

Accounting
Professional &
Ethical Standards
Board Limited

ACN 118 227 259

Annual Report

for the year ended
30 June 2013

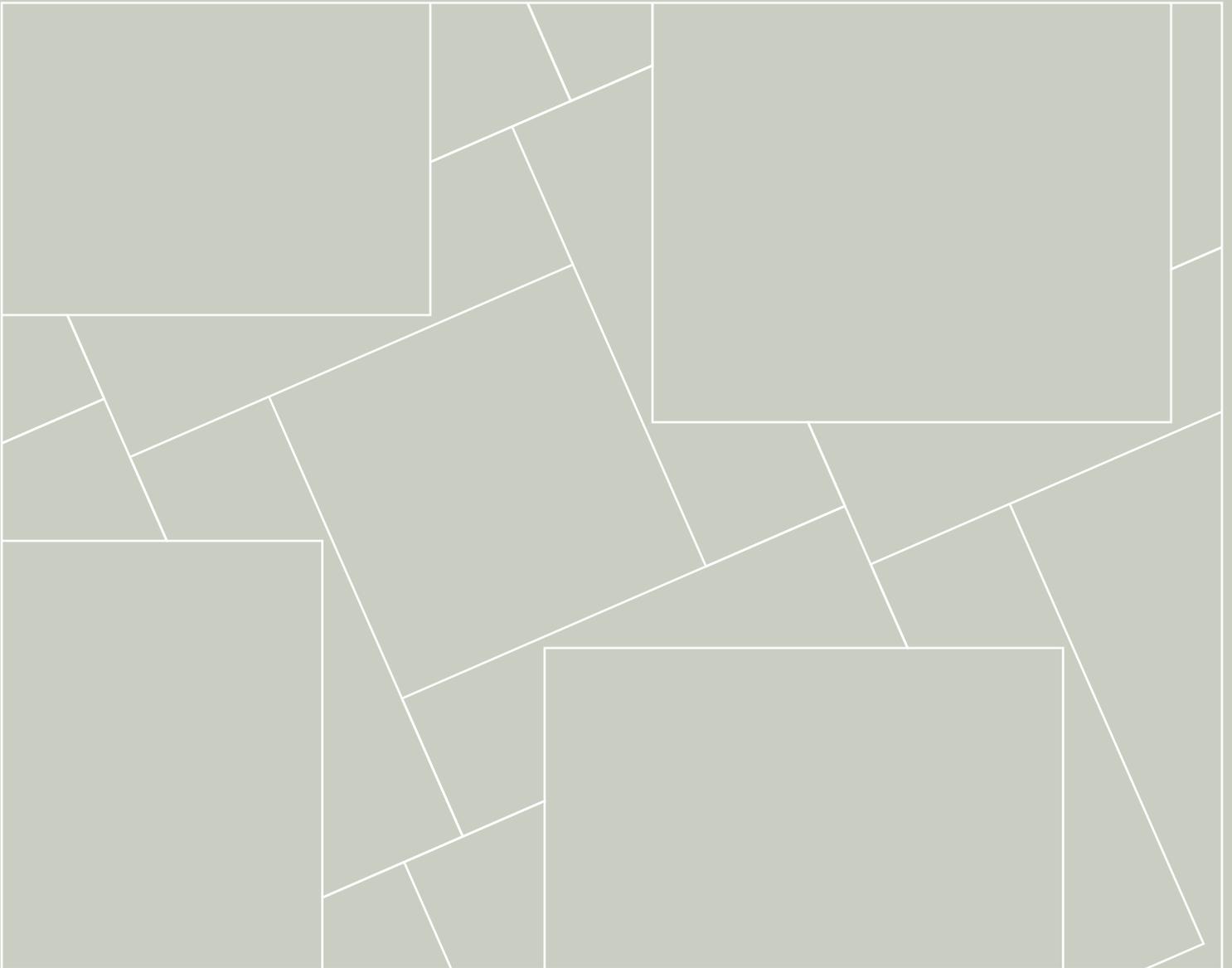


⋮

⋮

Contents

About APESB.....	1
Highlights for 2012-2013.....	2
Taskforce Composition as at 30 June 2013.....	4
Chairman's Report.....	5
Thought Leadership Events.....	7
Directors' Report.....	17
Financial Statements.....	20



⋮

⋮

Vision

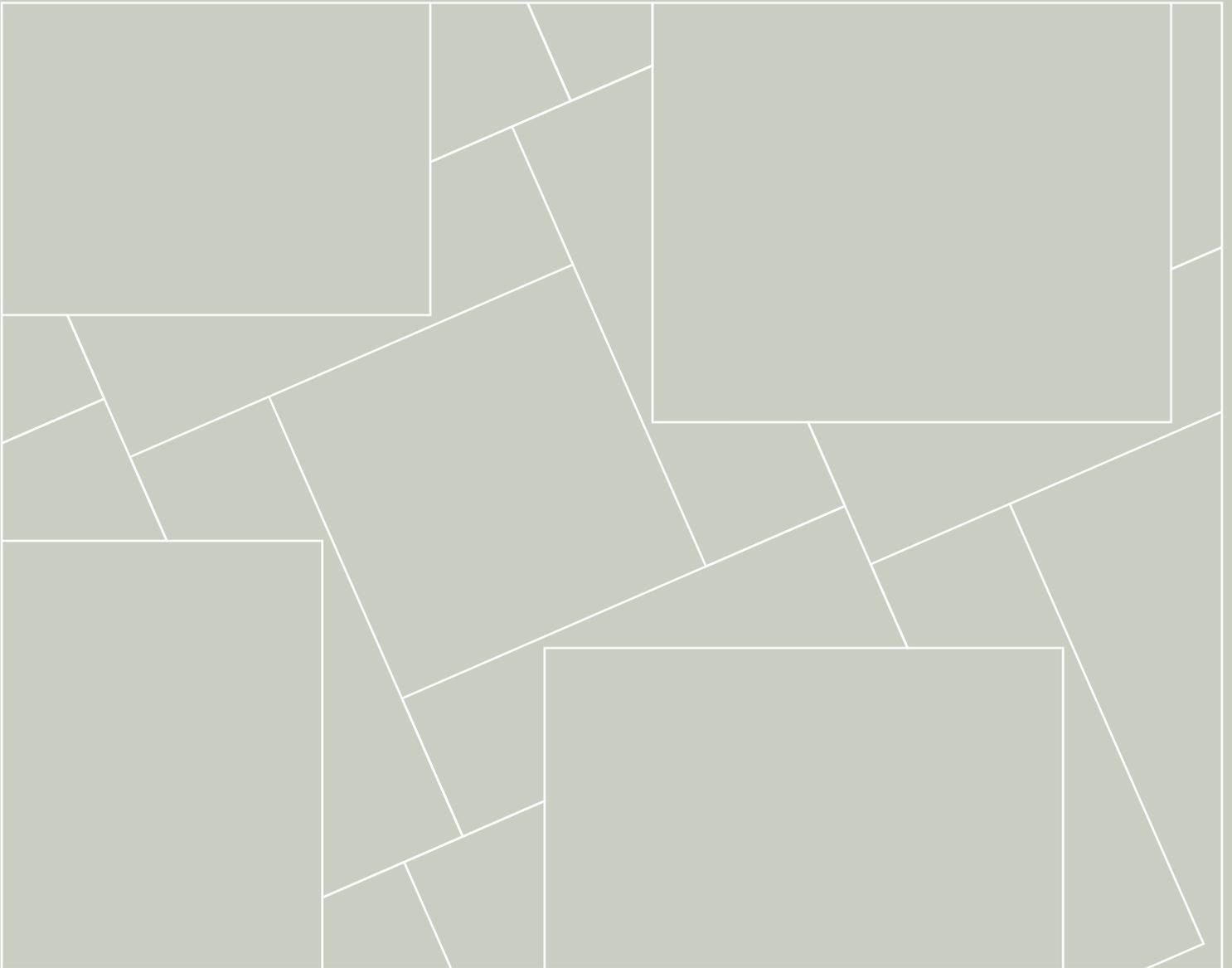
Exemplary levels of professionalism and ethical behaviour in the accounting profession.

Statement of Purpose

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

Values

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



Highlights for 2012–2013

Achieving our Objectives

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

- Compiled APES 110 *Code of Ethics for Professional Accountants* incorporating the Public Interest Entity definition;
- Revised APES 305 *Terms of Engagement*;
- APES GN 30 *Outsourced Services*;
- APES 230 *Financial Planning Services*; and
- Amendments to the Definitions and Auditor Independence Requirements in APES 110 *Code of Ethics for Professional Accountants*.

APESB also issued the following exposure drafts during the year:

- Revision of APES 310 ED *Dealing with Client Monies*; and
- Proposed APES GN 20 *Scope and Extent of Work for Valuation Services*.

In addition to the above, a joint Group of 100 and APESB taskforce contributed to the revision of the G100 Code of Conduct. The updated G100 Code of Conduct takes into consideration the changing and evolving role and responsibilities of Chief Financial Officers (CFOs) which now encompass a varied portfolio of activities in addition to those relating to the integrity of financial reporting and controls.

Improving Professional Practice through Standard Setting

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

- **Compiled APES 110 *Code of Ethics for Professional Accountants*** – A compiled version of APES 110 which includes the Code amendments in respect of the Public Interest Entity definition was issued in September 2012.
- **Revised APES 305 *Terms of Engagement*** – the revision of APES 305 *Terms of Engagement*, which was issued in March 2013, was undertaken to clarify the application of the standard in respect of recurring and continuing engagements. The revised standard is effective for engagements commencing on or after 1 July 2013.

- **APES GN 30 *Outsourced Services*** – which was issued in March 2013, provides guidance to members in public practice who provide or utilise Outsourced Services in the delivery of professional services. The guidance also provides a useful reference point for members in business who have involvement with Outsourced Services.
- **APES 230 *Financial Planning Services*** – which was issued in April 2013 and replaces the existing APS 12 *Statement of Financial Advisory Service Standards* (APS 12). This standard sets out mandatory requirements and guidance for members who provide Financial Planning Services. APES 230 is effective from 1 July 2014 with the exception of paragraphs 8 and 9 in respect of professional fees and third party payments. The requirements of paragraphs 8 and 9 are effective from 1 July 2015. Early adoption of the standard is permitted.
- **Amendments to the Definitions and Auditor Independence Requirements in APES 110 *Code of Ethics for Professional Accountants*** – which was issued in May 2013 makes minor editorial amendments and adds a new AUST paragraph to address circumstances where auditors may be receiving multiple referrals from a single source. The amendments are effective from 1 July 2013.
- **Proposed Revision of APES 310 ED *Dealing with Client Monies*** – a revision of APES 310 *Dealing with Client Monies* was initiated due to issues raised as part of the six month review. This standard was finalised and issued subsequent to year end in July 2013.
- **Proposed APES GN 20 *Scope and Extent of Work for Valuation Services*** – this guidance note is being developed to provide guidance in respect of the application of APES 225 *Valuation Services* to assist with determining the scope and extent of review, analysis and corroboration that is normally appropriate for the applicable Valuation Service. Work continues on this project.

APESB Strategy and Work Plan for 2013 - 2015

Following the completion of the 2009 - 2012 strategic period, the Board considered the need to review the vision, statement of purpose, values and the key strategic objectives for the strategic period 2013 - 2015. In August 2013 the APESB released its 2013 - 2015 Strategic Plan that sets an ambitious program of work to assist in progressing towards the achievement of APESB's strategic goals. The activities outlined in the plan form the basis for the Board's activities and work plans for secretariat staff.

A Communication Plan is currently under development to ensure all communication and media activities are coordinated to support the goals and objectives of the APESB Strategy and Work Plan for 2013 - 2015.

Engaging with Experts in the Development of Professional and Ethical Standards

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

- Forensic Accounting Services
- Compilation of Financial Information
- Due Diligence Committees
- Quality Control for Firms
- SMSF Auditor Independence
- Valuation Services
- Outsourced Services

Influencing the International Standard Setting Agenda

Kate Spargo, the APESB Chairman, was reappointed to the International Ethics Standards Board for Accountants (IESBA) for a second term and is in her first year of a three year period. Kate's involvement as a public interest member of the IESBA represents a voice for the Australian accounting profession, provides a public interest perspective to the international debate, and also helps the APESB remain current in terms of global perspectives and changes.

APESB Director Stuart Black AM also continued in his roles as a member of IFAC's Small and Medium Practices Committee and a member of the IESBA SME/SMP Working Group on the Code of Ethics.

APESB is one of the National Standards Setters of the IESBA National Standards Setters Group (IESBA NSS Group) and represents Australia's interests in this group. The IESBA NSS Group held their annual meeting in New York in May 2013 and APESB Technical Director Channa Wijesinghe attended this meeting. The meeting provides a valuable forum in which National Standards Setters share information on, and insights into, emerging ethics issues and developments in jurisdictions around the world that are of international relevance. Channa presented on APESB's work program to inform the IESBA NSS Group of the latest Australian developments as part of the Global Developments agenda item.

Increasing Awareness of Accounting Professional and Ethical Standards

APESB has continued to work at raising the awareness of accounting professional and ethical standards by making presentations at relevant conferences and member professional development events. In addition, APESB liaises with the media in issuing the release of exposure drafts and standards, as well as with the professional bodies for journal publications.

APESB also has a website that is user friendly and provides access to stakeholders to its pronouncements. Monitoring of site usage has shown a strong average of 127,584 hits per month.

Maintaining Strong Governance of APESB

The Board experienced some changes during the year, one of which was the resignation of Bob Sendt in December 2012. APESB would like to place on record its appreciation of the dedication and commitment demonstrated by Bob who played an integral role in the development of APESB pronouncements for the benefit of the Australian accounting profession.

APESB welcomes the appointment of Kevin Osborn FIPA to the Board for an initial term of three years and looks forward to his valued contributions. He brings a wealth of experience to APESB. Kevin is a highly experienced company director who is currently chairman of Invest South Australia, non-executive director of SA Water as well as deputy chairman of South Australia's Economic Development Board and the Port Adelaide Football Club.

Catherine Mulcare completed her term with APESB in April 2013. During her three years with the company Catherine made a significant contribution to the deliberations of the Board and the achievement of APESB's strategic objectives. Her professional practice and business experience was invaluable in contributing to the development of APESB pronouncements.

Taskforce Composition as at 30 June 2013

Forensic Accounting Services

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

Compilation of Financial Information

Channa Wijesinghe	APESB (Chairman)
Dianne Azoor Hughes	Pitcher Partners
Dennis Robertson	Weston Woodley & Robertson
Paul Meredith	ICAA nominee
Michael Cain	Cain Consulting
Amir Ghandar	CPA Australia Limited nominee
Reece Agland	IPA nominee

Due Diligence Committees

Channa Wijesinghe	APESB (Chairman)
Jeff Cook	KPMG
Marina Stuart	Deloitte
Claire Cardno	Ernst & Young
Mark Haberlin	PricewaterhouseCoopers
Jeffrey Luckins	William Buck
Paul Meredith	ICAA nominee
Amir Ghandar	CPA Australia Limited nominee
Reece Agland	IPA nominee

Quality Control for Firms

Channa Wijesinghe	APESB (Chairman)
Sue Curtis	KPMG
Colin Parker	GAAP Consulting
Claire Locke	ICAA nominee
Jacqueline Maroney	Ernst & Young
Steve Miklos	Deloitte
Phil Priest	PricewaterhouseCoopers
Dr Eva Tsahuridu	CPA Australia Limited nominee
Reece Agland	IPA nominee

SMSF Auditor Independence

Channa Wijesinghe	APESB (Chairman)
Shirley Schaefer	BDO Australia
Sharif Eldebs	Crowe Howarth
Robert Brown	Chartered Accountant
Liz Guist	William Buck
Sharyn Long	Sharyn Long Chartered Accountants
Susan Orchard	GAAP Consulting
Denis Pratt	CPA Australia nominee
Andrew Stringer	ICAA nominee
Liz Westover	ICAA nominee
Michael Davison	CPA Australia nominee
Reece Agland	IPA nominee

Valuation Services

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

Chairman's Report

In April 2013 the Board completed the revision of the full suite of professional and ethical standards inherited from the accounting profession in 2006. Accordingly, now the Board has met a significant milestone of achieving one of the primary objectives of reviewing and relaunching professional and ethical standards that apply to the membership of the major professional accounting bodies (Institute of Chartered Accountants Australia, CPA Australia and Institute of Public Accountants) in Australia. I am pleased to report on our activities during the year as well as provide an indication of some future activities of the Board as articulated in the Strategic Plan for 2013 – 2015.

The Board finalised APES 230 *Financial Planning Services* which sets new requirements for accountants providing financial planning advice. The release of APES 230 followed a considerable period of public and industry consultation which included the issue of two exposure drafts. This was a challenging standard to conclude, given the diversity of views expressed by interested parties. The Board is of the view that the final standard represents an appropriate standard for the members of the major professional accounting bodies given that it incorporates additional requirements compared to its predecessor standard, and has been developed in the context of the Federal Government's *Future of Financial Advice (FoFA)* reforms.

One of the highlights this year was the forums held in Sydney and Melbourne to discuss the International Ethics Standards Board for Accountants' (IESBA) exposure draft on responding to a suspected illegal act. Approximately 70 guests attended the forums that provided an opportunity to exchange views of firms, members in business, professional bodies, government agencies and other stakeholders on this international exposure draft. The event marked our first formal thought-leadership activity which successfully engaged stakeholders in respect of ethical issues that face the profession.

The Board closely monitors developments in the local and international environment and assesses how such developments should influence work and activities. APESB continues to initiate thought leadership activities that engage stakeholders consistent with the aim of benefiting the public interest and the profession.

APESB held two thought leadership events to coincide with the IESBA's Board meeting in Sydney in September 2013. One event was with the IESBA Chairman Jörgen Holmquist as the key note speaker and the second event was with the Auditor-General of Victoria John Doyle as the key note speaker. Jörgen addressed topics such as the challenges that the global accounting profession is facing, the European Union and the Euro and the current economic crisis in Europe. John addressed the topic of accountability and trust in Government. In his speech John addressed the global financial crisis, the role of the regulators, the impact of lobbyists on Government policy and the role of the Auditors-General. I thank our key stakeholders for their attendance and participation at these events.

APESB Strategic Direction 2013 – 2015

The Board has developed its Strategic Plan for 2013 – 2015 which is structured around four strategic pillars of activities: standards, engagement, influence and advocacy. Our clear overarching priorities remain to act in the public interest as well as contributing to the accounting profession and its professional standing. We continue to achieve this through the development of professional and ethical standards for members, both in the revision of existing standards and the development of standards in new areas where required in the public interest. We now move into a phase of consolidation and maintenance where the Board looks forward to dialogue and engagement with a wide range of stakeholders while we remain committed to being responsive in this standard setting process to the needs and requirements of the accounting profession.

We aim to achieve this through:

- Issuing professional and ethical standards that are applicable to members of the three major accounting bodies in Australia, while serving the public interest;
- Effectively engaging our key stakeholders, including professional accountants, the public, government bodies, regulators and the three major accounting bodies;
- Influencing and responding to the national and international agenda in relation to professional and ethical standards; and
- Advocating that professionalism and ethical conduct drive the behaviour of accountants.

In doing so, the Board will continue to advocate that professionalism and ethical conduct are fundamental to the reputation of the accounting profession and will continue to contribute to the public debate on ethical issues that impact on the accounting profession.

Work Plan

Since 2006, APESB has developed a full suite of professional and ethical pronouncements which consists of 15 Standards and 2 Guidance Notes with an additional Guidance Note at exposure draft stage. The majority of APESB's pronouncements are developed in Australia, and only 3 of them are based on or contain material from international equivalents.

The success of the technical program to date reflects the good work of a small dedicated team. The primary focus of the APESB team this year has been the review and re-issue of the remaining standards from the professional standards and guidance notes originally inherited from the accounting profession in 2006.

Taskforce Program

As at 30 June 2013, APESB has five active taskforces in the areas of forensic accounting services, compilation of financial information, quality control for firms, due diligence committees and valuation services. We rely significantly on the interest,

commitment and hard work of the members of the task forces throughout the year. Much of the preparatory work of developing standards is carried out by these groups. All of the work is undertaken on a voluntary basis. We welcome all members of the profession who are interested in contributing in this way and we encourage representatives from outside of the accounting profession as well to enable the APESB to gain a wide perspective in developing standards. The APESB would again like to say how much these efforts are appreciated.

Acknowledgements

The APESB Secretariat has worked effectively again this year, with some demanding tasks to manage. Channa Wijesinghe (Technical Director / Company Secretary) leads the Secretariat team which includes Robert Nickel (Senior Project Manager), Rozelle Azad (Senior Project Manager), Aleasha McCallion (Administration & Communications Officer), Margareth Lioe (Project Officer) and Dolla Wilkinson (Bookkeeper). I would like to thank the Secretariat again this year on behalf of the Board and our stakeholders, for their strong commitment to their work and the high quality of the outputs they produce.

The Board is also grateful for the valuable contributions made by staff of the major professional accounting bodies, accounting firms, government bodies, regulators and others who provide input and different perspectives to our standard setting process. The Board could not have achieved what it has to date without the contributions from stakeholders. We acknowledge the interest of those who attend the APESB board meetings and offer valuable input at the time we are considering issues.

On a personal note I am pleased about APESB's achievements to date and have enjoyed the challenges and opportunities of the role of Chairman over the last six years. As the Board enters a new phase of engagement and influence it is an opportune time for me to retire from the Board and pursue other professional interests. I thank the Board and Secretariat for their support and efforts during my tenure and I look forward to maintaining an interest in APESB's activities and observing the success of the Board as it continues to contribute to exemplary levels of professionalism and ethical behaviour in the accounting profession in the years to come.



Kate Spargo
Chairman
30 September 2013

Thought Leadership Events

APESB hosted two thought leadership events in conjunction with the visit of the International Ethics Standard Board for Accountants (IESBA) to Sydney. APESB's thought leadership events provided the opportunity for the visiting IESBA delegation to connect with local stakeholders from the accounting profession, firms, members, regulators and government authorities.

Dinner Event with IESBA Chairman Jörgen Holmquist at the Pavilion, Royal Botanic Gardens, Sydney - 18th of September 2013

APESB Chairman, Kate Spargo welcomed guests and provided them with an overview of APESB's and IESBA's activities. Kate then introduced the keynote speaker IESBA Chairman Jörgen Holmquist.

Jörgen is the first independent Chairman of the IESBA and has been a public member of the IESBA since 2011. Previously he served as Director General, DG Internal Market and Services, at the European Commission from 2007 to 2010 and was responsible for developing the European Union (EU) regulatory response to the Global Financial Crisis (GFC).

Jörgen held a captivated audience as he addressed two key topics. The first related to the challenges that the global accounting profession is facing, the importance of ethics and the professional accountant's obligation to act in the public interest. He was of the view that auditors and accountants have fared better through the GFC compared to bankers, rating agencies and politicians. The second topic was the European Union, the Euro and the current economic crisis in Europe. He identified the differences between the northern and southern European countries at the time of creation of the Euro and subsequent developments that have led to the current crisis.

APESB Director Stuart Black AM delivered the vote of thanks to Jörgen.

Luncheon Event with Auditor-General of Victoria John Doyle at the Heritage Ballroom, Westin, Sydney - 19th of September 2013

APESB Chairman, Kate Spargo welcomed guests and introduced the keynote speaker Auditor-General of Victoria John Doyle.

John Doyle commenced his term as Victoria's 26th Auditor-General on 1 July 2013. His prior appointments include being the Auditor-General of British Columbia, Canada and the Deputy Auditor-General for Western Australia.

John addressed the topic of accountability and trust in Government and the role of the Auditors-General. He identified some of the key factors that contributed to the GFC, their consequences and issues to consider. He also explored the role of Auditors-General to provide assurance to parliaments on the accountability and performance of the public sector. He noted that regulators have an important role to play and need to strengthen their enforcement and compliance activities.

APESB Director Peter Day delivered the vote of thanks.

1. Jörgen Holmquist (IESBA Chairman) 2. John Doyle (Auditor-General of Victoria)
3. Kate Spargo (APESB Chairman) 4. Stuart Black AM (APESB Director)
5. Peter Day (APESB Director).





Dinner Event with IESBA Chairman
Jörgen Holmquist

Descriptions on page 9

Dinner Event with IESBA Chairman Jörgen Holmquist

1. Kate Spargo (APESB Chairman), Owain Stone (Partner, KordaMentha), Hugh Elvy (Head of Financial Planning, ICAA), Andrew Stringer (Director Asia, ICAA)
2. Robert Franchini (IESBA Board Member), Don Thomson (IESBA Board Member), Brian Caswell (IESBA Board Member)
3. Jan West AM (FRC Board Member), Stephen Harrison AO (CEO, Global Accounting Alliance), Dr John Laker AO (APRA Chairman)
4. John Doyle (Auditor-General of Victoria), Christine Leetham (Past President, IPA)
5. Isabelle Sapet (IESBA Deputy Chairman), Liesbet Haustermans (IESBA Technical Advisor)
6. Jason Evans (Senior Technical Manager, AICPA), Chris Jackson (IESBA Technical Manager)
7. Liz Westover (Head of Superannuation, ICAA), Ken Siong (IESBA Technical Director), Amir Ghandar (Policy Adviser - Audit and Assurance, CPA Australia)
8. Tim Mackay (Principal and Head of Strategy, Quantum Financial), Lisa Snyder (IESBA Technical Advisor), Alan Max (Director, Moore Stephens)
9. Jacqueline Maroney (Executive Director, Quality and Risk Management, Ernst & Young), Geoff Applebee (FRS Chairman), Chris Westworth (Principal, Westworth Kemp Consultants), Stephanie Kemp (Principal, Westworth Kemp Consultants)





Dinner Event with IESBA Chairman Jörgen Holmquist

1. Keith Reilly (Former National Head of Professional Standards, Grant Thornton), John Price (ASIC Commissioner), Chris Hall (National Managing Partner of Risk and Regulation, KPMG)
2. Claire Mackay (Principal and Head of Advice, Quantum Financial), Channa Wijesinghe (APESB Technical Director), Suzanne Haddan (Managing Director, BFG Financial Services)
3. Trisha Van Gelder (APESB Guest), Harley McHutchison (APESB Director), Marisa Orbea (IESBA Board Member)
4. Stuart Black AM (APESB Director), Alex Malley (CEO, CPA Australia), Graham Monk (Non-Executive Director, Tenix)





5



6



7



8



9

Dinner Event with IESBA Chairman Jörgen Holmquist

5. Alice McCleary (IESBA Board Member), Mark Haberlin (Partner, PwC), Kevin Osborn (APESB Director), Robert Franchini (IESBA Board Member), Claire Cardno (Oceania TAS Quality Leader, Ernst & Young), Chris Hall (National Managing Partner of Risk and Regulation, KPMG)
 6. Sean Osborn (Head of Members in Business, ICAA), Chishala Kateka (IESBA Board Member), Paul Meredith (Head of Professional Standards, ICAA), Michael Murray (Legal Director, Insolvency Practitioners Association of Australia), Stephanie Kemp (Principal, Westworth Kemp Consultants) Chris Westworth (Principal, Westworth Kemp Consultants)
 7. John Cahill (President and Board Chairman, CPA Australia), Rachel Grimes (Board Member, International Federation of Accountants)
 8. Sean Collins (Partner, KPMG), Brendan Halligan (Principal, Halligan & Co)
 9. Gary Hannaford (IESBA Board Member), Jim Stackpool (Managing Director, Strategic Consulting & Training)



1 Dinner Event with IESBA Chairman Jörgen Holmquist

- 1. Kevin Osborn (APESB Director), Catherine Mulcare (APESB Past Board Member)
- 2. Andrew Pinkney (IESBA Technical Advisor), Helen Agelii (IESBA Board Member)
- 3. Reyaz Mihular (IESBA Board Member), John Gibson (Former Partner, Ernst & Young)
- 4. Andrew Stringer (Director Asia, ICAA), Dianne Azoor-Hughes (Partner, Pitcher Partners), Liz Westover (Head of Superannuation, ICAA), Howard Pratt (Senior Technical Manager, AUASB)
- 5. Harley McHutchison (APESB Director), Tim Gullifer (ICAA President)
- 6. Jörgen Holmquist (IESBA Chairman), Stuart Black AM (APESB Director)





1

Luncheon Event with Auditor-General of Victoria John Doyle

1. Lunch guests arriving 2. Stuart Black AM (APESB Director), Don Thomson (IESBA Board Member), Dianne Azoor-Hughes (Partner, Pitcher Partners), Jörgen Holmquist (IESBA Chairman)
 3. Aleasha McCallion (APESB Admin & Communications Officer), Margareth Lioe (APESB Project Officer) 4. Neil Cherry (NZAuASB Chairman), Jan West AM (FRC Board Member)
 5. Jason Parker (IPA President), Lee White (CEO, ICAA), Alex Malley (CEO, CPA Australia)



2



3



4



5



1

Luncheon Event with Auditor-General of Victoria John Doyle

1. Victor Clarke (Partner, PwC), Tony Whitfield (Deputy Auditor-General, Audit Office of NSW), Douglas Niven (Senior Executive Leader, Financial Reporting and Audit, ASIC), Lynn Wood (FRC Chairman), John Price (ASIC Commissioner), Jörgen Holmquist (IESBA Chairman) 2. Lee White (CEO, ICAA), Don Thomson (IESBA Board Member), Stuart Black AM (APESB Director) 3. Jean-Marc Imbert (Partner, RSM Bird Cameron), Channa Wijesinghe (APESB Technical Director) 4. Jean-Marc Imbert (Partner, RSM Bird Cameron), Kate Spargo (APESB Chairman), Suzanne Williams (Senior Client Partner, Korn/Ferry International) Jörgen Holmquist (IESBA Chairman)



2



3



4

Luncheon Event with Auditor-General of Victoria John Doyle

5. Dr. Eva Tsahuridu (IESBA Technical Advisor), Nicole Perry (Senior Manager, KPMG), Paul Peters (Executive Director, BD Leader for Government, Ernst & Young), Christine Wilcox (Associate Director, KPMG) 6. Gerard Meade (Partner, Deloitte), Howard Pratt (Senior Technical Manager, AUASB), Paul Meredith (Head of Professional Standards, ICAA) 7. John Doyle (Auditor-General of Victoria), Kate Spargo (APESB Chairman) 8. Alice McCleary (IESBA Board Member), Michael Booth (Assistant Auditor-General, Audit Policy and Quality, Queensland Audit Office) 9. Jan Swinhoe (Senior Finance and Banking Executive) 10. Dennis Robertson (Partner, Weston Woodley & Robertson)





Directors left to right: Mr Stuart Black AM, Mr W Peter Day, Mr Harley McHutchison, Mr Kevin Osborn, Ms Kate Spargo



Staff left to right: Ms Aleasha McCallion, Mr Robert Nickel, Ms Margareth Lioe, Mr Channa Wijesinghe, Ms Rozelle Azad

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 2013. In complying with the provisions of the *Corporations Act 2001*, the directors report as follows:

Principal Activities

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

The company's objectives are to monitor and evaluate the robustness of professional and ethical pronouncements for professional accountants in Australia and to develop in the public interest additional pronouncements as required. To achieve its objectives, the company has adopted the following strategies:

- Communicating and raising awareness of APESB pronouncements with our constituency;
- Engaging in and keeping up to date with international developments in ethical standard setting;
- Requesting input in terms of work plan inclusions from the major professional accounting bodies;
- Maintaining awareness of the business environment and legislative developments to identify opportunities where APESB should develop pronouncements in the public interest; and
- Engaging in stakeholder consultation when developing pronouncements for members.

Results and Review of Operations

The company's operations for the year ended 30 June 2013 resulted in a surplus of \$42,564 (2012: surplus \$38,389). Increased subscriptions from members together with savings in conferences & events and consulting fees were offset by higher employee costs, marketing expenses and

board meeting costs. The major focus of the company's operations for the year continued to be the review of existing standards and guidance notes and the development of new pronouncements as required.

Significant Changes in the State of Affairs

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

Environmental Issues

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

Future Developments

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

Dividends

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

After Balance Date Events

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

Directors

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.

Kate Spargo (Chairman)

Kate Spargo was appointed Chairman of APESB in July 2007. She is a non-executive director of Sonic Healthcare Ltd, UGL Ltd, SMEC Holdings Ltd, Pacific Hydro Pty Ltd, Investec Bank (Australia) Ltd, Colinvest Ltd, and Suncorp Portfolio Services Ltd. Kate is also a Fellow of the Australian Institute of Company Directors. She was appointed to the International Ethics Standards Board for Accountants as a public interest member from 1 January 2010.

Date of Appointment: 16 July 2007

Stuart Black AM

Stuart Black is a Past President and a Fellow of the Institute of Chartered Accountants Australia, a Fellow of both CPA Australia and the Australian Institute of Company Directors. He is the former managing partner of the Sydney based accountancy practice Chapman Eastway. Stuart is also a non-executive director of Australian Agricultural Company Limited, Coffey International Ltd, NetComm Wireless Ltd, a member of the International Federation of Accountants (IFAC) Small and Medium Practices Committee, Chair of the Chartered Accountants Benevolent Foundation Ltd and a non-executive director of the Country Education Foundation of Australia Ltd.

Date of Appointment: 7 February 2006

W Peter Day

Peter Day is a non-executive director of Ansell, Federation Centres, Orbital Corporation and SAI Global. Peter was formerly CFO of Amcor for seven years and previously held senior positions with Bonlac Foods, Rio Tinto, CRA and Comalco. Peter is a past Chairman of the Australian Accounting Standards Board and a past Deputy Chairman of the Australian Securities and Investments Commission. He is a Fellow of both CPA Australia and the Institute of Chartered Accountants Australia, and a Fellow of the Australian Institute of Company Directors.

Date of Appointment: 15 April 2009

Harley McHutchison

Harley McHutchison is a former partner and past Chairman of professional services firm Deloitte Touche Tohmatsu. He is a Fellow of the Institute of Chartered Accountants Australia. He is also Chairman of Colonial Mutual Superannuation Pty Ltd, Commonwealth Custodial Services Ltd and the Compliance Committees of Commonwealth Managed Investments Ltd, Colonial First State Investments Ltd and CFS Managed Property Ltd.

Date of Appointment: 7 February 2006

Catherine Mulcare

Catherine Mulcare is the Chief Financial Officer of Defence Health Limited and a non-executive director of Make a Wish Foundation of Australia Limited. Prior to that she was the Chief Financial and Operations Officer of the Melbourne Storm Rugby League Club and previously was Regulatory Affairs Partner with professional services firm, KPMG. She is a member of CPA Australia, Institute of Chartered Accountants Australia and the Australian Institute of Company Directors.

Date of Appointment: 1 May 2010

Date of Retirement: 30 April 2013

Kevin Osborn

Kevin Osborn is the Chairman of Invest in South Australia Advisory Board, Deputy Chairman of the Economic Development Board of South Australia, a non-executive Director of SA Water and Deputy Chairman of the Port Adelaide Football Club. Kevin is a Foundation Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Public Accountants and a member of the Institute of Corporate Directors in Canada. He was formerly the Deputy Chairman of Bendigo and Adelaide Bank and a non-executive Director of Calgary based Viterra Inc. Prior to his career as a non-executive Director, Mr Osborn had a 25 year career in international financial markets where he held various global senior management positions with the USA's then 4th largest Banking Corporation, Bank One, which is now part of J P Morgan Chase.

Date of Appointment: 18 March 2013

Bob Sendt

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

Date of Appointment: 11 December 2006

Date of Resignation: 23 December 2012

Company Secretary

Channa Wijesinghe

Channa Wijesinghe is the Technical Director and Company Secretary of APESB. He is a Fellow of the Institute of Chartered Accountants Australia and CPA Australia. Channa has been with APESB since January 2007 and was previously an Audit Director at Deloitte Touche Tohmatsu.

Indemnification of Officers and Auditors

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

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

Directors' Meetings

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

Director	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Kate Spargo	7	7
Stuart Black	7	7
Peter Day	7	7
Harley McHutchison	7	7
Catherine Mulcare	6	6
Kevin Osborn	2	2
Bob Sendt	3	3

Proceedings on Behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2013 the number of members was 3 (2012: 3 members).

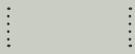
Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2013 has been received and can be found in the directors' report on page 21.

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



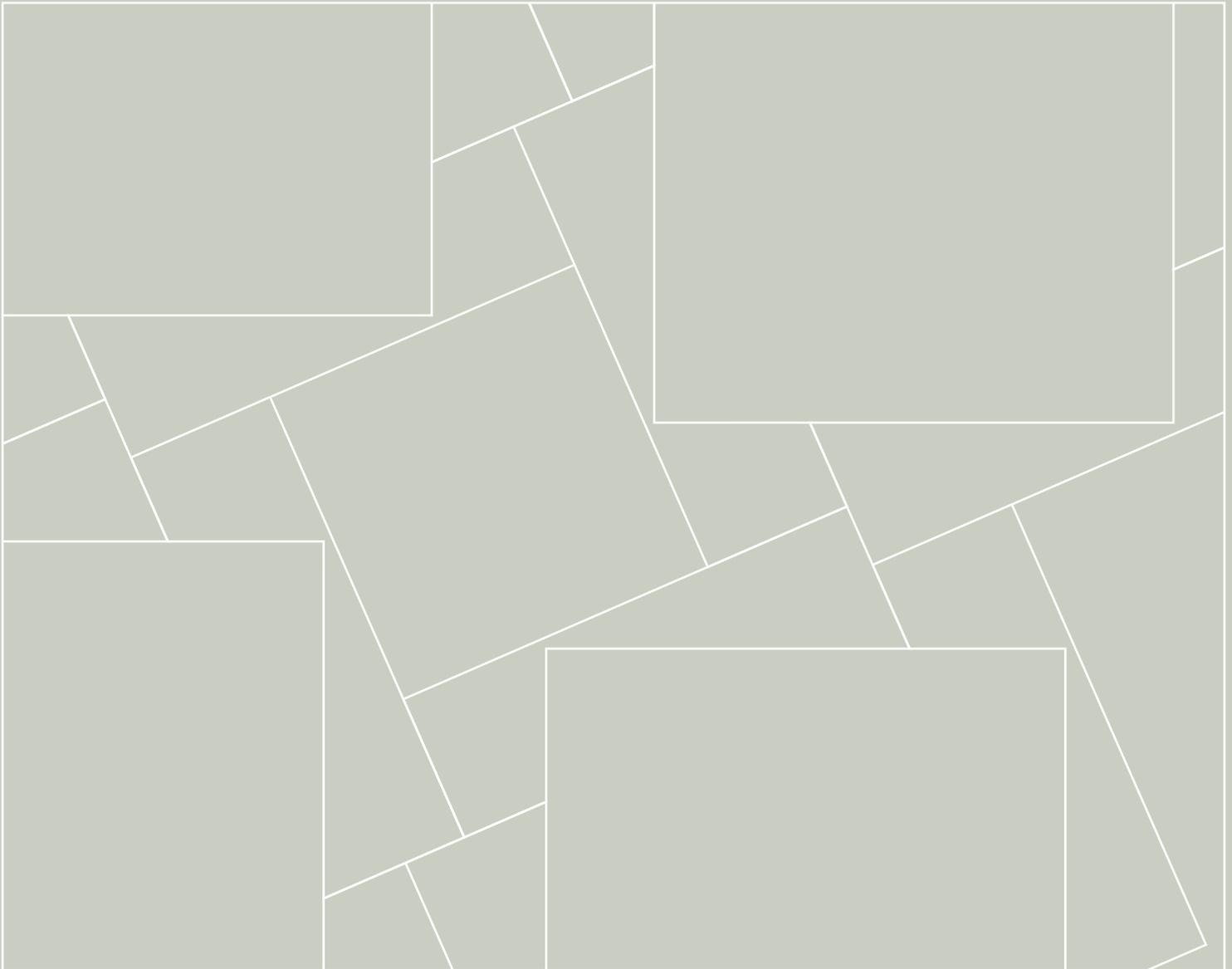
Kate Spargo
Chairman
30 September 2013



Financial Statements

Contents

Directors' Declaration	22
Statement of Comprehensive Income for the year ended 30 June 2013	23
Statement of Financial Position at 30 June 2013	24
Statement of Changes in Equity for the year ended 30 June 2013	25
Statement of Cash Flows for the year ended 30 June 2013	26
Notes to the Financial Statements	27



Level 10, 530 Collins Street
Melbourne VIC 3000

T +61 (0)3 8635 1800
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 2013 there have been:

No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

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

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Scott Phillips

Scott Phillips
Partner

Melbourne, 30 September 2013

Directors' Declaration

The directors of the company declare that:

- (1) The financial statements and notes, as set out on pages 23 to 43 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2013 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.



Kate Spargo
Chairman
30 September 2013

Statement of Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	2	1,310,700	1,254,999
Other income	2	34,517	44,536
Employee costs and directors fees		(915,640)	(828,203)
Employee benefits expense	3	(46,353)	(38,086)
Rent		(59,836)	(61,963)
Board meeting costs		(76,437)	(67,110)
Conferences and events		(26,560)	(91,776)
Consulting fees		(8,010)	(26,305)
Depreciation and amortisation	3	(9,799)	(14,788)
Finance writebacks		89	472
Accounting and legal fees		(21,228)	(12,233)
Cleaning and outgoings		(23,930)	(23,825)
Information technology support and development		(11,911)	(8,992)
Marketing		(39,733)	(28,634)
Insurance		(9,452)	(8,822)
Postage, printing and stationery		(20,118)	(20,377)
Communications		(12,120)	(11,623)
Gain on sale of assets	3	-	91
Other expenses		(21,615)	(18,972)
Surplus before income tax		42,564	38,389
Income tax expense	1(i)	-	-
Surplus after income tax		42,564	38,389
Surplus for the financial year		42,564	38,389
Other comprehensive income for the year		-	-
Total comprehensive income for the year		42,564	38,389

The accompanying notes form part of these financial statements

Statement of Financial Position at 30 June 2013

	Note	2013 \$	2012 \$
Current Assets			
Cash and cash equivalents	4,14(a)	965,137	902,267
Other assets	5	31,836	27,337
Total Current Assets		996,973	929,604
Non-Current Assets			
Property, plant and equipment	6	16,512	17,955
Total Non-Current Assets		16,512	17,955
Total Assets		1,013,485	947,559
Current Liabilities			
Trade and other payables	7	74,559	68,673
Provisions	8	28,829	20,582
Total Current Liabilities		103,388	89,255
Non-Current Liabilities			
Other payables	7	419	1,003
Provisions	8	54,183	44,370
Total Non-Current Liabilities		54,602	45,373
Total Liabilities		157,990	134,628
Net Assets		855,495	812,931
Accumulated surplus		855,495	812,931
Total Equity		855,495	812,931

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2013

	Accumulated Surplus \$
Balance at 1 July 2011	774,542
Net surplus for the financial year	38,389
Other comprehensive income for the year	-
Balance at 30 June 2012	812,931
Balance at 1 July 2012	812,931
Net surplus for the financial year	42,564
Other comprehensive income for the year	-
Balance at 30 June 2013	855,495

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash Flows from Operating Activities			
Receipts from funding bodies		1,441,770	1,380,499
Receipts from other operating activities		55	5,754
Payments to suppliers and employees		(1,404,821)	(1,373,339)
Interest received		32,684	35,995
Net cash provided by operating activities	14(b)	69,688	48,909
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		-	100
Payments for property, plant and equipment		(6,818)	(7,962)
Net cash used in investing activities		(6,818)	(7,862)
Cash Flows from Financing Activities			
Net cash used in financing activities		-	-
Net Increase in Cash and Cash Equivalents		62,870	41,047
Cash and Cash Equivalents at the Beginning of the Financial Year		902,267	861,220
Cash and Cash Equivalents at the End of the Financial Year	14(a)	965,137	902,267

The accompanying notes form part of these financial statements

Notes to the Financial Statements

Contents	Note
Statement of Significant Accounting Policies	1
Revenue	2
Surplus for the Year	3
Cash and Cash Equivalents	4
Other Assets	5
Property, Plant and Equipment	6
Trade and Other Payables	7
Provisions	8
Leasing Commitments	9
Contingent Liabilities	10
Events After the Reporting Period	11
Key Management Personnel Compensation	12
Related Party Transactions	13
Cash Flow Information	14
Financial Risk Management	15
Capital Management	16
Members' Guarantee	17
Company Details	18

Notes to the Financial Statements

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 18. The financial report was authorised for issue on 30 September 2013 by the Board of Directors.

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial statements are General Purpose Financial Statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements that contain relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The functional and presentation currency of the company is in Australian dollars.

The financial statements 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.

Notes to the Financial Statements

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

Accounting Policies

(a) Revenue

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

Interest Revenue

Revenue is recognised as interest accrues.

(b) Property, Plant and Equipment

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

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

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

Class of fixed asset	Depreciation Rate
Leasehold improvements	20%
Lease assets	10%
Furniture	20%
Computer equipment	25% - 33.3%
Office equipment	25% - 33.3%

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

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

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

(c) Leases

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

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets are recognised when the company becomes entitled to the risks and rewards of ownership of the asset. The company's financial assets are classified as cash and cash equivalents and trade and other receivables.

Financial liabilities are recognised when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation, and the amount at which settlement will take place can be measured reliably.

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

Notes to the Financial Statements

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

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

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

(ii) *Loans and Receivables*

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

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

(iii) *Held-to-Maturity Investments*

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

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

(iv) *Financial Liabilities*

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

Fair Value

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

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 and intangible 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 asset's 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.

Notes to the Financial Statements

(f) Employee Benefits

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

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

Contributions to defined contribution superannuation plans are expensed when incurred.

(g) Cash and Cash Equivalents

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

(h) Goods and Services Tax (GST)

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

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

(i) Income Tax

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

(j) Provisions

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

(k) Trade and Other Payables

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

(l) Make Good Provision

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

The provision includes future cost estimates associated with the dismantling of office premises, fixtures and fittings. The calculation of this provision is based on the best estimate of future costs which may result in future actual expenditure differing from the amounts currently provided. The provision recognised for the office premises is periodically reviewed and updated based on the facts and information available at the time. Changes to the estimated future costs for the office premises are recognised in the Statement of Financial Position by adjusting both the expense and asset (if applicable) and provision. The related carrying amounts are disclosed in notes 6 and 8 to the financial statements.

Notes to the Financial Statements

(m) Comparative Figures

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

(n) Critical Accounting Estimates and Judgements

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

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

(o) Economic Dependency

APESB is dependent on the Joint Accounting Bodies (CPA Australia, the Institute of Chartered Accountants Australia and the Institute of Public Accountants) for the majority of its revenue used to operate the business. As per clause 2.2 of the Memorandum of Agreement between the Institute of Chartered Accountants Australia, CPA Australia and APESB, funding is on a three year rolling cycle, reviewable annually.

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

(p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

- **AASB 9:** Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).
- **AASB 13:** Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).
- **AASB 119:** Employee Benefits [September 2011] and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013).
- **AASB 2012-5:** Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 101] (applicable for annual reporting periods commencing on or after 1 January 2013).

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

Notes to the Financial Statements

Note 2: Revenue

	2013 \$	2012 \$
Revenue from Joint Accounting Bodies		
Operating revenue	1,310,700	1,254,999
Total Revenue	1,310,700	1,254,999
Other Income		
Bank deposits interest revenue	34,462	38,530
Licensing Fees	55	5,754
Other income	-	252
Total Other Income	34,517	44,536
Total Revenue and Other Income	1,345,217	1,299,535

Note 3: Surplus for the Year

	2013 \$	2012 \$
a. Expenses		
Depreciation and Amortisation		
— Lease asset/leasehold improvement make good	3,115	3,785
— Leasehold improvements	-	3,349
— Furniture	-	655
— Computer equipment	4,705	5,061
— Office equipment	1,979	1,938
Total Depreciation and Amortisation	9,799	14,788
Employee Benefits Expense		
— Annual leave	37,989	28,741
— Long service leave	8,364	9,345
Total Employee Benefits Expense	46,353	38,086
Auditor's Remuneration		
— Audit services	11,500	10,500
Total Auditor's Remuneration	11,500	10,500
b. Other Revenue and Expenses		
Property, Plant and Equipment Gain on disposals	-	91

Notes to the Financial Statements

Note 4: Cash and Cash Equivalents

	2013 \$	2012 \$
Current		
Cash at bank	965,087	902,131
Cash on hand	50	136
	965,137	902,267

Note 5: Other Assets

	2013 \$	2012 \$
Current		
Accrued Interest	9,829	8,051
Prepayments and Deposits	13,109	9,113
Expenses Reimbursable	8,898	10,173
	31,836	27,337

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.

Notes to the Financial Statements

Note 6: Property, Plant and Equipment

	Lease Asset/ Leasehold Improvement Make Good \$	Leasehold Improvements \$	Furniture \$	Computer Equipment \$	Office Equipment \$	Total \$
Gross Carrying Amount						
Balance at 1 July 2012	20,385	197,072	38,511	14,135	14,600	284,703
Additions	-	-	-	6,818	-	6,818
Increase in make good provision	1,538	-	-	-	-	1,538
Disposals	-	-	-	-	-	-
Balance at 30 June 2013	21,923	197,072	38,511	20,953	14,600	293,059
Accumulated Depreciation/ Amortisation and Impairment						
Balance at 1 July 2012	(12,231)	(197,072)	(38,511)	(8,324)	(10,610)	(266,748)
Depreciation and amortisation expense	(3,115)	-	-	(4,705)	(1,979)	(9,799)
Eliminated on disposal of assets	-	-	-	-	-	-
Balance at 30 June 2013	(15,346)	(197,072)	(38,511)	(13,029)	(12,589)	(276,547)
Net Book Value						
As at 1 July 2012	8,154	-	-	5,811	3,990	17,955
As at 30 June 2013	6,577	-	-	7,924	2,011	16,512
Gross Carrying Amount						
Balance at 1 July 2011	16,895	197,072	38,511	13,733	11,845	278,056
Additions	-	-	-	5,207	2,755	7,962
Increase in make good provision	3,490	-	-	-	-	3,490
Disposals	-	-	-	(4,805)	-	(4,805)
Balance at 30 June 2012	20,385	197,072	38,511	14,135	14,600	284,703
Accumulated Depreciation/ Amortisation and Impairment						
Balance at 1 July 2011	(8,446)	(193,723)	(37,856)	(8,068)	(8,672)	(256,765)
Depreciation and amortisation expense	(3,785)	(3,349)	(655)	(5,061)	(1,938)	(14,788)
Eliminated on disposal of assets	-	-	-	4,805	-	4,805
Balance at 30 June 2012	(12,231)	(197,072)	(38,511)	(8,324)	(10,610)	(266,748)
Net Book Value						
As at 1 July 2011	8,449	3,349	655	5,665	3,173	21,291
As at 30 June 2012	8,154	-	-	5,811	3,990	17,955

Notes to the Financial Statements

Note 7: Trade and Other Payables

	2013 \$	2012 \$
Current		
Trade payables	15,340	7,059
Goods and services tax payable	23,803	24,463
Rent payable	2,432	3,008
PAYG payable	22,534	25,743
Audit fees payable	10,450	8,400
	74,559	68,673
Non Current		
Rent Payable	419	1,003
	419	1,003
	74,978	69,676

Note 8: Provisions

	2013 \$	2012 \$	
Current			
Annual leave provision	28,829	20,582	
	28,829	20,582	
Non Current			
Make good provision	26,508	25,059	
Long service leave provision	27,675	19,311	
	54,183	44,370	
	83,012	64,952	
	Annual Leave Provision \$	Make Good Provision \$	Long Service Leave Provision \$
Opening Balance at 1 July 2011	21,264	22,041	9,966
Additional provisions recognised	28,741	3,490	9,345
Finance writebacks	-	(472)	-
Reductions arising from payments	(29,423)	-	-
Closing Balance at 30 June 2012	20,582	25,059	19,311
Opening Balance at 1 July 2012	20,582	25,059	19,311
Additional provisions recognised	37,989	1,538	8,364
Finance writebacks	-	(89)	-
Reductions arising from payments	(29,742)	-	-
Closing Balance at 30 June 2013	28,829	26,508	27,675

Notes to the Financial Statements

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's estimate. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

Note 9: Leasing Commitments

Leasing Arrangements

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

The office facilities lease was for an initial term of five years which expired on 31 August 2011. Thereafter the company exercised its option to extend the lease for a further period of four years and eleven months which ends on 30 July 2016.

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

A provision has been made for the present value of anticipated costs of future restoration of leased office premises. The provision includes future cost estimates associated with the dismantling of office premises, fixtures and fittings. The calculation of this provision is based on the best estimate of future costs which may result in future actual expenditure differing from the amounts currently provided. The provision recognised for the office premises is periodically reviewed and updated based on the facts and information available at the time. Changes to the estimated future costs for the office premises are recognised in the Statement of Financial Position by adjusting both the expense and asset (if applicable) and provision. The related carrying amounts are disclosed in notes 6 and 8 to the financial statements.

Non-Cancellable Operating Lease Commitments

	2013 \$	2012 \$
Not longer than 1 year	63,650	63,650
Longer than 1 year and not longer than 5 years	132,603	196,253
Greater than 5 years	-	-
	196,253	259,903

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

	2013 \$	2012 \$
Current	2,432	3,008
Non-current	419	1,003
	2,851	4,011

Note 10: Contingent Liabilities

The directors are not aware of any material contingent liabilities as at 30 June 2013 (2012: Nil).

Notes to the Financial Statements

Note 11: Events after the Reporting Period

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

Note 12: Key Management Personnel Compensation

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

	2013 \$	2012 \$
Short-term employee benefits ¹	560,750	545,624
Post-employment benefits ²	61,729	57,376
	622,479	603,000

¹ Includes payments to directors for their services.

² Comprises payments to contributory superannuation funds.

Note 13: Related Party Transactions

(a) Equity Interests in Related Entities

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

(b) Key Management Personnel Compensation

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

(c) Key Management Personnel Loans

There are no loans to or from key management personnel.

(d) Transactions with Key Management Personnel

Key management personnel have transactions with the company that occur within a normal employment relationship.

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

(e) Transactions with Members of the Company

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

	2013 \$	2012 \$
Institute of Chartered Accountants Australia	436,900	418,333
CPA Australia	436,900	418,333
Institute of Public Accountants	436,900	418,333
	1,310,700	1,254,999

Notes to the Financial Statements

Note 14: Cash Flow Information

(a) Reconciliation of Cash

	2013 \$	2012 \$
Cash at bank	965,087	902,131
Cash on hand	50	136
	965,137	902,267

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

	2013 \$	2012 \$
Surplus for the year	42,564	38,389
<i>Non Cash Flows:</i>		
Depreciation and amortisation expense	9,799	14,788
(Gain)/Loss on disposal	-	(91)
(Finance charge write back)/Finance charges	(89)	(472)
Long service leave expense	8,364	9,345
Movement in Working Capital		
(Increase)/Decrease in receivables	(4,499)	(6,824)
Increase in Trade and other payables	5,302	(5,544)
Increase/(Decrease) in Provisions	8,247	(682)
Net cash from operating activities	69,688	48,909

Notes to the Financial Statements

Note 15: Financial Risk Management

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

The company does not have any derivative instruments as at 30 June 2013.

Specific Financial Risk Exposures and Management

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

(a) Interest Rate Risk

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

(b) Liquidity Risk

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

Financial liability and financial asset maturity analysis

Weighted Average Effective Interest Rate		Variable Interest Rate		Fixed Interest Rate Maturing				Non Interest Bearing		Total	
2013	2012	2013	2012	2013		2012		2013	2012	2013	2012
				<1 year	>1 year	<1 year	>1 year				
%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Financial Assets

Cash and cash equivalents	3.64	4.42	-	-	965,137	-	902,267	-	-	-	965,137	902,267
Other receivables	-	-	-	-	-	-	-	-	31,836	27,337	31,836	27,337
Total Financial Assets	-	-	-	-	965,137	-	902,267	-	31,836	27,337	996,973	929,604

Financial Liabilities

Trade payables	-	-	-	-	-	-	-	-	74,978	69,676	74,978	69,676
Total Financial Liabilities	-	-	-	-	-	-	-	-	74,978	69,676	74,978	69,676

Notes to the Financial Statements

(c) Credit Risk

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

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

(d) Sensitivity Analysis

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

	Surplus \$	Equity \$
Year Ended 30 June 2013		
+2% in interest rates	17,856	17,856
-2% in interest rates	(15,582)	(15,582)
Year Ended 30 June 2012		
+2% in interest rates	17,020	17,020
-2% in interest rates	(16,776)	(16,776)

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

Notes to the Financial Statements

(e) Net Fair Values

For all assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets.

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

	2013 \$	
	Carrying Amount \$	Net Fair Value \$
Financial assets	996,973	996,973
Financial liabilities	74,978	74,978

	2012 \$	
	Carrying Amount \$	Net Fair Value \$
Financial assets	929,604	929,604
Financial liabilities	69,676	69,676

Notes to the Financial Statements

Note 16. 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 financial assets, net of trade payables.

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 17: Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2013 the number of members was 3 (2012: 3 members).

Note 18: Company Details

The registered office and principal place of business of the company is Level 7, 600 Bourke Street, Melbourne, Victoria, 3000.

Level 10, 530 Collins Street
Melbourne VIC 3000

T +61 (0)3 8635 1800
F +61 (0)3 8102 3400

www.moorestephens.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Accounting Professional & Ethical Standards Board Limited, which comprises the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which was given to the directors of Accounting Professional & Ethical Standards Board Limited on 10 September 2013, would be in the same terms if given to the directors at the date of this auditor's report.

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 2013 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Moore Stephens
Chartered Accountants



Scott Phillips
Partner

Melbourne, 30 September 2013

⋮

⋮

Accounting Professional & Ethical Standards Board

Level 7, 600 Bourke Street, Melbourne, Victoria, 3000

T +61 (3) 9670 8911 F +61 (3) 9670 5611

E enquiries@apesb.org.au www.apesb.org.au

