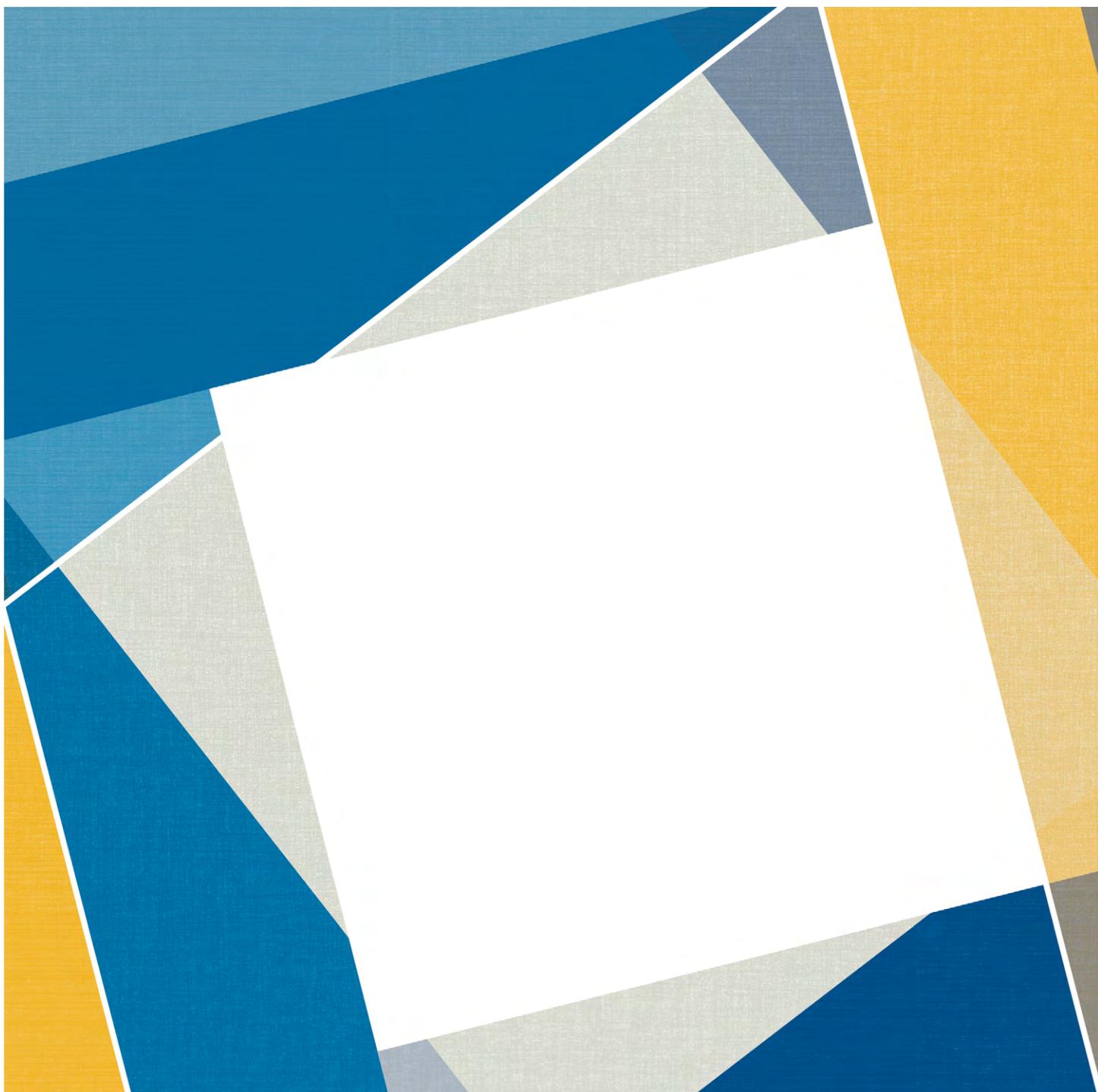


**Accounting  
Professional &  
Ethical Standards  
Board Limited**

ACN 118 227 259

**Annual Report**

for the year ended  
30 June 2017





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# **APESB's Strategic Plan 2016 – 2020**

## **Vision**

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

## **Statement of Purpose**

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

## **Values**

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

# We will promote professionalism and ethical behaviour and maximise the integrity of the accounting profession by:

## Standards

**Issuing professional and ethical standards that are relevant to members of the Professional Accounting Bodies\* while serving the public interest.**

### Strategies

- Develop and issue Standards and Guidance Notes
- Monitor the external environment to ensure the issued pronouncements remain relevant and identify the need for new Standards and Guidance Notes
- Ensure that the concepts of professionalism and public interest are the cornerstones of the standard setting process
- Attract and retain an appropriate mix of skills, experience, knowledge and expertise to the Board, management and taskforces
- Ensure the organisation is governed, structured and resourced appropriately with transparent oversight

## Engagement

**Effectively engaging our key stakeholders, including professional accountants, the public, government bodies, regulators and the Professional Accounting Bodies.**

### Strategies

- Engage with key stakeholders across the profession in practice and in business in order to provide leadership in respect of accounting, professional and ethical matters

- Adopt a communication strategy that facilitates a continuous process of engagement that takes advantage of appropriate platforms
- Raise awareness within targeted audiences: Members in Business, SMP/SMEs, Universities and others
- Engagement and interaction with key regulators (i.e. ASIC, APRA, ATO and NZ equivalents)
- Maintaining ongoing communication with the staff of the Professional Accounting Bodies who are involved in professional standards, quality review and disciplinary activities

## Influence

**Influencing and responding to the national and international agenda in relation to professional and ethical standards.**

### Strategies

- Influence and engage with the work program of regulators, government bodies and other Australian standard setters
- Influence and engage with the work program of the International Federation of Accountants (IFAC) and the International Ethics Standards Board for Accountants (IESBA) and contribute to the agenda of the IESBA National Standard Setters Group
- Identify future trends and emerging issues that have an impact on the accounting profession and professional standards in order to proactively develop solutions to capitalise on these opportunities
- Develop and maintain a communication and awareness raising program nationally and for the Asia-Pacific region

## Ethics Outreach

**Promoting that professionalism and ethical conduct drive the behaviour of accountants and conducting outreach activities in collaboration with key stakeholders.**

### Strategies

- Demonstrate leadership in ethical thinking and practice
- Promote to the public the professionalism and ethical conduct of accountants in the public sphere
- Raise awareness of APESB standards with universities, the academic community and collaborate with the Professional Accounting Bodies in outreach activities to support the emerging diverse young professionals
- Partner with the Professional Accounting Bodies to enhance integration of APESB standards within continuing professional development programs and conduct specific activities to engage with the SMP practices
- Partner with the business community and influence debates on business ethics and professional standards

\* Professional Accounting Bodies means CPA Australia, Chartered Accountants Australia and New Zealand and the Institute of Public Accountants who are all members of the APESB.

# Achievements for 2016 – 2017

This financial year APESB entered its second decade of operations. The Board continued its focus on:

- consolidating its suite of pronouncements;
- engaging actively with stakeholders, locally and internationally on key standard setting matters; and
- conducting outreach activities to disseminate information about its pronouncements.

In the current year significant progress was made in respect of APESB's 2016-2020 Strategic Plan and the specific activities under the four strategic pillars of Standards, Engagement, Influence and Ethics Outreach as detailed below.

In November 2016, APESB celebrated its 10-Year Anniversary as the independent accounting professional and ethical standard setter for the accounting profession in Australia with a dinner event for stakeholders in Melbourne. This event commemorated significant milestones of the Board and paid tribute to past and present APESB taskforce members, Board members, staff and other stakeholders who have contributed to the development of APESB pronouncements during its first decade of operations.

## Standard Setting activities

APESB delivered on its key strategic objective of developing and issuing professional and ethical standards by issuing and revising the following standards, exposure drafts and guidance notes:

### *Issue of the Amending Standard Non-Compliance with Laws and Regulations (NOCLAR)*

An amending standard to the Code, Responding to Non-Compliance with Laws and Regulations (NOCLAR) was issued during the year. The standard permits accountants to set aside the principle of confidentiality when they identify a suspected illegal act such as fraud, corruption, bribery or money laundering. The new standard has been incorporated into the Australian Code APES 110 *Code of Ethics for Professional Accountants* and is effective from 1 January 2018 with early adoption permitted.

### *Issue of an Exposure Draft on Long Association of Senior Personnel (Audit Partner Rotation)*

An exposure draft was issued proposing amendments to the audit partner rotation requirements in line with the IESBA's final position in

respect of audit partner rotation. The stakeholders' feedback has formed the basis of ongoing dialogue at the international level on this topic.

### *Issue of APES GN 41 Management Representations*

This guidance note provides specific guidance for professional accountants in business in respect of their management representation responsibilities. It outlines key types of external and internal management representations and also addresses matters for members consideration when preparing or reviewing management representations at the entity level, controlling entity level and Board or audit committee level. APESB acknowledges the contributions of the Group of 100 and the Australian Institute of Company Directors (AICD) in the development of this pronouncement.

### *Issue of an Exposure Draft of APES GN 31 Low Doc Offering Engagements*

The proposed guidance note is linked with APES 350 Due Diligence Committees and provides guidance on circumstances that may facilitate or preclude a Due Diligence Sign-off being issued in respect of a Low Doc Offering Engagement.

### ***Post-Implementation review of APES 230 Financial Planning Services***

In April 2017 APESB released a consultation paper to inform its post-implementation review of APES 230 and to obtain the views of stakeholders in respect of their implementation experience and whether to transition to a fee-for-service. APESB is currently in the process of reviewing submissions and will undertake further engagement with key stakeholders.

### ***Revision of APES 310 Client Monies***

APESB are currently working on the matters raised by stakeholders in the exposure draft APES 310 *Client Monies*. The proposed changes are primarily to clarify professional obligations relating to accessing client bank accounts, dealing with unclaimed monies and modified audit requirements. The exposure draft for APES 310 *Client Monies* will bring the standard in line with the APESB Code of Ethics and the International Code. APESB expects to complete the work on this project in the 2017/2018 financial year.

The company website continues to be APESB's main communication format to disseminate its pronouncements to stakeholders. The responsive website and mobile apps were established in 2015 and APESB has continued to develop the effectiveness and convenience of these online tools, via regular updates on its technical and thought leadership activities.

The new NOCLAR Standard has been promoted to the Professional Bodies, accountants, the public and other stakeholders through all APESB communication channels: media releases, website updates and LinkedIn posts. In addition, APESB staff and directors have been engaged in speaking at conferences, training seminars and writing articles.

APESB will continue its NOCLAR awareness raising activities in the 2017/18 financial year.

### **Stakeholder Engagement Activities**

APESB continued an active program of stakeholder engagement by participating in meetings and events, holding its own roundtable events and engaging with subject matter experts on its taskforces.

### **Thought Leadership Activities**

APESB held two roundtable events in March 2017 in Melbourne and Sydney to seek stakeholders' views on the following:

- IESBA's Exposure Draft Improving the Structure of the Code of Ethics for Professional Accountants – Phase 2;
- IESBA's Exposure Draft Proposed Revisions Pertaining to Safeguards in the Code – Phase 2; and
- IESBA's Exposure Draft on the Applicability of Extant Part C to Public Practice.

These roundtable events were well-attended by members representing accounting firms, industry participants, standard setters and the Professional Accounting Bodies, who exchanged views on the Exposure Drafts.

The March 2017 roundtables also gave stakeholders the opportunity to comment on APESB's Exposure Draft on Long Association.

The Board acknowledges the input and feedback provided by all participants at the roundtable events which assisted in developing the Board's response to the international exposure drafts.

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### Engaging with Experts

During the financial year APESB convened 3 taskforces to provide expert advice on the development of key standards and guidance notes in the following areas:

- Due Diligence Committees;
- Management Representations; and
- Dealing with Client Monies.

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### Influencing the international and national agendas

APESB is focused on the need to engage with standards setters and raise the awareness of APESB in both the domestic and the international arena. Since implementation of the 2016 – 2020 Strategic Plan, APESB has achieved this engagement both locally and internationally utilising a number of mechanisms as detailed below:

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#### International developments

In respect of the international arena it has been a busy year due to the IESBA's restructure of the global Code project. During the year APESB has developed five submissions for the IESBA's consideration to inform the development process of the various IESBA projects which form different parts of the global code restructure project.

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 its ninth annual meeting in New York in June 2017 which was attended by APESB Chairman, Nicola Roxon and CEO, Channa Wijesinghe. The meeting focused on the ethical implications of trends and developments in technology, artificial intelligence and innovation on the global accounting profession. The meeting provided a valuable opportunity to meet with global standard setters and to share insights and information on emerging ethical issues and developments.

APESB has also engaged with the New Zealand Auditing and Assurance Standards Board (NZAuASB) to collaborate on international projects that have an impact on both countries.

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#### National developments

APESB collaborates with other National Standards Setters such as the AUASB and other professional bodies in the development of standards as well as engaging with regulators such as ASIC and other key stakeholders. APESB continues to work to increase awareness of Accounting Professional and Ethical Standards by making presentations at conferences and professional development events.

In addition to the development of international submissions noted above, during the current year APESB also developed national submissions for Treasury's Consultation Paper on *Review of Corporate and Tax Whistleblower Protections in Australia* and the Attorney General's Consultation Paper *Accountants: A model for regulation under Australia's AML/CTF Financing Regime*.

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#### Ethics Outreach

During the current financial year, APESB has engaged nationally and internationally on various topics relating to professional ethics.

National engagement has included presentations at CA ANZ's public sector symposium in August 2016, the CPA Australia Congress in October 2016 and the Victorian Congress of the Institute of Public Accountants in March 2017, where there was a focus on 'ethics in the accounting profession'.

Other key communication activities undertaken during 2016/17 include raising awareness of the panel discussion on professional ethics at APESB's 10-year Anniversary event, raising awareness on the new NOCLAR Standard, the development of regular updates for the APESB LinkedIn Company Page and the ongoing publication of APESB quarterly e-Newsletter, Professionalism.

APESB continues to develop its relationship with the academic community and participated in the Australian Accounting Educators Conference in November 2016 and has presented on the topic of ethics in the accounting profession at several universities.

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#### 10-Year Anniversary Event

In November 2016, APESB celebrated its ten-year anniversary as the independent standard setter for the Australian accounting profession. Raising stakeholders' awareness of this significant achievement was incorporated into APESB's Communication Strategy and was a contributing factor in attracting a wider audience to the website, with event videos, and the eminent panel discussion on the topic of the importance of professional ethics in the accounting profession.

# Strategic achievements highlights 2016 – 2017

## Standards

6

Standards, Guidance Notes or Exposure Drafts issued during the year.

17

Completed Reviews of APESB pronouncements addressing issues raised by stakeholders.

2

Technical Updates released during the year to keep stakeholders informed of changes to APESB pronouncements.

## Engagement

### APESB Mobile App

The APESB facilitates stakeholder accessibility and engagement with its free mobile app. In the last year, the app, which is linked to the APESB website, has been downloaded over 800 times. The app facilitates easy access to all APESB pronouncements and helps keep stakeholders informed and up to date with APESB activities and developments.

## Communications

1.3 million

APESB had approximately 1.3 million hits on its website during the year.

54,000

LinkedIn impressions during the year.

40%

LinkedIn followers at the Partner, Director and Senior Manager level.

30%

LinkedIn followers at the Graduate or accounting entry level.

20%

LinkedIn followers at the Manager level.

Engaging stakeholders at all levels of experience.

4

Articles contributed to professional body publications.

9

Media Releases promoting and communicating APESB's activities.

## Influence

### Stakeholders

National & International

1

APESB Board Member with a position on International Boards and Committees during the year.

7

International and national submissions with contributions from national stakeholders.

1

Attendance at IESBA's 9th Annual National Standards Setters meeting in New York in June 2017.

## Ethics Outreach

### APESB Roundtables

APESB held two Roundtables in March 2017 in Melbourne and Sydney.

The Roundtables provided stakeholders and other interested constituents the opportunity to discuss and exchange views on the following IESBA Exposure Drafts:

- Improving the Structure of the Code of Ethics for Professional Accountants – Phase 2;
- Proposed Revisions Pertaining to Safeguards in the Code – Phase 2; and
- Exposure Draft on the Applicability of Extant Part C to Professional Accountants in Public Practice.

# Celebrating a decade of setting professional and ethical standards

The Accounting Professional & Ethical Standards Board (APESB) celebrated the completion of its first decade of operations as an independent national standard setter with an event at the RACV Club in Melbourne in November 2016.

Past and present directors, staff and taskforce members came together with members of the accounting profession, representatives of the professional bodies, regulators and other stakeholders to acknowledge the achievements and impact the APESB has had on the Australian accounting profession in its first decade of operations.

The APESB has been collaborative and consultative in its public and transparent standard development process, both nationally and internationally. During its first decade of operations APESB issued 20 pronouncements of which 17 were developed in Australia with the assistance of APESB Taskforces while the remaining 3 pronouncements were based on or use elements of an international pronouncement.

Internationally APESB has been a strong contributor to the International Ethics Standards Board for Accountants (IESBA) with APESB's inaugural Chairman Kate Spargo concurrently serving as a Board member for the IESBA for five years. APESB also contributes to the IESBA's work program with submissions to its

international exposure drafts and as a member of its National Standards Setters Group.

Domestically APESB has influenced the ethical conduct of the accounting profession through its pronouncements, conducting thought leadership events and roundtable events with the members of the accounting profession, professional accounting bodies, accounting firms, regulators and other stakeholders.

APESB Chairman, The Honourable Nicola Roxon, paid tribute to the valuable leadership provided by her predecessor, Kate Spargo, and APESB's past long-time serving Directors, Stuart Black AM (10 years), Harley McHutchison (9 years), Peter Day (7 years) and Bob Sendt (6 years).

The Chairman also acknowledged the valuable contributions made by APESB Taskforces, staff of the professional accounting bodies, accounting firms, government and regulators and others who engage with the Board and provide insights and different perspectives during the standard setting process.

A highlight of the evening was a panel discussion on Professionalism and Ethics, chaired by APESB Chairman, The Hon. Nicola Roxon, with panellists: Bill Edge, FRC Chairman; John Price, ASIC Commissioner; Ian McPhee AO PSM, IESBA Board Member, and Dr Attracta Lagan, Principal, Managing Values. The panel

focused on the critical importance of ethics and the impact that it has on the business environment and the accounting profession; and discussed future challenges facing the accounting profession.

The evening also featured the recognition of the invaluable contribution made by APESB Taskforces to APESB's pronouncements.

APESB's Chief Executive Officer, Channa Wijesinghe, acknowledged their major contribution and expressed APESB's gratitude for the demonstrated dedication, commitment and professionalism of the 104 taskforce members, observers, regulators and other stakeholders who have participated in the APESB taskforces during the development process of APESB's suite of 20 pronouncements.

APESB Chairman, The Hon Nicola Roxon presented Taskforce members who made an enduring contribution to APESB's first decade of operations with a special award.

It was wonderful to see all the guests enjoying the celebrations and re-connecting with past colleagues at this milestone event. We thank all stakeholders for your attendance and participation at this event as well as your valued contributions to APESB's first decade of operations.

**Panel Discussion on Professionalism and Ethics:  
Current landscape and future challenges**

Moderator: The Hon. Nicola Roxon

Panel Members: Bill Edge, FRC Chairman; John Price, ASIC Commissioner; Ian McPhee AO PSM, IESBA Board Member and Dr. Attracta Lagan, Principal, Managing Values.

*1. APESB Chairman, The Hon. Nicola Roxon 2. Full panel Bill Edge, FRC Chairman; John Price, ASIC Commissioner; Dr Attracta Lagan, Principal, Managing Values; Ian McPhee AO PSM, IESBA Board Member, and the Hon. Nicola Roxon, APESB Chairman. 3. Audience listening to the panel discussion.*



**Dinner function highlights**

1. Richard Stewart OAM, Partner, PwC; Robert Brown, Chairman, ADF Financial Services Consumer Centre; John Gibson, Former Partner, Ernst & Young. 2. Mark Dowling, Project Manager, AUASB; Marina Michaelides, Senior Project Manager, AUASB; Kristen Wydell, General Manager, CA ANZ; Anne Waters, Senior Project Manager, AUASB; Rene Herman, Senior Project Manager, AUASB. 3. Suzanne Haddan, Managing Director, BFG Financial Services; Justin Reid, Consultant, JR Consulting. 4. Rozelle Azad, Accountant, APESB; Kevin Stevenson AM, Director, Stevenson and McGregor; Cath Mulcare, Former Director, APESB; Geoff Crawford, Assistant Director, Department of Justice & Regulation. 5. Dianne Azoor Hughes, Former Technical Partner, Pitcher Partners; Valerie Clifford, Partner, PwC. 6. Ram Subramanian, Policy Adviser, Reporting, CPA Australia; Geoff Williams, Director, GLW Analysis. 7. Peter Meehan, CEO, Group of 100; Ian McPhee AO PSM, IESBA Board Member; Erika McPhee, APESB guest. 8. Brendan Halligan, Principal, Halligan & Co.; Craig Farrow, Director, APESB; Jim McDonald, Principal, Surety Accountants. 9. Justin Lachal, National Director, AASB/AUASB; Suzanne Haddan, Managing Director, BFG Financial Services; Clark Anstis, Senior Project Manager, AASB. 10. Tony Greco, General Manager Technical, Institute of Public Accountants; Peter Docherty, General Manager Public Practice, CPA Australia; Liz Westover, Director, Private Clients, PwC. 11. Cath Mulcare, Former Director, APESB; Kate Spargo, Former Chairman, APESB; Merran Kelsall, Chairman & CEO, AUASB.





9



11



10



12



13



14



15

**Dinner function highlights**

**12.** Rob Florence, Principal, Florence Audit & Assurance; Peter Kidd, Associate Director, Grant Thornton; Siva Sivanantham, Senior Manager, Grant Thornton. **13.** Kevin Frohbus, National Technical Director, Crowe Horwath; Aletta Boshoff, Partner, BDO. **14.** Channa Wijesinghe, Chief Executive Officer, APESB; Susan Fraser, Director, Standards & Quality, Victorian Auditor-General's Office; Vicki Stylianou, Executive General Manager, Institute of Public Accountants. **15.** Guests networking at the event. **16.** Acknowledging the contributions of APESB staff.



16



1



5



2



6



7



3



8



4

**Dinner function highlights**

- 1. Kris Peach, Chairman & CEO, AASB; Cath Mulcare, Former Director, APESB; Stuart Black AM, Former Director, APESB.
- 2. Kevin Osborn, Director, APESB; John Cahill, Director, APESB.
- 3. Brendan Halligan, Principal, Halligan & Co.; Geoff Crawford, Assistant Director, Department of Justice & Regulation; Owain Stone, Partner, KordaMentha.
- 4. Channa Wijesinghe, Chief Executive Officer, APESB; Jeff Cook, National Risk Management Partner, KPMG.
- 5. Robert Brown AM, Chairman, ADF Financial Services Consumer Centre; Claire Mackay, Director, APESB.
- 6. Fiona Campbell, Partner, Ernst & Young; Matt Zappulla, Assistant Auditor General, Victorian Auditor General's Office.
- 7. Andrew Bryant, Head of Ethics and Independence, KPMG; Tom Seville, Head of Regulation and Compliance, KPMG.
- 8. Jennifer Travers, Director, KPMG; Anne Waters, Senior Project Manager, AUASB.

## APESB Taskforce appreciation

A special part of the evening's festivities was the recognition of the major contribution made by the 104 individuals who participated in the APESB Taskforces during its first decade of operations and presenting awards to 7 taskforce members who went above and beyond the call of duty.

APESB CEO, Channa Wijesinghe, paid tribute to the dedication and professionalism of these taskforce members and invited them to receive a uniquely designed award from the APESB Chairman, the Hon. Nicola Roxon.

- Brendan Halligan FCA (Halligan and Co) – Forensic Accounting Services and Valuation Services
- Owain Stone FCA (KordaMentha) – Forensic Accounting Services
- Richard Stewart OAM FCA (PwC) – Valuation Services
- Jeff Cook CA (KPMG) – Due Diligence Committees
- Suzanne Haddan FCPA (BFG Financial Services) – Financial Planning Services
- Robert Brown AM FCA (ADF Consumer Council) – Financial Planning Services
- Dianne Azoor Hughes FCA (Formerly Pitcher Partners) – Code of Ethics & Compilation of Financial Information

9. Channa Wijesinghe, Chief Executive Officer, APESB delivering the taskforce appreciation speech. 10. Left to Right: Peter Docherty, General Manager Public Practice, CPA Australia; Steve Miklos, Director, Deloitte; Liz Westover, Director, Private Clients, PwC; Jim McDonald, Principal, Surety Accountants; Richard Mifsud, Former Executive Director, AUASB; Richard Stewart OAM, Partner, PwC; Dianne Azoor Hughes, Former Technical Partner, Pitcher Partners; Brendan Halligan, Principal, Halligan & Co.; Channa Wijesinghe, Chief Executive Officer, APESB; Jeff Cook, Partner, KPMG; Sonya Sinclair, Director, Eco Risk & Consulting Pty Ltd; Suzanne Haddan, Managing Director, BFG Financial Services; Clark Anstis, Senior Project Manager, AASB; Robert Brown, Chairman, ADF Financial Services Consumer Centre; Justin Reid, Consultant, JR Consulting; Geoff Crawford, Assistant Director, Department of Justice & Regulation; Owain Stone, Partner, KordaMentha; Rob Florence, Principal, Florence Audit & Assurance.



# Taskforces

for the year ended 30 June 2017

## Due Diligence Committees

**Channa Wijesinghe**

APESB (Chairman)

**Jeff Cook**

KPMG

**Claire Cardno**

Ernst & Young

**Marina Stuart**

Deloitte

**Andrew Parker**

PwC

**Jefferey Luckins**

William Buck

**Kristian Wydell**

CA ANZ

**Dr John Purcell**

CPA Australia

**Colin Parker**

IPA

## Management Representations

**Channa Wijesinghe**

APESB (Chairman)

**David Castle**

Solicitor

**Geoff Harris**

G100

**Alan Lee**

Wolseley Private Equity

**Michael Ford**

Commonwealth Bank of Australia

**Liz Stamford**

CA ANZ

**Dr Eva Tshuridu**

CPA Australia

**Justin Reid**

IPA

## Dealing with Client Monies

**Channa Wijesinghe**

APESB (Chairman)

**Rob Florence**

Florence Audit & Assurance

**Geoff Gray**

Pitcher Partners

**Dr Eva Tshuridu**

CPA Australia

**Caroline Karavias**

CPA Australia

**Hana Thompson**

CA ANZ

**Sonya Sinclair**

IPA

*Directors left to right:*

*Ms Claire Mackay*

*Mr Craig Farrow*

*Mr Kevin Osborn*

*The Hon. Nicola Roxon (Chairman)*

*Mr John Cahill*

*Ms Penny Egan*

*Staff left to right:*

*Ms Jacinta Hanrahan*

*(Senior Technical Manager)*

*Ms Ruth Oliquino*

*(Senior Project Manager)*

*Mr Channa Wijesinghe*

*(Chief Executive Officer/*

*Company Secretary)*

*Ms Anna Brasier*

*(Administration/*

*Communications Officer)*

*Absent:*

*Dolla Wilkinson*

*(Bookkeeper)*



# Chairman's Report

**The current financial year has been a busy and eventful year at the APESB with the Board making significant progress in its standards development projects as well as relocating to new premises in August 2016, and celebrating its first decade of operations in November 2016 with a dinner event for our stakeholders.**

Since joining APESB in 2014, I have seen the organisation develop and strengthen its standing as a national standards setter domestically as well as globally. I look forward to leading APESB into a new decade of consolidation and helping deal with new challenges facing the accounting profession such as Fin Tech, Artificial Intelligence (AI) and cloud computing.

In 2016/2017, we strengthened our engagement with the professional bodies with a series of roundtable discussions and key note presentations. These key note presentations that I participated in or delivered included;

- CA ANZ's Public Sector Symposium on "Ethics in Banking and Finance" at the National Press Club, Canberra in August 2016;

- CPA Australia 2016 Congress on the topic of "Exemplary professionalism and ethics among accountants", Sydney in October 2016; and
- IPA's 2017 Victorian Congress on *The Accounting Professional & Ethical Standard Board Ten Years on – Observation and Reflections of the Chairman*, Creswick, Victoria March 2017.

APESB also influences the global standards development process by providing submissions to the IESBA and participating in the IESBA's activities. The Chief Executive Officer and I attended the IESBA's ninth annual National Standard Setters Group meeting in New York in June 2017, which provided an opportunity

to engage with fellow national standard setters and to discuss current issues affecting the global accounting profession.

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## APESB's Strategic Direction

The Board approved the APESB Strategic Plan (2016 -2020) in August 2016. The Strategic Plan outlines the APESB's Vision, Values and Statement of Purpose in the four core areas: Standards, Engagement, Influence and Ethics Outreach. APESB has made significant progress since the plan's implementation as described in more detail on pages 3 to 6 of this report.

These include the issue of the new NOCLAR standard, completion of the management representation project, and the issuing of exposure drafts on Long Association (audit partner rotation) and Due Diligence Sign-offs in respect of low doc engagements.

Work is ongoing for a number of projects including the post implementation review of APES 230 *Financial Planning Services* and the review of APES 310 *Client Monies*.

From an engagement perspective, the participation of so many stakeholders in APESB's ten-year anniversary event contributed to its success and I would

like to thank all those who attended the event as well as have contributed to APESB's success over the years.

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### **Taskforce Program and stakeholders**

APESB supported three working Taskforces in the areas of:

- Due Diligence Committees;
- Management Representations; and
- Dealing with Client Monies.

The Taskforces are essential in helping APESB to develop standards and guidance notes. We rely significantly on the valuable contribution, commitment and knowledge of the participants who dedicate their time and expertise throughout the year. I would like to thank each Taskforce member for their valuable input.

The Board is also thankful for the contributions made by our stakeholders, including staff from the Professional Bodies, accounting firms, government bodies and regulators who provide vital perspectives to our standard setting process. We especially acknowledge the attendance of members from the Professional Bodies and other stakeholders who attend the APESB board meetings throughout the year.

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### **Board**

APESB continues to benefit from the services of committed directors who play an active role in assisting with the work of this small organisation. The Board has re-appointed me for a second three-year term, commencing 1 June 2017. APESB director, John Cahill was also re-appointed for his second three-year term effective from 1 February 2017.

There have not been any changes to the membership of the board this year and APESB is fortunate to maintain the knowledge, skills and extensive experience of the board. I take this opportunity to extend my gratitude to the Board for their continued dedication, expertise and input on complex issues facing the accounting profession.

---

### **Staff**

The APESB Secretariat team is lead by Channa Wijesinghe (Chief Executive Officer/Company Secretary). Channa is supported by Jacinta Hanrahan (Senior Technical Manager), Ruth Oliquino (Senior Project Manager), Anna Brasier (Administration & Communications Officer) and Dolla Wilkinson (Bookkeeper).

I would like to take this opportunity to thank the Secretariat for all their hard work to deliver the Board's Strategic Plan and Technical Work program for the benefit of the accounting profession. On behalf of the Board and our stakeholders, I acknowledge their commitment to their work and the high-quality output they produce with limited resources.

I look forward to sharing our progress with you in 2018.



Nicola Roxon  
Chairman

18 October 2017

# Directors' Report

The directors of Accounting Professional & Ethical Standards Board Limited (APESB or the company) present the financial report of the company for the year ended 30 June 2017. In complying with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*, the directors report is as follows:

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## Principal Activities

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

The company's objectives are to monitor and evaluate the robustness of professional and ethical pronouncements for professional accountants in Australia and 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 Professional Accounting Bodies;
- Maintaining awareness of the business environment and legislative developments to identify opportunities where APESB should develop pronouncements in the public interest; and
- Engaging in stakeholder consultation when developing pronouncements for members.

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## Results of Operations

The company's operations for the year ended 30 June 2017 resulted in a surplus of \$24,639 (2016: surplus \$ 35,675).

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## Review of Operations

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

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## Significant Changes in the State of Affairs

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

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## Environmental Issues

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

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## Future Developments

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

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## Dividends

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

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## Events after the Reporting Period

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

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## Directors

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

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### Nicola Roxon (Chairman)

Ms Nicola Roxon was appointed Chairman of APESB in June 2014. She is a director and chairman of various not-for-profit, listed and unlisted boards. She is a non-executive director of BUPA, Dexia Funds Management Ltd, and Lifestyle Communities Ltd as well as the Chairman of Cancer Council Australia and an Adjunct Professor within the College of Law and Justice at Victoria University. Nicola became Australia's first female Attorney-General in 2011 after serving as Health Minister and a Member of Parliament since 1998. Nicola holds a BA/LLB (first class honours) from Melbourne University and is a Graduate Member of the

Australian Institute of Company Directors. Nicola is a well-known public speaker nationally and internationally.

*Date of Appointment: 1 June 2014*

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### Kevin Osborn

Mr Kevin Osborn is Chairman of VUCA Pty Ltd, Beerenberg Farm Advisory Board, Fisher Graham Limited and Deputy Chairman of Port Adelaide Football Club. Kevin is a Director of Pateka Pty Ltd which consults to Australian and International clients, a Fellow of the Institute of Public Accountants and a member of the Aboriginal Basketball Academy. Kevin is a Foundation Fellow of the Australian Institute of Company Directors and 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, Kevin 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*

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### John Cahill

Mr. John Cahill is a past President/Chairman, a Fellow and Life Member of CPA Australia Ltd, a Graduate Member of the Australian Institute of Company Directors and a member of the Australian Institute of Management. John is a Councillor at Edith Cowan University. John's past roles include being Chief Executive Officer of Alinta Infrastructure Holdings, Chief Financial Officer of Alinta Ltd, a non-executive Director of Emeco Holdings Ltd, Toro Energy Ltd; and other senior management roles in treasury, finance, accounting and risk management, predominantly in the energy industry.

*Date of Appointment: 1 February 2014*

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**Craig Farrow**

Mr Craig Farrow is the Chairman and a Partner of Brentnalls SA and is a past President of the Institute of Chartered Accountants Australia (ICAA). Craig played a pivotal role in ICAA's historic merger with the New Zealand Institute of Chartered Accountants as the Executive Chair of the merger project that led to the creation of Chartered Accountants Australia and New Zealand. Craig is Chairman of Murray River Organics Ltd, Australian Independent Rural Retailers, AMPS Agribusiness, Doctor's Health SA, General Practice SA, and Centre State Exports Group. He is also a non-executive Director of Vocus Group Limited, Bulletproof Group Ltd, and Australian Technology Innovators Pty Ltd. Craig is a Fellow of both the Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors, and a Fellow of the Australian Institute of Management (AIM). He is also a certified practicing manager and holds a Diploma of Financial Services.

*Date of Appointment: 10 February 2015*

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**Penny Egan**

Ms Penny Egan is the Chief Executive Officer of Cancer Council Tasmania and a Life Member of CPA Australia. She currently sits on the Compliance Advisory Panel of the International Federation of Accountants. Her previous positions include Board Director and President of CPA Australia, Director of Softwood Tasmania and Director of Newwood Holdings Pty Ltd. Penny has worked in senior management roles across a number of Tasmanian government organisations including as Chief Financial Officer with the Department of Health and Human Services and Forestry Tasmania. Penny is a Fellow of CPA Australia and a Graduate Member of the Australian Institute of Company Directors.

*Date of Appointment: 21 April 2016*

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**Claire Mackay**

Ms Claire Mackay is a Principal and Head of Advice at Quantum Financial, a leading independent financial planning firm. Previously Claire worked in structured tax at PwC and Macquarie Bank. Claire is a member of ASIC's External Advisory Panel, ATO's Superannuation Industry Relationship Network, SMSF Committee at Chartered Accountants Australia and New Zealand and the Professional Standards and Conduct Committee at the Financial Planning Association. Claire is an Adjunct Lecturer in Applied Finance and Corporate Finance at Macquarie University. Previously Claire was an industry nominated Panel Adjudicator for the Financial Ombudsman Service. Claire holds Bachelor of Commerce, Bachelor of Law and a Masters of Law degrees. Claire is admitted to the NSW Supreme Court, a Chartered Accountant (SMSF and Financial Planning Specialist), Certified Financial Planner, Chartered Tax Advisor and Graduate Member of the Australian Institute of Company Directors.

*Date of Appointment: 1 July 2016*

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**Company Secretary**

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**Channa Wijesinghe**

Mr Channa Wijesinghe is the Chief Executive Officer and Company Secretary of APESB. He is a Fellow of both Chartered Accountants Australia and New Zealand 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, five directors' meetings were held.

### 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 2017 the number of members was 3 (2016: 3 members).

### Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2017 has been received and can be found in the directors' report on page 24.

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



Nicola Roxon  
Chairman

18 October 2017

#### Directors' Meetings

Director	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Nicola Roxon	5	5
John Cahill	5	4
Penny Egan	5	4
Craig Farrow	5	4
Claire Mackay	5	5
Kevin Osborn	5	4



# Financial Statements

**Auditor's Independence Declaration**

**To the Directors of Accounting Professional & Ethical Standards Board Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

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

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants

*Hayley Underwood*

Hayley Underwood  
Partner

Melbourne, 18 October 2017

# Directors' Declaration

The directors of the company declare that:

- (1) The financial statements and notes, as set out on pages 25 to 42 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:
  - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the *Australian Charities and Not for Profits Commission Regulation 2013*; and
  - (b) give a true and fair view of the financial position as at 30 June 2017 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.



Nicola Roxon  
Chairman

18 October 2017

# Statement of Comprehensive Income

for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	2	1,429,869	1,389,450
Other income	2	21,680	24,459
Employee costs, contractors and directors fees		(911,670)	(899,954)
Employee benefits expense	3	(40,329)	(53,871)
Rent		(58,624)	(63,486)
Board meeting costs		(47,271)	(76,170)
Conferences and events		(92,511)	(54,985)
Consulting fees		(22,175)	(19,700)
Depreciation and amortisation	3	(25,732)	(7,038)
Finance charges		(7,824)	(564)
Accounting and legal fees		(26,705)	(37,909)
Cleaning and outgoings		(27,705)	(26,290)
Information technology support and development		(32,610)	(30,380)
Marketing		(33,966)	(39,726)
Insurance		(11,055)	(10,676)
Postage, printing and stationary		(13,788)	(15,439)
Communications		(14,012)	(12,552)
Relocation expenses		(17,978)	-
Other expenses		(42,955)	(29,494)
<b>Surplus before income tax</b>		24,639	35,675
Income tax expense	1(i)	-	-
<b>Surplus after income tax</b>		24,639	35,675
<b>Surplus for the financial year</b>		24,639	35,675
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		24,639	35,675

The accompanying notes form part of these financial statements

# Statement of Financial Position

at 30 June 2017

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash	4,15(a)	269,928	249,752
Financial Assets	5	882,358	860,465
Other assets	6	34,485	208,484
<b>Total Current Assets</b>		<b>1,186,771</b>	<b>1,318,701</b>
<b>Non-Current Assets</b>			
Financial Assets	5	42,383	42,383
Property, plant and equipment	7	139,432	28,489
<b>Total Non-Current Assets</b>		<b>181,815</b>	<b>70,872</b>
<b>Total Assets</b>		<b>1,368,586</b>	<b>1,389,573</b>
<b>Current Liabilities</b>			
Trade and other payables	8	85,481	124,935
Provisions	9	89,218	91,197
<b>Total Current Liabilities</b>		<b>174,699</b>	<b>216,132</b>
<b>Non-Current Liabilities</b>			
Other payables	8	121,004	125,007
Provisions	9	287	477
<b>Total Non-Current Liabilities</b>		<b>121,291</b>	<b>125,484</b>
<b>Total Liabilities</b>		<b>295,990</b>	<b>341,616</b>
<b>Net Assets</b>		<b>1,072,596</b>	<b>1,047,957</b>
Accumulated surplus		1,072,596	1,047,957
<b>Total Equity</b>		<b>1,072,596</b>	<b>1,047,957</b>

*The accompanying notes form part of these financial statements*

# Statement of Changes in Equity

for the year ended 30 June 2017

	Accumulated Surplus \$
Balance at 1 July 2015	1,012,282
Net surplus for the financial year	35,675
Other comprehensive income for the year	-
<b>Balance at 30 June 2016</b>	<b>1,047,957</b>
Balance at 1 July 2016	1,047,957
Net surplus for the financial year	24,639
Other comprehensive income for the year	-
<b>Balance at 30 June 2017</b>	<b>1,072,596</b>

*The accompanying notes form part of these financial statements*

# Statement of Cash Flows

for the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Professional Bodies		1,572,856	1,528,395
Receipts from other operating activities		-	2,249
Payments to suppliers and employees		(1,417,693)	(1,552,666)
Interest received		23,581	22,208
Net cash generated by operating activities	15(b)	178,744	186
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(136,675)	(25,500)
Net cash used in investing activities		(136,675)	(25,500)
<b>Cash Flows from Financing Activities</b>			
Net cash used in financing activities		-	-
<b>Net Increase in Cash and Cash Equivalents</b>		42,069	(25,314)
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		1,152,600	1,177,914
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	15(a)	1,194,669	1,152,600

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

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Accounting Professional & Ethical Standards Board Limited (APESB or the company) is an individual company, incorporated and domiciled in Australia. APESB is a not-for-profit company limited by guarantee. The address of its registered office and principal place of business is disclosed in note 19. The financial report was authorised for issue on 18 October 2017 by the Board of Directors.

## Note 1: Statement of Significant Accounting Policies

### *Basis of Preparation*

The financial statements are General Purpose Financial Statements that have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the *Australian Accounting Standards Board (AASB)*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements that contain relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The functional and presentation currency of the company is in Australian dollars.

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

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

### *Accounting Policies*

#### **(a) Revenue**

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

#### *Interest revenue*

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

#### **(b) Property, Plant and Equipment**

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

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

improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of improvements.

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

Class of fixed asset	Depreciation Rate
Leasehold improvements	14.29% - 20%
Lease assets	10%
Furniture	20%
Computer equipment	25% - 50%
Office equipment	25% - 33.3%

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

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

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

**(c) Leases**

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

**(d) Financial Instruments**

*Initial Recognition and Measurement*

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

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

*Classification and Subsequent Measurement*

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties.

Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

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

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

*(ii) Loans and Receivables*

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

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

*(iii) Held-to-Maturity Investments*

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

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

*(iv) Financial Liabilities*

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

**Fair Value**

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

**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 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, bank deposits held at-call, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

**(h) Goods and Services Tax (GST)**

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

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

**(i) Income Tax**

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

**(j) Provisions**

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

**(k) Trade and Other Payables**

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

**(l) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. Accordingly, term deposits classified as cash in the prior year have been reclassified as financial assets to reflect terms of maturity greater than 3 months.

**(m) Critical Accounting Estimates and Judgements**

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

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

**(n) Economic Dependency**

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

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

**(o) New Accounting Standards for Application in Future Periods**

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

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

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

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

AASB 16 applies to annual periods beginning on or after 1 January 2019. The directors of the company anticipate that the application of AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the company's financial statements. However, it is not practical to provide a reasonable estimate of the effect of AASB 16 until the company performs a detailed review.

- **AASB 9: Financial Instruments**  
AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, revised impairment requirements and simplified requirements for hedge accounting.

The financial assets and liabilities of the Company consist of cash, term deposits, receivables and payables. Therefore, the directors do not expect a material impact on transition to AASB 9 and AASB 9 associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018)

- **AASB 15: Revenue from Contracts with Customers**  
This Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all

contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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

The revenue of the company is derived from contributions from members and interest income. Therefore, the directors expect that there will be no material impact on transition to AASB 15.

AASB 15 is applicable to annual reporting periods beginning on or after 1 January 2019.

**Note 2: Revenue**

	2017 \$	2016 \$
<b>Revenue from Professional Bodies</b>		
Operating revenue	1,429,869	1,389,450
Total Revenue	1,429,869	1,389,450
<b>Other Income</b>		
Bank deposits interest revenue	21,680	22,210
Licensing fees	-	404
Other income	-	1,845
Total other income	21,680	24,459
<b>Total Revenue and Other Income</b>	1,451,549	1,413,909

**Note 3: Surplus for the Year**

	2017 \$	2016 \$
<b>Expenses</b>		
Depreciation and Amortisation		
– Lease asset/leasehold improvement make good	-	2,359
– Leasehold improvements	15,561	-
– Furniture	4,212	-
– Computer equipment	5,594	4,544
– Office equipment	365	135
Total Depreciation and Amortisation	25,732	7,038
Employee Benefits Expense		
– Annual leave	35,818	47,195
– Long service leave	4,511	6,676
Total Employee Benefits Expense	40,329	53,871
Auditor's Remuneration		
– Audit services	14,017	13,000
– Other services	-	11,500
Total Auditor's Remuneration	14,017	24,500

**Note 4: Cash and Cash Equivalents**

	2017 \$	2016 \$
<b>Current</b>		
Cash at bank	269,878	249,702
Cash on hand	50	50
	269,928	249,752

**Note 5: Financial Assets**

	2017 \$	2016 \$
<b>Current</b>		
Term deposits	882,358	860,465
<b>Non Current</b>		
Security deposits	42,383	42,383
	924,741	902,848

**Note 6: Other Assets**

	2017 \$	2016 \$
<b>Current</b>		
Trade debtors	-	2,029
Accrued interest	3,632	5,533
Other debtors	5,258	168,962
Prepayments and deposits	25,595	31,960
	34,485	208,484

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

**Note 7: Property, Plant and Equipment**

	Lease Asset/ Leasehold Improvement Make Good	Leasehold Improvements	Furniture	Computer Equipment	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Gross Carrying Amount</b>						
<b>Balance at 1 July 2016</b>	-	22,812	16,135	20,299	6,037	65,283
Additions	-	119,352	10,945	5,010	1,368	136,675
Disposals	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	-	142,164	27,080	25,309	7,405	201,958
<b>Accumulated Depreciation/ Amortisation and Impairment</b>						
<b>Balance at 1 July 2016</b>	-	(1,450)	(16,135)	(13,567)	(5,642)	(36,794)
Depreciation and amortisation expense	-	(15,561)	(4,212)	(5,594)	(365)	(25,732)
Eliminated on disposal of assets	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	-	(17,011)	(20,347)	(19,161)	(6,007)	(62,526)
<b>Net Book Value</b>						
<b>As at 1 July 2016</b>	-	21,362	-	6,732	395	28,489
<b>As at 30 June 2017</b>	-	125,153	6,733	6,148	1,398	139,432
<b>Gross Carrying Amount</b>						
<b>Balance at 1 July 2015</b>	23,589	197,072	38,511	21,503	13,397	294,072
Additions	-	21,362	-	4,138	-	25,500
Increase in make good provision	-	-	-	-	-	-
Disposals	(23,589)	(195,622)	(22,376)	(5,342)	(7,360)	(254,289)
<b>Balance at 30 June 2016</b>	-	22,812	16,135	20,299	6,037	65,283
<b>Accumulated Depreciation/ Amortisation and Impairment</b>						
<b>Balance at 1 July 2015</b>	(21,230)	(197,072)	(38,511)	(14,365)	(12,867)	(284,045)
Depreciation and amortisation expense	(2,359)	-	-	(4,544)	(135)	(7,038)
Eliminated on disposal of assets	23,589	195,622	22,376	5,342	7,360	254,289
<b>Balance at 30 June 2016</b>	-	(1,450)	(16,135)	(13,567)	(5,642)	(36,794)
<b>Net Book Value</b>						
<b>As at 1 July 2015</b>	2,359	-	-	7,138	530	10,027
<b>As at 30 June 2016</b>	-	21,362	-	6,732	395	28,489

**Note 8: Trade and Other Payables**

	2017 \$	2016 \$
<b>Current</b>		
Trade payables	10,034	5,406
Other payables	95	15,000
Goods and services tax payable	25,669	33,036
Rent payable	-	46
Lease incentive	22,099	29,686
PAYG payable	18,584	17,261
Audit fees payable	9,000	24,500
	85,481	124,935
<b>Non-Current</b>		
Rent payable	8,667	-
Lease incentive	112,337	125,007
	121,004	125,007
	206,485	249,942

**Note 9: Provisions**

	2017 \$	2016 \$	
<b>Current</b>			
Annual leave provision	44,944	51,147	
Long service leave provision	44,274	40,050	
	89,218	91,197	
<b>Non-Current</b>			
Long service leave provision	287	477	
	287	477	
	89,505	91,674	
	Annual Leave Provision \$	Make Good Provision \$	Long Service Leave Provision \$
Opening Balance at 1 July 2015	35,465	28,191	44,394
Additional provisions recognised	47,195	3,800	6,676
Reductions arising from payments	(31,513)	(31,991)	(10,543)
Closing Balance at 30 June 2016	51,147	-	40,527
Opening Balance at 1 July 2016	51,147	-	40,527
Additional provisions recognised	35,818	-	4,034
Reductions arising from payments	(42,021)	-	-
Closing Balance at 30 June 2017	44,944	-	44,561

## Note 10: Leasing Commitments

### Leasing Arrangements

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

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

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

### Non-Cancellable Operating Lease Commitments

	2017 \$	2016 \$
Not longer than 1 year	81,638	77,652
Longer than 1 year and not longer than 5 years	358,336	345,384
Greater than 5 years	106,340	200,930
	546,314	623,966

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

	2017 \$	2016 \$
Current (prepayment)/liability	-	(46)
Non-current (prepayment)/liability	8,667	-
	8,667	(46)

## Note 11: Contingent Liabilities

The directors are not aware of any material contingent liabilities as at 30 June 2017 (2016: Nil).

## Note 12: Events after the Reporting Period

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

### Note 13: Key Management Personnel Compensation

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

	2017 \$	2016 \$
Short-term employee benefits <sup>1</sup>	524,812	524,131
Post-employment benefits <sup>2</sup>	68,910	68,844
	593,722	592,975

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

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

	Number	2017 \$	2016 \$
Chairman	1	97,222	97,222
Directors	5	219,000	218,253
Chief Executive Officer	1	277,500	277,500
	7	593,722	592,975

### Note 14: Related Party Transactions

#### (a) Equity Interests in Related Entities

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

#### (b) Key Management Personnel Compensation

Disclosures relating to key management personnel compensation are set out in note 13.

#### (c) Key Management Personnel Loans

There are no loans to or from key management personnel.

#### (d) Transactions with Key Management Personnel

Key management personnel have transactions with the company that occur within a normal employment relationship. There have been no other transactions with key management personnel or their related entities, with the exception of the matter noted below.

Mr Craig Farrow is a non-executive Director of APESB and Vocus Group Ltd. In the current financial year at its new premises, APESB engaged Vocus Group Ltd to provide telephone and internet services to the company under normal commercial terms and conditions. Payments made to Vocus Group Ltd are considered related party transactions with total payments as follows.

	2017 \$	2016 \$
Telephone and internet Services	7,853	0
	7,853	0

## Notes to the Financial Statements

### (e) Transactions with Members of the Company

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

	2017 \$	2016 \$
Chartered Accountants Australia and New Zealand	476,623	463,150
CPA Australia	476,623	463,150
Institute of Public Accountants	476,623	463,150
	1,429,869	1,389,450

## Note 15: Cash Flow Information

### (a) Reconciliation of Cash

	2017 \$	2016 \$
<b>Current</b>		
Cash at bank	269,878	249,702
Cash on hand	50	50
	269,928	249,752
Cash at the end of the financial year as shown in the Statement of Cashflows is reconciled in the Statement of Financial Position as follows:		
Cash and cash equivalents	269,928	249,752
Term Deposits	882,358	860,465
Security deposit	42,383	42,383
	1,194,669	1,152,600

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

	2017 \$	2016 \$
Surplus for the year	24,639	35,675
<i>Non-Cash Flows:</i>		
Depreciation and amortisation expense	25,732	7,038
<b>Movement in Working Capital</b>		
(Increase)/Decrease in receivables	173,999	(187,800)
Increase in trade and other payables	(43,457)	161,649
Increase/(Decrease) in provisions	(2,169)	(16,376)
Net cash from operating activities	178,744	186

## Note 16: Financial Risk Management

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

The company does not have any derivative instruments as at 30 June 2017.

### Specific Financial Risk Exposures

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	
2017	2016	2017	2016	2017		2016		2017	2016	2017	2016
				<1 year	>1 year	<1 year	>1 year				
%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

#### Financial Assets

Cash and cash equivalents	0.00	0.00	-	-	269,928	-	249,752	-	-	-	269,928	249,752
Term deposits and security deposits	1.54	2.58	-	-	882,358	-	860,465	-	-	-	882,358	860,465
Other receivables	-	-	-	-	42,383	-	42,383	-	8,890	176,524	51,273	218,907
<b>Total Financial Assets</b>	<b>1.54</b>	<b>2.58</b>	<b>-</b>	<b>-</b>	<b>1,194,669</b>	<b>-</b>	<b>1,152,600</b>	<b>-</b>	<b>8,890</b>	<b>176,524</b>	<b>1,203,559</b>	<b>1,329,124</b>

#### Financial Liabilities

Trade payables	-	-	-	-	-	-	-	-	94,148	124,935	94,148	124,935
<b>Total Financial Liabilities</b>	<b>-</b>	<b>94,148</b>	<b>124,935</b>	<b>94,148</b>	<b>124,935</b>							

## Notes to the Financial Statements

### (c) Credit Risk

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

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

### (d) Sensitivity Analysis

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

	Surplus \$	Equity \$
<b>Year Ended 30 June 2017</b>		
+2% in interest rates	22,979	22,979
-2% in interest rates	(18,527)	(18,527)
<b>Year Ended 30 June 2016</b>		
+2% in interest rates	21,055	21,055
-2% in interest rates	(16,492)	(16,492)

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

### (e) Net Fair Values

For all assets and liabilities the net fair value approximates their carrying value. 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 are as follows:

	30 June 2017	
	Carrying Amount \$	Net Fair Value \$
Financial assets	1,203,559	1,203,559
Financial liabilities	94,148	94,148
	30 June 2016	
	Carrying Amount \$	Net Fair Value \$
Financial assets	1,329,124	1,329,124
Financial liabilities	124,935	124,935

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**Note 17:  
Capital Management**

Management manages the capital of the company to ensure that adequate cash flows are available to fund its activities. The Board ensures that the overall risk management strategy is in line with this objective. Management operates under policies approved and regularly reviewed by the Board of Directors. These include credit risk policies and cash flow policies. The company's capital consists of an accumulated surplus, represented and supported by total assets, net of total liabilities.

The company's capital is managed by assessing its financial risks and responding to changes in these risks. Investments are directed at ensuring minimal risk of capital loss on invested funds.

There have been no changes to the strategy adopted by management to manage the capital of the company since the previous year.

Consistent with the previous financial year, APESB does not have any borrowings and funds its operations utilising subscriptions from its members.

APESB is not subject to any externally imposed capital requirements.

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**Note 18:  
Members' Guarantee**

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2017 the number of members was 3 (2016: 3 members).

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**Note 19: Company Details**

The registered office and principal place of business of the company is Level 11, 99 William Street, Melbourne, Victoria, 3000 (2016: Level 11, 99 William Street, Melbourne, Victoria, 3000).

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

### *Opinion*

We have audited the financial report of Accounting Professional and Ethical Standards Board Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

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

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### *Basis for Opinion*

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

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

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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

#### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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



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

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'H Underwood'.

Hayley Underwood  
Partner

Melbourne, 18 October 2017

**Accounting Professional & Ethical Standards Board**

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