Accounting Professional & Ethical Standards Board Limited

ACN 118 227 259

APESB

Annual Report

for the year ended
30 June 2010

Vision:

Our vision is:

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

We will achieve this vision by:

- Issuingprofessionalandethicalstandards that are integral to the Australian accounting profession
- Beinginnovativeinengagingkey stakeholders, professional accountants and the public
- Influencinginternationalagenda
- Advocatingthatprofessionalismand ethical conduct drive the behaviour of accountants.

StatementofPurpose:

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

Values:

Wearecommittedto:

- Beingindependent,consultativeand transparent in our work
- Encouraginguniversalaccesstostandards that are easy to use and understand
- Workinginnovativelyinthepublicinterest to guide the ethical and professional practices of accountants.

Highlights for 2009-2010

Directors (left)

Back row left to right:
MrWPeterDay
MrHarleyMcHutchison
MsCatherineMulcare

Front row left to right:
MrBobSendt
MsKateSpargo
MrStuartBlack

Staff (right)

Left to right:
MrChannaWijesinghe
MsLisaRozanitis
MrErikHopp
MsRozelleAzad

Achieving our Objectives

APESB has been successful in achieving the objectives of its work plan which has included issuing the new professional standards APES 330 Insolvency Services and APES 350 Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document as well as revising the existing APES 315 Compilation of Financial Information. Work continues on the following major projects:

- RevisionofAPES110 The Code of Ethics for Professional Accountants to bring it into alignment with the revised IESBA Code issued in July 2009
- ProposedstandardAPES230 Financial Advisory Services
- ProposedstandardAPES310 Dealing with Client Monies

In addition, work is progressing in the following areas:

- Membersinbusiness
- Outsourcingofaccountingservices
- Riskmanagement.

ImprovingProfessionalPracticethrough Standard Setting

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

- APES 330 Insolvency Services - which is effective from 1 April 2010 and replaces the existing professional Standard APS 7. APES 330 establishes the independence requirements that a member in public practice needs to comply with when determining whether to accept an appointment to conduct an administration, as well as the professional obligations imposed on the member during the conduct of the administration. APES 330 deals extensively with professional fees as well as the member's obligations when providing an expert witness service during the course of an appointment.
- APES 350 Participation of Members in Public Practice in Due Diligence Committees in connection with a Public Document – which is a new professional Standard that mandates the professional obligations of members in public practice who provide professional services to a Due Diligence Committee (DDC) established in connection with a public document. The standard addresses the different rolesamembermayperformsuchasDDCMember,DDC Observer or Reporting Person and the resultant professional obligations. The standard includes mandatory reporting obligations in respect of the due diligence sign-off to be provided by the member to the DDC.
- APES 315 Compilation of Financial Information (Revision) - which is applicable to members in public practice who compile financial information. Financial information includes financial statements. This standard has been effective since 1 January 2009 and the revision addressed amendments in respect of independence, confidentiality, and compilation reports.

 

- APES 230 ED Financial Advisory Services – which is applicable to members who provide financial advisory services that generally encompass financial planning and wealth management services. It addresses members' obligations in respect of fiduciary responsibilities, professional independence, preparing and reporting financial advice and remuneration.
- APES 310 ED Dealing with Client Monies – which specifies the professional obligations of members who handle client monies and the obligations of the auditor. It addresses members' professional obligations in respect of fundamental responsibilities, general principles of client monies, operation of trust accounts and client bank accounts and the related audit obligations. The professional obligations of a member in public practice who performs the audit is addressed in part B of the proposed standard.

EngagingwithExpertsintheDevelopmentof ProfessionalandEthicalStandards

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

- Codeofethicsforprofessionalaccountants
- Duediligencecommittees
- Financialadvisoryservices
- Insolvencyservices
- Membersinbusiness
- Outsourcingofaccountingservices
- Riskmanagement.

InfluencingtheInternationalStandardSettingAgenda

MsKateSpargo,APESBChairman,wasappointedtothe International Ethics Standards Board for Accountants (IESBA) forathreeyeartermcommencingon1January2010.Kate's involvement as a public interest member of the IESBA is advantageous to the Australian profession and adds to the internationalprofileofAPESB.Further,Mr.StuartBlackwhois one of our inaugural directors of APESB is a member of IFAC's SmallandMediumPracticesCommittee.

IncreasingAwarenessofAccountingProfessionaland EthicalStandards

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

- CompletingarefreshoftheAPESBbrandandaredesign of the APESB website which has made the site more user friendly and visually appealing
- Thewebsitehasaveraged44,264hitspermonthandthe new website was launched in June 2010
- Engagingwithmediaaroundthereleaseofkeystandards and exposure drafts.
- SpeakingatconferencesandeventsincludingtheICAA 2010 Business Forum, ICAA National Forensic Accounting Conference, CPE events of CPA Australia and the National InstituteofAccountants,andanumberofotherMember training events.

MaintainingStrongGovernanceofAPESB

APESBappointedanewdirector,CatherineMulcaretoreplace Professor Jack Flanagan who retired in February 2010. The Board has also undertaken a Board performance review during the year.

Chairman's Report

MostofusfeelfortunatetohavebeenpartoftheAustralian economy over the last couple of years. Our financial system proved resilient and is now cited as an exemplar to the world. The reasons for this success may be various but it is accepted that we have been well served by our regulators and the standards and requirements they have set for business participants. Such obligations are viewed as a benefit to business

At APESB we are motivated to deliver standards which we believe will contribute to the business health of the accounting profession as well as the financial wellbeing of clients and investors. As a standard setter operating independently, we have been able to take an objective and long term view of what will contribute to the 'professionalism of the profession'. We trust those professionals covered by our standards see this value.

As I started my role at the beginning of this year as a public member of the IESBA, I was reminded of the importance and significance of being part of an international system of codes and standards. There is enormous benefit in looking at what other member countries think and do, and in the principles of convergence.

And as many of you will also have seen, there can be significant shifts in thinking and attitudes around business behaviours. In this last year we have seen major changes in government policy and community expectations in the areas of financial advice and remuneration, executive remuneration, superannuation and so on. There is a flow on effect to the accounting profession and APESB is mindful of this thinking as we have been working this year.

APESBStrategicDirection

We continue to work to our Strategic Plan 2009 – 2012. Our clear priorities are acting in the public interest as well as contributing to the accounting profession and its professional standing. We are doing this by the ongoing development of standards for members, both in the revision of existing standards and the development of standards in new areas. We are committed to being responsive in this standard setting to the needs and requirements of the accounting profession, consideration of the public interest, practical business aspects and the ongoing enhancement of the professionalism in the profession. During the current year a key focus was on IFAC's amendments to its Code of Ethics for Professional Accountants and the impact it has on the revision of APESB's Code of Ethics. Other key focus areas are our stakeholder relationships with the professional bodies, regulators and government, the processes for monitoring compliance with APESB standards and related disciplinary actions, and communicating the role of APESB to members of the accounting profession.

RelationshipwiththeInternationalEthicsStandards BoardforAccountantsandInfluencingtheInternational Standard Setting Agenda

I was fortunate to be appointed to the International Ethics Standards Board for Accountants (IESBA) for a three year term from 1 January 2010. I believe my involvement as a public interest member of the IESBA will be advantageous to the Australian profession and adds considerably to the credibility of APESB and our pronouncements. I have also been appointed to the Fraud and Illegal Acts taskforce of the IESBA and more recently as Chair of the taskforce relating to inadvertent violations.

Stuart Black is also in a position to influence the international agendaasamemberofIFAC'sSmallandMediumPractices Committee.

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

AtAPESBwearemotivatedtodeliverstandardswhich we believe will contribute to the business health of the accounting profession as well as the financial well being of clients and investors.

WorkPlan

APESB continues with a demanding technical work program over the next two years. The current program is progressing well and reflects the good work of a small dedicated team. The primary focus of the APESB team remains the review and re-issue of the remaining standards from the APS series – TrustAccounts(ClientMonies)andFinancialAdvisoryServices as well as updating APES 110Code of Ethics for Professional Accountants to align it with changes made to IESBA'sCode of Ethics for Professional Accountants.

TaskforceProgram

As at 30 June 2010, APESB has five active taskforces in the areas of: the code of ethics for professional accountants, financial advisory services, members in business, outsourcing and risk management. These taskforces make an enormous contribution to APESB and its work and are a key part of our consultation process. I continue to be very impressed by the commitment, expertise, enthusiasm and interest, and remain indebted to those members of the profession, professional bodies and others who do this work.

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

Acknowledgements

On behalf of the Board, I would like to acknowledge the contribution of Professor Jack Flanagan, one of our inaugural directors who retired in February 2010. Jack was instrumental in establishing APESB and his contribution over four years on the Board is greatly appreciated. We welcomed Catherine MulcaretotheBoardofDirectorsinMay2010.Catherine brings to the table her extensive regulatory knowledge and experience in the profession.

The Board is also appreciative of the work of the APESB secretariat.TheteammadeupofMrChannaWijesinghe (TechnicalDirector),MrErikHopp(SeniorProjectManager), MsRozelleAzad(ProjectManager)andMsLisaRozanitis (Administrative Assistant) produces excellent work consistently andunderconsiderabletimepressuresonoccasions.Ms RachelPortelli(GeneralManager)leftemploymentwithAPESB in July 2010 and I would like to thank her for her significant contribution to the establishment and management of APESB's operations during her tenure.

The Board's thanks go to our stakeholders who join APESB meetings and contribute to our discussions, to our Taskforce members and to those who respond to exposure drafts, invitations to comment and discussion papers.

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

MsKateSpargo

Chairman
17 September 2010

Taskforce Composition
as at 30 June 2010

CodeofEthicsforProfessionalAccountants

MrChannaWijesinghe	APESB(Chairman)
MrClarkAnstis	AustralianAccounting Standards Board
MsDianneAzoor-Hughes	PitcherPartners
MrDavidBalcombe	Ernst&Young (ICAA nominee)
MrRichardMifsud	AuditingandAssurance Standards Board
MrMichaelNugent	InternationalFederation of Accountants
MsMarisaOrbea	Deloitte
MsRachelPortelli	APESB
MrKeithReilly	GrantThorntonAustralia (NIA nominee)
MsTiina-LiisaSexton	CPAAustraliaLimited nominee

DueDiligenceCommittee

MrChannaWijesinghe	APESB(Chairman)
MrReeceAgland	NIAnominee
MsClaireCardno	Ernst&Young
MrJeffCook	KPMG
MrJeffreyLuckins	WilliamBuck
MrPaulMeredith	ICAAnominee
MrJockO'Callaghan	PricewaterhouseCoopers
Dr Gary Pflugrath	CPA Australia Limited nominee
MsMarinaStuart	Deloitte

Financial Advisory Services

MrChannaWijesinghe	APESB(Chairman)
MrReeceAgland	NIAnominee
MrRobertMCBrown	Consultant
MrMichaelDavison	CPAAustraliaLimited nominee
MrHughElvy	ICAAnominee
MsSuzanneHaddan	BFGFinancialServices
MrHarryMoyle	HarryMoylePtyLtd

InsolvencyServices

MrChannaWijesinghe	APESB(Chairman)
MsKimArnold	InsolvencyPractitioners Association of Australia
MsRobynErskine	BrookeBird
MrStephenLongley	PricewaterhouseCoopers
MrPaulMeredith	ICAAnominee
MrMichaelMurray	InsolvencyPractitioners Association of Australia
MrJohnPurcell	CPAAustraliaLimited nominee
MsJulieWilliams	InsolvencySolutions (NIA nominee)

MembersinBusiness

MrChannaWijesinghe	APESB(Chairman)
MsKarenMcWilliams	ICAA
MsJo-AnnLong	LatentPetroleum
MrPaulMeredith	Institutenominee
MrJeffO'Connell	IpswichShireCouncil (NIA Nominee)
MrJohnPurcell	CPAAustraliaLimited nominee

Outsourcing of Accounting Services

MrChannaWijesinghe	APESB(Chairman)
MrReeceAgland	NIAnominee
MrBruceCoombes	MYOBAccountants Resourcing
MrPaulMeredith	ICAAnominee
MrSivaNavaratnam	ANZ
MrHarryRosenberg	NexiaASR
MsTiina-LiisaSexton	CPAAustraliaLimited nominee

RiskManagement

MrChannaWijesinghe	APESB(Chairman)
MrReeceAgland	NIAnominee
MrPaulCarter	PricewaterhouseCoopers
MsLizGiust	GrantThornton
MrJean-MarcImbert	RSMBirdCameron
MsCatherineKennedy	ICAAnominee
MrGerardMeade	Deloitte
MsBernadetteNakhl	MJNHoldings
Dr Gary Pflugrath	CPA Australia Limited nominee
MrMarkWilson	KPMG

Directors' Report

The directors of Accounting Professional & Ethical Standards Board Limited (APESB or the company) submit herewith the financial report of the company for the year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the directors' report as follows:

PrincipalActivities

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

Results of Operations

The surplus of the company for the year ended 30 June 2010 was $70,802 (2009: deficit $52,990).

Review of Operations

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

Fundingrevenueincreasedby26%whichwasmainlyoffset bya18%increaseinemployeecostsanddirectorfeesand numerous less significant increases in other expense accounts.

Significant Changes in the State of Affairs

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

EnvironmentalIssues

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

FutureDevelopments

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

Dividends

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

AfterBalanceDateEvents

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

Directors’ Report



Directors

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

Mr Stuart Black

Stuart Black is Past President and a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. He is managing partner of the Sydney based accountancy practice Chapman Eastway. Stuart is also a non-executive director of Coffey International Ltd, a member of the International Federation of Accountants(IFAC)SmallandMediumPracticesCommittee, Chair of the Chartered Accountants Benevolent Fund Ltd and a non-executive director of the Country Education Foundation of Australia Ltd. Date of Appointment: 7 February 2006

Mr W Peter Day

Peter Day is a non-executive director and Chairman of Orbital Corporation Limited, a non-executive director of Ansell Limited, MultipleSclerosisLimited,FinancialExecutivesInternational of Australia Limited and SAI Global Limited. He is a member oftheMonashUniversityBusinessandEconomicsAdvisory CommitteeandamemberoftheRiskManagementandAudit Committee of the Australian Prudential Regulatory Authority. HewasformerlyExecutiveGeneralManagerFinanceforAmcor Limited and has also had senior executive positions with Bonlac Foods, Rio Tinto, CRA and Comalco.Date of Appointment: 15 April 2009

Professor Jack Flanagan

Jack Flanagan is Emeritus Professor of Accounting at Australian Catholic University. He is a Fellow of CPA Australia and a member of the Institute of Chartered Accountants in Australia. He is also a trustee of Catholic Healthcare.
Date of Appointment: 7 February 2006, Date of Retirement: 7 February 2010

Mr Harley McHutchison

HarleyMcHutchisonisaformerpartnerandChairmanofBig Four professional services firm Deloitte Touche Tohmatsu. He is a Fellow of the Institute of Chartered Accountants in Australia. HeisalsoChairmanofColonialMutualSuperannuationPtyLtd, Commonwealth Custodial Services Ltd and the Compliance CommitteesofCommonwealthManagedInvestmentsLtd, ColonialFirstStateInvestmentsLtdandCFSManaged Property Ltd. Date of Appointment: 7 February 2006

Ms Catherine Mulcare

CatherineMulcarewasrecentlyappointedtheChiefFinancial andOperationsOfficeroftheMelbourneStormRugbyLeague Club effective from 27 September 2010. Prior to that she was the Regulatory Affairs Partner with Big Four professional servicesfirm,KPMG.SheisamemberofCPAAustralia, Institute of Chartered Accountants in Australia and the Australian Institute of Company DirectorsDate of Appointment: 1 May 2010

Mr Bob Sendt

Bob Sendt was New South Wales Auditor General from 1999to2006.HeisaFellowofCPAAustralia,aFellowof the National Institute of Accountants and a Graduate of the Australian Institute of Company Directors. He is the Chairman of Job Futures Ltd and a director of National Health Call Centre Ltd and Cancer Council NSW. From 2001 – 2005 he was a member of the Auditing and Assurance Standards Board and wasDeputyChairfrom2004–2005. Date of Appointment: 11 December 2006

Ms Kate Spargo

KateSpargowasappointedchairmanofAPESBinJuly2007. Sheisanon-executivedirectorofSonicHealthcareLtd,SMEC Holdings Ltd, Pacific Hydro Pty Ltd, Investec Bank (Australia) Ltd, Transfield Services Infrastructure Fund, Colnvest Ltd and theAustralianEnergyMarketOperator.SheisalsoaFellow of the Australian Institute of Company Directors. She was appointed to the International Ethics Standards Board for Accountants as a public interest member from 1 January 2010. Date of Appointment: 16 July 2007

Page 8
Left to right:
MrStuartBlack
MrWPeterDay
MsCatherineMulcare

Page 9
Left to right:
MrHarleyMcHutchison
MrBobSendt
MsKateSpargo



CompanySecretary

Channa Wijesinghe

Channa Wijesinghe is the Technical Director of APESB and was appointed as the Company Secretary on 23 June 2010. He has been with the APESB since January 2007 and was previously an Audit Director at Deloitte Touche Tohmatsu.
Appointed 23 June 2010.

Rachel Portelli

RachelPortelliwastheManagerandCompanySecretaryof APESB.SheservedasManagerofAPESBsinceAugust2006 and immediately prior to joining APESB served as Program Manager–StandardsforGeneralPracticeattheRoyal Australian College of General Practitioners.
Resigned 23 June 2010.

IndemnificationofOfficersandAuditors

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

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

Directors'Meetings

The following table sets out the number of directors' meetings held during the financial reporting year and the number of meetings attended by each director. During the financial reporting year, thirteen [13] directors' meetings were held.

Director	Directors'Meetings	
	Number Eligible to Attend	Number Attended
Stuart Black	13	11
Peter Day	13	13
Jack Flanagan	6	5
HarleyMcHutchison	13	11
CatherineMulcare	3	3
Bob Sendt	13	12
KateSpargo	13	13

ProceedingsonBehalfoftheCompany

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.

Auditor'sIndependenceDeclaration

A copy of the auditor's independence declaration for the year ended 30 June 2010 has been received and can be found in the directors' report on page 11.

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

MsKateSpargo

Chairman
17 September 2010

Financial Statements

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 10, 530 Collins Street
Melbourne VIC 3000
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F +61 (0)3 8102 3400
www.moorestephens.com.au

Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001 to the Directors of

Accounting Professional & Ethical Standards Board Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Scott Phillips
Partner
Melbourne, 17 September 2010

Directors’ Declaration

The directors of the company declare that:

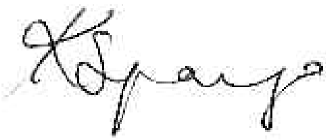
(1) The financial statements and notes, as set out on pages 13to34areinaccordancewiththe *Corporations Act 2001* and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2010 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.



MsKateSpargo

Chairman
17 September 2010

Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	Year ended 30/06/2010 $	Year ended 30/6/2009 $
Revenue	2	1,246,188	988,128
Other revenue	2	12,851	5,947
Employee costs and directors fees		(785,766)	(666,946)
Employee benefits expense	3	(31,482)	(25,305)
Rent		(52,387)	(52,387)
Board meeting costs		(76,526)	(95,549)
Consulting fees		(76,391)	(47,597)
Depreciation and amortisation	3	(54,569)	(57,051)
Finance charges		(1,082)	(2,922)
Accounting & legal fees		(16,450)	(13,113)
Cleaning & outgoings		(21,963)	(20,527)
Information technology support & development		(16,760)	(15,860)
Marketing		(1,559)	(12,466)
Loss on sale of assets	3	(1,341)	-
Other expenses		(51,961)	(37,342)
Surplus/(Deficit)beforeincometax		70,802	(52,990)
Income tax expense	1(i)	-	-
Surplus/(Deficit)afterincometax		70,802	(52,990)
Surplus/(Deficit)forthefinancialyear		70,802	(52,990)
Othercomprehensiveincomefortheyear		-	-
Totalcomprehensiveincomefortheyear		70,802	(52,990)

The accompanying notes form part of these financial statements

Statement of Financial Position
as at 30 June 2010

	Note	30/06/2010 $	30/06/2009 $
Assets			
Current Assets			
Cash and cash equivalents	4,14(a)	678,601	552,445
Other assets	5	25,967	2,059
Total Current Assets		704,568	554,504
Non-Current Assets			
Property, plant and equipment	6	73,730	117,493
Total Non-Current Assets		73,730	117,493
Total Assets		778,298	671,997
Current Liabilities			
Trade and other payables	7	81,370	62,356
Provisions	8	42,518	28,017
Total Current Liabilities		123,888	90,373
Non-Current Liabilities			
Provisions	8	23,251	21,267
Total Non-Current Liabilities		23,251	21,267
Total Liabilities		147,139	111,640
Net Assets		631,159	560,357
Accumulated surplus		631,159	560,357
TotalEquity		631,159	560,357

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the year ended 30 June 2010

	Accumulated Surplus $
Balance at 30 June 2008	613,347
Net deficit for the financial year	(52,990)
Other comprehensive income for the year	-
Balanceat30June2009	560,357
Balance at 30 June 2009	560,357
Net surplus for the financial year	70,802
Other comprehensive income for the year	-
Balanceat30June2010	631,159

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the year ended 30 June 2010

	Note	Year ended 30/06/2010 $	Year ended 30/06/2009 $
CashFlowsfromOperatingActivities			
Receipts from funding bodies		1,377,663	1,084,834
Payments to suppliers and employees		(1,248,016)	(1,057,216)
Interest received		8,655	5,947
Net cash provided by operating activities	14(b)	138,302	33,565
CashFlowsfromInvestingActivities			
Proceeds from sale of property, plant and equipment		637	-
Payments for property, plant and equipment		(12,783)	-
Net cash used in investing activities		(12,146)	-
NetIncreaseinCashandCashEquivalents		126,156	33,565
CashandCashEquivalents attheBeginningoftheFinancialYear		552,445	518,880
CashandCashEquivalents attheEndoftheFinancialYear	14(a)	678,601	552,445

The accompanying notes form part of these financial statements

Notes to the Financial Statements

The financial statements are for Accounting Professional & Ethical Standards Board Limited (APESB or the company) as an individual company, incorporated and domiciled in Australia. APESB is a company limited by guarantee. The financial report was authorised for issue on 17 September 2010 by the Board of Directors.

Note1:StatementofSignificantAccountingPolicies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events andconditions.Materialaccountingpoliciesadoptedinthe preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

Accounting Policies

(a) Revenue

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

Interest Revenue

Revenue is recognised as interest accrues.

(b) Property, Plant and Equipment

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

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

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

Class of fixed asset	Depreciation Rate
Leaseholdimprovements	20%
Leaseassets	10%
Furniture	20%
Computerequipment	25%
Officeequipment	25%

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

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

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

(c) Leases

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

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this date is equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs except when the instrument is classified as 'at fair value through profit or loss' in which case transaction costs are expensed to profit and loss immediately.

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

i. the amount at which the financial asset or financial liability is measured at initial recognition

ii. less principal repayments

iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

iv. less any reduction for impairment.

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

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified at 'fair value through profit and loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

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

(iii) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

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

(iv) Financial Liabilities

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

Fair Value

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

Impairment

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Comprehensive Income.

(e) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

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

(f) Employee Benefits

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

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

Contributions to defined contribution superannuation plans are expensed when incurred.

(g) Cash and Cash Equivalents

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

(h) Goods and Services Tax (GST)

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

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

(i) Income Tax

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

(j) General Provisions

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

(k) Trade and Other Payables

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

(l) Make Good Provision

A provision was raised for the present value of anticipated costs of future restoration of leased office premises.

The provision includes future cost estimates associated with the dismantling of office premises, fixtures and fittings. The calculation of this provision is based on the best estimate of future costs which may result in future actual expenditure differing from the amounts currently provided. The provision recognised for the office premises is periodically reviewed and updated based on the facts and information available at the time. Changes to the estimated future costs for the office premises are recognised in the Statement of Financial Position by adjusting both the expense and asset (if applicable) and provision. The related carrying amounts are disclosedinnotes6and8tothefinancialstatements.

(m) Comparative Figures

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

(n) Critical Accounting Estimates and Judgments

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

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

(o) Economic Dependency

APESB is dependent on the Joint Accounting Bodies (CPA Australia, The Institute of Chartered Accountants in Australia and the National Institute of Accountants) for the majority of its revenue used to operate the business. As perclause2.2oftheMemorandumofAgreementbetween the Institute of Chartered Accountants in Australia, CPA Australia and APESB, funding is on a three year rolling cycle reviewable annually.

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

(p) Adoption of New and Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Accounting Professional & Ethical Standards Board Limited.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the Statement of Changes in Equity, with non-owner changes in equity presented in the Statement of Comprehensive Income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the Statement of Changes in Equity.

Statement of Comprehensive Income — The revised AASB 101 requires all income and expenses to be presented in either one statement, the Statement of Comprehensive Income, or two statements, a separate Income Statement and a Statement of Comprehensive Income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a Statement of Comprehensive Income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the Statement of Comprehensive Income. Entities are required to disclose the income tax relating to each component of other comprehensive income.

The previous version of AASB 101 did not contain an equivalent concept.

(q) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company follows:

- AASB9:FinancialInstrumentsandAASB2009-11: Amendments to Australian Accounting Standards arisingfromAASB9[AASB1,3,4,5,7,101,102,108, 112,118,121,127,128,131,132,136,139,1023& 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

  The changes made to accounting requirements include:

  — simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

  — simplifying the requirements for embedded derivatives;

  — removing the tainting rules associated with held-to-maturity assets;

  — removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

  — allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

  — requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

- AASB124:RelatedPartyDisclosures(applicablefor annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

- AASB2009–5:FurtherAmendmentstoAustralian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136&139](applicableforannualreportingperiods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the company.

- AASB2009–8:AmendmentstoAustralianAccounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments. These amendments are not expected to impact the company.

- AASB2009–9:AmendmentstoAustralianAccounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contractsinaccordancewithInterpretation4whenthe application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the company.

- AASB2009–10:AmendmentstoAustralianAccounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the company.

- AASB2009–12:AmendmentstoAustralianAccounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137,139,1023&1031andInterpretations2,4,16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the company

- AASB2009–13:AmendmentstoAustralianAccounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Interpretation is not expected to impact the company.

- AASB2009–14:AmendmentstoAustralian Interpretation—PrepaymentsofaMinimumFunding Requirement[AASBInterpretation14](applicablefor annual reporting periods commencing on or after 1 January 2011).

ThisstandardamendsInterpretation14toaddress unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASBInterpretation19:ExtinguishingFinancialLiabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the company.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

Note 2: Revenue

	Year ended 30/06/2010 $	Year ended 30/06/2009 $
RevenuefromJointAccountingBodies		
Operating revenue	1,246,188	988,128
Total Revenue	1,246,188	988,128
OtherIncome		
Bank deposits interest revenue	11,765	5,947
Miscellaneousincome	1,086	-
Total Other Income	12,851	5,947
TotalRevenueandOtherIncome	1,259,039	994,075

Note3:Surplus/(Deficit)fortheYear

	30/06/2010 $	30/06/2009 $
a. Expenses		
Depreciation and Amortisation		
— Lease asset/leasehold improvement make good	1,689	5,068
— Leasehold improvements	39,414	39,414
— Furniture	7,826	7,825
— Computer equipment	3,237	2,844
— Office equipment	2,403	1,900
Total Depreciation and Amortisation	54,569	57,051
Employee Benefits Expense		
— Annual leave	30,580	23,855
— Long service leave	902	1,450
Total Employee Benefits Expense	31,482	25,305
Auditor’s Remuneration		
— Audit services	11,200	9,600
Total Auditor’s Remuneration	11,200	9,600
b. OtherRevenueandExpenses		
Property, Plant and Equipment		
Loss on disposals	1,341	-

Note4:CashandCashEquivalents

	2010 $	2009 $
Current		
Cash at bank	678,569	552,330
Cash on hand	32	115
	678,601	552,445

Note 5: Other Assets

	2010 $	2009 $
Current		
Accrued Interest	4,198	-
Prepayments and Deposits	1,246	2,059
Expenses Reimbursable	20,523	-
	25,967	2,059

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

Note6:Property,PlantandEquipment

	Lease Asset/ Leasehold Improvement Make Good $	Leasehold Improvements $	Furniture $	Computer Equipment $	Office Equipment $	Total $
GrossCarryingAmount						
Balanceat1July2009	16,895	197,072	39,131	11,377	7,605	272,080
Additions	-	-	-	8,928	3,855	12,783
Disposals	-	-	-	(6,572)	-	(6,572)
Balanceat30June2010	16,895	197,072	39,131	13,733	11,460	278,291
Accumulated Depreciation/ Amortisationand Impairment						
Balanceat1July2009	(5,068)	(114,895)	(22,813)	(7,180)	(4,631)	(154,587)
Depreciation & amortisation expense	(1,689)	(39,414)	(7,826)	(3,237)	(2,403)	(54,569)
Eliminated on disposal of assets	-	-	-	4,595	-	4,595
Balanceat30June2010	(6,757)	(154,309)	(30,639)	(5,822)	(7,034)	(204,561)
NetBookValue						
Asat1July2009	11,827	82,177	16,318	4,197	2,974	117,493
Asat30June2010	10,138	42,763	8,492	7,911	4,426	73,730
GrossCarryingAmount						
Balanceat1July2008	-	197,072	39,131	11,377	7,605	255,185
Additions	-	-	-	-	-	-
Initial recognition	16,895	-	-	-	-	16,895
Disposals	-	-	-	-	-	-
Balanceat30June2009	16,895	197,072	39,131	11,377	7,605	272,080
Accumulated Depreciation/ Amortisationand Impairment						
Balanceat1July2008	-	(75,481)	(14,988)	(4,336)	(2,731)	(97,536)
Depreciation expense	(5,068)	(39,414)	(7,825)	(2,844)	(1,900)	(57,051)
Balanceat30June2009	(5,068)	(114,895)	(22,813)	(7,180)	(4,631)	(154,587)
NetBookValue						
Asat1July2008	-	121,591	24,143	7,041	4,874	157,649
Asat30June2009	11,827	82,177	16,318	4,197	2,974	117,493

Note7:TradeandOtherPayables

	30/06/2010 $	30/06/2009 $
Current		
Trade payables	11,315	24,589
Goods and services tax payable	23,156	17,725
Rent payable	2,408	4,246
Superannuation payable	525	5,100
PAYG payable	28,132	-
Directors fees payable	5,834	-
Audit fees payable	10,000	9,600
Accrued income	-	1,096
	81,370	62,356

Note8:Provisions

	30/06/2010 $	30/06/2009 $
Current		
Annual leave provision	42,518	28,017
	42,518	28,017
Non Current		
Makegoodprovision	20,899	19,817
Long service leave provision	2,352	1,450
	23,251	21,267
	65,769	49,284

	Annual Leave Provision $	Make Good Provision $	Long Service Provision $
Opening Balance at 1 July 2008	23,612	-	-
Additional provisions recognised	23,855	19,817	1,450
Reductions arising from payments	(19,450)	-	-
Closing Balance at 30 June 2009	28,017	19,817	1,450
Opening Balance at 1 July 2009	28,017	19,817	1,450
Additional provisions recognised	30,580	1,082	902
Reductions arising from payments	(16,079)	-	-
Closing Balance at 30 June 2010	42,518	20,899	2,352

Provision for Long-term Employee Benefits

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

Note9:LeasingCommitments

Leasing Arrangements

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

The office facilities lease is for an initial term of five years which expires on 31 August 2011 with an option for a further five year period.

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

A provision has been made for the present value of anticipated costs of future restoration of leased office premises. The provision includes future cost estimates associated with the dismantling of office premises, fixtures and fittings. The calculation of this provision is based on the best estimate of future costs which may result in future actual expenditure differing from the amounts currently provided. The provision recognised for the office premises is periodically reviewed and updated based on the facts and information available at the time. Changes to the estimated future costs for the office premises are recognised in the Statement of Financial Position by adjusting both the expense and asset (if applicable) and provision. The related carrying amounts are disclosed innote6tothefinancialstatements.

Non-Cancellable Operating Lease Commitments

	30/06/2010 $	30/06/2009 $
Not longer than 1 year	55,207	55,207
Longer than 1 year and not longer than 5 years	19,071	66,758
	74,278	121,965

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

	30/06/2010 $	30/06/2009 $
Current	2,408	4,246
	2,408	4,246

Note 10: Contingent Liabilities

The directors are not aware of any material contingent liabilities as at 30 June 2010.

Note11:EventsAftertheReportingPeriod

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

Note12:KeyManagementPersonnelCompensation

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

	30/06/2010 $	30/06/2009 $
Short-term employee benefits[1]	531,125	507,436
Post-employment benefits[2]	70,771	42,519
	601,896	549,955

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

Note13:RelatedPartyTransactions

(a) Equity Interests in Related Entities

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

(b) Key Management Personnel Compensation

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

(c) Key Management Personnel Loans

There are no loans to or from key management personnel.

(d) Transactions with Key Management Personnel

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

(e) Transactions with Members of the Company

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

	30/06/2010 $	30/06/2009 $
Institute of Chartered Accountants in Australia	415,396	329,376
CPA Australia	415,396	329,376
National Institute of Accountants	415,396	329,376
	1,246,188	988,128

Note14:CashFlowInformation

(a) Reconciliation of Cash

	30/06/2010 $	30/06/2009 $
Cash at bank	678,569	552,330
Cash on hand	32	115
	678,601	552,445

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

	30/06/2010 $	30/06/2009 $
Surplus/(Deficit) for the year	70,802	(52,990)
Non Cash Flows:		
Depreciation and amortisation expense	54,569	57,051
Loss on disposal	1,341	-
Finance costs	1,082	2,922
Long service leave expense	902	1,450
Changes in Assets and Liabilities:		
Current:		
Receivables	(23,908)	34,313
(Decrease)/Increaseinliabilitiesandprovisions:		
Current:		
Trade and other payables	33,514	(9,181)
Net cash from operating activities	138,302	33,565

Note15:FinancialRiskManagement

The company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable. The company does not have any derivative instruments as at 30 June 2010.

Specific Financial Risk Exposures and Management

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

(a) Interest Rate Risk

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

(b) Liquidity Risk

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

Financial liability and financial asset maturity analysis

	Weighted Average Effective InterestRate		Variable InterestRate		FixedInterestRate Maturing				Non Interest Bearing		Total	
	2010	2009	2010	2009	2010		2009		2010	2009	2010	2009
					<1 year	>1 year	<1 year	>1 year				
	%	%	$	$	$	$	$	$	$	$	$	$
Financial Assets												
Cash and cash equivalents	3.21	0.75	-	-	678,601	-	552,445	-	-	-	678,601	552,445
Other receivables	-	-	-	-	-	-	-	-	25,967	2,059	25,967	2,059
Total Financial Assets			-	-	678,601	-	552,445	-	25,967	2,059	704,568	554,504
Financial Liabilities												
Trade payables	-	-	-	-	-	-	-	-	81,370	62,356	81,370	62,356
Other current provisions	-	-	-	-	-	-	-	-	42,518	28,017	42,518	28,017
Total Financial Liabilities			-	-	-	-	-	-	123,888	90,373	123,888	90,373

(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/(Deficit) $	Equity $
Yearended30June2010		
+2%ininterestrates	79,182	639,539
-2%ininterestrates	59,545	619,902
YearEnded30June2009		
+2%ininterestrates	(42,467)	570,880
-2%ininterestrates	(58,488)	554,859

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

(e) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at the end of the reporting period adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements. Aggregate net fair values and carrying amounts of financial assets and financial liabilities at the end of the reporting period:

	30/06/2010 $	
	CarryingAmounts $	Net Fair Value $
Financial assets	704,568	704,568
Financial liabilities	123,888	123,888

	30/06/2009 $	
	CarryingAmounts $	Net Fair Value $
Financial assets	554,504	554,504
Financial liabilities	90,373	90,373

Note16:CapitalManagement

Managementcontrolsthecapitaloftheentitytoensurethatadequatecashflowsaregeneratedtofundtheactivitiesofthe secretariat.TheBoardensuresthattheoverallriskmanagementstrategyisinlinewiththisobjective.Managementoperatesunder policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements. The entity’s capital consists of financial liabilities, supported by financial assets.

The entity’s capital is managed by assessing the entity’s financial risks and responding to changes in these risks. Capital investments are directed at ensuring minimal risk of capital loss on invested funds.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maximise the return on investments whilst ensuring the duration of the portfolio of investments match forecast cash needs of APESB.

Consistent with the previous financial year, APESB does not have any borrowings and funds its operations utilising liquid assets on hand.

APESB is not subject to any externally imposed capital requirements.

Note17: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 2010 the number of members was 3 (2009: 3 members).

Note18:CompanyDetails

Theregisteredofficeandprincipalplaceofbusinessofthecompanyis Level7,600BourkeStreet,Melbourne,Victoria,3000.

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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

We have audited the accompanying financial report of Accounting Professional and Ethical Standards Board Limited (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The Responsibility 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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Accounting Professional & Ethical Standards Board Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Scott Phillips
Partner

Dated this 17th day of September 2010

Accounting Professional & Ethical Standards Board
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