and projects to inform Australian stakeholders. The informal Q&A session was a highlight of the year and provided stakeholders with insight into the IESBA's work plan.

The APESB Secretariat works closely with the professional bodies and seeks stakeholder engagement on the professional and ethical standards. This past year's engagement activities have included webinars, video presentations, roundtables, forums, and the publication of articles in professional body journals. APESB Technical staff also provided input to RMIT University with the development of an Ethics game based on the restructured Code of Ethics. Social media and eNews publications also supported communications promoting the restructured Code.

APESB also developed a new website and mobile apps to provide a more user-friendly layout that features a revised Standards & Guidance page to allow professional accountants to locate pronouncements, and a new Projects page to enable stakeholders to track the work program of the APESB.

APESB Technical Staff continued its consultations with the Insolvency Services and Financial Planning Services Taskforces to gain valuable input regarding current best practice and industry-specific issues. I take this opportunity to thank the taskforce members for their valuable time and expert advice to help the Technical Staff deliver enhanced standards for the Board's consideration.

Technical staff have also commenced a project this year to review the impact of digital technology, artificial intelligence, and innovation on the accounting profession's various services and its impact on professional and ethical standards.

APESB was also invited to be on IESBA's National Standards Setters Taskforce to develop guidance material to assist the global accounting profession deal with the COVID-19 pandemic. It has been my privilege to represent APESB on this international taskforce and its first output was a joint publication with the APESB.

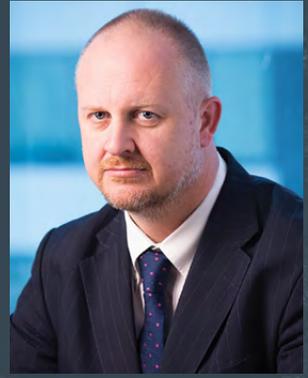
Nationally, APESB provided input to a taskforce convened by the Financial Reporting Council, which dealt with COVID-related matters.

I look forward to reporting on APESB progress as APESB navigates the COVID normal environment and contribute to the professionalism of the accounting profession in Australia's co-regulatory environment.



Channa Wijesinghe  
Chief Executive Officer

20 October 2020



*Directors left to right:  
Ms Nancy Milne OAM (Chairman), Mr Kevin Osborn, Mr John Cahill (Retired 30 April 2020), Mr Craig Farrow, Ms Claire Mackay,  
Mr Brian Morris, Ms Rachel Grimes and Colin Murphy PSM (Appointed 1 May 2020)*



*Staff left to right:  
Mr Channa Wijesinghe (Chief Executive Officer/Company Secretary), Ms Jacinta Hanrahan (Senior Technical Manager),  
Mr Jon Reid (Technical Manager), Ms Anna Brasier (Administration/Communications Officer), Mr Ben Collins (Graduate Accountant)  
Absent: 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 2020. In complying with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*, the directors' report is as follows:

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## 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 develop additional pronouncements as required in the public interest. 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.

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## Results of Operations

The company's operations for the year ended 30 June 2020 resulted in a surplus of \$87,393 (2019: surplus \$48,354).

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## 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.

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## Significant Changes in the State of Affairs

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

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## 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.

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## 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 company's strategic objectives are met.

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## Dividends

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

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## 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.

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## 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.

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### 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 an in-depth knowledge of the regulatory environment within the financial services sector.

Nancy holds a Bachelor of Law from the University of Sydney. 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 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 non-Executive

Director at ALE Property Group Limited and a Director at Pacific Opera. She is a Council Member for the Asbestos Safety and Eradication Agency Council and a Member of the Audit and Risk Committee, NSW Department of Customer Service.

*Date of appointment: 1 January 2019*

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### 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 JP Morgan Chase. He was also a former Non-Executive Director of Calgary-based Viterro 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 and Fisher Graham Pty Limited, and Deputy Chairman of Port Adelaide Football Club. Kevin is a Director of FG Investment Partners Ltd, Nut Producers Australia Pty Ltd and Director at Pateka Pty Ltd, which consults to Australian and International clients. Kevin is also Director at Power Community Limited and Director and Sole Owner at OSADA Pty Ltd.

*Date of appointment: 18 March 2013*

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### John Cahill

Mr. John Cahill has extensive knowledge and diverse experience in 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*

*Date of retirement: 30 April 2020*

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### **Craig Farrow**

Mr Craig Farrow 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 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 BSA Advisors Pty Ltd; Carlisle Health Pty Ltd; Centre State Exports Group; Rural Directions Pty Ltd; SRL Marketing and Doctor's Health SA. He is also a Non-Executive Director of Australian Technology Innovators Pty Ltd; Country and Outback Health SA; Resolution Minerals Ltd and Real Time Data Pty Ltd. He is a consultant for Brentnalls SA Chartered Accountants.

*Date of appointment: 10 February 2015*

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### **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 Australian Financial Complaints Authority, a member of the Finance Audit and Compliance Committee of Surf Life Saving NSW; the Professional Standards and Conduct Committee at the Financial Planning Association, and a member of RMIT's Program Advisory Committee for the School of Accounting.

*Date of appointment: 1 July 2016*

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### **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 Chartered Accountants Australia and New Zealand and CPA Australia and a Member of the Australian Institute of Company Directors.

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

*Date of appointment: 1 January 2019*

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### **Rachel Grimes**

Ms Rachel Grimes is Westpac's Chief Financial Officer Finance. Rachel is the immediate past President of the International Federation of Accountants (IFAC) (2016-2018). 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 the Loreto Ministries Committee.

Rachel is the Director of Sixty Martin Place (Holdings) Pty Ltd; W2 Investments Pty Ltd; Westpac Equity Holdings Pty Ltd; Westpac Financial Holdings Pty Ltd; Westpac Financial Services Group Limited; Westpac Overseas Holdings No. 2 Pty Ltd; Westpac Overseas Holdings Pty Ltd; Westpac Securitisation Holdings Pty Ltd, and Westpac Securitisation Management Pty Ltd.

*Date of appointment: 1 February 2019*

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### **Colin Murphy PSM**

Mr Colin Murphy is the former Auditor General for Western Australia, where he served the Parliament of Western Australia for more than 11 years. Colin is also a past AUASB Board member.

Colin holds a Bachelor of Commerce degree from the University of Western Australia. Colin is a Fellow, former Board member and Past State President of CPA Australia and a Fellow of the Institute of Chartered Accountants in Australia and New Zealand. He is also a Graduate of the Australian Institute of Company Directors and President of the Institute of Public Administration Western Australia. Colin received CPA Australia's President's Award and a Meritorious Service Award and was also awarded the Public Service Medal (PSM) in the 2010 Australia Day Honours.

Colin is a Director of the Winston Churchill Memorial Trust Australia, Wajarri Enterprises Ltd, and an independent Director of Winja Wajarri Barna Limited. He is a Board member of ChemCentre, Western Australia, the Financial Counsellors Association

Western Australia and Scouts WA. He is also a Tribunal Member at Salaries and Allowances Tribunal, Western Australia and a Governing Council Member at Central Regional TAFE WA.

Colin is the Chair of the Audit and Risk Committee, Department of Education Western Australia and the Audit and Risk Committee, Department of Justice Western Australia. He is also a Member of the Audit and Risk Committee, Catholic Education Commission.

*Date of appointment: 1 May 2020*

### 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, seven directors' meetings were held.

Director	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Nancy Milne OAM	7	7
Kevin Osborn	7	7
John Cahill	6	5
Craig Farrow	5*	4
Rachel Grimes	7	7
Claire Mackay	7	7
Brian Morris	7	6
Colin Murphy PSM	1	1

\* Mr Farrow took a leave of absence from the Board for a period between July 2019 to early November 2019; as such, he was only eligible to attend 5 of the 7 Director Meetings held in the 2019-2020 period.

### 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 2020, the number of members was 3 (2019: 3 members).

### Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2020 has been received and can be found in the directors' report on page 23.

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



Nancy Milne OAM  
Chairman

20 October 2020



# Financial Statements

## 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 2020 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*

Hayley Underwood  
Partner

Melbourne, 20 October 2020

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# Directors' Declaration

The directors of the company declare that:

- (1) The financial statements and notes as set out on pages 25 to 43 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 2020 and of the performance for the year ended on that date of the company;
- (2) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Nancy Milne OAM  
Chairman

20 October 2020

# Statement of Comprehensive Income

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	2	1,494,000	1,476,150
Other income	2	125,991	22,575
Employee costs, directors fees and contractors		(1,018,730)	(937,399)
Employee benefits expense	3	(61,482)	(44,841)
Rent		-	(62,600)
Board meeting costs		(24,940)	(61,809)
Conferences and events		(13,352)	(64,767)
Taskforce meeting costs		(3,441)	(4,317)
Consulting fees		-	(43,841)
Depreciation and amortisation	3	(91,844)	(25,714)
Finance charges		(1,319)	(3,680)
Accounting and legal fees		(39,696)	(28,847)
Cleaning and outgoings		(32,452)	(32,240)
Information technology support and development		(28,079)	(33,378)
Marketing		(34,912)	(37,963)
Insurance		(12,124)	(11,623)
Postage, printing and stationary		(14,871)	(13,959)
Communications		(12,184)	(12,681)
Independence guide development costs	3	(48,655)	-
Website and app development costs		(64,773)	-
Gain on sale of assets	3	-	100
Other expenses		(29,744)	(30,812)
<b>Surplus before income tax</b>		<b>87,393</b>	<b>48,354</b>
Income tax expense	1(i)	-	-
<b>Surplus after income tax</b>		<b>87,393</b>	<b>48,354</b>
<b>Surplus for the financial year</b>		<b>87,393</b>	<b>48,354</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>87,393</b>	<b>48,354</b>

The accompanying notes form part of these financial statements

# Statement of Financial Position

as at 30 June 2020

	Note	2020 \$	2019 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash	4,15(a)	465,322	391,069
Financial Assets	5	939,777	918,910
Other assets	6	74,528	32,595
<b>Total Current Assets</b>		<b>1,479,627</b>	<b>1,342,574</b>
<b>Non-Current Assets</b>			
Financial assets	5	42,383	42,383
Property, plant and equipment	7	80,055	97,994
Right of use assets	8	202,029	-
<b>Total Non-Current Assets</b>		<b>324,467</b>	<b>140,377</b>
<b>Total Assets</b>		<b>1,804,094</b>	<b>1,482,951</b>
<b>Current Liabilities</b>			
Trade and other payables	9	102,463	89,247
Lease liabilities		90,205	-
Provisions	10	105,334	93,060
<b>Total Current Liabilities</b>		<b>298,002</b>	<b>182,307</b>
<b>Non-Current Liabilities</b>			
Other payables	9	-	87,229
Lease liabilities		200,119	-
Provisions	10	8,776	3,611
<b>Total Non-Current Liabilities</b>		<b>208,895</b>	<b>90,840</b>
<b>Total Liabilities</b>		<b>506,897</b>	<b>273,147</b>
<b>Net Assets</b>		<b>1,297,197</b>	<b>1,209,804</b>
Accumulated surplus		1,297,197	1,209,804
<b>Total Equity</b>		<b>1,297,197</b>	<b>1,209,804</b>

The accompanying notes form part of these financial statements

# Statement of Changes in Equity

for the year ended 30 June 2020

	Accumulated Surplus \$
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>
Balance at 1 July 2019	1,209,804
Net surplus for the financial year	87,393
Other comprehensive income for the year	-
<b>Balance at 30 June 2020</b>	<b>1,297,197</b>

*The accompanying notes form part of these financial statements*

# Statement of Cash Flows

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Professional Bodies		1,692,900	1,623,765
Receipts from other operating activities		50,000	-
Payments to suppliers and employees		(1,575,185)	(1,605,986)
Interest received		23,663	23,320
Net cash generated by operating activities	15(b)	191,378	41,099
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of plant and equipment		-	100
Payments for property, plant and equipment		(8,382)	(5,624)
Net cash used in investing activities		(8,382)	(5,524)
<b>Cash Flows from Financing Activities</b>			
Repayment of lease liabilities		(87,876)	-
Net cash used in financing activities		(87,876)	-
<b>Net Increase in Cash and Cash Equivalents</b>		95,120	35,575
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		1,352,362	1,316,787
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	15(a)	1,447,482	1,352,362

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

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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 20 October 2020 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.

### 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. Annual contributions are received based on the agreed budgeted activities of the Company for the year. Revenue is therefore recognised over time over any given year. The performance obligations are satisfied within the same period the funding is received resulting in no deferral of income. Income is remitted on 30-day net terms from the date of invoice.

Prior to 1 July 2019, the transfer of resources from the Professional Bodies to the company was recognised as income when an invoice was raised and it was receivable.

#### Government grant income

The Company was eligible to receive government support by the means of the cash flow boosts net against the taxes payable to the Australian Tax Office. When the right to receive the income was established, the amount was immediately recognised in profit or loss.

*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**

*The company as a lessee*

1 July 2019 - 30 June 2020

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.

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the Government bond rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

1 July 2018 - 30 June 2019

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**

*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.

*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 recognized during the year ended 30 June 2020 (2019: nil).

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.

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.

#### **(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 Judgments**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the company.

***Lease term and Option to Extend under AASB 16***

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Whether an option is reasonably certain of being exercised is a key management judgement that the Company will make. The Company determined the likeliness to exercise the option looking at various factors such as which assets are strategic and which are key to future strategy of the Company.

***Estimation of the incremental borrowing rate under AASB 16***

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure the lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar

economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available.

**(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 and Amended Accounting Policies Adopted by the Company**

***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.

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

***Initial application of AASB 16***

The Company has adopted AASB 16 using the simplified retrospective method at 1 July 2019, whereby the initial right-of-use asset has been measured at the amount equal to the

lease liability adjusted by previous provisions recognised in relation to the lease. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Company has recognised a lease liability and right-of-use asset for all leases recognised as operating leases under AASB 117: *Leases* where the Company is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The incremental borrowing rate used was 0.4% at 1 July 2019.

The right of use assets for equipment was measured at its carrying amount as if AASB 16: *Leases* had been applied since the commencement date, but discounted using the Government bond rate on 1 July 2019.

The right of use assets for the remaining leases was measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid- and accrued lease payments previously recognised at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Company in applying AASB 16 for the first time:

- the use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117: *Leases* and Interpretation 4: *Determining whether an arrangement contains a Lease* without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

**The lease liabilities as at 30 June 2019 can be reconciled to the operating lease commitments as at 1 July 2019 as follows:**

Operating lease commitments disclosed at 30 June 2019	\$379,977
Discounted using the incremental borrowing rate as of the date of initial application	(\$3,097)
Lease liability recognised at 1 July 2019	\$376,880

**Lease liability recognised at 1 July 2019**

Of which are:

Current lease liabilities	\$86,556
Non-current lease liabilities	\$290,324
	\$376,880

**Financial impact of the initial application of AASB 16**

The following tables show the amount of adjustment for each financial statement line item affected by the application of AASB 16 for the current year.

**Impact on assets, liabilities and equity as at 01/07/2019**

Right of use assets	\$267,552
Net increase in total assets	\$267,552
Reversal of lease incentive	
Lease incentives	(\$90,238)
Obligations under finance leases	
Lease liabilities	\$376,880
Net increase in total liabilities	\$286,642

Under AASB 117, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by \$86,556, being the lease payments, and net cash used in financing activities has increased by the same amount.

**AASB 15 Revenue from Contracts with Customers**

The Entity has applied AASB 15: *Revenue from Contracts with Customers* (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058). There were no changes required by the Company as a result of application of the standards.

**Note 2: Revenue**

	2020 \$	2019 \$
<b>Revenue from Professional Bodies</b>		
Operating revenue	1,494,000	1,476,150
Total Revenue	1,494,000	1,476,150
<b>Other Income</b>		
Bank deposits interest revenue	18,491	22,575
Independence guide funding	45,000	-
COVID-19 cash boost	62,500	-
Total Other Income	125,991	22,575
<b>Total Revenue and Other Income</b>	<b>1,619,991</b>	<b>1,498,725</b>

**Note 3: Surplus for the Year**

	2020 \$	2019 \$
<b>a. Expenses</b>		
Depreciation and Amortisation		
— Leasehold improvements	22,118	19,512
— Furniture	-	2,130
— Computer equipment	3,177	2,938
— Office equipment	1,026	1,134
— Right of use asset	65,523	-
Total Depreciation and Amortisation	91,844	25,714
Employee Benefits Expense		
— Annual leave	50,521	37,068
— Long service leave	10,961	7,773
Total Employee Benefits Expense	61,482	44,841
Auditor's Remuneration		
— Audit services	14,000	14,033
— Other services	-	-
Total Auditor's Remuneration	14,000	14,033
<b>b. Other Revenue and Expenses</b>		
Independence guide - development cost	48,655	-
Property, Plant and Equipment Gain on disposals	-	100

#### Note 4: Cash and Cash Equivalents

	2020 \$	2019 \$
<b>Current</b>		
Cash at bank	465,222	390,969
Cash on hand	100	100
	465,322	391,069

#### Note 5: Financial Assets

	2020 \$	2019 \$
<b>Current</b>		
Term deposits at amortised cost	939,777	918,910
<b>Non-Current</b>		
Security deposits at amortised cost	42,383	42,383
	982,160	961,293

#### Note 6: Other Assets

	2020 \$	2019 \$
<b>Current</b>		
Accrued interest	2,718	6,570
PAYG receivable	27,474	-
Prepayments and deposits	44,336	26,025
	74,528	32,595

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 2019</b>	142,164	27,080	27,756	9,402	206,402
Additions	3,905	-	4,477	-	8,382
Disposals	-	-	-	-	-
<b>Balance at 30 June 2020</b>	146,069	27,080	32,233	9,402	214,784
<b>Accumulated Depreciation</b>					
<b>Balance at 1 July 2019</b>	(53,562)	(27,080)	(20,218)	(7,548)	(108,408)
Depreciation and amortisation expense	(22,118)	-	(3,177)	(1,026)	(26,321)
Eliminated on disposal of assets	-	-	-	-	-
<b>Balance at 30 June 2020</b>	(75,680)	(27,080)	(23,395)	(8,574)	(134,729)
<b>Net Book Value</b>					
<b>As at 1 July 2019</b>	88,602	-	7,538	1,854	97,994
<b>As at 30 June 2020</b>	70,389	-	8,838	828	80,055

### Gross Carrying Amount

<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

### Accumulated Depreciation

<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)

### Net Book Value

<b>As at 1 July 2018</b>	108,114	2,130	4,852	2,988	118,084
<b>As at 30 June 2019</b>	88,602	-	7,538	1,854	97,994

## Note 8: Right of Use Assets

The company has a lease for office premises for a term of 7 years.

### Options to extend or terminate

The option to extend or terminate is contained in office leases of the Company. This clause provides the Company opportunity to manage its lease in order to align with its operations. The extension or termination options are only exercisable by the Company.

### AASB 16 related amounts recognised in the balance sheet

	2020 \$
<b>Right of use asset</b>	
Leased office	267,552
Accumulated depreciation	(65,523)
Total right of use asset	202,029

### Movement in carrying amounts:

<b>Leased office</b>	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	267,552
Depreciation expense	(65,523)
Net carrying amount	202,029

### AASB 16 related amounts recognised in the statement of profit or loss

Depreciation charge related to right-of-use assets	65,523
Interest expense on lease liabilities	1,319

## Note 9: Trade and Other Payables

	2020 \$	2019 \$
<b>Current</b>		
Trade payables	15,134	9,858
Other payables	3,993	342
Goods and services tax payable	23,336	26,777
Lease incentive	-	22,099
PAYG payable	-	21,171
Audit fees payable	22,500	9,000
Accrued income - COVID 19 cash flow boost	37,500	-
	102,463	89,247
<b>Non-Current</b>		
Rent payable	-	19,090
Lease incentive	-	68,139
	-	87,229
	102,463	176,476

**Note 10: Provisions**

	2020 \$	2019 \$
<b>Current</b>		
Annual leave provision	39,769	33,292
Long service leave provision	65,565	59,768
	105,334	93,060
<b>Non-Current</b>		
Long service leave provision	8,776	3,611
	8,776	3,611
	114,110	96,671
<b>Movement in Provisions</b>	<b>Annual Leave Provision \$</b>	<b>Long Service Leave Provision \$</b>
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
Opening Balance at 1 July 2019	33,292	63,379
Additional provisions recognised	50,521	10,961
Reductions arising from payments	(44,044)	-
Closing Balance at 30 June 2020	39,769	74,340

**Note 11: Contingent Liabilities**

The directors are not aware of any material contingent liabilities as at 30 June 2020 (2019: Nil).

**Note 12: Events after the Reporting Period**

The Company's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain.

## Note 13: Key Management Personnel Compensation

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

	2020 \$	2019 \$
Short-term employee benefits <sup>1</sup>	593,627	566,277
Post-employment benefits <sup>2</sup>	56,395	53,796
Other long-term benefits <sup>3</sup>	5,796	5,333
	655,818	625,406

<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	2020 \$	Number	2019 \$
Chairman	1	97,222	2	97,222
Directors	7	262,800	7	237,250
Chief Executive Officer	1	295,796	1	290,934
	9	655,818	10	625,406

## 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

There are no transactions with key management personnel.

### (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:

	2020 \$	2019 \$
Chartered Accountants Australia and New Zealand	513,000	492,050
CPA Australia	513,000	492,050
Institute of Public Accountants	513,000	492,050
	1,539,000	1,476,150

## Note 15: Cash Flow Information

### (a) Reconciliation of Cash

	2020 \$	2019 \$
<b>Current</b>		
Cash at bank	465,222	390,969
Cash on hand	100	100
	465,322	391,069
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	465,322	391,069
Term Deposits	939,777	918,910
Security deposit	42,383	42,383
	1,447,482	1,352,362

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

	2020 \$	2019 \$
Surplus for the year	87,393	48,354
<i>Non-Cash Flows:</i>		
Depreciation and amortisation expense	91,844	25,714
(Gain)/Loss on disposal	-	(100)
<b>Movement in Working Capital</b>		
(Increase)/Decrease in receivables	(41,933)	(229)
Increase/(Decrease) in trade and other payables	36,635	(32,327)
Increase/(Decrease) in provisions	17,439	(313)
Net cash from operating activities	191,378	41,099

## Note 16: Financial Risk Management

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

The company does not have any derivative instruments as at 30 June 2020 (2019: nil).

### 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		Fixed Interest Rate		Fixed Interest Rate Maturing				Non Interest Bearing		Total	
2020	2019	2020	2019	2020		2019		2020	2019	2020	2019
				<1 year	>1 year	<1 year	>1 year				
%	%	%	%	\$	\$	\$	\$	\$	\$	\$	\$

**Financial assets at amortised cost**

Cash and cash equivalents	-	-	-	-	465,322	-	391,069	-	-	-	465,322	391,069
Term deposits and security deposits	1.22	1.61	-	-	982,160	-	961,293	-	-	-	982,160	961,293
Other receivables	-	-	-	-	-	-	-	-	30,192	6,570	30,192	6,570
<b>Total financial assets at amortised cost</b>	<b>1.22</b>	<b>1.61</b>	<b>-</b>	<b>-</b>	<b>1,447,482</b>	<b>-</b>	<b>1,352,362</b>	<b>-</b>	<b>30,192</b>	<b>6,570</b>	<b>1,477,674</b>	<b>1,358,932</b>

**Financial liabilities at amortised cost**

Trade payables	-	-	-	-	-	-	-	-	102,463	108,337	102,463	108,337
Lease liabilities			0.4		90,205	200,119					290,324	
<b>Total financial liabilities at amortised cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,205</b>	<b>200,119</b>	<b>-</b>	<b>-</b>	<b>102,463</b>	<b>108,337</b>	<b>392,787</b>	<b>108,337</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 2020</b>		
+2% in interest rates	25,533	25,533
-2% in interest rates	(17,761)	(17,761)
<b>Year Ended 30 June 2019</b>		
+2% in interest rates	24,510	24,510
-2% in interest rates	(19,325)	(19,325)

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 2020	
	Carrying Amount \$	Net Fair Value \$
Financial assets	1,477,674	1,477,674
Financial liabilities	392,787	392,787
	30 June 2019	
	Carrying Amount \$	Net Fair Value \$
Financial assets	1,358,932	1,358,932
Financial liabilities	108,337	108,337

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**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.

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**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 2020 the number of members was 3 (2019: 3 members).

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**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

#### Report on the Audit of the Financial Report

##### 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 2020, 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 2020 and of its financial performance 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 *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 2020, 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.

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## 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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.
- 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 with the 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.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants



Hayley Underwood  
Partner

Melbourne, 20 October 2020

**Accounting Professional & Ethical Standards Board**

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