

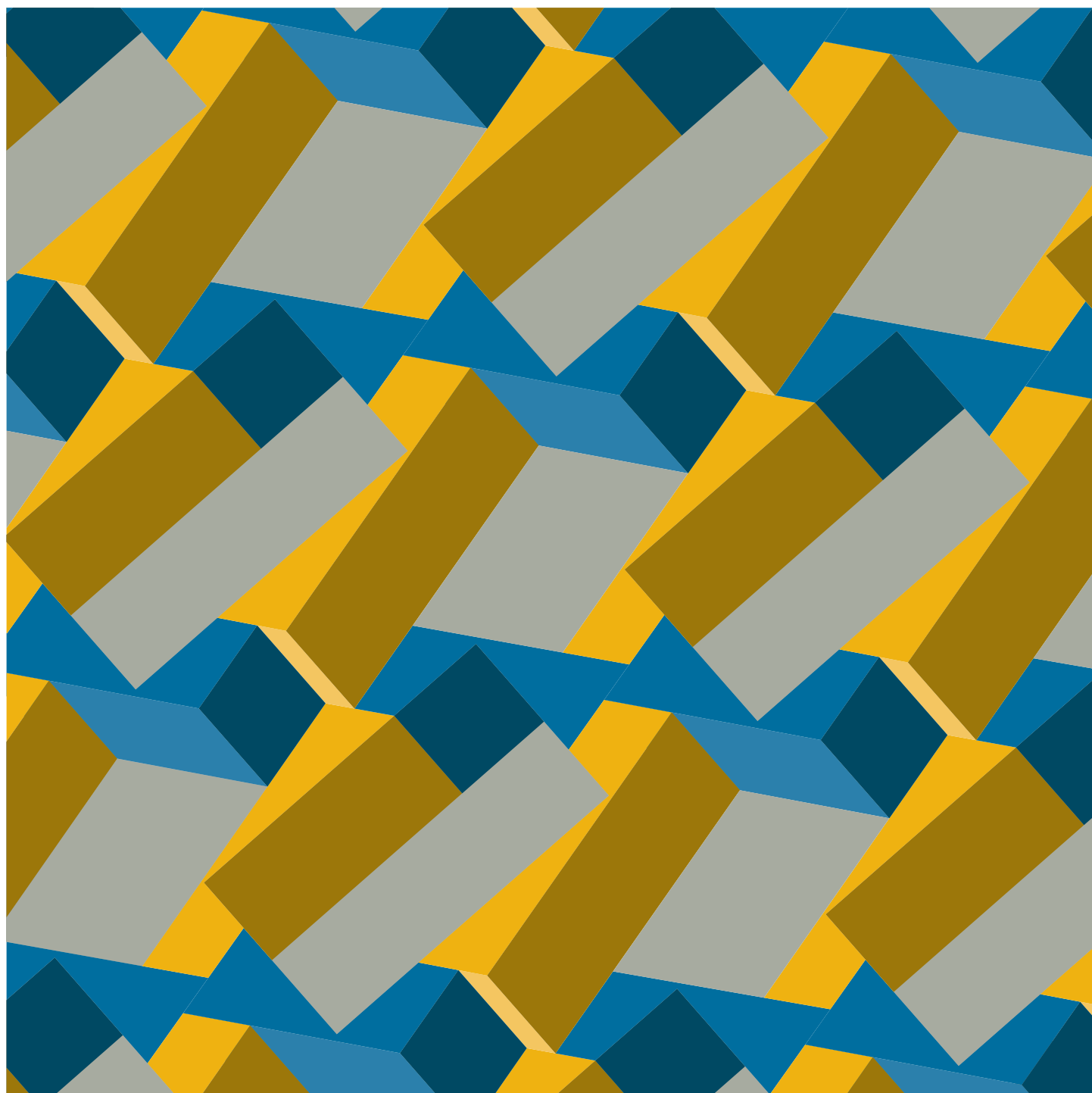
**Accounting
Professional &
Ethical Standards
Board Limited**

ACN 118 227 259



Annual Report

for the year ended
30 June 2023





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

Key Achievements and Highlights for 2022-2023

In 2022-23, APESB:

- Strengthened auditor independence standards by setting a higher bar for auditors of public interest entities in relation to non-assurance services provided to audit clients, fees and the independence of those involved with group audit engagements.
- Enhanced the determination of Public Interest Entities (PIEs) in the Australian environment, which also maintained Australia's position as a global leader in defining and classifying PIEs.
- Worked with international organisations, such as the IESBA, IFAC and NZAuASB, to influence the development and adoption of professional and ethical standards for accountants.
- Ensured the currency of the Board's suite of pronouncements through the issue of amending standards, revised pronouncements and exposure drafts.
- Provided input to global ethical and independence standards development through the APESB CEO, Mr Channa Wijesinghe, being a public interest Board Member of the IESBA and providing support to the IESBA's Technology Expert's Group.
- Promoted that professionalism and ethical conduct are the foundation of the public's trust in the accounting profession via outreach activities in collaboration with key stakeholders.
- Provided multiple opportunities for stakeholders to engage on various topics related to professional and ethical matters.
- Continued raising awareness of APESB standards through presentations, webinars and outreach activities.

The Board accomplished the following outcomes in each of the four strategic pillars, which contribute to the achievement of its strategic objectives, as follows:

Standards

- Issued four Amending Standards to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) covering Fee-related provisions, Non-Assurance Services, Quality Management-related conforming amendments and revisions to the definition of Engagement Team and Group Audits.

- Issued two compiled Codes in December 2022 and May 2023, with the version issued in May 2023 incorporating the restructured Code and the six Amending Standards relating to Part 4B, Role and Mindset, Objectivity of an Engagement Quality Reviewer, Fees, Quality Management-related Conforming Amendments and Non-Assurance Services provisions.
- Completed the exposure process of the project on the Definitions of Listed Entity and Public Interest Entity in the Code.
- Issued seven revised standards and guidance notes:
 - APES 205 *Conformity with Accounting Standards*;
 - APES 215 *Forensic Accounting Services*;
 - APES 315 *Compilation of Financial Information*;
 - APES 325 *Risk Management for Firms*;
 - APES 345 *Reporting on Prospective Financial Information in connection with a Public Document*;
 - APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document*; and
 - APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs*.
- Issued eight exposure drafts relating to APESB pronouncements, comprising Exposure Drafts relating to the Code on the Non-Assurance Services provisions, the definitions of Listed Entity and Public Interest Entity, and the definition of Engagement Team and Group Audit in the Code and Exposure Drafts for APES 215 *Forensic Accounting Services*, APES 225 *Valuation Services*, APES 310 *Client Monies* and APES GN 30 *Outsourced Services*.

Engagement

- Hosted an online roundtable event for Australian stakeholders on the IESBA's exposure draft proposing Tax Planning and Related Services revisions to the Code, with APESB CEO, IESBA Board Member and Tax Planning Taskforce Member, Mr Channa Wijesinghe presenting at the event.
- Engaged with regulatory stakeholders, professional bodies, and members on the proposed revisions to the non-assurance services provisions and the definition of Listed Entity and Public Interest Entity in the Code;
- Issued a three-part guidance video series on the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services*.

- Presented at two conferences, a panel discussion and nine webinar events on the Code, quality management, public interest entities and other professional standards-related matters.
- Two taskforces, namely APES 215 *Forensic Accounting Services* and APES 225 *Valuation Services*, have been consulted during the year.
- Released surveys to seek stakeholder feedback on the impact of technologies on the provision of Forensic Accounting and Valuation Services.
- Collaborated with IESBA on the development of global guidance for professional accountants, assisting them in ethically navigating the challenges arising from rapid advances in Technology.
- APESB Director Ms Rachel Grimes AM and Principal Ms Jacinta Hanrahan attended the 21st World Congress of Accountants in Mumbai, India.

Influence

International developments:

- Hosted an IESBA roundtable in Sydney in March 2023 to obtain Trans-Tasman stakeholders' input for the development of IESBA's new ethics and independence standards for sustainability reporting and assurance.
- Participated in two global panels jointly hosted by IFAC, IESBA, the ASEAN Federation of Accountants (AFA) and the Pan African Federation of Accountants (PAFA), alongside National Standards Setters from South Africa and Singapore to influence the global adoption of the revisions to Listed Entity and Public Interest Entity in the Code. The panels were targeted towards the African and Asian regions and were attended by Professional Accounting Organisations and National Standards Setters of these regions.
- Two submissions were made to the IESBA on the tax planning and related services project and their survey on IESBA's proposed strategy and work plan.
- APESB CEO, Mr Channa Wijesinghe, in his role as an IESBA Board member, participated in the following:
 - IESBA's quarterly Board meetings for 2022-23;
 - IESBA planning committee meetings since January 2023;
 - Taskforce meetings for the Tax Planning and Related Services project and the Sustainability project for 2022-23;
 - Presented a global webinar on IESBA's Tax Planning and Related Services Exposure Draft for the Asian region in March 2023.
- Participated in the IESBA's National Standard Setters Group virtual meetings held in June 2023.
- Submitted a joint letter with the New Zealand External Reporting Board (XRB) to the IESBA on the proposed approach to address Sustainability in the IESBA Code.

- Engaged with CPA Papua New Guinea on the establishment of professional standards addressing forensic accounting services.
- Continued engagement with NZAuASB on Trans-Tasman matters of mutual interest.

National developments:

- Two national submissions were made to the Government for an inquiry into the management and assurance of integrity by consulting services and the Treasury's consultation paper on climate-related financial disclosures.
- Hosted the Professional Standards Councils' (PSC) Chair, Mr John Vines OAM, and CEO, Ms Roxane Marcelle-Shaw, who presented to the Board on professional standards legislation and the role of the PSC.
- Collaboration with the FRC, AUASB, AASB, ASIC, APRA, ATO, ARITA, and other stakeholders on projects of mutual interest.
- Presented to the Professional Standards Councils (PSC) on APESB's 2021-2025 Strategy and key projects in September 2022.
- A national submission was made to CA ANZ on its Professional Conduct Framework Review.
- A national submission was made to the Australian Auditing and Assurance Standards Board (AUASB) on its Agenda Consultation for 2022-23.

Outreach

- APESB Director Ms Rachel Grimes AM was a panellist at CA ANZ's 2022 Global Ethics Day event focusing on ethics in action.
- APESB CEO Mr Channa Wijesinghe participated in the IESBA online promotional campaign for the 2022 Global Ethics Day.
- APESB and CPA Australia co-hosted an interactive panel event on Global developments in Ethics and Assurance for Sustainability in March 2023.
- Participated in an RMIT research project on Technologies and the professional Code of Ethics.
- Issuing media releases on the importance of professional and ethical standards and key APESB standards development projects.
- Continual publication of our quarterly e-newsletter, *Professionalism*.
- Regular social media updates on APESB activities via LinkedIn.



Taskforces

for the year ended
30 June 2023

Forensic Accounting Services

Channa Wijesinghe
APESB (Chairman)

Owain Stone
Korda Mentha

Brendan Halligan
Halligan & Co

Gregory O'Neil
Transport Accident Commission

Keith Reilly
Consultant

Paul Vincent
Vincents

Campbell Jackson
EY

Matthew Ashby
McGrath Nicol

Valuation Services

Channa Wijesinghe
APESB (Chairman)

Brendan Halligan
Halligan & Co

Richard Stewart OAM
PricewaterhouseCoopers

Sean Collins
KPMG

Alan Max
Pitcher Partners

Tapan Parekh
Deloitte


Melissa Read
CPA Australia

Achievements

Standards

Board Meetings held	5	Exposure Drafts issued	8
Board Members	7	Guidance resources issued	3
Taskforce Meetings held	3	Staff members (FTE)	4.8
Compiled Codes issued	2	Board and staff composition	
Pronouncements issued	11	From a cultural or linguistically diverse background	50%
		Female.....	71.43%
		Male.....	28.57%

Engagement

Roundtables	1	Website hits	120,947
		LinkedIn impressions	Over 56,800
Webinars to stakeholders	6	LinkedIn followers	3,591
Presentations at national conferences and events	6	LinkedIn posts	36
		eNewsletters issued	4
		Active users of Mobile App	652

Influence

Hosting Roundtables

IESBA Global Sustainability Roundtable
in Sydney – March 2023



National Submissions

4

International Submissions

3

Annual IESBA National Standards Setters Meetings

1

Articles

1

APESB CEO participating in IESBA Board meetings

5



APESB CEO participating in IESBA's Planning Committee, Tax Planning Services Taskforce and Sustainability Taskforce

36



Ethics Outreach

Global Ethics Day - 2022

CA ANZ and IESBA activities



APESB & CPA Australia Sustainability Panel

Sydney March 2023

World Congress of Accountants (WCOA) in India - 2022



Strategic focus areas

As part of its 2021-2025 strategic plan, APESB has identified three focus areas - sustainability, technology and small-to-medium practices (SMPs). These pages set out key stakeholder engagement activities undertaken by APESB in each of these focus areas over the past year. In addition, APESB has contributed to the international work program of the IESBA by virtue of APESB's CEO's position as an IESBA public interest Board member.

Sustainability

IESBA Sustainability Roundtable – March 2023

On behalf of the IESBA, APESB hosted a Trans-Tasman roundtable on Sustainability in Sydney as part of the IESBA's global series of four roundtables. The event was held at the CA ANZ offices. It was held to obtain input from Trans-Tasman stakeholders to help shape the development of new ethics and independence standards for sustainability reporting and assurance. IESBA Board Members Mr Mark Babington and Mr Channa Wijesinghe, IESBA Director Mr Geoff Kwan and IESBA Technical Advisor Ms Kristen Wydell facilitated the roundtable, which focused on Ethics and Independence Standards for Sustainability Assurance Engagements and the Use of Experts.

For stakeholders to obtain an understanding of the current global landscape related to sustainability, they were provided with opening remarks from Gabriela Figueiredo Dias, the IESBA Chair; Professor Carol Adams, Durham University, Graeme Drake, International Organization for Standardization (ISO) and Michael Bray, Deakin University.

A key discussion topic was the importance of developing professionally-agnostic standards for Sustainability Assurance Engagements and the potential challenges non-accountant sustainability practitioners may face in interpreting existing Independence and Ethical standards set out in the IESBA's Global Code.

The Stakeholders considered three options for the presentation of new ethical standards for sustainability assurance and discussed the advantages and disadvantages of each option. Attendees preferred the options where the provisions for sustainability assurance engagements were a distinct section or a separate document rather than integrating the requirements into the existing parts of the International Code.

The roundtable also allowed stakeholders to consider IESBA's Use of Experts project and the proposed approach to address the ethical expectations of experts. It was agreed that the breadth and depth of expertise required for sustainability will be greater than currently required for assurance engagements. Consequently, there are heightened expectations for the objectivity of these experts.

The roundtable attracted significant interest, resulting in a wide-ranging representation from local and international standard setters (including the International Organization for Standardization and NZAuASB), regulators (ASIC and ATO), professional accounting bodies, large firms, academics and other certification bodies. In addition, Mr Robert Buchanan, a Public Interest Oversight Board Member and Mr Andrew Mills, Chairman of the Financial Reporting Council attended the session.



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1. APESB Chair Ms Nancy Milne OAM addressing stakeholders 2. Mr Mark Babington, IESBA Board Member 3. Mr Bill Edge, IAASB Board Member 4. Mr Graham Drake, ISO Representative 5. Ms Misha Pieters (NZ AuASB), Ms Jacinta Hanrahan (APESB) and Mr Jon Reid (APESB) providing feedback at the Roundtable

APESB & CPA Australia panel event on global sustainability developments – March 2023



1. Mr Channa Wijesinghe (APESB), Mr Bill Edge (IAASB), Mr Doug Niven (ASIC), Ms Marje Russ (NZAuASB) and Mr Mark Babington (IESBA) 2. Mr Gary Pflugrath (CPA Australia), Ms Nancy Milne OAM (APESB) and Mr Rupen Malouf (CPA Australia)

APESB and CPA Australia hosted an interactive panel event on Global developments in Ethics and Assurance for Sustainability in Sydney in March 2023. APESB CEO and IESBA Member Mr Channa Wijesinghe moderated the panel, which consisted of the following panellists sharing valuable insights:

- Mr Mark Babington – Executive Director of Regulatory Standards, FRC UK and IESBA Member
- Mr Bill Edge – Chair of the AUASB and IAASB Member
- Mr Doug Niven – Chief Accountant ASIC
- Ms Marje Russ – Chair of the NZAuASB

The panel discussed the progress of the international standard-setting boards in establishing assurance and ethical (including independence) sustainability-related standards and the importance of engagement with existing sustainability practitioners.

Mr Mark Babington provided an update on the development of UK/EU sustainability reporting, assurance and ethics considerations. Mr Bill Edge discussed the development of the IAASB Sustainability Assurance Standard. They both emphasised the significance of developing a robust ethical framework for sustainability reporting and assurance, especially to enable investors to trust the sustainability information being reported.

Mr Doug Niven highlighted the regulatory expectations of the accounting profession and other professionals involved in climate reporting and assurance, along with actions on greenwashing being undertaken by regulators.

Ms Marje Russ provided an overview of the existing New Zealand Climate Standards and shared insights from her perspective as a sustainability practitioner who is a non-accountant. At the end of the Panel discussion, Mr Gary Pflugrath of CPA Australia provided a summary of the discussion and concluding remarks.

Technology

Telstra and Australia Post Panel event: Implication of AI on the finance profession – April 2023

APESB CEO and IESBA Board Member Channa Wijesinghe was a panellist at a Telstra and Australia Post panel event hosted by CA ANZ's Corporate Advisory group. The panel discussion highlighted the impact of Artificial Intelligence (AI) on the finance profession and was presented primarily to finance professionals who work at Telstra and Australia Post nationwide.

Mr Wijesinghe elaborated on IESBA's Technology revisions to the Code and how Technology impacts the fundamental principles of the Code, in particular Professional Competence and Due Care, and Confidentiality. He highlighted the importance of professional accountants exercising professional judgement, especially when relying on the outputs of Technology.

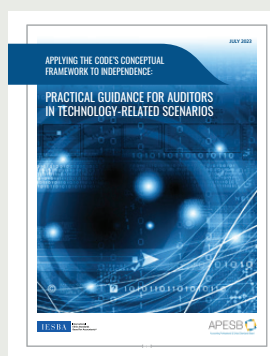


Mr Channa Wijesinghe (APESB), Mr John McGiffin (Tru Recognition), Mr Tim Osborne (Telstra), Mr Roshan Khozouei (Australia Post)

Joint APESB-IESBA Guidance on Auditor Independence and Technology

APESB Technical Staff have been collaborating since 2021 with the IESBA Technology Working Group and IESBA Technical Staff to develop a non-authoritative publication to provide guidance on Auditor Independence and Technology.

On 13 July 2023, the APESB and the IESBA jointly released the practical guidance *Applying the Code's Conceptual Framework to Independence: Practical Guidance for Auditors in Technology-related Scenarios*.



The publication aims to assist professional accountants in navigating the ethical challenges and opportunities created by technological advancements. It includes a description of important technology-related provisions in the International Code and sets out examples of how to apply the independence requirements in the Code.

Small-to-Medium Practices (SMPs)

APESB update at CA ANZ Audit Conference – May 2023

On 24 May 2023, APESB CEO Channa Wijesinghe and Principal Jacinta Hanrahan presented at the CA ANZ Audit Conference on strengthening the Auditor Independence requirements. The presentations covered the key changes to the Code relating to Non-Assurance Services, Fees, and the definitions of Listed Entity and Public Interest Entity.



APES 320 Video Series

APESB has released a three-part video clip series on the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services*.

The first video clip, released in November 2022, outlines the history and the philosophy of the reissued 320. The second clip (released January 2023) outlined the key revisions, and the third clip in March 2023 addressed adoption considerations for firms, including Small-to-Medium Practices (SMPs).

APESB also released a mapping table to assist firms in transitioning to the reissued APES 320.

International Engagement with IESBA Activities

APESB CEO Mr Channa Wijesinghe has attended 5 IESBA Board meetings and 36 other IESBA-related engagements, including taskforce meetings for Tax planning services and Sustainability as well as IESBA Planning Committee meetings.

IESBA Board Meeting – Abu Dhabi March 2023



IESBA Members Mr Andy Mintzer, Mr Channa Wijesinghe and Mr Sanjiv Chaudhary

IESBA Sustainability Taskforce in Lisbon – May 2023



IESBA Sustainability Taskforce – Independence Workstream members – Mr Ken Siong, Mr Keith Billing, Mr David Clark, Mr Jens Poll, Mr Mark Babington (Chair), Ms Szilvia Sramko, Ms Marta Kramerius and Mr Channa Wijesinghe

Strategic focus areas

Some of the stakeholder engagements undertaken by Mr Wijesinghe in his capacity as an IESBA Member were:

IESBA global panel discussions on the definition of PIE

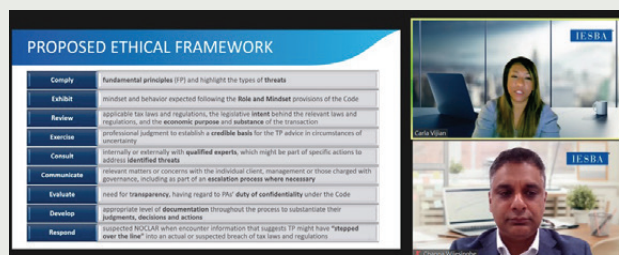
In October 2022, Mr Channa Wijesinghe, APESB CEO and IESBA Board Member participated in two global panel discussions hosted by the International Federation of Accountants (IFAC), IESBA, the ASEAN Federation of Accountants (AFA) and the Pan African Federation of Accountants (PAFA).

During these panels, Mr Wijesinghe shared Australia's experience with the development and adoption of an extended definition of Public Interest Entity (PIE). Other IESBA Board Members, Ms Saadiya Adam and Ms Caroline Lee, also shared insights from their respective jurisdictions and offered a global perspective. Mr Wijesinghe outlined the process Australia undertook in 2010/2011 to adopt the expanded PIE definition, which included extensive stakeholder consultation and obtaining support from audit and prudential regulators as well as professional accounting organisations.



Ms Saadiya Adam (IESBA), Mr Geoff Kwan (IESBA), Mr Andrew Mintzer (IESBA), Mr Channa Wijesinghe (IESBA), Ms Caroline Lee (IESBA), Mr Luigi Nisoli (IESBA), Ms Laura Rodrigo Leal (IESBA), Mr Simon Tay Pit Eu (MIA)

IESBA Global Tax Planning Services Panel March 2023



Ms Carla Vijian (IESBA) and Mr Channa Wijesinghe (IESBA)

In March 2023, Mr Channa Wijesinghe, CEO of APESB and Board Member of IESBA, presented a global webinar for the Asian region on the Tax Planning and Related Services Exposure Draft with IESBA Principal Carla Vijian.

The global webinar discussed the Tax Planning and Related Services exposure draft, which was issued in February 2023 for public consultation. Ms Vijian provided an overview of recent tax scandals such as the Starbucks, Pandora and Paradise Papers, which was the rationale of the project.

Mr Wijesinghe presented the two proposed Sections 280 and 380, and highlighted the key public interest issues regarding the tax planning project. Mr Wijesinghe also outlined how professional accountants could navigate the grey zone and address threats when providing tax planning services.

IESBA Presentation to ISO – April 2023

On 26 April 2023, APESB CEO and IESBA Board Member Channa Wijesinghe delivered a presentation to the International Organization for Standardization (ISO) Committee on the International Code (including independence standards) and the IESBA's Sustainability project.

Mr Wijesinghe provided an overview of the International Code's conceptual framework, five fundamental principles, five threats and independence requirements of Part 4A and Part 4B.

Additionally, Mr Wijesinghe highlighted IESBA's objectives to develop professional agnostic and framework-neutral ethics and independence standards to underpin Sustainability reporting and assurance in order to ensure the production of trustworthy and reliable sustainability information that is both factual and not misleading.

CA ANZ Members in Business Panel – April 2023

On 28 April 2023, APESB CEO and IESBA Board Member Channa Wijesinghe presented with IFAC Board Member Taryn Rulton and IESBA Director Geoff Kwan at a CA ANZ webinar, which was moderated by CA ANZ's Josephine Haste. Nearly 1,200 professional accountants in business joined in to hear about how the Code applies to their daily ethical challenges on issues such as inducements, pressure, preparation, and presentation of information.



Mr Channa Wijesinghe (IESBA), Ms Taryn Rulton (IFAC), Mr Geoff Kwan (IESBA) and Ms Josephine Haste (CA ANZ)



Directors left to right:

Ms Nancy Milne OAM (Chairman), Mr Craig Farrow (retired 31 January 2023), Ms Claire Mackay, Mr Brian Morris, Ms Rachel Grimes AM, Mr Colin Murphy PSM, Mr Damien Moore and Ms Dianne Azoor Hughes



Staff left to right:

Mr Channa Wijesinghe (Chief Executive Officer/Company Secretary), Ms Jacinta Hanrahan (Principal), Ms Ann Chang (Technical Manager), Ms Rachael Tiong (Assistant Technical Manager), Ms Disna Dharmasekara (Assistant Technical Manager) and Ms Shannon Heng (Research Officer & Admin Assistant) Absent: Ms Rozelle Azad (Accountant) and Ms Dolla Wilkinson (Bookkeeper)



Chairman's Report

Events over the last few years have made it abundantly clear that ethics is the cornerstone of the accounting profession and why it is critically important for accountants to be constantly vigilant in upholding the fundamental principles of the Code.

As the organisation that sets these standards for the accounting profession in Australia, the Board is concerned with the reported ethical failings of accountants, especially as these failings have occurred at firms and by accountants who are required to comply with APESB's professional and ethical standards. The Board has examined the veracity and currency of our standards and is of the view that the professional standards are clear on the fundamental ethical obligations of professional accountants, such as maintaining confidentiality and identifying and addressing conflicts of interest.

The Board believes that there are opportunities to enhance the existing regulatory framework for accountants and non accountants working in accounting firms and to also consider expanding our standards to specifically address firm governance and culture and management consulting services. During the past financial year and the subsequent months, the Board has interacted with the state and federal governments on these opportunities through three submissions and engaging with inquiries underway. The Board is of the view that the current regulatory framework is not working and needs to be strengthened. To this end, the Board will work collaboratively with state and federal governments, regulators, professional accounting bodies and other stakeholders to achieve a robust and proportionate regulatory framework.

APESB's 2021 – 2025 Strategic Plan

I am pleased to present APESB's 2022-23 annual report, the Board's accomplishments over the last financial year and our progress in achieving the objectives in our strategic plan for 2021-2025. The Board has finalised projects that strengthened auditor independence standards, enhanced Australia's global leading position in defining and classifying Public Interest Entities and worked closely with the IESBA, IFAC and other international organisations on the development and adoption of professional and ethical standards for accountants.

A key focus of the Board has been to promote that professionalism and ethical conduct are the foundation of the public's trust in accountants. APESB has undertaken extensive stakeholder outreach, including presenting at national and international conferences, webinars, roundtables, meetings, and briefings. We also liaised with the Professional Standards Council throughout the year.

In March 2023, APESB welcomed local and international stakeholders to Sydney, where we hosted a global IESBA roundtable on the development of IESBA's new ethics and independence standards for sustainability reporting and assurance. The roundtable attracted a wide range of attendees, including local and international standard setters (including the International Organization for Standardization and NZAuASB), regulators (ASIC and ATO), professional accounting bodies, large firms, academics and other certification bodies. We were pleased to assist Ms Gabriela Figueiredo Dias, the IESBA Chair and Mr Mark Babington, IESBA Board Member and Chair of the Sustainability Working Group, in connecting with stakeholders in

Australia and New Zealand and receiving their feedback on the path forward for professional agnostic ethical and independence standards on sustainability.

APESB has also brought together Australian stakeholders to discuss the future of ethical standards across topics covering tax planning services and the IESBA proposed Strategy and Work Plan for 2024-2027. The feedback from these roundtables and discussions was invaluable in informing APESB's submissions to the IESBA on these proposals.

International and national collaboration

The Board continues to support APESB's CEO, Mr Channa Wijesinghe, in his public interest member role on the IESBA. Channa's IESBA role and his appointments to the IESBA taskforces dealing with Tax planning and Sustainability enable Australia to have a voice at the global level with respect to the ethical standards to be incorporated in the Global Code. In the longer term, it benefits Australia and APESB as, in time, the IESBA standards are adopted into the Australian Code.

APESB works closely with international regulators, standard-setting and oversight bodies to keep abreast of and provide our insights into global developments and to share best practices adopted in Australia. In particular, we have worked closely with NZ's External Reporting Board (XRB) to influence the IESBA to undertake broader stakeholder engagement and to be inclusive of a wider range of sustainability practitioners in the development of the Global Code.

APESB influences the global standards development process by providing submissions to the IESBA and participating in the IESBA's National Standards Setters Group. APESB also provided support to the IESBA's Technology Expert's Group by providing secretariat support for this group until May 2023.

APESB staff collaborated with the IESBA Technical Staff on the development of global guidance for professional accountants to assist them in navigating independence challenges arising from rapid advances in Technology.

APESB Director Rachel Grimes AM and APESB Principal Jacinta Hanrahan attended the 21st World Congress of Accountants in Mumbai, India, in November 2022. The conference focused on how building trust and enabling sustainability will shape the future of the accounting profession.

The Board appreciates the valuable contributions made by our Taskforce members and stakeholders, including staff from the Professional Bodies, accounting firms, government 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 throughout the year.

Board

APESB continues to benefit from the services of talented and committed directors who play an active role in the work of this small national organisation. On 31 January 2023, APESB's long standing Board member, Craig Farrow, retired after providing exemplary service to the Board for nearly eight years. Craig made a major contribution to the Board's strategy, work program and operational matters during his tenure. On behalf of the Board, I take this opportunity to thank Craig for his contributions, wisdom and counsel, and wish him well for the future.

The Board welcomed two new directors this year, Damien Moore and Dianne Azoor Hughes. Mr Moore joined APESB on 17 November 2022 and Ms Azoor Hughes on 1 February 2023, with both appointed for three-year terms.

APESB director Colin Murphy was re-appointed for a second three-year term commencing 1 May 2023.

Staff

The APESB Secretariat team is led by Channa Wijesinghe (Chief Executive Officer/Company Secretary). Channa is supported by Jacinta Hanrahan (Principal), Ann Chang (Technical Manager), Rachael Tiong (Assistant Technical Manager), Disna Dharmasekara (Assistant Technical Manager), Shannon Heng (Research Officer and Admin Assistant), Rozelle Azad (Accountant) and Dolla Wilkinson (Bookkeeper).

I take this opportunity to thank the Secretariat for their work effort to deliver the Board's strategy and Technical Work Program, nationally and internationally, for the benefit of the accounting profession. On behalf of the Board and stakeholders, I would like to acknowledge their commitment and efforts in producing high-quality outputs with limited resources.

In the coming year, sustainability will be a key focus of APESB as global standards setters release new ethical and independence standards on this topic. We look forward to assisting the Australian accounting profession in maintaining its professionalism and ethical behaviour as it navigates society's expectations of trust in financial reporting, auditing and the sustainability of business operations.



Nancy Milne OAM
Chairman

18 October 2023

CEO's Report

APESB's work program in the past year was extremely busy as we worked to strengthen the auditor independence standards in Australia and ensure that the APESB suite of pronouncements remains current with changes to firmwide quality management standards as well as significantly contributing to and influencing the global work program of the International Ethics Standards Board for Accountants (IESBA).

My role as a public interest Board member of the IESBA representing Australia has allowed engagement with a global network of professionals to showcase APESB's pronouncements and, more importantly, contribute to the development of global ethical standards. I have attended IESBA Board Meetings during the reporting period. In addition, as a Taskforce Member on both the IESBA's Tax Planning and Related Services Taskforce and the Sustainability Taskforce, I have been privileged to be at the forefront of two significant international projects that will transform the landscape for the global accounting profession.

The global outreach opportunities afforded as part of my IESBA position have included presenting a global webinar on IESBA's Tax Planning Services exposure draft for the Asian region in March 2023 and presenting at a plenary session of the annual International Standards Organisation (ISO) Committee for Conformity Assessment on key aspects of the IESBA's sustainability project in April 2023.

I was pleased to be appointed as the Chair of the IESBA Sustainability Reference Group on 30 June 2023. This group will support the Sustainability Task Force by primarily providing insights, expertise, or advice relating to the development of global ethics and independence standards for sustainability reporting and assurance from the perspective of non-accountants.

APESB Strategy 2021-2025

Over the year, the Secretariat has made strong progress against the key objectives of APESB's Strategic Plan.

Standards

APESB has completed work on three critical projects that enhance the independence standards in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). New amending standards on fees and non-assurance services were released, and the final provisions for the definitions of Listed Entity and Public Interest Entity were approved. In all three projects, APESB has continued to lead the way globally by including additional requirements and application material to uphold high standards in Australia. We thank the professional accounting bodies, the regulators and other stakeholders who engaged with us on these topics to go beyond the Global Code.

During the period, APESB also finalised pronouncements addressing the definition of the Engagement Team and Group Audits, and quality management-related conforming amendments for the Code. To support stakeholders to stay abreast of these developments, APESB released two Compiled Codes last year, with another version expected to be released by the end of 2023.

The Secretariat also released seven revised pronouncements, including Conformity with Accounting Standards, Forensic Accounting Services, Compilation of Financial Information, Risk Management for Firms and all pronouncements related to Corporate Finance. Exposure drafts were also issued, which will see revisions to APES 225 *Valuation Services*, APES 310 *Client Monies* and APES GN 30 *Outsourced Services* during the next reporting period.

Engagement

To provide stakeholders with easily digestible and accessible information on demand, APESB has implemented new communication methods, including releasing a short three-part video series on the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services*. Video clips have also been used to communicate to stakeholders the Highlights of the technical sessions of the APESB Meetings.

APESB continued to work with professional accounting bodies and other stakeholders to promote professional and ethical standards through national conferences, webinars, roundtables, panel discussions and on LinkedIn. We also collaborated with the ATO, ASIC and APRA on issues regarding taxation services, SMSF auditor independence, forensic accounting services and the definition of a public interest entity.

Influence

Internationally, the Board continued to influence the global standard-setting projects of the IESBA with representation on the IESBA Board, IESBA National Standards Setters Group and through submissions. APESB representatives attended the IESBA's National Standard Setters Group meeting in June 2023. The meeting focused on current IESBA projects related to Sustainability and the use of experts.

APESB made two submissions to the IESBA in response to an exposure draft on Tax Planning and Related Services and a consultation paper on IESBA's future strategic plan. APESB has also encouraged the IESBA to consider a project on firm governance, culture and leadership to address concerning patterns of unethical behaviour in firms.

APESB also made local submissions to the Treasury on its consultation into climate-related financial disclosure in Australia, to the AUASB on its Agenda Consultation for 2022-23 and to CA ANZ on its Professional Conduct Framework Review.

Ethics Outreach

In March 2023, APESB co-hosted a discussion panel with CPA Australia on how global developments in ethics, independence and assurance standards will impact the rapidly evolving sustainability reporting landscape. Over 60 people attended in person to listen to the distinguished panel representing the international auditing, assurance and ethics standards setters, the Australian Securities Regulator and the New Zealand Auditing and Assurance Standards Board for providing their insights on developments at both the global and jurisdictional levels, the pace of change and key considerations for professionals engaged in the sustainability space.

APESB was active in promoting Global Ethics Day in October 2022, with APESB Director Rachael Grimes AM being a panellist at CA ANZ's Global Ethics Day event while I was involved in the IESBA's promotional activities on LinkedIn.

Acknowledgements and future focus

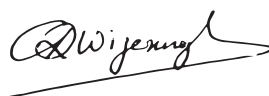
I want to acknowledge the valuable contribution and ongoing support of the Professional Accounting Bodies, regulators, taskforce members, AUASB, AASB, ARITA and other stakeholders. It would not be possible for APESB to develop robust pronouncements without their generous input.

The professional bodies have also supported me in my IESBA position by providing the technical assistance of Kristen Wydell, General Manager of Professional Standards of CA ANZ, as my Technical Advisor. I want to acknowledge and thank Kristen for her efforts.

I wish to thank the exceptional APESB Secretariat team, whose hard work and commitment enabled APESB to meet its objectives of a demanding national and international work plan in the past year.

Looking forward, APESB has another challenging year ahead. The findings of the parliamentary inquiries and their final reports will need to be considered in the development of an enhanced Australian regulatory framework. There will be significant changes to the Code to consider relating to Technology and Tax Planning Services. In addition, input into the development of global sustainability professional and ethical standards will become a key focus.

I look forward to reporting on APESB's progress on these developments next year.



Channa Wijesinghe
Chief Executive Officer

18 October 2023

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 2023. 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 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 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.

The Chairman's and CEO's reports include further information on APESB's strategy and key achievements.

Results of Operations

The company's operations for the year ended 30 June 2023 resulted in a deficiency of \$55,790 (2022: surplus \$41,429).

Review of Operations

The major focus of the company's operations for the year continued to be the review and maintenance of the APESB suite of pronouncements with appropriate engagement, influence and ethics outreach.

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 company's operations 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 company's strategic objectives 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 of 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 of the Securities Exchanges Guarantee Corporation, and Deputy Chair at the State Insurance Regulatory Authority. Nancy is a Director at Pacific Opera, the Benevolent Society and FBR Limited. She is a Council Member for the Asbestos Safety and Eradication Agency Council.

Date of appointment: 1 January 2019

Craig Farrow

Mr Craig Farrow is the Chief Executive Officer of the Raven/Cavity Sliders Group of companies. Having retired from full-time public practice in 2020 after 33 years, Craig retains a consultancy with Brentnalls SA Chartered Accountants and holds a portfolio of non-executive board roles. He 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 Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors

and 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 Centre State Exports Group, SRL Marketing Group, Real Time Data Pty Ltd, Pinion Advisory Pty Ltd, Goolwa Pipi Co Group and Mantina Quarries and Concrete. He is also a Non-Executive Director of Australian Technology Innovators Pty Ltd, Country and Outback Health SA and Ardrossan Community Hospital Inc.

Date of appointment: 10 February 2015

Date of retirement: 31 January 2023

Claire Mackay

Ms Claire Mackay is a Principal 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 Master of Law from Sydney University. Claire is a qualified Chartered Accountant (SMSF and Financial Planning Specialist), a Certified Financial Planner, a Certified Practising Accountant, a Chartered Tax Advisor, and a Graduate Member of the Australian Institute of Company Directors. She is also a Fellow of Chartered Accountants Australia and New Zealand.

Claire is a Director of the Accounting Financial Complaints Authority and member of the Financial Advice Association of Australia's Professional Standards and Conduct Committee. Claire's previous appointments include Finance Audit and Compliance Committee for Surf Lifesaving NSW, ASIC's External Advisory Panel and Adjunct Lecturer Applied Finance Macquarie University.

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 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. He is a member of the Stratco Group Advisory Board.

Date of appointment: 1 January 2019

Rachel Grimes AM

Ms Rachel Grimes is the former Chief Financial Officer of Challenger Limited. Rachel is a 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 was awarded a Member in the General Division Medal in 2022 for her significant service to business in the field of accountancy and to professional associations.

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, Deputy Chair of Digital Finance CRC and a Member of the Financial Reporting Council (FRC). She is also a director of Hub24, Australian Payments Plus and the Loreto Ministries Limited.

Date of appointment: 1 February 2019

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 was also formerly President of the Institute of Public Administration Western Australia and 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 Chartered Accountants Australia and New Zealand. He is also a Graduate of the Australian Institute of Company Directors. 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 the South Metropolitan Health Services Board WA and ChemCentre Western Australia. Colin is a Commissioner at the Gaming and Wagering Commission WA.

Colin is the Chair of the Western Australia Audit and Risk Committees for the Department of Education, Department of Justice, Department of Water and Environmental Regulation and the Department of Training and Workforce Development.

Date of appointment: 1 May 2020

Damien Moore

Mr Damien Moore has been a Director at PwC since 2021. He has worked in the Accounting and Finance industries for over 25 years. During that time, Damien has operated his accounting firm along with working for ASX-listed companies such as St George Bank, BHP & Elders Ltd. Damien is also a Director at Carrington Accounting Services (SA) Pty Ltd.

Damien was a Board Director of the Institute of Public Accountants for 12 years, having held the roles of Vice President, Deputy President, Global Chair and President. During his time on the board, Damien was a member of various committees, including the Board Audit & Risk Committee, Membership Committee, Remuneration Committee, and the Board Executive.

Damien is a Fellow of both the Institute of Public Accountants and the Institute of Financial Accountants (UK) and a Chartered Tax Advisor of The Tax Institute of Australia. He holds a Master of Commerce (Professional Accounting) from the University of New England. He is a Graduate Member of the Australian Institute of Company Directors and a Registered Tax Agent.

Date of appointment: 17 November 2022

Dianne Azoor Hughes

Dianne has more than 35 years of experience in business, with expertise in governance, risk and audit. She was previously the Technical Partner at Pitcher Partners, providing technical leadership from 2001-2014.

Dianne served as a Board Member of the Australian Auditing and Assurance Standards Board (AUASB) from 2004-2012. Since leaving professional practice in 2014, Dianne has had various governance and leadership roles, including:

- Facilitating collaboration across firms in the Baker Tilly International network for global audit-related projects
- Chair of the Monash University Department of Accounting Advisory Committee
- Independent member of the Audit Committee for the Victorian Legal Services Board and Commissioner
- Independent member of the Audit and Risk Committee member for the Victorian Building Authority

Dianne is a Fellow of Chartered Accountants Australia and New Zealand and a Member of the Australian Institute of Company Directors (AICD). Dianne holds a Master of Business Law and a Postgraduate Diploma in Advanced Accounting from Monash University. Dianne is also the author of the *Financial Fundamental texts* published by the AICD.

Dianne is currently chairperson of St Kilda Gatehouse, a board member for Gospel Resource Ltd, and an independent member of the Audit Quality Board of MHA MacIntyre Hudson (UK).

Date of appointment: 1 February 2023

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 Governance Institute of Australia. Channa joined the APESB in January 2007. He is the founding Technical Director of the APESB and was 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.

On 1 January 2022, Channa became a public interest Board Member of the International Ethics Standards Board for Accountants (IESBA). During the current reporting period, his responsibilities included being a member of the Tax Planning Taskforce, the Sustainability Taskforce and the IESBA's Planning Committee.

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	5	5
Craig Farrow	3	3
Rachel Grimes	5	5
Claire Mackay	5	4
Brian Morris	5	5
Colin Murphy	5	5
Damien Moore	3	3
Dianne Azoor Hughes	2	1

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 outstanding obligations of the company. At 30 June 2023, the number of members was 3 (2022: 3 members).

Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2023 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

18 October 2023

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 2023 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.

SW

SW Audit
Chartered Accountants



R Blayney Morgan
Partner

Melbourne, 18 October 2023

Brisbane
Level 15
240 Queen Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800

Perth
Level 18
197 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800



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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) complying 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 Regulations 2022*; and
 - (b) give a true and fair view of the financial position as at 30 June 2023 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 Regulations 2022*.



Nancy Milne OAM
Chairman

18 October 2023



Financial Statements

Statement of Comprehensive Income

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	<u>2</u>	1,560,000	1,425,000
Other income	<u>2</u>	25,109	3,286
Employee costs, directors fees and contractors		(1,219,681)	(1,079,947)
Board meeting costs		(38,062)	(8,970)
Conferences and events		(11,993)	(1,544)
Consulting fees		(42,050)	(17,250)
Depreciation and amortisation		(91,983)	(94,269)
Lease finance charges		(213)	(597)
Auditing and legal fees		(48,015)	(30,079)
Cleaning and outgoings		(39,727)	(34,115)
Information technology support and development		(45,094)	(30,653)
Marketing		(25,180)	(26,594)
Insurance		(16,884)	(14,010)
Postage, printing and stationary		(9,207)	(9,747)
Communications		(11,976)	(11,383)
IESBA roundtable		(9,977)	-
Other expenses		(30,857)	(27,699)
Surplus before income tax		(55,790)	41,429
Income tax expense	<u>1(i)</u>	-	-
(Deficit) / Surplus after income tax		(55,790)	41,429
(Deficit) / Surplus for the financial year		(55,790)	41,429
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		(55,790)	41,429

The accompanying notes form part of these financial statements

Statement of Financial Position

as at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current Assets			
Cash	4,16(a)	458,890	576,155
Financial Assets	5	997,934	949,077
Other assets	6	50,886	27,559
Total Current Assets		1,507,710	1,552,791
Non-Current Assets			
Financial assets	5	62,802	42,383
Plant and equipment	7	10,926	33,901
Right of use assets	8	293,737	70,983
Total Non-Current Assets		367,465	147,267
Total Assets		1,875,175	1,700,058
Current Liabilities			
Trade and other payables	9	90,817	80,935
Lease liabilities	11	87,100	98,137
Provisions	10	164,853	114,339
Total Current Liabilities		342,770	293,411
Non-Current Liabilities			
Lease liabilities	11	207,312	7,989
Provisions	10	537	18,312
Total Non-Current Liabilities		207,849	26,301
Total Liabilities		550,619	319,712
Net Assets		1,324,556	1,380,346
Accumulated surplus		1,324,556	1,380,346
Total Equity		1,324,556	1,380,346

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2023

	Accumulated Surplus \$
Balance at 1 July 2021	1,338,917
Net surplus for the financial year	41,429
Other comprehensive income for the year	-
Balance at 30 June 2022	1,380,346
Balance at 1 July 2022	1,380,346
Net deficit for the financial year	(55,790)
Other comprehensive income for the year	-
Balance at 30 June 2023	1,324,556

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash Flows from Operating Activities			
Receipts from Professional Bodies		1,716,000	1,567,500
Payments to suppliers and employees		(1,667,090)	(1,418,977)
Interest received		6,790	2,280
Net cash generated by operating activities	16(b)	55,700	150,803
Cash Flows from Investing Activities			
Proceeds from sale of financial assets		1,276,093	1,271,124
Cash invested in financial assets		(1,345,369)	(1,273,309)
Payments for plant and equipment		(5,552)	(4,049)
Net cash used in investing activities		(74,828)	(6,234)
Cash Flows from Financing Activities			
Interest paid		(213)	(597)
Repayment of lease liabilities		(97,924)	(93,690)
Net cash used in financing activities		(98,137)	(94,287)
Net (Decrease) / Increase in Cash and Cash Equivalents		(117,265)	50,282
Cash and Cash Equivalents at the Beginning of the Financial Year		576,155	525,873
Cash and Cash Equivalents at the End of the Financial Year	16(a)	458,890	576,155

The accompanying notes form part of these financial statements

Notes to the Financial Statements

Contents	Note	
Statement of Significant Accounting Policies	1	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 20. The financial report was authorised for issue on 18 October 2023 by the Board of Directors.
Revenue	2	
Auditor's Remuneration	3	
Cash and Cash Equivalents	4	
Financial Assets	5	Note 1: Statement of Significant Accounting Policies
Other Assets	6	
Plant and Equipment	7	
Right of Use Assets	8	
Trade and Other Payables	9	Basis of Preparation The financial statements are General Purpose Financial Statements that have been prepared in accordance with the <i>Australian Charities and Not-for-profits Commission Act 2012</i> , Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).
Provisions	10	
Lease Liabilities	11	
Contingent Liabilities	12	
Events After the Reporting Period	13	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.
Key Management Personnel Compensation	14	
Related Party Transactions	15	
Cash Flow Information	16	
Financial Risk Management	17	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 revenue. Revenue is remitted on 30 day net terms from the date of invoice. Interest revenue Revenue is recognised as interest accrues, using the effective interest rate method.
Capital Management	18	
Members' Guarantee	19	
Company Details	20	

(b) 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***

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 are 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 the 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.

(d) Financial Instruments***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs. This includes trade receivables as they do not contain a significant financing component.

Classification and subsequent measurement***Financial liabilities***

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at amortised cost using the effective interest method where it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires).

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. Expected credit losses are measured with reference to 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.
- Changes in expected credit losses from the previous reporting period are recognised in profit or loss as an impairment gain or loss.

No impairment on financial assets was recognised during the year ended 30 June 2023 (2022: Nil).

(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) Comparative Figures

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

(k) 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 likelihood to exercise the option by 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.

(l) Economic Dependency

APESB is dependent on the Professional Accounting Bodies (CPA Australia, Chartered Accountants Australia and 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.

Note 2: Revenue

	2023 \$	2022 \$
Revenue from Professional Bodies		
Operating revenue	1,560,000	1,425,000
Total Revenue	1,560,000	1,425,000
Other Income		
Bank deposits interest revenue	25,109	2,983
COVID-19 rent concession	-	303
Total Other Income	25,109	3,286
Total Revenue and Other Income	1,585,109	1,428,286

Note 3: Auditor's Remuneration

	2023 \$	2022 \$
Auditor's Remuneration		
— Audit services	22,000	20,000
— Other services	-	-
Total Auditor's Remuneration	22,000	20,000

Note 4: Cash and Cash Equivalents

	2023 \$	2022 \$
Current		
Cash at bank	458,790	576,152
Cash on hand	100	3
	458,890	576,155

Note 5: Financial Assets

	2023 \$	2022 \$
Current		
Term deposits at amortised cost	955,551	949,077
Security deposits at amortised cost	42,383	-
	997,934	949,077
Non-Current		
Security deposits at amortised cost	62,802	42,383
	1,060,736	991,460

Note 6: Other Assets

	2023 \$	2022 \$
Current		
Accrued interest	20,315	1,996
Prepayments and deposits	30,571	25,563
	50,886	27,559

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: Plant and Equipment

	Leasehold Improvements \$	Furniture \$	Computer Equipment \$	Office Equipment \$	Total \$
Gross Carrying Amount					
Balance at 1 July 2022	147,948	27,080	36,031	9,402	220,461
Additions	-	-	5,552	-	5,552
Balance at 30 June 2023	147,948	27,080	41,583	9,402	226,013
Accumulated Depreciation					
Balance at 1 July 2022	(122,345)	(27,080)	(27,733)	(9,402)	(186,560)
Depreciation and amortisation expense	(23,539)	-	(4,988)	-	(28,527)
Balance at 30 June 2023	(145,884)	(27,080)	(32,721)	(9,402)	(215,087)
Net Book Value					
As at 1 July 2022	25,603	-	8,298	-	33,901
As at 30 June 2023	2,064	-	8,862	-	10,926

Gross Carrying Amount					
Balance at 1 July 2021	147,948	27,080	31,982	9,402	216,412
Additions	-	-	4,049	-	4,049
Balance at 30 June 2022	147,948	27,080	36,031	9,402	220,461
Accumulated Depreciation					
Balance at 1 July 2021	(98,805)	(27,080)	(22,563)	(9,366)	(157,814)
Depreciation and amortisation expense	(23,540)	-	(5,170)	(36)	(28,746)
Balance at 30 June 2022	(122,345)	(27,080)	(27,733)	(9,402)	(186,560)
Net Book Value					
As at 1 July 2021	49,143	-	9,419	36	58,598
As at 30 June 2022	25,603	-	8,298	-	33,901

Note 8: Right of Use Assets

The Company has a lease for office premises for a term of 7 years with one further term of 3 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. APESB exercised its option to extend the lease by one further term of 3 years. This term is due to expire on 31 July 2026.

AASB 16 related amounts recognised in the Statement of Financial Position

	2023 \$	2022 \$
Right of use asset		
Leased office	555,829	267,552
Accumulated depreciation	(262,092)	(196,569)
Total right of use asset	293,737	70,983
Right of use asset - accumulated depreciation		
Leased office		
Balance at 1 July	(196,569)	(131,046)
Depreciation expense	(65,523)	(65,523)
Balance at 30 June	(262,092)	(196,569)

Note 9: Trade and Other Payables

	2023 \$	2022 \$
Current		
Trade payables	11,323	8,237
Other payables	510	519
Goods and services tax payable	27,612	22,039
PAYG payable	27,222	21,390
Audit fees payable	24,150	28,750
	90,817	80,935

Note 10: Provisions

	2023 \$	2022 \$
Current		
Annual leave provision	55,135	36,105
Long service leave provision	109,718	78,234
	164,853	114,339
Non-Current		
Long service leave provision	537	18,312
	537	18,312
	165,390	132,651
Movement in Provisions	Annual Leave Provision \$	Long Service Leave Provision \$
Opening Balance at 1 July 2021	43,125	84,111
Additional provisions recognised	49,714	12,435
Reductions arising from payments	(56,734)	-
Closing Balance at 30 June 2022	36,105	96,546
Opening Balance at 1 July 2022	36,105	96,546
Additional provisions recognised	57,315	13,709
Reductions arising from payments	(38,285)	-
Closing Balance at 30 June 2023	55,135	110,255

Note 11: Lease Liabilities

	2023 \$	2022 \$
Unsecured		
Current	87,100	98,137
Non-current	207,312	7,989
	294,412	106,126

Significant leasing arrangements

Lease liabilities represent the discounted future rentals payable by the Company for office facilities at Level 11, 99 William Street, Melbourne, Victoria 3000 for an initial term of 7 years which expired on 31 July 2023. The Company has exercised its option to extend the lease for a further period of 3 years which is due to expire on 31 July 2026. The option has been included in the lease period used to determine the associated liability. The liability incorporates fixed annual increases in lease payments with no applicable variable components.

Future minimum lease payments

The future minimum lease payments arising under the Company's lease contract at the end of the reporting period is as follows:

	2023 \$	2022 \$
Not longer than 1 year	112,976	98,137
Longer than 1 year and not longer than 5 years	215,477	8,203
Greater than 5 years	-	-
	328,453	106,340

Short-term leases and leases of low value assets

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. Lease payments recognised as an expense for short-term leases and leases of low value assets are as follows:

	2023 \$	2022 \$
Lease payments recognised as an expense	8,050	6,588
	8,050	6,588

Note 12: Contingent Liabilities

The directors are not aware of any material contingent liabilities as at 30 June 2023 (2022:Nil).

Note 13: Events after the Reporting Period

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

Note 14: Key Management Personnel Compensation

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

	2023 \$	2022 \$
Short-term employee benefits ¹	626,998	601,515
Post-employment benefits ²	65,835	60,151
Other long-term benefits ³	10,600	6,435
	703,433	668,101

¹ Includes payments to directors for their services.

² Comprises payments to contributory superannuation funds.

³ 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	2023 \$	Number	2022 \$
Chairman	1	104,055	1	97,666
Directors	6	268,778	6	264,000
Chief Executive Officer ⁴	1	330,600	1	306,435
	8	703,434	8	668,101

⁴ Includes long-service leave provided during the year, not paid (inc on costs).

Note 15: 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 14.

(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:

	2023 \$	2022 \$
Chartered Accountants Australia and New Zealand	520,000	475,000
CPA Australia	520,000	475,000
Institute of Public Accountants	520,000	475,000
	1,560,000	1,425,000

Note 16: Cash Flow Information

(a) Reconciliation of Cash

	2023 \$	2022 \$
Current		
Cash at bank	458,790	576,152
Cash on hand	100	3
	458,890	576,155
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	458,890	576,155
	458,890	576,155

(b) Reconciliation of Cash Flows from Operations with Deficit for the Reporting Period

	2023 \$	2022 \$
(Deficit) / Surplus for the year	(55,790)	41,429
<i>Non-Cash Flows:</i>		
Depreciation and amortisation expense	91,983	94,269
Other non-cash flows	213	294
Movement in Working Capital		
(Increase)/Decrease in other assets	(23,327)	88
Increase/(Decrease) in trade and other payables	9,882	9,308
Increase/(Decrease) in provisions	32,739	5,415
Net cash generated by operating activities	55,700	150,803

Note 17: 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 2023 (2022: 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.

The Board is responsible for monitoring the Company's compliance with its risk management strategy. The Board's overall risk management strategy is to assist the Company in meeting its financial targets while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis.

(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

Fixed Interest Rate Maturing				Non Interest Bearing		Total	
2023		2022		2023	2022	2023	2022
<1 year	>1 year	<1 year	>1 year				
\$	\$	\$	\$	\$	\$	\$	\$

Financial assets at amortised cost

Cash and cash equivalents	458,890	-	576,155	-	-	458,890	576,155
Term deposits and security deposits	997,934	62,802	949,077	42,383	-	1,060,736	991,460
Other receivables	-	-	-	-	20,315	20,315	1,996
Total financial assets at amortised cost	1,456,824	62,802	1,525,232	42,383	20,315	1,539,941	1,569,611

Financial liabilities at amortised cost

Trade payables	-	-	-	-	90,817	80,935	90,817	80,935
Lease liabilities	87,100	207,312	98,137	7,989	-	-	294,412	106,126
Total financial liabilities at amortised cost	87,100	207,312	98,137	7,989	90,817	80,935	385,229	187,061

(c) Credit Risk

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

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

(d) Sensitivity Analysis

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

	Surplus \$	Equity \$
Year ended 30 June 2023		
+2% in interest rates	28,202	28,202
-2% in interest rates	(19,311)	(19,311)
Year Ended 30 June 2022		
+2% in interest rates	28,527	28,527
-2% in interest rates	(2,983)	(2,983)

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 fair value approximates their carrying value.

Note 18: 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 19: 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 2023 the number of members was 3 (2022: 3 members)

Note 20: 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 & ETHICAL STANDARDS BOARD LIMITED

Opinion

We have audited the financial report of Accounting Professional & Ethical Standards Board Limited (the Company) which comprises the statement of financial position as at 30 June 2023, 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 Accounting Professional & Ethical Standards Board Limited is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended, and
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

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 2023, 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.

Brisbane
Level 15
240 Queen Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800

Perth
Level 18
197 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800



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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*, Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022* 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 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 has no realistic alternative but to do so.

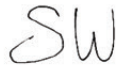
Auditor's Responsibilities for the Audit of the Financial Report

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.



SW Audit

Chartered Accountants



R Blayney Morgan

Partner

Melbourne, 18 October 2023

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 www.apesb.org.au

