
DRIVING A COMPETITIVE FUTURE

CPA AUSTRALIA 2013 INTEGRATED REPORT

BE HEARD.
BE RECOGNISED.



**WE VALUE YOUR FEEDBACK
ON THIS REPORT AND ANY
ENQUIRIES ABOUT OUR POLICIES
OR PRACTICES.**

**FOR MORE INFORMATION,
CONTACT CPA AUSTRALIA
CHIEF EXECUTIVE, ALEX MALLEY,
AT CEO@CPAAUSTRALIA.COM.AU**

ABOUT THIS REPORT

The scope and boundaries of this report covers the activities of CPA Australia Ltd (CPA Australia) and its controlled entities, and is inclusive of office locations in Australia, Asia, Europe and New Zealand for the calendar year 1 January to 31 December 2013.

This report has been prepared in accordance with the fundamental concepts, guiding principles and content elements set out in the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework released on 9 December 2013.

Integrated Reporting represents an important opportunity for CPAs to play a pivotal role in ensuring that integrated thinking on the capitals (financial, manufactured, intellectual, human, natural, social and relationship) feeds into business management and reporting. Our Chief Executive, Alex Malley, is a member of the IIRC, driving our commitment to integrated reporting from the top. More details on the IIRC and the framework can be found at www.theiirc.org

As an integrated report this document also covers our sustainability information. At CPA Australia, the term "sustainability" covers our management of the relevant capitals for our business. As a business, we are committed to reporting on the environmental, social and financial context of our organisation. Our decision to move towards a whole-of-business view of operations means changing behaviours, systems and processes to manage our impact on resources and the relationships that support this.

This report is structured to provide readers with a comprehensive picture of how CPA Australia has created value through its business model and how we intend to do so for the short, medium and long term. It has been informed by our materiality review (see page 2) and features the following main sections:

- **Our members** – including service, certification and the CPA Program, broadening our audience and access to knowledge
- **Public interest and the profession** – including representation and advocacy, supporting accounting education, professional standards and community
- **How we do business** – including our people, environment and governance
- **How we manage our financial resources and reporting** – this forms part of how we do business, but has its own section, given the priority of the information to our members and other stakeholders

This structure also reflects our strategic objectives, including key initiatives and related activities for 2013.

The principal audience for this report is our membership, but the information will also be of value to our other stakeholders including our committees, prospective members, staff, key influencers (including regulators, governments and their agencies), employers, professional industry bodies, academic institutions and research partners.

The financial section at the end of this report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

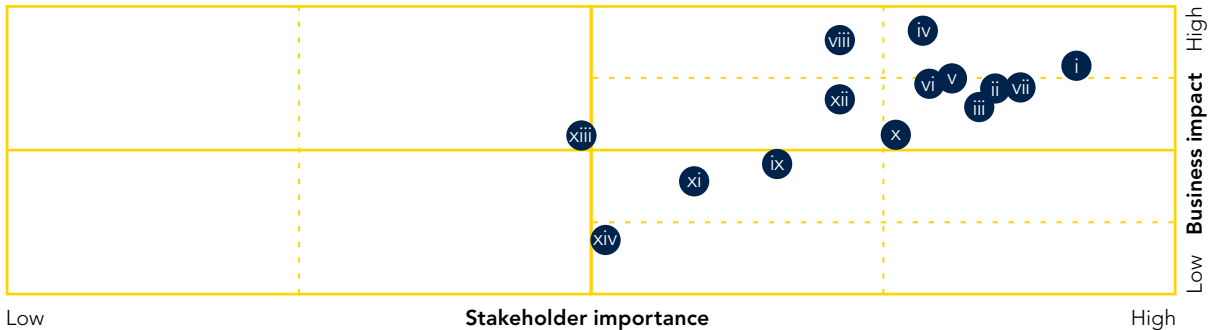
Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS).

We have also used the Global Reporting Initiative (GRI) 3.1 Sustainability Reporting Guidelines in preparing the report to Application Level C+. The Application Level C+ has been checked by the GRI and independently assured by Deloitte Touche Tohmatsu Ltd. Please see page 107 for the independent limited assurance statement and page 106 for the Application Level check. For more information about the GRI, the guidelines and Application Levels please visit www.globalreporting.org

There have been no significant changes from previous reporting periods in scope, boundary or measurement methods of our financial or non-financial performance. There are no material exclusions from this report.

The CPA Australia full integrated report in English, and a concise version in Chinese are available online at cpaustralia.com.au/annualreport

WHAT MATTERS FOR CPA AUSTRALIA



DETERMINING MATERIALITY FOR CPA AUSTRALIA

As part of the development of this report, we engaged Beca Pty Ltd to undertake a materiality determination process. The aim was to determine significant issues that are relevant for CPA Australia, by incorporating:

- Issues of most importance to external stakeholders
- Issues that have the most potential to impact the business

Our engagement of stakeholders to develop this report was done via a one-on-one interview program, internal and external stakeholder workshops and material issues ranking process.

External stakeholders included member representatives from across industry sectors and of mixed social and demographic backgrounds. Internal stakeholders represented key business areas and processes. A continuing challenge for CPA Australia into the future is to engage with a wider range of stakeholders in determining materiality.

In addition to external and internal stakeholder engagement, reviews were undertaken of CPA Australia’s risk registers, peer reports and

CPA Australia’s 2012 Annual Report against the IIRC Draft IR Framework. We used these issues to form the basis of the structure of the 2013 Integrated Report.

KEY BUSINESS ISSUES

The key business issues for CPA Australia in overall order of significance, taking into account the importance of issues to stakeholders and the potential business impact, are as follows:

- i** Service – member engagement
- ii** Access to knowledge
- iii** An independent board
- iv** Certification and the CPA Program
- v** Professional standards
- vi** Broadening the audience
- vii** Representation and advocacy
- viii** Financial sustainability
- ix** Community
- x** Supporting accounting education
- xi** Leading on integrated reporting
- xii** Stable and motivated workforce
- xiii** Efficient and rewarding supplier relationships
- xiv** Environment

This year, we have not included a separate section on our supply chain, as this information is not a priority for our stakeholders. Information on our key supplier partnerships can be found in the sections representing our key products and services, in particular, Certification and the CPA Program.

While environmental issues are also of relatively low importance to our stakeholders and have limited impact on our operations as a business, as a professional body representing the interests of accountants who may be called on to account for energy and environmental use in varying jurisdictions, we believe it is important that we continue to measure and report our environmental impact.

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THIS YEAR WE
INVESTED HEAVILY IN
OUR INFRASTRUCTURE
AND DIGITAL
COMMUNICATIONS
TO BUILD THE FUTURE
CAPABILITIES OF OUR
ORGANISATION.



PRESIDENT'S REPORT

Over the course of 2013, we completed a series of major infrastructure upgrades and expanded our digital communication capabilities to better engage and serve nearly 150,000 members across 121 countries around the world.

These new platforms are part of CPA Australia's corporate plan to build the capability of our organisation, deliver world's best service standards to members, broaden our audience, provide a CPA Program of the highest quality, and protect and advance the public interest. This is how we create value.

The roll-out of our new Customer Relationship Management system was a significant achievement for the business. While the scale and complexity of the project presented a number of challenges, impacting our ability to serve members during the transition, we are confident this change will revolutionise the way we work with our members in the future. We thank both our members and our staff for their patience during this year.

A great deal of work also went into the design and delivery of our new, award-winning, corporate website. The new platform will truly bring us into the 21st century and is accessible from any web-enabled device, and delivers content and products that are tailored to members' needs.

Recognising that more than one-third of visits to our websites are from overseas users, our new *Become a CPA* site now delivers content in Chinese, Vietnamese and Bahasa Indonesian, so that we can more effectively engage with members and prospective members in these countries.

We have sustained a continuing emphasis on broadening our audience and strengthening the reach and influence of the CPA Australia brand.

In 2013, we took innovation to a new level to acquire new members and engage existing CPAs. *The Bottom Line* television series, broadcast around Australia on the Nine Network, positioned CPA Australia at the heart of the leadership conversation and generated interest in the organisation like never before. *The Naked CEO*, our integrated social media series for students reached the remarkable milestone of more than one million site visits since inception. And our first-of-its-kind business gaming application, *Boardroom Tycoon*, saw more than 10,000 downloads in the first week of its release.

I am proud to report that we were fortunate enough to be honored with major awards for both *The Bottom Line* and *The Naked CEO* as well as for our new website.

The value of the CPA designation continues to be recognised across the world, and is reflected in our demographics. Collectively, about 17 per cent of our members hold senior leadership roles, including more than 21,000 members at CEO or CFO level, or in business ownership or partner roles.

CPA Australia's financial position continues to go from strength to strength, giving us the foundation we need to build our organisational capabilities and invest in the CPA Program and a range of digital platforms to grow and enhance our business in new and innovative ways.

On behalf of the Board, I would like to thank all employees for their invaluable contribution in helping CPA Australia deliver on its key strategic objectives.

I would also like to thank my Board colleagues and those members who contribute their time, energy and expertise to the Representative Council, Divisional and Branch Councils, Advisory Committees, Centres of Excellence, member representative forums, discussion groups and task forces.

Lastly, I thank our broader membership for their commitment to the quality and ideals of the CPA designation.

Our vision is for CPA Australia to be known as the world's best member service organization and I thank you for your support and commitment to an exceptional organisation that ensures that one day our vision will become reality.



Penny Egan FCPA
President and Chairman of
the Board of Directors
CPA Australia

OUR VISION IS TO
BE KNOWN AS THE
WORLD'S BEST
MEMBER SERVICE
ORGANISATION.



CHIEF EXECUTIVE'S REPORT

This year's integrated report reflects an organisation delivering on its strategic vision through initiatives that have built our business, strengthened our member service offering and laid the foundations for future success and growth.

Over the course of the year, we achieved a great deal for our members, the broader community and our business by continuing to invest in our technology, people, the value of our brand and the CPA designation, as well as providing leadership and advocacy on behalf of the profession.

A priority area of public policy for CPA Australia continues to be the shift in the centre of global economic gravity to the Asia Pacific region and the ability of countries in the region to compete in the Asian Century. The release of our landmark research publication *Australia's Competitiveness: From Lucky Country to Competitive Country* positioned CPA Australia as a leader in public and political debate about an issue central to our economic future.

We will maintain our highly visible advocacy throughout 2014 and beyond to ensure decision makers in business, politics and the community capitalise on this major research and use the findings to confront the challenges of creating a competitive country capable of creating the high paying jobs of the future.

Our innovative work on competitiveness has been complemented by similarly successful advocacy outcomes, working on behalf of our members and the profession to influence changes in regulatory environments across the globe.

This has been a year of important milestones for CPA Australia. We significantly expanded our infrastructure, digital communication and social media capabilities – all with a view to better serving the changing needs of our members. This included the delivery of our new Customer Relationship Management system, multi-currency gate-way, telephony upgrade, new corporate website and the accompanying release of our new *Become a CPA* multi-lingual websites.

We also entered into strategic, long-term partnerships with Pearson Vue and DeakinPrime to innovate and increase the flexibility of the CPA Program, and grow our range of digital blended learning options.

We created a number of new strategic relationships to grow the number of Recognised Employer Partners by a further 30 per cent and significantly enhanced our *Members Benefits+* program to include a greater range of personal and business benefits for members.

This report represents an important milestone for us. It is our first fully integrated report, prepared in accordance with the International Integrated Reporting Framework, where we provide a whole-of-business picture as to how we are performing against our goals, embedding key drivers across all parts of our business, and creating value, now and into the future.

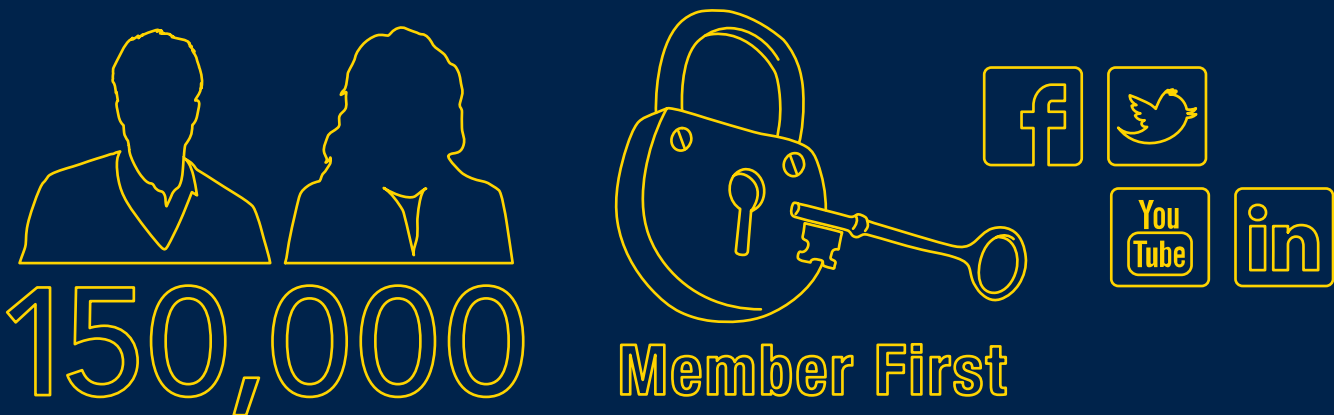
The emerging field of integrated reporting represents an important opportunity for CPAs, and I am proud to represent CPA Australia on both the International Integrated Reporting Council and HRH The Prince of Wales' Accounting for Sustainability (A4S) project.

I would like to thank our members, partners and friends for contributing to our success in 2013. I would especially like to thank our people for their dedication, innovation and hard work in striving to achieve everything we set out to do to grow the capability of our organisation and deliver world class service to members.



Alex Malley FCPA
Chief Executive
CPA Australia

2013 HIGHLIGHTS AND CHALLENGES



HIGHLIGHTS

Successfully taking our message to a broader audience by:

- Launching *The Bottom Line* leadership interview series on network television across Australia with more than 1.7 million viewers across two seasons
- More than doubling our social media audience to engage with more than 175,000 across various platforms and channels
- Securing one of only two strategic sponsorships for the *Financial Review Sunday* to further position our brand as a dominant player in the business and finance community

- Representing the accounting profession and the views of our membership through positions on councils for IFAC, the IIRC, and HRH Prince of Wales Accounting for Sustainability project

Demonstrating leadership and challenging views by:

- Launching our ground breaking research *Australia's Competitiveness: From Lucky Country to Competitive Country* at the National Press Club in Canberra, Australia
- Influencing and impacting regulatory and legislative outcomes for the profession

- Challenging views on key issues including tax reform, the burden of excess regulation and red tape, and driving debate on the effectiveness of the superannuation and retirements savings model
- Producing this, our first fully integrated report

Engaging with our members and potential members through innovative new products by:

- Entering into long-term strategic partnerships with DeakinPrime and Pearson VUE to innovate and increase the flexibility of the CPA Program



- Taking *The Naked CEO* global and driving over one million visits to the site with fresh content that is published daily
- Launching a first of its kind business gaming App *Boardroom Tycoon*, which received global reach with over 58,000 downloads in four months

A strong CPA designation and brand reflected by membership of just under 150,000 including:

- Solid growth in key markets and a membership in Asia in excess of 35,000
- Significantly growing our service offering and digital communication capabilities by:**
- Implementing *Member First*, which included our new Customer Relationship Management (CRM) system, which allows us to better serve members and streamline our processes
 - Launching our new personalised corporate website, where content can be accessed on any device and is more tailored to member needs
 - Launching our *Become A CPA* website in Bahasa Indonesian, Chinese and Vietnamese to better meet the needs of a broader range of stakeholders
 - Increasing our Recognised Employer Program by 30 per cent from 2012

CHALLENGES

- Rolling out major infrastructure upgrades in a complex and changing business environment
- Staying ahead of rapid changes in technology and education delivery
- Political uncertainty in Australia and the changing nature of the regulatory environment
- Continuing to meet the needs of a geographically and demographically diverse membership
- Managing operations in an increasingly competitive marketplace
- Achieving all our growth targets in an uncertain economic environment

2013 PERFORMANCE AND 2014 TARGETS

FINANCIAL CAPITAL

In 2013 we continued to deliver a strong operating performance increasing our revenue through an increase in members and CPA Program sales. We continued to expand our digital communication channels and upgraded our member facilities in Canberra, Indonesia and Vietnam. We also finalised our upgrades to core business systems including CRM, multi-currency payment gateway and corporate website. Our exact targets for economic value generated and surplus before tax for 2014 are considered commercial in confidence but are set to be broadly in line with 2013 results.

Table 1: Overview of economic value generated for the year ended 31 December 2013

	FY 2013	FY 2012
Direct economic value generated	\$'000s	\$'000s
Membership fees	70,774	67,276
Education and training revenue	74,928	75,141
Other	11,540	11,606
Total direct economic value generated	157,242	154,023
Economic value distributed	\$'000s	\$'000s
Employee wages and benefits	57,039	54,383
Operating costs	97,897	91,406
Payments to providers of capital	–	–
Payments to government	–	–
Community investments	–	–
Total economic value distributed	154,936	145,789
FY 2013 Surplus before tax	2,306	8,234

Table 2: CPA Australia – Revenue and costs by geographic region for the year ended 31 December 2013

	Total revenue	Total costs	Surplus before tax
	\$'000s	\$'000s	\$'000s
Total Australia	120,363	138,922	(18,559)
New Zealand	1,286	1,329	(43)
Europe	1,116	737	379
Malaysia	8,757	1,937	6,820
Singapore	7,015	3,448	3,567
Hong Kong	11,082	3,749	7,333
China	3,762	3,129	633
Vietnam	812	1,299	(487)
Indonesia	240	374	(134)
Other overseas	2,809	12	2,797
Total overseas	36,879	16,014	20,865
Total CPA Australia	157,242	154,936	2,306

Overhead costs such as corporate services, marketing and product development are not allocated to regions outside of Australia.

Table 3: Statement of financial position as at 31 December 2013

	FY2013	FY 2012
	\$'000s	\$'000s
Total current assets	48,029	55,697
Total non-current assets	97,342	79,518
Total assets	145,371	135,215
Total current liabilities	67,790	64,026
Total non-current liabilities	6,491	6,708
Total liabilities	74,281	70,734
Net assets	71,090	64,481
Total members' funds	71,090	64,481

Table 4: Non-financial capital

Goals and measures	2011	2012	2013	2014 target
Goal: A sustainable business				
Greenhouse gas emissions (ky tCO ₂ E)	40.6	45.8	31.6	<35
Staff turnover**	<17%	<14%	<15%	<15%
Goal: Protecting the public interest and furthering the profession				
Enabling members to demonstrate to others a commitment to high professional and ethical standards*	6.95	7.00	7.07	>7.00
Showing leadership in the field*	6.76	6.76	6.8	>6.70
Goal: Member engagement				
CPA Program enrolments (%growth YOY)	1.9%	5.2%	2.5%	4.5%
Engagement through key online channels				
• CPA Australia website visits	>2.6m	>2.8m	>2.7m	3.1m
• Social media channel audience	27,000	80,000	175,000	225,000
Value of membership*	6.46	6.48	6.63	>6.60
Member engagement*	7.05	7.04	7.07	>7.00

* Survey methodology: The survey was run as an online survey by Beaton Research and Consulting in November 2013, 38,171 members were contacted via email and a response rate of 10 per cent was received (3840 responses). Members were asked to assess their overall view of CPA Australia's performance over the last 12 months on a scale of 0-10 where 0 is extremely poor. Results for 2011 and 2012 are from the previous year's surveys that followed the same methodology.

** Staff turnover is regretted turnover, which is defined as employees that have separated from the organisation via a resignation, excluding employees that are on fixed term contract, have been made redundant or who have been under performance management.

NON-FINANCIAL CAPITAL

To realise our vision of being known as the world's best member service organisation, we measure a number of non-financial metrics. One way we do this is by undertaking an annual benchmarking study*, which captures our members' views as to how we are performing in relation to delivering an offer they value.

These studies show that our members' assessment on how we have performed has been consistent over the past three years with a general trend upwards.

We also recognise that how we go about our business and create value for our members has an impact on the communities in which we operate, our staff, our stakeholders and on the environment. Many of these measures are detailed in the GRI Index, which can be found on pages 102 to 105. A key selection of these metrics are also highlighted left.

This year we have also included our 2014 targets.

OUR BUSINESS MODEL



HOW CPA AUSTRALIA CREATES VALUE

Founded in 1886, CPA Australia is one of the world's largest professional accounting and finance bodies, representing close to 150,000 members and business professionals in 121 countries.

Our core services to members include education, training, knowledge exchange, technical support, networking and advocacy.

Our major sources of funding are membership fees and payments for the products and services we deliver.

Our sphere of operations covers staffed offices in all states and territories of Australia as well as in China (including Hong Kong), Indonesia, Malaysia, New Zealand, Singapore, the United Kingdom and Vietnam.

We believe the work of professional accountants is fundamental to the stability, efficiency and sustainability of individual companies, financial markets and the economies of entire countries. Ultimately, their work enables capital to flow to the most productive projects and ensures that standards of living increase.

The work we do is supported by our strong governance and values. Governance is fundamental to CPA Australia's activities and our Board of Directors ensures strong adherence to the principles of good corporate governance.

Our core values are respect, empowerment, accountability, cooperation and honesty. Our people live these values as they support the organisation to deliver on its objectives.



INPUTS

- Financial resources:
 - Membership fees
 - Payments for products and services
- People:
 - Members
 - Employees
- Intellectual capital:
 - Our brand
 - CPA Program
 - Our knowledge and expertise
- Infrastructure:
 - A network of 19 offices
 - Our IT and digital infrastructure
- Partners:
 - Suppliers
 - Accountancy bodies
 - Governments and regulators
 - Higher education sector



BUSINESS ACTIVITIES

- Delivering the highest quality CPA Program that meets the changing needs of candidates and employers
- Providing access to high quality knowledge and resources
- Producing high quality advocacy on behalf of the profession and our members
- Being committed to providing the world's best member service standards
- Ensuring all members comply with a professional code of conduct
- Broadening the audience of those who take an interest in:
 - What a CPA does
 - CPA Australia
- Continuing to develop a strong brand
- Recruiting, retaining and developing high quality people



OUTPUTS

- High calibre accounting professionals that add value to their organisations and communities
- A strong service oriented culture
- Thought leadership on matters that impact the accounting and broader business communities
- Strong brand value and recognition
- A capable workforce that is passionate about CPA Australia and the value CPAs deliver



OUTCOMES

- Protection of the public interest
- A sustainable organisation
- World class member service
- A stronger accounting profession
- Global demand for those who hold the CPA Australia designation



VALUE CREATED

- Consistency, comparability and transparency of financial information that drives better business decisions
- Stable capital markets
- Sustainable businesses
- Public confidence

OUR STRATEGY

CPA Australia has a corporate plan that sets out our goals for 2012 to 2014. It outlines the strategies we are pursuing to meet our vision of being the world's best member service organisation and our goal of maximising the share of people who want a career built on professional accounting skills.

Our strategy is focused on key themes that are represented in our business model: service, growth, certification, knowledge and organisational capability.

Throughout the year our progress is reported through the performance contract that is agreed with the board, which uses a balanced scorecard approach to highlight key metrics in achieving our strategic aims.

SERVICE

As a member body, service is at the heart of what we do and we continue to build on our capability to deliver service that is world class in standard. This means delivering the right service, at the right time, in a way that adds value to our members and the organisations and communities they work within. We recognise that the way our members and stakeholders wish to interact with us is changing and we are focused on building our digital capabilities to better service our customers.

GROWTH

As professional bodies consolidate and form strategic alliances, our scope of influence and scale will be important to ensure CPA Australia and our members remain relevant in a global environment.

A key component of our strategy is our engagement with Asia. CPA Australia is committed to ensuring our members benefit from the full spectrum of opportunities that will emerge in the coming years with the rise of the Asian Century.

As we grow, we look to broaden the audience of those who take an interest in what a CPA does and in CPA Australia and we vigorously defend and develop our brand and reputation.

CERTIFICATION

The CPA Program is the key product we deliver and our strategy is to ensure a high quality, flexible CPA Program that meets the needs of candidates and employers. The high quality of the Program is evidenced in the strategic leadership and business roles our members hold; about 17 per cent of our members hold senior leadership roles, this includes more than 21,000 members at CEO or CFO level, in business ownership or partner roles.

KNOWLEDGE

Our members have diverse career and knowledge needs that extend beyond core accounting skills. As the knowledge needs of our members expand and as we increasingly have members located outside Australia and in regional areas, we are focused on delivering new ways for our members to access the knowledge they need.

DEVELOPING ORGANISATIONAL CAPABILITY

We look to build the capability of the organisation in those areas that will best enable us to meet our goals and objectives. In particular we are focused on attracting and retaining the right people and ensuring a pool of leadership talent into the future.

WITH CLOSE TO 150,000 MEMBERS ACROSS 121 COUNTRIES AND MORE THAN 127 YEARS OF LEADERSHIP, CPA AUSTRALIA IS AT THE FOREFRONT OF THE GLOBAL ACCOUNTING PROFESSION.

RISKS AND OPPORTUNITIES

Risk management is a key aspect of CPA Australia's governance arrangements. Our risk policy and framework provides a formal process for all employees to follow in identifying, evaluating, mitigating and monitoring the key risks that have the potential to impact on the achievement of organisational objectives. Details of this framework can be found on page 59.

The goal of our risk management processes and structures is to maximise opportunities to achieve our objectives and goals without exposing the organisation to unnecessary risk.

The risks and opportunity areas below cover our material issues (page 2) and also the key trends (page 16) that we see impacting CPA Australia now and into the future.

OPPORTUNITY AND RISK AREAS FOR CPA AUSTRALIA

Reputation and professional standards

It is critical that CPA Australia preserves its high reputation and the public trust in the quality of the CPA designation.

Furthermore, as a professional organisation representing the interests of close to 150,000 accountants and business professionals, it is vital that high standards of compliance and ethical behavior are maintained by the organisation, employees and members.

Broadening our audience

CPA Australia seeks to broaden the audience of those who take an interest in what CPAs do and what CPA Australia does in order to increase the value of our brand and increase interest in the CPA designation.

Financial sustainability

CPA Australia aims to maintain its long term financial viability and its overall financial strength. As a body representing professional accountants we take a robust approach to financial management to ensure our long term success.

Stable and motivated workforce

CPA Australia aims to value, support, develop and utilise the full potential of our employees to ensure the organisation is an employer of choice and a safe place to work.

Access to knowledge

CPA Australia seeks to provide members with access to knowledge and resources that keep their skills current and relevant through both the CPA Program and our broader knowledge offer. This is core to the value we offer and we continually work to ensure ongoing quality.

Growth

The scope of influence and scale of CPA Australia directly relates to our ability to remain relevant in a global environment. We seek to grow to ensure the ongoing relevance of the CPA designation and to ensure the benefits that professional accounting skills bring are available to those that need them.

Member engagement

CPA Australia's vision is to be known for being the world's best member service organisation. This means delivering the right service, at the right time, in a way that adds value to our members and the organisations and communities they work within.

Technology

As technology increasingly plays a part in the products and services we deliver, risks associated with its use have the potential to impact CPA Australia's assets and processes and to lead to CPA Australia's reputation being damaged in the marketplace. We continue to invest in technology and in the appropriate management of that technology to support our organisational goals.

An independent board

Good corporate governance is fundamental to CPA Australia's credibility as a professional accounting association. We take a robust approach to governance issues to ensure the ongoing sustainability of the organisation.

Environmental sustainability

Analysing environmental risks is part of our risk management process and while this shows that the environment has a low impact on CPA Australia and in turn our business has a low impact on the environment, we will continue to monitor our environmental risks in order to support best practice. This year a full review was done of our environmental risks, more information can be found on page 47.

OUR FUTURE OUTLOOK

In 2014 our board and senior management will set our corporate plan for the years 2015–2017. As part of our ongoing planning, the key trends in our operating environment are regularly reviewed. These trends and our planned responses to them form the basis of our future strategies.

EXTERNAL TRENDS

Globalisation

More association bodies are entering the markets in which we operate and there are increasing levels of discussions between bodies around consolidation and partnerships.

Rapid changes in technology

Rapid technological changes are impacting many facets of business and society more broadly. Our members and potential members increasingly wish to interact with us through multiple channels.

Changing education and knowledge market

The rapid pace of technology change has impacted the education space and led to the emergence of multiple forms of higher education providers with differing capabilities.

Changing views of the profession

The view of accounting as a profession has the potential to undergo both positive and negative changes. Financial crises can weaken public trust, and younger generations have less interest in long term traditional careers.

Changing regulatory environment

The work our members do is impacted by the changing reporting, regulatory and political environments in the markets in which we and our members operate.

OUR RESPONSE

Continuing to develop and defend our brand. Using innovative approaches to promote the CPA designation and the career benefits it offers.

Investing in infrastructure and technology to support the needs of our current and future members. Implementing our digital strategy to move towards an integrated self-service model to make it easier for members and prospective members to engage with us in a manner that suits them regardless of where they are located.

Continuing to develop our internal expertise and also partnering with high quality suppliers to increase the range of education and knowledge options we provide.

Broadening the audience to educate the wider community on what CPAs do and the value they bring. Certifying, regulating and assisting our members to deliver advice to the highest standards.

Continuing to influence and lead the debate on matters of interest to our members and the broader public. Further developing our strong and enduring relationships with policy-makers, regulators and the wider business community in both Australia and overseas. Continuing to drive and influence the uptake of integrated reporting.

OUR MEMBERS

Our members are at the heart of what we do. As an organisation we are focused on delivering innovative products and services that our members value and that help them add value to their organisations and the communities in which they work.

The following section outlines how we have performed in delivering key services to our members, and those who wish to be members of CPA Australia, and contains information on the following material issues:

- i Service – member engagement
- ii Access to knowledge
- iv Certification and the CPA Program
- vi Broadening the audience

SERVICE

BEING PASSIONATE ABOUT, AND COMMITTED TO, PROVIDING THE WORLD'S BEST MEMBER SERVICE STANDARDS.

► OUR APPROACH

Engaging with our members is the most valuable activity our staff do. As a membership body, service is core to our operations.

CPA Australia's service culture is defined by three pillars:

1. Fostering strong and engaging relationships with members
2. Providing high quality advice and information, responses and solutions
3. Providing service in a timely and responsive manner

As well as providing first class face-to-face and phone service we are growing our digital communication capabilities to make it easier for members to engage with us in a manner that best suits them.

► 2013 HIGHLIGHTS

- Implementing a series of major infrastructure updates across the organisation, which included:
 - *Member First*, including our new CRM system, to provide the foundation for us to improve our systems and processes and better serve members
 - Our multi-currency gateway, which gives members in Australia, Hong Kong, Malaysia, New Zealand and Singapore the ability to transact with us online in their own currency
- Assisting members through our dedicated member service advisers, which included:
 - Making more than 43,000 outbound phone calls to assist members with a range of needs, including the CPA Program, their membership, and continuing professional development obligations
 - Achieving call queue times of 38 seconds against a target of 120 seconds
 - Upgrading our member and staff facilities in Canberra, Indonesia and Vietnam
- Launching our new CPA Australia website which:
 - Can be accessed on any device and allows us to better tailor content and products with members' personal needs
 - Was awarded "Business and Professional Services – Best Site" at the Sitecore Site of the Year Awards for Australia and New Zealand
- Launching our *Become a CPA* website in Bahasa Indonesian, Chinese and Vietnamese, which:
 - Allows us to better engage with our members and prospective members in the South East Asian region
- Bringing on eight new partners to significantly expand our *Member Benefits+* program

► 2013 CHALLENGES

- Dealing with the complexity of multiple stakeholders, offices and products and services while upgrading our infrastructure
- Meeting our high member service expectations within our targets while undergoing extensive infrastructure upgrades
- Selecting the right time to release our new corporate website and ensuring its seamless integration with our infrastructure upgrades
- Moving towards multi-lingual websites to more effectively serve and engage with our global membership demographic
- Determining the right level of investment required to improve service levels to members

DELIVERING
ON OUR
BUSINESS MODEL



TOTAL MEMBERSHIP OF JUST UNDER

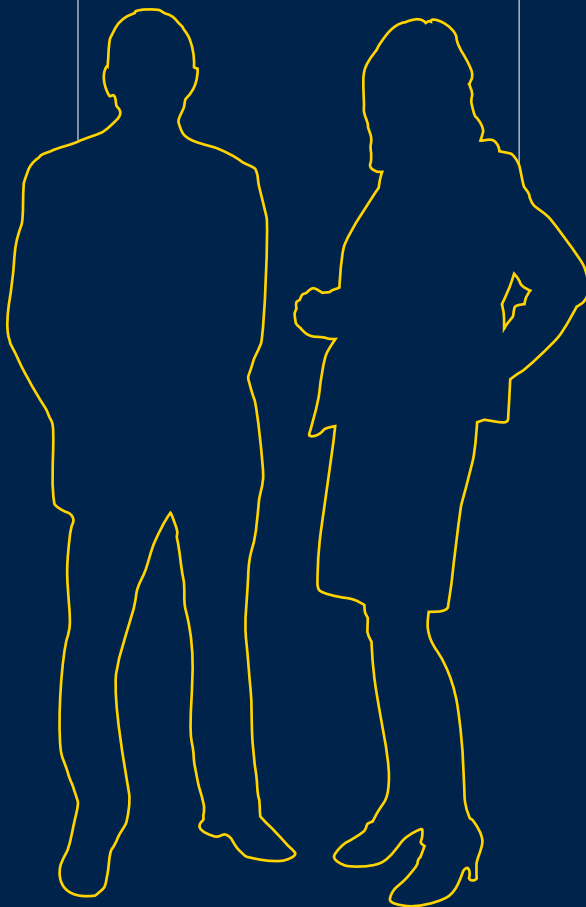
150,000

54%

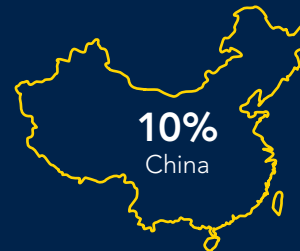
Male
2012: 55%

46%

Female
2012: 45%



MEMBERSHIP BY LOCATION*



	2013	2012
Australia	74%	74%
China	10%	11%
Indonesia	<1%	<1%
Malaysia	6%	6%
New Zealand	1%	1%
Singapore	5%	5%
UK and Europe	1%	1%
Vietnam	<1%	<1%
Other overseas	2%	2%

* Figures have been rounded and may not equal 100%.

WARWICK ISAACS FCPA

Director, Christchurch Central Development Unit (CCDU) and Deputy Chief Executive, Implementation at Canterbury Earthquake Recovery Authority (CERA)

On 22 February 2011, a devastating 6.3 magnitude earthquake shook New Zealand's Christchurch to the core. It claimed 185 lives and wrought havoc across the city, inflicting most of its damage in just 20 seconds.

Chief executive of the Timaru District Council, Warwick Isaacs FCPA, was on hand soon after the quake hit.

With a background in accounting, administration, auditing, and local government management, Warwick made sure the demolition process post-quake was organised and carried out as safely and practically as possible.

Almost a year later, he stepped into the role of managing the rebuild, and continues in this role today – dedicated to ensuring future generations have a city they can consider innovative, safe and exciting to live in.

“Working with the people who designed the new city blueprint has been an incredible experience, and it’s certainly an exciting challenge for us to implement the blueprint in the best possible way,” he says.

Constant aftershocks and tremors, and pressure from the general public have proved challenges along the way, but Warwick says that leadership, teamwork and planning have been vital in ensuring the project remains on track. “Without planning, things won’t work as smoothly as you might hope. I have also learnt that all opinions are valuable and potentially useful as the big decisions are made.

Warwick says that the Christchurch rebuild is an evolving process and much of the key work will take up to 5–10 years to complete. “We are working as quickly as we can but we are being thorough so that we create a city that our children and their grandchildren will be proud to live in.”

INVESTING IN SERVICE

After significant investment and much collaborative hard work across the organisation, CPA Australia implemented a new CRM system in May 2013.

The project involved a complete overhaul of CPA Australia’s systems and processes, and impacted all parts of the business.

The significance of the transition meant that we could not always deliver the high service standards that we have come to expect of ourselves, and we recognise that the changeover of our core systems inconvenienced some members.

During the implementation, our staff worked around the clock to get the project over the line to limit the impact to members. We thank both our staff and our members for their patience during this period.

This is the most significant transformation project that CPA Australia has undertaken to date, and it will provide us with a solid platform to continue to grow our business and deliver world class service to members.

PERFORMANCE DETAILS

Member service

CPA Australia has a dedicated team of member advisers whose role it is to answer the queries of our members and prospective members. In 2013, we received more than 250,000 telephone enquiries, and made more than 43,000 outbound phone calls to members.

These calls assisted members to progress through the CPA Program, renew their membership, access available products and services and meet their continuing professional development obligations.

Due to the impact of our infrastructure upgrades we missed our target of less than 4 per cent of calls being abandoned (caller hangs up before connecting to a member service adviser), with just over 7 per cent of calls being abandoned.

Service training

Throughout 2013, we undertook extensive training for all our staff to enable them to best utilise our new CRM system. An online CRM 101 module was offered to all staff with tailored training then delivered as appropriate. Training was focused on ensuring our member service advisers were equipped to use the systems for key activities from day one in order to deliver service to our members.

Member Benefits+ program

Our *Member Benefits+* program provides members with easy access to a number of special offers.

Over the course of 2013, we significantly expanded our offer to include eight new partners as well as both personal benefits and business benefits for those working in public practice and small-to-medium enterprises (SMEs). New offers included frontline human resources and employment law support, banking, insurance, telecommunications, wine and office products.

Member engagement

We strive to actively engage our members in the manner that best suits them. In 2013, we held close to 270 events which included intimate boardroom luncheons, networking, information sessions, expos and member celebrations. We also doubled our social media audience to more than 175,000 people.

Improving the CPA Australia website

This year marked the launch of our new corporate website, which allows us to better tailor content and products with members' personal needs. We also released *Become a CPA* websites in Bahasa Indonesian, Chinese and Vietnamese, to engage with members and prospective members in their local language.

Our new corporate website was awarded "Business and Professional Services – Best Site" at the Sitecore Site of the Year Awards for Australia and New Zealand.

See cpaustralia.com.au



CERTIFICATION AND THE CPA PROGRAM

THE HIGHEST QUALITY CPA PROGRAM, WHERE FLEXIBILITY IN ITS DESIGN AND DELIVERY MEETS THE CHANGING NEEDS OF CANDIDATES AND THEIR EMPLOYERS.

► OUR APPROACH

Our members continue to tell us that they join and remain members of CPA Australia for the professional recognition that comes with carrying the CPA designation. To deliver this, CPA Australia provides a world class education program that provides candidates with work-ready skills to meet the changing needs of employers.

► 2013 HIGHLIGHTS

- Entering into long-term strategic partnerships with DeakinPrime and Pearson VUE to deliver continued innovation and flexibility to the CPA Program
- Delivering large volumes of exams in multiple countries, including:
 - Just under 7000 foundation level exams across 60 countries
 - More than 54,000 professional level exams across 70 countries and overseas territories
- Gaining positive feedback for the on-demand model we introduced for the foundation level in 2012, including:
 - The option to sit exams over weekends
 - An improved exam scheduling process

- Maintaining ISO 9001 certification
- Further expanding learning support to candidates by continuing to increase the tuition provider network

► 2013 CHALLENGES

- Ensuring that the CPA Program professional level continues to meet the needs of our diverse membership and the changing needs of employers
- Successfully delivering the CPA Program to candidates during a period of significant change, including:
 - The transitioning of supplier arrangements
 - The implementation of our new CRM system
- Understanding the demands for additional learning resources for different demographics
- Balancing the latest developments in technology with current candidate demands

PERFORMANCE DETAILS

Foundation level

The foundation level of the CPA Program allows candidates who do not have a traditional accounting background to demonstrate the knowledge and solid grounding required to undertake the professional level of the CPA Program.

In 2013, we increased the flexibility of the foundation level by introducing weekend exam options, with 23 per cent of exams being booked on weekends.

Professional level

The syllabus for the professional level focuses on strategy, leadership and international business alongside developing technical accounting skills.

Content is globally relevant, with a focus on providing flexibility of learning and delivery modes. The distance learning education component, along with the practical experience requirement, ensures that candidates achieve a balance of work-ready skills on completion of the program.

In addition to entering into new supplier arrangements with Pearson VUE and DeakinPrime, we also commenced a major update of all learning materials and undertook a comprehensive review and update of our exam database to ensure the ongoing high academic quality of the program.

Transitioning supplier arrangements

In 2013, we focused on transitioning our supplier arrangements to develop and deliver the CPA Program professional level in a way that offers greater innovation and flexibility to candidates and will allow us to be more agile in making future changes to support the needs of candidates and employers.

To do this, we entered into new long-term supplier arrangements where:

- Pearson VUE will be responsible for all assessment related services
- DeakinPrime will be responsible for the development of the professional level study guides

THE CPA PROGRAM

The CPA Program is an integrated education and professional experience program with exceptionally high standards, and is recognised with ISO 9001 certification for our quality management system.

Contributors to the CPA Program are senior-level academics, expert industry practitioners and our highly qualified staff, who regularly update content to ensure that members gain work-ready skills and understanding, irrespective of the stage of their career or where they are located.

MICHELLE ANTONIOUS CPA

Financial Planning Analyst Virgin Australia

Michelle Antonious completed her CPA qualification in October 2012 and has since moved from Melbourne to Brisbane to take on a financial planning analyst role for Virgin Australia.

Michelle says that gaining the CPA designation provided much satisfaction and helped lead to her new role.

"I initially studied engineering at university before switching to commerce at Monash University, as I wanted a greater business focus.

"I was fortunate to be successful in gaining a position with the Qantas Graduate Program, which began a two year tenure that provided me with wide exposure to the financial, operation, service and product areas of the airline.

"I took on the CPA Program, as I was looking for a fresh challenge and felt ready to progress my career to the next level.

"I found the CPA Program to be a rewarding experience, which helped open the door to a new role at Virgin Australia," says Michelle.

Michelle describes her current role at Virgin Australia to be both a challenging and exciting one.

"One of the best aspects of my role is that I get to engage with so many different parts of the business such as Fleet Planning through to Network Planning to facilitate the Group's long term strategic financial plan.

"It's also very much a forward looking role where I provide financial analysis to help other areas make business critical decisions."

DELIVERING
ON OUR
BUSINESS MODEL



BROADENING THE AUDIENCE

DELIBERATELY BROADENING THE AUDIENCE OF PEOPLE WHO TAKE AN INTEREST IN WHAT CPAs DO, AND WHAT CPA AUSTRALIA DOES, TO ENHANCE THE VALUE OF OUR BRAND AND INCREASE INTEREST IN THE CPA DESIGNATION.

BEING BETTER AT PROMOTING OUR BRAND SO THAT WE ATTRACT HIGH CALIBRE PEOPLE TO ENTER THE PROFESSION AND ADD VALUE TO THE COMMUNITY.

► OUR APPROACH

The size and influence of CPA Australia directly benefits our members by increasing the relevance and profile of their designation in the marketplace. We constantly seek to innovate and explore new ways of communicating with members and the broader community to promote the CPA Australia brand and create meaningful relationships through all our communication channels.

► 2013 HIGHLIGHTS

- Successfully launching *The Bottom Line* leadership interview series on network television across Australia
 - Reaching more than 1.7 million viewers over two seasons
 - Winning gold for “Best integration or brand storytelling (non-fiction)” at the 2013 Asia Pacific (APAC) Branded Content and Entertainment Awards
- Growing the *The Naked CEO* to reach an audience of more than one million people, which involved:
 - Creating and publishing content on all business days to create ongoing engagement
 - Reaching out to more than 6000 students with appearances on campus and at career expos across Australia, Hong Kong, Malaysia and Singapore
 - Providing the opportunity for students to ask questions of our Chief Executive, with more than 41,000 video plays of these questions
- Launching the first of its kind business gaming App *Boardroom Tycoon*, which achieved:
 - Global reach with more than 58,000 downloads in under four months

- Driving significant engagement through our strategic use of social media, including:
 - More than doubling our social media audience to more than 175,000 across various platforms such as: Facebook, Twitter and LinkedIn
- Attaining a greater than 30 per cent increase in the number of Recognised Employer Partners
- Being an early adopter of a global pilot content campaign with LinkedIn to reach new audiences, which involved:
 - Achieving an overall engagement rate that was four times higher than the standard LinkedIn pilot engagement rate
 - Winning bronze in the “Native advertising category” at the 2013 APAC Branded Content and Entertainment Awards

► 2013 CHALLENGES

- Staying at the forefront of social media channels that are constantly evolving
- Continuing to listen to our audience to ensure that our content is on target
- Moving towards multi-lingual websites to more effectively engage with our diverse membership
- Redeveloping *The Naked CEO* to publish new content daily

HONOURING OUR FIRST 60 YEAR MEMBER IN SINGAPORE

In 2013, CPA Australia was delighted to honour, for the first time, a 60-year member in the Singapore division.

Mr Ong Tiam Seng FCPA (Aust.) became a member in 1953, a year before CPA Australia was incorporated as a business in Singapore.

When he joined as a member, Mr Ong was an accountant with the Australian firm Wilson, Bishop & Henderson.

Mr Ong's illustrious career has spanned a number of roles in Australia and Singapore. This includes more than 20 years in a Singapore-based shipping firm and, in more recent years, as a broker with local investment firm UOB Kay Hian where he retired in 2004.

At CPA Australia's annual President's Dinner in Singapore in 2013, Mr Ong was honoured with an award to recognise his six decades as a member of our organisation.

We look forward to celebrating the 60 year history of our Singapore office with all our members in 2014.

60
YEARS IN
SINGAPORE

PERFORMANCE DETAILS

The Bottom Line

The Bottom Line series positions CPA Australia at the heart of the leadership debate – aligning the brand with high-profile names from across business, politics and the community.

The series supports and extends CPA Australia's positioning across mainstream and business media as a commentator on leadership and the issues affecting members, the broader community and Australia's economic future.

In 2013 the series completed two seasons on the Nine Network Australia, reaching more than 1.7 million viewers.

Feature interviews included Australian of the Year Ita Buttrose, former Australian Olympic Gold Medalist Cathy Freeman, award winning author the late Bryce Courtenay, current Federal Communications Minister Malcolm Turnbull and trucking magnate Lindsay Fox.

Judged by a panel of eminent marketing, branding and advertising experts, *The Bottom Line* scored gold for "Best integration or brand storytelling (non-fiction)" at the 2013 APAC Branded Content and Entertainment Awards.

For more information, visit thebottomlinetv.com.au

Connecting students with the accounting profession

CPA Australia runs a global network of close to 180,000 students and young professionals, helping them connect with internship and graduate employment opportunities, utilise career, leadership and study resources, build an outstanding CV and stand out in interviews.

In 2013, we helped facilitate more than 700 internships offered globally through our recognised employers and other partners in order to continue to grow the number of people who seek a career based on professional accounting skills.

Growing *The Naked CEO*

The Naked CEO is an online mentoring series, where the Chief Executive of CPA Australia, invites students and young professionals to join him behind the scenes with global leaders and brands to impart key insights and success strategies.

In 2013, we gained exclusive interviews with leaders of highly recognisable global brands, including IBM, Air Asia X, Deloitte and McDonalds, and released supporting guides to help students find out how to get jobs with these world-leading companies.

We also started uploading daily content to meet the job seeking, career building and study skill needs of our target student market. This change was well received and helped grow *The Naked CEO* audience to more than 100,000 per month within the first two months of re-launch.

THE NAKED CEO

Demara Roche, student guest

University of Technology Sydney Finance and Accounting student Demara Roche was fortunate enough to be chosen as the first student guest to appear on *The Naked CEO* in 2013, gaining a money-can't-buy mentoring experience.

As student guest, Demara not only spent one-on-one time with CPA Australia Chief Executive Alex Malley, but also with Catriona Noble, Chief Executive of McDonald's Australia.

Demara was then given the opportunity to spend time at the McDonald's Australia headquarters, gaining an insight into life as a graduate at McDonalds.

"My experience as student guest with *The Naked CEO* not only gave me direct access to business leaders, but it opened my eyes to all the different facets of an organisation, something I wasn't aware of before," said Demara.

The Naked CEO website has become an invaluable resource for Demara as she nears the end of her study – offering networking opportunities, business ideas, and answering those important 'life-post-university' questions.

"At uni, we focus on the theoretical aspects of finance and accounting, whereas *The Naked CEO* website offers practical, real life examples for how to best take our skills to market, and this you can't find anywhere else."

Boardroom Tycoon

Towards the end of 2013, we launched *Boardroom Tycoon* – a new, first-of-its-kind virtual App that gives players the opportunity to experience big business by building their very own company from the ground up.

The game was initially released to business students in September and by year-end had grown to have more than 58,000 aspiring entrepreneurs learning more about financial literacy and business decision making in a competitive way. Top countries for downloads include: Australia, the United Kingdom, Singapore, North America, Malaysia, Netherlands, Germany, India, New Zealand and Brazil.

The game combines the challenge of running a business with important lessons in leadership, strategy and risk management, where players can hire and fire staff, complete deals, attempt takeovers and acquire income-generating assets to increase share prices and battle for a place at the top of the leaderboard.

For more information, visit thenakedceo.com/boardroomtycoon

Growing our social media network

CPA Australia now connects with more than 175,000 people across social media platforms including LinkedIn, Facebook and Twitter, delivering ongoing valuable conversations and interaction. In 2013, we consistently achieved engagement levels for all channels that were above accepted industry benchmarks.

Sponsoring Financial Review Sunday

Australia's leading financial newspaper, *The Australian Financial Review* (AFR) in partnership with the Nine Network in Australia launched a new television program, *Financial Review Sunday*.

To position our brand as a dominant player in the business community, CPA Australia secured one of two highly sought after program sponsorships.

The sponsorship provides us with significant opportunities to promote key messages relevant to CPA Australia members and the broader community.

In 2013, the program attracted a total audience of more than 8.3 million. A further 2.6 million people were also reached via newspaper advertising, digital advertising on the AFR website and iPad App.

DELIVERING
ON OUR
BUSINESS MODEL



Advertising the CPA Australia designation and brand

We continue to use major media to highlight the benefits of the CPA Australia designation to members, prospective members and to the broader community. This advertising helps position CPA Australia as the designation of choice and to communicate the value CPAs bring to their organisations. Advertising channels included: television, outdoor, lifts in key buildings in major cities, print mediums, events and online. We also began work on refreshing our brand, which will be launched to the market in early 2014.

Expanding our Recognised Employer Program

The Recognised Employer Program (REP) provides a comprehensive assessment and validation of an employer's professional development methods and approach. This enables organisations to demonstrate to current and future employees their strong, ongoing commitment to learning and development and adds to their attraction as a premium employer.

At the end of 2013, we successfully increased our Recognised Employers by more than 30 per cent.

Some of our high profile recognised employers now include: Amatil, American Express, ANZ, BP, Coca-Cola, Commonwealth Bank, Credit Suisse AG, DHL, HSBC Bank, NAB, Nestle Oceania, Qantas, Standard Chartered Group and Telstra.

A full list of our partners can be found at cpaustralia.com.au

Achieving high global engagement rates with LinkedIn sponsored content

The LinkedIn audience group actively seeks professional content to get ahead in their careers, making it an ideal fit for CPA Australia.

In 2013, we agreed to be part of a sponsored global pilot content campaign with LinkedIn to reach new audiences. The campaign delivered an overall engagement rate which was about four times higher than the standard LinkedIn pilot engagement rate.

This achievement was recognised at the 2013 APAC Branded Content and Entertainment Awards, where *The Naked CEO* took home bronze for the sponsored content campaign with LinkedIn in the "Native advertising category."

"It's fantastic to see CPA Australia achieving some of the highest global engagement rates we have seen since the launch of LinkedIn Sponsored Updates.

"This is a real testament to the effective way that CPA Australia has used LinkedIn to amplify their content to engage and build relationships with a professional audience."

Matt Tindale, Director of LinkedIn Marketing Solutions

ACCESS TO KNOWLEDGE

PROVIDING MEMBERS AND POTENTIAL MEMBERS WITH ACCESS TO KNOWLEDGE AND RESOURCES THAT KEEP THEIR SKILLS CURRENT AND RELEVANT.

► OUR APPROACH

Part of the professionalism that comes with carrying the CPA designation is our members' commitment to lifelong learning. We support this by creating and facilitating information-rich conferences, networking events, face-to-face workshops, self-paced blended learning and online libraries and communities.

► 2013 HIGHLIGHTS

- Achieving solid audience growth for *itbdigital.com*, which involved:
 - Consistent engagement of about 46,000 visits per month
 - Winning the Outstanding Achievement Award in the magazine category at the Interactive Media Awards in November 2013
- Publishing Australia's widest circulating business magazine, *INTHEBLACK* which included:
 - Launching our first series of events entitled *INTHEBLACK Presents the Strategists* at CPA Congress
 - Offering 16.5 hours of free continuing professional development (CPD) through *INTHEBLACK* assessments, with around 4400 members taking up this offer
- Continuing to deliver a quality CPA Congress, which:
 - Included live streaming for the first time, allowing members who couldn't attend key sessions to experience them in real time
 - Attracted more than 9000 delegates
 - Featured a range of high-profile speakers, including: Michael Smith OBE, Chief Executive Officer and Executive Director, ANZ; Rt Hon. Lord Malloch-Brown KCMG PC, Former United Nations Deputy Secretary General; Ruslan Kogan, Founder and Chief Executive Officer, Kogan Technologies; Benjamin Roberts-Smith VC MG, Victoria Cross recipient; and the founder of kikki.K stationery, Kristina Karlsson
- Expanding our range of digital and blended learning programs
- Taking our management accounting programs to Singapore and Hong Kong with localised content
- Producing 17 targeted and relevant podcasts, with both "SME governance" and "Estate planning" reaching number one in the iTunes *Business News* podcast category

► 2013 CHALLENGES

- Providing knowledge and content that meets the needs of a geographically broad and diverse membership base
- Having the right technology infrastructure in place to support the expansion of our blended learning programs
- Continuing to manage the impact economic instability has on training budgets for spending on professional development activities
- Appropriately managing the amount of natural resources used at our events
- Fully understanding the professional development needs of our members and employer partners

DELIVERING
ON OUR
BUSINESS MODEL



CPA AUSTRALIA – DIGITISING ARCHIVAL RECORDS

Our digital archiving project is about preserving and improving access to documents that highlight our rich history and the contribution our members have made.

These materials include:

- The Deed of Articles dating to the 1880s
- The first handwritten minutes of the group that conceived the Incorporated Institute of Accountants in Victoria on 12 April 1886
- Materials relating to students who were studying during World War I and World War II, including fundraising for war brochures
- Documents showing our early library, which was started with 91 books brought back from the UK by Joseph Flack, the first honorary secretary
- A video advertisement in the late 1970s where a young member spruiks the benefits of membership to “meet women”

These documents are now very old and at risk of deterioration. We are working with the University of Melbourne, Deakin University, the National Archives and the Australian National University through an ARC Linkage grant to preserve and ensure there is easy access to our rich history in years to come.

PERFORMANCE DETAILS

INTHEBLACK magazine

CPA Australia’s award-winning publication, INTHEBLACK, is Australia’s highest-circulating business magazine. It provides in-depth stories and analysis on issues shaping business around the world. In 2013 we reached a significant milestone launching our first series of events entitled *INTHEBLACK Presents the Strategists* at CPA Congress in Melbourne and Sydney and via live streaming.

itbdigital.com

itbdigital.com targets both members and the broader business community. The site includes content from INTHEBLACK magazine, as well as original stories, news, opinion and analysis, photos, videos and podcasts.

In its second year, *itbdigital.com* achieved solid audience growth to reach around 46,000 visits per month, and received the Outstanding Achievement Award in the Magazine Category at the Interactive Achievement Awards.

For more information, visit itbdigital.com

Congress and conferences

CPA Congress is the largest event of its kind and is held in Australia, Fiji, Hong Kong, Malaysia, New Zealand, Singapore, and the United Kingdom.

The theme of CPA Congress for 2013 was *A world of opportunity*, where we brought together a number of experts from a variety of fields to help equip participants with the strategic insights and tools needed to succeed in our increasingly interconnected world.

Throughout the course of the year, we also delivered multiple conferences and education programs to support members in different industries and stages of their career, including: Australian Mining and Energy, CFO Advance, Not-for-Profit, Public Practice and Self-Managed Super Funds (SMSFs).

For more information on CPA Congress, visit cpacongress.com.au

Member-focused professional development

We know that our members have busy lives, so we offer a range of continuing professional development options for them to select from. This year we extended our learning offering with a range of blended learning options, and easily accessible podcasts and webcasts.

Our blended learning solutions now bring together related content in one package and offer a range of learning options including interactive online resources, learning manuals, videos of conferences sessions and recorded webinars. Topics covered in our initial release included management accounting, budgeting and business performance.

Podcasts and webcasts, available from the CPA Australia website and iTunes, cover technical accounting skills, as well as broader leadership and management. In 2013 we recorded 17 podcasts that featured in iTunes *What's Hot in Business* and *Business News* categories, with the top five podcasts being:

- Succession planning
- ASIC's top focus areas
- SME governance
- Estate planning
- Business in Japan

Both "SME governance" and "Estate planning" reached number one in the iTunes Store *Business News* podcast category.

Following research into members' professional development needs in 2013 we will continue to develop a more tailored and focused professional development offer in 2014.



Alex Malley (right) interviews the Chief Executives of the Big 4 accounting firms. From Left: **Luke Sayers**, CEO, PwC Australia; **Gary Wingrove**, CEO, KPMG Australia; **Rob McLeod**, Oceania CEO and Managing Partner, Ernst & Young; and **Giam Swiegers**, CEO, Deloitte Australia.

PUBLIC INTEREST AND THE PROFESSION

CPA Australia actively protects the public interest by:

- Advocating on behalf of our members
- Ensuring all members comply with a professional code of conduct
- Promoting the highest standards for those members who provide accounting services to the public
- Demonstrating thought leadership and effectively influencing the broader education sector
- Attracting the best people who aspire to a career built on professional accounting skills

The following section details our activities and performance in these areas and covers the following material issues:

- v Professional standards
 - vii Representation and advocacy
 - ix Community
 - x Supporting accounting education
-

REPRESENTATION AND ADVOCACY

ADVOCATING ON BEHALF OF OUR MEMBERS.

► OUR APPROACH

CPA Australia takes a leading role in influencing major issues, policies and regulations that impact the markets our members work in. We are opinion leaders with strong and enduring relationships with policymakers, regulators and the wider business community in both Australia and overseas.

► 2013 HIGHLIGHTS

- Growing our media influence across TV, online, radio and print to drive our key messages, including:
 - Regular media commentary on policy issues supported by full page advertisements on our competitiveness agenda in leading daily newspapers
 - Front page coverage in *The Australian Financial Review* of our superannuation research, and ongoing coverage of this important policy debate
 - Increasing CPA Australia's presence in international media, with appearances on *Bloomberg TV* and commentary in the *China Daily* and the *New Zealand Herald*
- Successfully launching our landmark research *Australia's Competitiveness: From Lucky Country to Competitive Country* at the National Press Club in Canberra, Australia
- Providing guidance and training to members and effectively liaising with ASIC during the SMSF auditor registration process

- Representing the public interest at various Joint Parliamentary Committees, including audit, registration of financial planners under the tax agents' regime, governance, performance and accountability of the Australian Government

► 2013 CHALLENGES

- Effectively influencing policy makers on key issues that impact the markets our members work in
- Uncertainty surrounding Australia's minority government (pre-election) and Australia's federal election
- The changing regulatory environment
- Providing appropriate advocacy across the diverse regions and industries our members work in

PERFORMANCE DETAILS

Influencing the development of tax policy

Over the course of 2013, we continued to advocate for a range of tax reforms including modernising the taxation of trusts, and the maintenance of self-education deductions to ensure Australia has a highly skilled workforce that can compete in the Asian Century.

Twenty years of the superannuation guarantee: The verdict

This second report on Australia's compulsory superannuation system received significant media coverage and helped stimulate public debate on a major area of public policy during the election campaign.

GROWING OUR PRESENCE IN NEW ZEALAND

Providing the profession with another alternative

CPA Australia first established an office in New Zealand eight years ago and since that time has worked closely with the New Zealand Government and profession to provide accountants in New Zealand with more choice as to the professional designation they wish to obtain.

CPA Australia is now recognised as an Approved Adviser Group with the Inland Revenue Department and we are accredited by the Financial Markets Authority under the *Auditor Regulation Act 2011 (NZ)* in respect of auditor licensing and regulation in New Zealand for auditors of issuers. We continue to work with stakeholders and regulators to augment existing practice pathways for our New Zealand members.

As part of our continuing commitment to New Zealand we actively promoted the opportunity for members of the New Zealand Institute of Chartered Accountants to join CPA Australia.

Integrated reporting and sustainability reporting

In 2013, we continued to help influence positive developments with integrated reporting and sustainability reporting, with our Chief Executive appointed to the Accounting and Sustainability Project (A4S) Advisory Council, set up by HRH the Prince of Wales.

Asia Pacific Small Business Survey

The survey results for our fifth annual *Asia Pacific Small Business Survey* were revealed in November 2013 and provided a comprehensive snapshot of small business confidence for the year ahead across Australia, Hong Kong, Indonesia, Malaysia, New Zealand, and Singapore. The survey results received extensive media coverage across local online, television, press and radio in each of those jurisdictions.

Extending our media reach and influence

In 2013 we achieved strong media positioning for our key messages across competitiveness, superannuation, reducing regulatory burden, tax issues, and other key policy positions in the lead up to the Australian Federal election. Our Chief Executive provided commentary in a variety of forums, including: opinion columns in major national daily newspapers, such as *The Australian*, *The Australian Financial Review*, *The Daily Telegraph*; appearances on *Bloomberg TV*, *Financial Review Sunday*, *ABC TV News Breakfast*, *Paul Murray Live*, *The Today Show*; as well as regular contributions on 2GB radio, and Sky Television.

LONG TERM VISION AND DECISIVENESS THE BEST POLICY APPROACH

China Daily, 12.01.2013

TRANS-TASMAN TALKS NEED BOLD LEADERSHIP

NZ Herald, 09.02.2013

COMPETITIVENESS KEY TO PROSPERITY

The Australian, 03.06.2013

SMALL BUSINESS SECTOR NEEDS MORE POLICY, LESS POLITICS

The Australian, 02.07.2013

POLITICAL PING-PONG ERODES COMMUNITY CONFIDENCE

Daily Telegraph, 05.07.2013

CUTTING RED TAPE THE TOP PRIORITY

The Australian, 12.07.2013

LEARNING, NOT LUCK, IS WHAT CUTS IT

The Australian, 25.07.2013

TURNBULL'S NBN STANCE A BREATH OF FRESH AIR

AFR, 30.09.2013

REFORM OF GST THE ELEPHANT IN ROOM

The Australian, 11.10.2013

AUSTRALIA'S COMPETITIVENESS

In May 2013, our Chief Executive launched the landmark publication *Australia's Competitiveness: From Lucky Country to Competitive Country*, at the National Press Club in Canberra.

The launch was broadcast live around Australia on ABC 1, ABC 24 and Sky News and generated significant and widespread media coverage across print, broadcast, online and social media.

It was followed by a series of boardroom briefings held in Sydney, Melbourne, Brisbane and Perth to promote the research and encourage debate on competitiveness.

The book *Australia's Competitiveness: From Lucky Country to Competitive Country* is the most comprehensive study Australia has seen on its international competitiveness to date. It involved surveying more than 6000 decisionmakers in both Australia and overseas, and analysing 76 key attributes of the Australian economy and industry.

To highlight the importance of Australia's competitiveness we provided copies of this book to every Australian politician and business, academic, community and opinion leader around the country as a framework for policy discussion and formulation.

Throughout the year, the competitiveness theme was picked up in speeches by both of the major Australian political parties, including speeches by the Prime Minister, the Minister for Financial Services and Workplace Relations, the Shadow Treasurer and the Leader of the Opposition.

In 2014, we will keep the pressure on to ensure that Australia capitalises on this major research to transform into the competitive nation it needs to be if we are to take full advantage of all economic and cultural opportunities offered by the rise of China, India, Indonesia and the other powerhouse economies of Asia.

SUPPORTING ACCOUNTING EDUCATION

BUILDING LONG TERM MUTUALLY REWARDING RELATIONSHIPS WITH ACADEMICS AND UNIVERSITIES.

► OUR APPROACH

CPA Australia recognises that high quality accounting education is an important input into successful businesses and communities. We support accounting education globally through the creation and delivery of the CPA Program and broader advocacy and communication. We actively promote thought leadership and innovation through education policy debates and our research programs.

► 2013 HIGHLIGHTS

- Forming strong relationships and signing six significant co-operation agreements to support the accounting profession
- Funding six research projects through the Global Research Perspectives Program
- Hosting the International Governance and Performance (IGAP) forum on integrated reporting
- Sponsoring the 2013 Business Higher Education Round Table (B-HERT) award for Excellence in Accounting Teaching Collaboration
- Hosting CEDA's Higher Education Forum: Ranking, Ratings and Reputation – Higher Education and Global Competition

► 2013 CHALLENGES

- Adapting to the rapid change of pace in tertiary education delivery throughout the world
- The shifting regulatory regime and funding challenges that impact the higher education sector
- Changing international student flows

PERFORMANCE DETAILS

Global Research Perspectives Program

CPA Australia supports the accounting profession, members and the academic community through our annual research grants program. We support bold and innovative research into issues such as sustainability and business reporting, accounting education, tax systems and reform and global economic challenges.

In 2013 we funded six research projects from the following universities: The University of New South Wales, Deakin University, Swinburne University, Macquarie University, RMIT University and Multimedia University Malaysia.

In addition to this, we also supported a major research project "Transforming the accounting profession for the carbon challenge" through an Australasian Research Council (ARC) Linkage Grant.



International Governance and Performance (IGAP) Research Centre

IGAP's mission is to be an internationally recognised research hub in strengthening and supporting the development of best practice in governance processes, reporting regimes and performance measures. As a founding sponsor, CPA Australia supports research projects, international visitors, PhDs and an annual forum.

Keynote speakers at this year's forum were Dr Simon Longstaff, Executive Director of the St James Ethics Centre and Vice-Chairman of the GRI Board and Dr Jeanne Ng, Director of Environmental Affairs for the China Light and Power Energy Group and a member of the Working Group for the IIRC.

Business Higher Education Round Table (B-HERT) Awards

B-HERT is a not-for-profit organisation established in 1990 to strengthen the relationship between business and higher education. Its membership encompasses leaders in higher education, business, industry bodies and research institutions. CPA Australia is a sponsor of the Award for Excellence in Accounting Teaching Collaboration, which recognises partnerships between Australian university accounting departments and industry. This partnership aims to increase excellence in teaching and improve graduate outcomes.

2013 International Forum for Academics – Transformative Higher Education

This forum brings together 75 heads of school, from universities and higher education providers across Australia, China, Hong Kong, Indonesia, Malaysia, New Zealand, Singapore, and Vietnam to address key issues facing leaders in the academic accounting community.

The purpose of this year's International Forum for Academics was to explore the possibilities and challenges of globalisation, privatisation and digital technologies. Attendees had the opportunity to gain different insights from a number of experts on these key aspects affecting the higher education sector.

Platinum sponsorship of the Accounting and Finance Association of Australia and New Zealand (AFAANZ)

AFAANZ represents the interests of accounting and finance academics in education and research across Australia and New Zealand. CPA Australia is a major sponsor of the AFAANZ conference, which was held in Perth, and celebrated the PhD and Honours research students that we support.

SUPPORTING THE PROFESSION IN THE ASIAN REGION

In 2013, we deepened our connections in the Asian region by signing cooperation agreements with the following institutions and organisations:

China

- The Guangdong Provincial Institute of CPAs
- The Guangzhou Institute of CPAs
- The Shenzhen Institute of CPAs
- The Jiangsu Institute of Certified Public Accountants
- Ruihua Certified Public Accountants, the largest local CPA firm in China

Indonesia

- Indonesia Banking School, Jakarta
- Trisakti University, one of the largest private universities in Indonesia

We also accredited:

- The Master of Professional Accounting at the University of International Business and Economics, Beijing
- The Master of Professional Accounting at Central University of Finance and Economics, Beijing
- The accounting program of Xiamen University

PROFESSIONAL STANDARDS

PROMOTING THE HIGHEST STANDARDS FOR THOSE MEMBERS WHO PROVIDE ACCOUNTING SERVICES TO THE PUBLIC.

ENSURING THAT ALL MEMBERS COMPLY WITH A PROFESSIONAL CODE OF CONDUCT.

► OUR APPROACH

CPA Australia promotes the highest standards for members who provide accounting services to the public. We do this by actively influencing government and regulatory policy positions and supporting members through a range of reforms to help create ongoing, sustainable practices. All CPA Australia members commit to upholding the reputation of the CPA designation by adhering to the obligations spelt out in CPA Australia's Constitution and By-Laws, the Code of Professional Conduct and applicable regulations.

► 2013 HIGHLIGHTS

- Renewing our professional standards scheme and continuing to provide limited liability for public practitioners
- Achieving an appropriate outcome for the Accountant's Exemption and APES 230 *Financial Planning Services* to improve standards of financial advice to consumers
- Providing a pathway for members wishing to obtain a Limited Australian Financial Services Licence (AFSL), including a new RG 146 compliance program and knowledge resources

- Introducing a new SMSF specialisation
- Undertaking more than 1000 public practice quality reviews

► 2013 CHALLENGES

- Effectively influencing the changing nature of the regulatory environment
- Assisting members with transitioning through a range of reforms impacting practitioners
- Monitoring the impact and opportunities that the increasing trend for outsourcing accounting services has on the profession
- Balancing member and public interest to ensure fair outcomes for APES 230

PERFORMANCE DETAILS

Renewing our professional standards scheme

Following extensive consultation and an independent actuarial review, new professional standards schemes were approved in Australia. These schemes allow eligible CPA Australia Public Practice Certificate holders to cap their occupational liability. In return, CPA Australia and its public practice certificate holders must maintain appropriate professional standards and risk management practices.

Accountants' Exemption

CPA Australia is proud to have influenced the successful outcome of the Accountants' Exemption. In July 2013, we conducted a national road show on the Accountants' Exemption reform and released a range of educational material to help members apply for the new limited AFSL.

APES 230

In April 2013, the Accounting Professional and Ethical Standards Board (APESB) approved APES 230 *Financial Planning Services*, effective 1 July 2014 with transitional provisions for some requirements commencing from 1 July 2015.

The standard introduces higher levels of professional service and disclosure than the law, while balancing these obligations with the evolving environment in which financial planning and credit advice are provided to consumers.

The issuing of the new standard is the result of a successful five-year consultation. We actively support the important role that accountants play in providing high levels of professional financial advice.

Introducing a new SMSF specialisation

In 2013, we launched a new SMSF specialisation for members who provide advice, support and services to SMSFs. It is designed to help members who specialise in SMSF and wish to differentiate themselves as SMSF experts. The specialisation acknowledges a members' commitment to enhancing their skills and expertise through additional post-graduate education and ongoing professional development.

To further support members, we held our first annual SMSF Conference in Sydney and Melbourne. More than 200 members attended to hear the latest news and developments for SMSF from government, regulators and leading industry experts and to network with their peers.



BRIDGETTE PRETTY CPA

**Director, Pretty Accounting,
Nelson, New Zealand**

Bridgette Pretty opened her practice in early 2013 and is one of the first New Zealand accountants to hold a CPA Public Practice Certificate.

Being a person who likes to embrace change, Bridgette says that one of the most challenging parts of setting up a successful new practice mostly involved learning to manage the fast pace of growth that her business experienced from day one.

"I have quite a unique background for an accountant in a public practice as I have spent half my working career on the other side of the fence inside private and publicly listed companies. I think this has helped create a key point of difference for clients.

"I have been lucky in that my business has grown quickly through referrals from family, friends and clients.

"I have been able to manage this growth by creating what I call a 'lean' business model where I can take on good contractors relatively quickly and be nimble enough to expand during busy times.

"The ongoing challenge is to do what I suggest my clients try to do – maintain a healthy distinction and balance between work and play," says Bridgette.

Bridgette also reflects that choosing to brand as a CPA practice in New Zealand was an easy one that she took with great pride.

"I have been a CPA Australia member for close to 20 years. During this time I have received invaluable support and many opportunities through CPA Australia. This has led me to become passionate about promoting the brand in New Zealand."

Providing a pathway to a Limited AFSL

In 2013, we launched a new RG 146 compliance solution program to enable members to meet the education requirements for the new Limited AFSL. The resources provided to members included information guides, a licensing kit and draft compliance manuals.

Promoting public practice in New Zealand

CPA Australia supports the New Zealand Government's Accounting Infrastructure Reform Bill. Changes proposed in this reform bill will allow recognised members of accredited bodies, such as CPA Australia, to perform accounting-related statutory roles and most statutory audits that were previously restricted.

Over the course of the year, we also supported a trans-tasman approach to the regulation of public accounting services by delivering public practice distance learning and residential programs to New Zealand for the first time.

Quality assurance

Each year, our quality assurance teams undertake quality reviews to monitor compliance with professional and ethical standards, help educate our members about best practice, and check the efficiency of their processes.

In 2013, we introduced a new reporting framework, which benefited members by reducing the time it takes to complete a quality review.

COMMUNITY

SUPPORTING FINANCIAL LITERACY

To help support financial literacy we released the following guides that were well received:

- *A guide to understanding auditing and assurance: Listed companies*
- *A guide to understanding the ex-ante and ex-post financial statement reporting of the Australian Government*
- *Charities: A guide to understanding financial reporting and assurance requirements*
- *Valuation and depreciation: A guide for the not-for-profit and public sector under accrual based accounting standards*

CREATING MUTUALLY REWARDING LONG TERM RELATIONSHIPS WITH THE COMMUNITIES IN WHICH WE OPERATE.

► OUR APPROACH

We have a strong duty of care to the communities that we and our members are part of. We encourage both our staff and our members to lend their skills to activities that benefit the broader community. This can be in both a paid and pro-bono capacity, with an emphasis on building financial management capabilities and strong governance across communities.

► 2013 HIGHLIGHTS

- Launching the "Mentor the Treasurer" initiative, where more than 250 CPA Australia members registered their interest to participate in the program and 105 signed on as participants
- Facilitating international volunteering positions by partnering with Accounting for International Development, a United Kingdom based group that supports charities and community based organisations
- Providing practical experience and guidance on not-for-profit reform proposals with conferences held in Victoria, New South Wales, Queensland and Western Australia
- Engaging our people in *September* where 45 CPA Australia teams completed an outstanding 46.6 million steps

► 2013 CHALLENGES

- Responding effectively to fast-paced regulatory changes to ensure the not-for-profit sector continues to have access to qualified, trusted advisers
- Supporting smaller charities and not-for-profits that are particularly impacted by regulatory changes
- Ensuring that members can provide strategic advice that helps community organisations innovate for a sustainable future

PERFORMANCE DETAILS

Mentor the Treasurer

The Mentor the Treasurer program is an initiative where qualified CPA Australia members help small volunteer-run organisations and not-for-profits build the skills and capacities of their treasurers.

CPA Australia members benefit by broadening their personal and professional networks, and gaining valuable insights into different not-for-profit organisations and activities.

Pro Bono Australia

Our partnership with Pro Bono Australia helps our members access professionally relevant employment or voluntary work with not-for-profit organisations. The 2013 VolunteerMatch "make a difference with your professional skills" campaign with Pro Bono Australia provided more than 240 voluntary accounting and finance roles, which represented 26 per cent of the total available VolunteerMatch positions. More than 55 per cent of these positions were at a Board or Board Committee level.

Volunteering work

As part of our employee value proposition, CPA Australia encourages our people to give back to the community by giving all staff two paid volunteer leave days each year. Staff can identify suitable organisations they would like to volunteer with that are aligned to their own community interests. In addition to this, CPA Australia supported and promoted *September* to raise awareness and money for Cerebral Palsy Alliance.

Indigenous Accountants project

CPA Australia, the Institute of Chartered Accountants in Australia and the Institute of Public Accountants are collaborating to address the underrepresentation of Indigenous Australians in the accounting profession.

The project aims to promote accounting as a professional career path for Indigenous Australians through engaging with staff and students at secondary schools, TAFE colleges and universities, as well as with Indigenous-run organisations, corporations and local communities.

In 2013 the official website was launched and marketing collateral rolled out to raise awareness of the campaign within the target audience.

As part of CPA Australia's commitment, we awarded four Aboriginal and Torres Strait Islander scholarships, helping recipients meet the educational requirements for CPA status.

FORMING NETWORKS THAT BENEFIT THE COMMUNITY

CPA Australia is committed to bringing people together in new and innovative ways to create networking opportunities that benefit the broader community in the Asia Pacific region.

In 2013, this involved winning the Guinness World Records title for the largest Business Speed Network Event in Hong Kong.

The event was convened to celebrate the Chinese Mid-Autumn Festival, with the serious aim of giving 400 mentors and mentees the opportunity to share professional advice and ideas.

Peter Lee, Divisional President – Greater China, says the event was a huge success that inspired participants to share stories and make new connections.

"It's the first time an accounting body has organised such an event, and the first time that CPA Australia has used this innovative approach to engage members and students.

"It was a terrific night and beating the previous record held by Kansas City was an added bonus," says Lee.

Later in the year, CPA Australia Celebrated International Accountants Day, with an outdoor carnival in Singapore, where one of the key activities involved a book donation drive for under-privileged children.

With some 3000 accounting and finance professionals turning out in force, CPA Australia staff and members led the accounting profession to secure a place in the Singapore Book of Records for the 'most number of people donating books in one location' category.

The Singapore team brought together 27 supporting organisations, which represented every quarter of the Singapore accounting profession.

In addition to this, attendees also worked to profile and support 25 charities – including 11 children's homes that were the recipients of the thousands of books donated on this occasion.

HOW WE DO BUSINESS

CPA Australia recognises that the way in which we go about our business is just as important as the results that we achieve. We endeavour to have the right structures and policies in place to support and develop our people, manage our impact on the environment and our supply chain, and ensure that appropriate governance is in place.

Material issues represented in this section include:

- iii An independent board and active membership
- xi Leading on integrated reporting
- xii Stable and motivated workforce
- xiv Environment

OUR PEOPLE

A STABLE AND MOTIVATED WORKFORCE THAT IS PASSIONATE ABOUT WHAT CPA AUSTRALIA DOES.

► OUR APPROACH

We value and recognise our employees and encourage opportunities for professional development to help achieve organisational goals. In 2013, we focused on building the capabilities and culture of our organisation, as we work towards becoming the world's best member service organisation.

► 2013 HIGHLIGHTS

- Further building the capability of our organisation through:
 - The successful management of our infrastructure upgrades
 - The development of a capability framework for employees
 - Improving the induction of new employees into the organisation
- Continuing to build a positive culture and implementing our third Pulse culture survey, which:
 - Saw a 92 per cent response rate, representing one of the highest recorded levels of organisational participation
 - Indicated a 3 per cent increase in the display of our three signature behaviours across the organisation
- Continuing to improve regretted turnover of leaders and employees with regretted turnover at just under 15 per cent in 2013

► 2013 CHALLENGES

- Managing significant change across the organisation with the implementation of infrastructure upgrades
- Balancing business as usual activities alongside the implementation of large programs of work
- Communicating consistent messages to our people across our global network of 19 offices
- Updating our policies and procedures to ensure our business is aligned with changing legislation and educating leaders and employees across the business

PERFORMANCE DETAILS

Our people

Our global presence gives us a diverse workforce, with a wide range of nationalities, age groups, backgrounds and skills that bring broad perspectives and enrich the workplace.

In 2013, all hiring was done on a local basis to ensure that all current employees including senior management (general managers and above) have been hired locally.

CPA Australia supports a flexible workforce with more than 8 per cent of staff working part-time.

Across all countries, 69 per cent of our staff are female and 31 per cent male.

Building our capability

Throughout the year, we supported the organisation with the uptake of our major infrastructure upgrades, including face-to-face workshops, webinar-based training and also a peer support network with "Super Users" acting as local experts in their regions.

We also developed a capability framework to drive positive performance and help structure career planning in order to ensure we have the right talent pool to deliver on our goals.

Building our culture

The culture of an organisation drives its success. In 2013, we continued with our Pulse program to drive the following three agreed signature behaviors:

- Service
- Product knowledge
- Personal accountability

Our third Pulse survey results indicated an increase in the positive demonstration of these signature behaviours, with an overall score of 75 per cent, compared to 72 per cent in November 2012 and 66 per cent in July 2012.

**TABLE 5: STAFF BY EMPLOYMENT TYPE**

	2013			2012		
	Male	Female	Total	Male	Female	Total
Full time	38%	62%	81%	34%	66%	84%
Part time	7.5%	92.5%	7%	7%	93%	8%
Casual	34%	66%	7%	43%	57%	5%
Maternity and paternity leave	0%	100%	4%	0%	100%	3%

TABLE 6: STAFF BY EMPLOYMENT CONTRACT

	2013			2012		
	Male	Female	Total	Male	Female	Total
Permanent	33%	67%	87%	30%	70%	88%
Fixed term	42%	58%	6%	38%	62%	7%
Casual	34%	66%	7%	43%	57%	5%

TABLE 7: STAFF BY REGION

	2013			2012		
	Male	Female	Total	Male	Female	Total
Australia	37%	63%	81%	33%	67%	81%
China	14%	86%	8%	13%	87%	7%
Malaysia	13%	87%	4%	17%	83%	5%
Singapore	29%	71%	3%	29%	71%	3%
Other	33%	67%	4%	32%	68%	4%
Total	34%	66%	100%	31%	69%	100%

Figures in all tables are rounded and may not equal 100%

TABLE 8: DEPARTURE OF PERMANENT STAFF BY SERVICE YEARS

	2013			2012		
	Male	Female	Total	Male	Female	Total
0-1 years	21%	79%	27%	40%	60%	37%
1-3 years	24%	76%	48%	25%	75%	35%
3-5 year	30%	70%	8%	32%	68%	15%
5-10 years	24%	76%	14%	42%	58%	9%
10+ years	40%	60%	4%	20%	80%	4%
Total	24%	76%	100%	33%	67%	100%

TABLE 9: DEPARTURE OF PERMANENT STAFF BY AGE

	2013			2012		
	Male	Female	Total	Male	Female	Total
20-29	14%	86%	23%	26%	74%	27%
30-39	25%	75%	48%	31%	69%	43%
40-49	38%	62%	21%	48%	52%	20%
50+	11%	89%	7%	31%	69%	10%

TABLE 10: NEW HIRES BY REGION IN 2013

	2013			Departures of new hires within a year	
	Male	Female	Total	Male	Female
Australia	38%	62%	79%	5%	18%
China	27%	73%	12%	7%	20%
Malaysia	0%	100%	3%	0%	25%
Singapore	25%	75%	3%	0%	25%
Other	25%	75%	3%	0%	25%
Total	35%	65%	100%	5%	19%

TABLE 11: COMPLETION RATES FOR COMPLIANCE TRAINING

	Completion	%
39 Management* level staff required to complete additional module on director's duties	38	97%
466 Non-management staff	455	98%

*Management level refers to staff at the General Manager level and above

Figures in all tables are rounded and may not equal 100%

Training and development

In 2013, we invested in enhancing our corporate induction program to ensure all employees understand the important role we all play in supporting our members and their journey with CPA Australia. This included training on how we engage and acquire members, the CPA Program, professional development and our digital communication strategies.

We also continued to provide all employees with compliance training through our eComply training program. This program helps employees develop an understanding of regulations that relate to privacy, occupational health and safety, equal opportunity employment, obligations for dealing with credit card data and competition and consumer laws.

See Table 11.

Remuneration

CPA Australia pays employees market-competitive remuneration based on capacity, performance, knowledge, experience and effectiveness in the role. Each year CPA Australia benchmarks staff, Chief Executive and Director remuneration against the marketplace through a process conducted by the independent Hay Group.

Under the GRI framework, CPA Australia reports on the ratio of average female remuneration to average male remuneration across a range of different organisational levels. While the statistics in table 13 opposite show slight variation between the genders across the organisation, CPA Australia is comfortable that this is not due to any systemic bias.

Data represents Australian data only, as our international offices are all small, and therefore we do not have enough data to provide meaningful remuneration ratios across each location and level. These offices have a higher representation of females to males across the levels, and remuneration ratios are generally positive where both genders are represented.

The executive ratio has improved year on year from 0.85 in 2012 to 0.91 in 2013. This data includes the two Chief Operating Officer roles, which are more senior and both male, thereby impacting the executive ratio.

Technology roles are currently paying at a premium and have a higher proportion of males impacting the ratios at the supervisor base level professional and technical specialist and professional specialist, manager levels.

See Table 13.

Health and safety

CPA Australia promotes the health, safety and welfare of our employees, members and other stakeholders that interact with our operations. CPA Australia's Occupational Health and Safety committee meets each quarter and provides a joint forum for consultation between management and employees to enhance workplace safety and ensure that all employees globally have implemented best practice initiatives.

Rates of injury remain low and consistent year on year.

See Table 14.

TABLE 12: NEW HIRES BY AGE IN 2013

	2013			Departures of new hires within a year	
	Male	Female	Total	Male	Female
Below 20	50%	50%	2%	0%	0%
20-29	30%	70%	36%	2%	13%
30-39	41%	59%	45%	5%	19%
40-49	32%	68%	15%	11%	26%
50-59	0%	100%	2%	0%	100%
60+	0%	100%	1%	0%	0%
Total	35%	65%	100%	5%	19%

TABLE 13: FEMALE SALARY AS A PERCENTAGE OF MALE SALARY

	2013	2012
Administrator & Support Staff	0.99	1
Supervisor, Base Level Professional & Technical Specialist	0.95	0.97
Professional Specialist, Manager	0.91	0.91
Executive	0.91	0.85

TABLE 14: RATES OF INJURY, OCCUPATIONAL DISEASE, ABSENTEEISM AND FATALITIES

	2013		2012	
	Male	Female	Male	Female
Injury (not defined)	0	5	0	0
Injury (journey / Vehicle)	0	1	0	2
Injury (equipment / damage)	0	2	2	3
Near miss / no injury	0	3	0	1
Occupational illness / disease	1	0	1	3
Non-occupational illness / disease	0	1	1	0



EXECUTIVE MANAGEMENT GROUP

Members of the Executive Management Group head up each of the key strategic areas of the company. These executives represent our people, and can take issues and recommendations raised by the organisation, and its members to the Board and its Committees. The monthly integrated report compiled by management and staff is reviewed by the Board and its Committees, and includes disclosures of GRI indicators and key KPIs.

From left:

- 1. Jeff Hughes FCPA**
Chief Operating Officer
Member Services
- 2. Murray Chenery**
Executive General Manager Brand
and Integrated Marketing
- 3. Adam Awty CPA**
Chief Operating Officer Commercial,
Chief Financial Officer and
Company Secretary
- 4. Alex Malley FCPA**
Chief Executive
- 5. Craig Loughton**
Executive General Manager
and General Counsel
- 6. Lisa Carroll**
Executive General Manager
Communication, Content and
Publishing
- 7. Robert Thomason**
Executive General Manager
Business Development

ENVIRONMENT

BUILDING THE SUSTAINABILITY OF THE ORGANISATION THROUGH AN APPROPRIATE FOCUS ON OUR USE OF NATURAL RESOURCES.

► OUR APPROACH

In 2013, CPA Australia's direct impacts on the environment, through our electricity use, travel and waste, did not emerge as material issues in our materiality review (see page 2 for more information). However, we continue to monitor our environmental risks in order to support best practice and our commitment to integrated reporting.

This year we undertook an independent review to identify where and how we can have the most positive impact.

The review identified the following environmental risks, in overall order of priority:

- Influencing members' environmental performance
- Influencing suppliers' environmental performance
- Robustness of environmental data collation processes
- Staff travel (flights, taxis) resulting in GHG emissions
- Office electricity use (computers, lighting) resulting in GHG emissions
- Office paper use for printing
- Catering waste from member events

In the coming years we will focus on influencing our members' and suppliers' environmental performance, particularly where environmental issues are material to their organisations. We will also continue to monitor our own environmental performance to ensure we are "walking the talk" ourselves.

► 2013 HIGHLIGHTS

- Embedding environmental sustainability questions into our tendering process and introducing quarterly supplier sustainability reporting
- Continuing to educate members on sustainability via the CPA Program
- Reducing greenhouse gas (GHG) emissions by 29 per cent largely through reduced air travel km
- Signing up with COzero, investing \$45,000 to off-set our GHG emissions

► 2013 CHALLENGES

- Ensuring the currency and uptake of sustainability education material in such a rapidly evolving area
- Maintaining staff momentum to improve our environmental performance across locations
- Measuring and improving our environmental impacts across all our office locations

PERFORMANCE DETAILS

Embedding sustainability into our procurement activities

In 2013, we embedded sustainability questions into our tendering process and introduced quarterly supplier sustainability reporting for relevant suppliers. The tender process now helps us to determine if potential suppliers have appropriate sustainability policies, reporting and targets, can provide innovative approaches to help us lower our environmental impact, and have an ongoing commitment to environmental and broader sustainability concerns.

Engaging our people to reduce our environmental impact

In 2013, we ran a series of staff communication campaigns with four goals: to reduce printing, turn off computers, switch off lights and recycle waste.

Greenhouse gas inventory

The 2013 GHG inventory was prepared using the following legislative and reporting frameworks, the NGER act, ISO 14064 and the NCOS program. This inventory includes emissions from electricity consumption, air travel, taxi travel, waste generation and office electricity consumption and these will be the areas where we continue to focus our efforts in 2014 and beyond in order to reduce our emissions.

- There was a 29 per cent reduction in GHG emissions from 2012, as a result of a 42 per cent decrease in air travel emissions. This was due to a reduction in total flights of 15 per cent and mileage decreases across both domestic and international flights.
- While there is a recorded 24 per cent reduction in GHG emissions relating to office paper use this is due to revised emission factors for office paper which are 25 per cent lower than the ones used previously. As the updated emission factor has only a small impact on our emissions we have not restated last year's inventory.
- The total waste generated by CPA Australia increased by approximately 18 per cent in 2013. This increase in waste came mostly from the Queensland, New Zealand and Singapore offices.

See Table 15 on page 48.

Electricity usage

Electricity usage declined again in 2013, this is a result of the continuing impact of changes we made in 2011 including using energy consumption as criteria when selecting new premises, office equipment and servers.

CPA Australia uses no gas in any of its operations.

See Tables 16-17.

In 2013, we signed an agreement with COzero to reduce our carbon footprint and support renewable energy. As part of this, we applied \$45,000 AUD to offset 100 per cent of our carbon emissions in Victoria, New South Wales and South Australia. This figure equates to 75 per cent of greenhouse gas emissions from our Australian electricity usage.

Waste from catering

2013 saw us reduce the amount of food delivered to CPA Australia in Melbourne, by consolidating our suppliers and reducing stock levels. We also recycled old catering equipment for alternative uses. Food wastage for 2013 was similar to 2012 with just over 4 per cent wastage per month being recorded.

Financial implications of climate change

The financial risks of climate change to CPA Australia remain low because we are not subject to regulatory risk. For example, we are not a liable entity under Australia's carbon tax. The cost impact of the carbon tax is immaterial due to our low GHG emissions profile and our relatively low electricity and transportation costs as a percentage of total overheads. Such a cost impact may reduce should the Australian Government be successful in repealing the carbon tax.

TABLE 15: GREENHOUSE GAS INVENTORY

tCO ₂ e by source	2013	2012
Electricity	1573	1606
Supply of electricity*	218	194
Flights	2638	4539
Taxis	127	133
Waste	150	128
Office paper	21	27
tCO ₂ e total	4728	6628
Total kg tCO ₂ e per member	31.6	45.8

TABLE 16: CPA AUSTRALIA TOTAL ELECTRICITY USAGE 2009-2013**

Gigajoules (GJ) by country	2013	2012	2011	2010	2009
Australia	4,793	4,816	5,083	6,541	5,522
China	379	402	388	394	344
Malaysia	144	158	175	187	171
Singapore	108	142	209	255	242
Other***	327	327	295	227	244
Total	5,752	5,845	6,150	7,604	6,524

TABLE 17: ENERGY CONSUMPTION BY COUNTRY

Country	2013	2012	2011
Australia	83%	82%	83%
China	7%	7%	6%
Malaysia	3%	3%	3%
Singapore	2%	2%	3%
Other	6%	6%	5%

Figures in tables have been rounded so may not exactly equal total

* The slight increase in Scope 3 electricity emissions is because of including a scope 3 emission factor for international operations, where this was unavailable in previous years. The impact on emissions is small so previous year's figures have not been restated.

** All of CPA Australia's electricity is purchased directly from the grid

*** Other includes New Zealand and the United Kingdom

GOVERNANCE

INTEGRATED REPORTING

In 2011 CPA Australia produced a combined annual and sustainability report for the first time, and since then we have been progressively moving towards producing a fully integrated report.

CPA Australia's Board regularly reviews the information contained in this report through monthly integrated reports prepared by management and has oversight of key milestones in development, with sign off on the report contents via the Audit and Risk Committee.

It is the Board's opinion that this report is presented in accordance with the International Integrated Reporting Framework, and represents an important milestone in being CPA Australia's first integrated report.

Integrated reporting represents an important opportunity for CPAs to play a pivotal role in ensuring that integrated thinking on the capitals (financial, manufactured, intellectual, human, natural, social and relationship) feeds into business management and reporting.

We hope our own journey provides inspiration for other organisations, who are yet to embark on integrated reporting.

AN INDEPENDENT BOARD AND ACTIVE MEMBERSHIP THAT IS REPRESENTATIVE OF THE DIVERSITY AND TALENT OF OUR MEMBERS.

► OUR APPROACH

The Board of Directors is the governing body of CPA Australia. The Board independently and objectively assesses the organisation's decisions, and oversees the performance and activities of management. The Board is responsible for a number of decisions including:

- Setting and approving the organisation's strategy, direction and financial objectives
- Appointing the President and Deputy-Presidents
- Approving financial statements
- Evaluating the Chief Executive's performance
- Making and amending by-laws and other regulations
- Overseeing our integrated reporting (which includes our sustainability reporting)

The Board of Directors is appointed by the Representative Council. CPA Australia also has various councils and committees that offer members an opportunity to support the organisation and represent members from their location or industry sector.

CPA Australia is a leading advocate of sound corporate governance and we are committed to best practice in this area.

We follow the Corporate Governance Principles and Recommendations (CGPR) developed by the Australian Stock Exchange Corporate Governance Council (ASXCGC) as far as they are relevant to a membership organisation. As such, this section of the report follows a different structure to preceding sections.





BOARD OF DIRECTORS

From left:

- 1. Tim Ebbeck FCPA**
Director, B. Ec, FAIM, MAICD, MACS
- 2. Mark Grey**
Director, BA, CPM, GDACG, ACIS, FAMI, FAICD, FAIM, AIAMA
- 3. Bruce Trebilcock FCPA**
Director, MBA, FAICD, FCIS
- 4. Deborah Ong FCPA**
Director, BAcc (Hons), FCA (Singapore)
- 5. Graeme Wade FCPA**
Director, Deputy President, BBus (Acc)



6. Penny Egan FCPA

Director, President and Chairman of the Board, BBus (Acc), GAICD

7. Jim Dickson FCPA

Director, GAICD

8. Christina Foo FCPA

Director, BBus (Acc), CA (Msia)

9. Tyrone Carlin FCPA

Director, BCom, LLB (Hons), MCom (Hons), LLM, PhD

10. Richard Petty FCPA (Life),

Director, BCom (Hons, 1st Class, University Medal), MCom (Hons), PhD, FAICD

11. Peter Dowling AM FCPA

Director, Deputy President, BA (Acc), FAICD

12. Kerry Ryan

Director, LLB, BA, FAICD

BOARD OF DIRECTORS

Penny Egan FCPA Director, President and Chairman of the Board BBus (Acc), GAICD

Penny Egan is the Chief Executive Officer of Cancer Council Tasmania.

She is the former CFO of the Department of Health and Human Services in Tasmania and the CFO of Forestry Tasmania. She has had more than 20 years' experience in industry and commerce, principally within the forestry industry.

Penny has served on the Tasmanian Divisional Council and was President of that division. Penny was appointed a Board Director in 2005 and was elected as a Deputy President in 2010 and held that position until 2012. She is a former Chair of the Audit and Risk and Finance Committees and currently serves on the Nomination and Remuneration Committee.

Peter Dowling AM FCPA Director, Deputy President BA (Acc), FAICD

Peter Dowling holds a number of directorships in the finance, insurance, health and education sectors. He is also the Chair or Member of the Audit and Risk Committees for several major government organisations.

Peter is a former partner of international accounting firm Ernst & Young in the Tax and Business Advisory area. He is a Member of the Order of Australia and a Centenary of Federation Medal recipient for services to accounting and the community. Peter has also been made a Distinguished Alumni of his alma mater, Canberra University and is the Queensland Honorary Consul for Botswana.

Peter was appointed a Board Director in 2010. He is a past Chair of the Policy Governance Committee and is currently the Chair of the Audit and Risk Committee. Peter was also a Member and Chair of CPA Australia's Taxation Centre of Excellence from 1985 to 2007.

Graeme Wade FCPA Director, Deputy President BBus (Acc)

Graeme Wade has operated at partner level in public practice for more than 25 years. He holds a number of non-executive directorships and has consulted widely across the private sector, specialising in mergers and acquisitions and the agribusiness sector. Graeme has also provided advice to the Australian Government for many years.

Graeme has served on the Victorian Divisional Council and was President of that division. He was appointed a Board Director in 2006 and was elected as Deputy President in 2011. He is a past Chair of the Policy Governance and Audit and Risk Committees. He is the current Chair of the Finance Committee.

Tyrone Carlin FCPA Director BCom, LLB (Hons), MCom (Hons), LLM, PhD

Tyrone Carlin is Professor of Financial Reporting and Regulation and Pro Vice Chancellor (Education Operations) at the University of Sydney. He has served in a number of senior leadership positions within the Australian higher education sector.

Tyrone was appointed a Board Director in 2011 and is currently the Chair of the Policy Governance Committee. He was a member and Chair of the International Advisory Committee

from 2007 to 2011, a New South Wales Divisional Councillor and a member of the Representative Council from 2009 to 2011.

Jim Dickson FCPA Director GAICD

Jim Dickson has vast experience and interest in supporting the accountancy profession and its development, both in Australia and internationally, including working with international, regional and national accountancy bodies.

He is Chair of the International Federation of Accountants' (IFAC) Compliance Advisory Panel and a longstanding advocate for monitoring and improving the standards of the profession globally.

Jim was appointed a Board Director in 2010. He is currently a member of the Policy Governance and the Nomination and Remuneration Committees. He also represents CPA Australia with the ASEAN Federation of Accountants.

Tim Ebbeck FCPA Director B. Ec, FAIM, MAICD, MACS

Tim Ebbeck is Managing Director, Australia and New Zealand of Oracle Corporation. Prior to this role, he was Chief Commercial Officer of NBN Co and has over 30 years' experience in commerce in a range of industries and roles.

Tim was previously CEO of SAP in Australia and New Zealand, and between 2008 and 2012 he led the SAP business to its four largest years ever, including successes in all major industry segments and enabling some of the largest business transformations ever undertaken in Australia and New Zealand.

Tim was a member the Business Council of Australia (BCA) and the BCA's Sustainable Growth Taskforce. He was also an inaugural BCA Women C-Suite Mentor.

His thought leadership focus includes many public speaking engagements including addressing the Commonwealth Business Forum in Perth in 2011.

Tim is a member of the Board of Trustees of the Powerhouse Museum and Chair of the Finance sub-Committee.

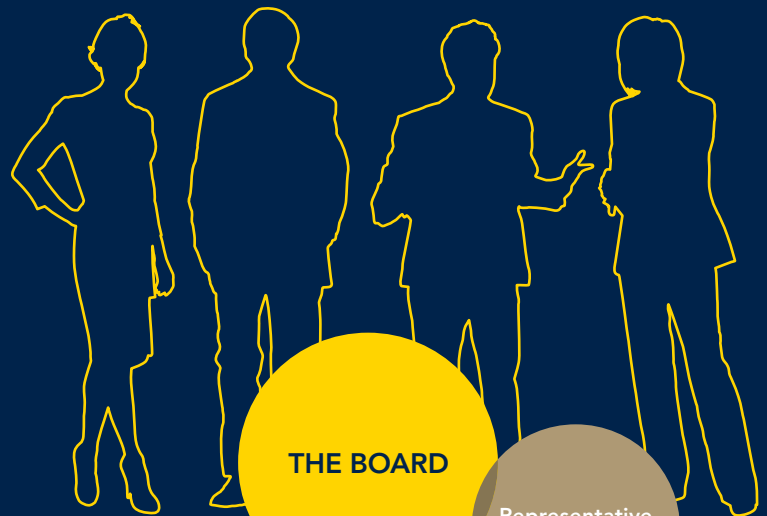
Tim was appointed a Board Director in 2013 and serves on the Policy Governance Committee.

**Christina Foo FCPA
Director
BBus (Acc), CA (Msia)**

Christina Foo is Managing Director and Co-Founder of Priority One, a consulting firm providing strategic business building solutions.

Christina has more than 28 years' experience in professional services and the private sector. She is formerly a Director of Ernst & Young in Malaysia. Christina has served on the Malaysian Divisional Council and was a past President. She was also the Vice-President of the Malaysian Institute of Accountants, a Board Director of the Confederation of Asia and Pacific Accountants and a member of IFAC's Small and Medium Practices Committee.

Christina was appointed a Board Director in 2007 and serves on the Finance Committee.



THE BOARD

Representative Council

BOARD COMMITTEES

- Audit and Risk
- Finance
- Nomination and Remuneration
- Policy Governance

ADVISORY COMMITTEES

- International Professional Qualifications
- Public Practice
- Quality Review

MEMBER COMPLIANCE COMMITTEES

- Disciplinary Panel

Mark Grey
Director
BA, CPM, GDACG, ACIS,
FAMI, FAICD, FAIM, AIAMA

Mark Grey has a background in international marketing and was formerly managing director of Clemenger BBDO in Brisbane and later CEO of Pan Asian marketing service group Batey Redcell in Hong Kong and China and Global Communications Director for the Singapore Airlines business.

He is Chairman of Livingstones Australia, an industrial relations and employment law group, Chairman of VPSC, Melbourne's private eye & ear hospital, Chairman of the advisory board of risk mitigation group Verifact and Chairman of R&D ocular drug company EyeCo.

He is a member of the Asia Advisory Board of the Global Coalition for Efficient Logistics in Malaysia and is also a director of Guide Dogs Queensland.

Mark was appointed a Board Director in 2007 and sits on the Audit and Risk Committee and the Finance Committee.

Deborah Ong FCPA
Director
BAcc (Hons), FCA (Singapore)

Deborah Ong is Partner, Risk and Quality Leader in PricewaterhouseCoopers Singapore. She was previously the firm's Human Capital Partner.

Deborah has more than twenty years of public accounting experience providing audit and advisory services to local and US-listed, multinational companies and Singapore statutory boards. She is currently the lead partner for a portfolio of the firm's largest clients.

Deborah is Deputy Chairman of National Parks Board and Ngee Ann Polytechnic Council, and is Chair of its Audit Committees. In addition, as a member of the Lee Kong Chian School of Medicine Governing Board, she chairs the Audit and Risk Committee. She has recently been appointed to the Singapore Accountancy Commission.

Deborah was appointed a Board Director in 2013 and serves on the Audit and Risk Committee. She has been a member of the Singapore Divisional Council since 2009 and was President of that division in 2011 and 2012. She has also served as a member of the Representative Council in 2011 and 2012, and was a member of the Professional Qualifications Advisory Committee from 2009 to 2013.

Richard Petty FCPA (Life),
Director
BCom (Hons, 1st Class, University
Medal), MCom (Hons), PhD, FAICD

Richard Petty is Professor of Management (Accounting and Finance) and Executive Director International at Macquarie Graduate School of Management. He is Chairman of the Australian Chamber of Commerce Hong Kong & Macau, and Chairman or Director of several other companies.

Richard has been involved in the establishment, management and sale of a range of businesses. He started practice with Ernst & Young. He is author or co-author of several books and monographs and he has published extensively in academic and professional journals.

Richard was appointed a Board Director in 2006, served as Deputy President from 2007 to 2009 and as President from 2009 to 2010. He is presently Chair of the Nomination and Remuneration Committee. Richard was made a life member of CPA Australia in 2010.

Kerry Ryan
Director
LLB, BA, FAICD

Kerry Ryan has a background in commercial law and is a former partner at international law firm, Norton Rose Fulbright. Kerry's broad-ranging legal experience includes five years working in Jakarta and an in-house counsel role with Publishing and Broadcasting Limited in India.

Kerry has held directorship roles in several other government, not-for-profit and private companies, and has recently been appointed as a director of AFL club, the Richmond Football Club.

Kerry has been a director since 2007 and sits on the Audit and Risk and Nomination and Remuneration Committees.

Bruce Trebilcock FCPA
Director
MBA, FAICD, FCIS

Bruce Trebilcock has more than 40 years' experience across a number of industries including manufacturing, food and agribusiness, banking and finance, defence contracting and electronics.

Bruce served on the South Australian Divisional Council and was President of that division. Bruce was appointed a Board Director in 2007. He previously sat on the Audit and Risk Committee and is a current member of the Policy Governance Committee.

CORPORATE GOVERNANCE STATEMENT 2013

CPA Australia Ltd (CPA Australia) is a leading advocate of sound corporate governance. It is committed to best practice and is a member of the Australian Stock Exchange Corporate Governance Council (ASXCGC) that developed the Corporate Governance Principles and Recommendations (CGPR).

As an unlisted company limited by guarantee, CPA Australia is not required to report against the CGPR. However, CPA Australia uses the CGPR as a guide to best practice, and has implemented these principles as far as they are relevant to it as a member organisation. CPA Australia reports against the CGPR in this corporate governance statement as part of its commitment to preserving stakeholder confidence.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board of Directors

The Board of Directors (Board) is the principal governing body of CPA Australia and is appointed by a Representative Council. Details of the council are set out later in this document.

The Board is responsible for the overall governance of CPA Australia. The Board has adopted a formal charter detailing its functions and responsibilities, which is reviewed annually. Matters specifically reserved to the Board are set out in its charter (available on the CPA Australia website).

While the Board has overall control and management of CPA Australia, it has delegated a range of its powers, duties and responsibilities to its committees, management, divisions and the disciplinary tribunals. The Board reviews each delegation at least annually.

Each Board meeting agenda includes statutory matters, governance and management reports, which include strategic risks, strategic projects and operational items. Time is often scheduled for the Board to meet without management.

Management of CPA Australia's operations and the implementation of corporate strategy and policy initiatives are the responsibility of the Chief Executive (CEO) and management.

In December 2011, the Board approved a 3-year corporate plan (Corporate Plan) for 2012-2014 established by management. The Board approves an annual performance contract setting the priorities, direction and performance targets for CPA Australia within the parameters of the corporate plan. Monthly performance reports are prepared by management and the most recent report is made available to the Board at each Board meeting and Finance Committee meeting.

CEO

The CEO is appointed by the Board. He is responsible for the management of CPA Australia in accordance with approved strategy, policies, performance contract and delegated authority framework. He is responsible for ensuring that the Board is provided with the relevant strategic options, policy and financial issues on which to deliberate, and with the necessary

administrative support to enable the Board to work effectively.

The CEO attends Board and Board committee meetings; however, he is not a Director and is not entitled to vote.

Senior executives including the CEO, the Company Secretary, and the Chief Operating Officers (COOs) have formal job descriptions.

Performance management

All staff and management including the senior executives of CPA Australia (Executive Management Group) are subject to annual performance planning and reviews. The performance of each executive is assessed by the CEO, who is their immediate supervisor. They are assessed against achievement of their job specifications and goals, contribution towards specific business and strategic objectives, and adherence to CPA Australia's REACH (Respect, Empowerment, Accountability, Cooperation and Honesty) values.

Upon commencement at CPA Australia, all senior management take part in a leadership on-boarding program which assists in accelerating our new leaders' transition into our organisation. The program is designed to integrate the new leader into the organisation's culture, to assist them in understanding strategy as well as process, establishing relevant networks, and navigating political frameworks.

Along with all staff, all executives of CPA Australia including the CEO have an at risk component of their remuneration that is tied to both their own performance and that of the organisation. The Board is remunerated as a percentage of the

Australian Auditor-General's annual total salary package, as set out in the Constitution (Article 45). The Board benchmarks Director remuneration annually in determining the percentage to be applied.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board consists of 12 independent non-executive Directors (as defined by the CGPR), ten member Directors and two external Directors (who are neither members nor employees).

A diagram of the governance structure in place at year end is included on page 53.

The Board assesses annually the independence of each Director. Directors must disclose to CPA Australia, any matter which may affect their independence as soon as they become aware of it. All Board members are requested to disclose related party transactions on an annual basis and a summary of related party transactions for each Director is disclosed in this report (see notes to the financial statements on page 89).

The Chair is an independent Director, and is not the CEO. Directors are selected on the basis of their skills, experience and other relevant capabilities with due regard to the mix of skill recommended by the Board and to proper succession planning. Directors' skills, expertise and their terms of office, are set out on pages 52-54.

The Board has adopted an organisation diversity and inclusion policy, a copy of which is available on our website.

The Nomination and Remuneration Committee regularly considers diversity issues and they are consciously managing the diversity of the Board and its committees. The Board recommends that, a minimum of 25 per cent of Directors on the Board should be female, which is reflected in the current composition. For further information relating to diversity, refer to the People section of this report.

Representative Council

Directors are appointed by the Representative Council. The Representative Council is comprised of members selected by the divisions and advisory committees, and other members representing various groups as selected by the Nomination and Remuneration Committee. Its charter is available on our website.

Under the Constitution the Representative Council's only direct power is to appoint the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Representative Council in selecting appropriate candidates for appointment to the Board. It reviews candidates and makes recommendations to the Representative Council. The council must have due regard to, but is not bound by, the recommendations of the Nomination and Remuneration Committee. It also advises the Board and the Representative Council on succession plans for the Board. It recommends to the Board appointments for all membership committees.

The Nomination and Remuneration Committee consists entirely of Directors. The Chair is a Director.

The composition of the committee and meeting attendance is set out in the notes to the financial statements (page 67). The same note sets out Directors' attendances at Board and other Board committee meetings.

A copy of the committee's charter is available on our website.

Board performance

The Board reviews its performance and that of each Director regularly throughout the year. In 2012 the Board implemented a new assessment for Board and Director performance. The Board Pulse Program is run three times over a 12 month period to provide continuous assessment and feedback to Directors and the Board as a whole.

The Nomination and Remuneration Committee recommends to the Board the skills and competencies required on the Board, and assesses the extent to which those skills are represented on the Board.

Induction and education

New Directors receive information outlining their duties and responsibilities. New Directors attend a formal induction meeting with the Executive Management Group.

Access to information

Senior executives supply the Board with information to allow it to make decisions on an informed basis, and regularly attend meetings.

The Board and the Company Secretary

All Directors have access to the Company Secretary who is appointed by the Board. The Company Secretary is accountable to the Board, through the Chair, on governance matters.

Information required by Principle 2

Directors are entitled to serve a maximum of two terms consisting of three years each. The Board is moving to a rotational model of one-third of the Board, so during a transitional period, some Directors will have longer terms to effect the transition. Full information on this transition is located in the Constitution.

Directors are entitled to obtain reimbursement of the reasonable costs of any independent advice obtained in respect of their office. If a Director wishes to obtain independent external advice, then he or she must notify the Board before seeking that advice and obtain the prior approval of the Chair, whose approval shall not be unreasonably withheld.

Board Committees

The respective compositions and details of meeting attendance of the committees are set out in the Directors' Report on page 67. Minutes of committee meetings are provided to the Board at its next meeting.

The Board currently has four Board committees: Nomination and Remuneration, Audit and Risk, Finance, and Policy Governance.

Each committee has a charter describing its role and composition (see website). The charters are reviewed regularly to ensure that the role and responsibilities of each committee are consistent with CPA Australia's strategic and operational objectives. The Audit and Risk, and Finance Committees may co-opt members who, whilst they are not Directors, bring particular experience to the committees.

The Board committees are each scheduled to meet approximately four times per year. Attendance at Board committee meetings is set out on page 67.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Directors, members and employees of CPA Australia are required to act in accordance with the highest standards of honesty and integrity (see codes of conduct for Directors, members and employees on our website).

The respective codes of conduct, as approved by the Board, are given to all new Directors, volunteer members and employees, which among other things set out expected standards of behaviour.

CPA Australia promotes diversity across the organisation with regards to age, gender, ethnicity and the cultural background of its Directors, committee members and employees. For further information relating to diversity, refer to the Organisational Diversity and Inclusion Policy, which is available on our website, and pages 42-45 of this report.

CPA Australia is a member organisation limited by guarantee and does not have securities (shares etc.) so does not report on share trading policies.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Committee

CPA Australia has established an Audit and Risk Committee to verify and safeguard the integrity of the Company's financial and non-financial reporting. The committee consists of four independent Directors. It is chaired by an independent Director who is not the Chair of the Board.

Specifically, the Audit and Risk Committee assists the Board to discharge its responsibilities for external reporting, external and internal audit and internal control and risk management. There is a mix of accounting, legal and business professionals currently serving on the committee.

The Audit and Risk Committee has a formal charter (see website) and its meetings and attendance are set out on page 67.

External Auditors

Deloitte Touche Tohmatsu Ltd has been CPA Australia's external auditor since 2005. The performance of the external auditor is reviewed annually by the Board with advice from the Audit and Risk Committee.

An analysis of fees paid to the external auditor, including a breakdown of any non-audit fees paid or received by the auditor, is provided in note 18 to the financial reports. The Audit and Risk Committee has developed principles for the supply of non-audit

services which have been endorsed by the Board. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk Committee. The Audit and Risk Committee undertakes a full review of the terms of engagement of the external auditor and the rotation of external audit engagement partners, before deciding to re-appoint the existing audit firm or seek tenders on the open market.

Finance Committee

The Finance Committee consists entirely of Directors and assists the Board to discharge its responsibility to manage the business planning, budgeting processes and general financial management of CPA Australia. The Finance Committee has a formal charter (available on the CPA Australia website).

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

As CPA Australia is not a listed company; it is not bound by the requirement for continuous disclosure.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS (MEMBERS)

CPA Australia provides its members with timely access to information about its activities and changes in legislation that may affect the profession. Its three principal communication channels with members are its monthly publication, *INTHEBLACK*, its weekly e-newsletter *CPA Update* and its website, cpaustralia.com.au

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

CPA Australia has a risk management framework, risk policy and risk management program. The principal objectives of the risk management program are to protect the reputation and financial standing of CPA Australia and its membership and to optimise service to members.

The Board is provided with regular reports on risk through the Audit and Risk Committee. In addition, the Board discusses strategic and major operational risks as part of its regular meeting agenda.

The internal audit function has established and implemented a system for identifying, assessing, monitoring and managing material risks throughout CPA Australia and is independent of the external auditor.

The strategic risk profile, including identification and treatment of risks and mitigating controls, is regularly reviewed and approved by the Board. The internal auditor and Executive Management Group continuously monitor the risk profile and report any risks to the Board via the Audit and Risk Committee.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Directors

The Constitution of CPA Australia provides that the Board may approve payments to Directors based on percentages of the Auditor-General's salary. Directors do not receive retirement benefits.

Management

The Nomination and Remuneration Committee approves the salary bands for management and increases, based on external advice from qualified specialists.

The Board has the responsibility to approve the terms of the CEO's appointment.

The CEO has personal performance indicators and is eligible for a bonus payment subject to the approval of the Board after its evaluation of the performance of the CEO. This evaluation involves an assessment of a range of factors including the overall performance of CPA Australia and the achievement of predetermined goals.

The Nomination and Remuneration Committee considers overall management remuneration. Under the terms of CPA Australia's annual performance contract, attainment of demanding performance targets can result in a performance bonus being approved by the Board and paid to staff who reach individual performance targets. The Finance Committee approves the amount of bonus pool available under the annual performance contract.

MANAGING RISK

► OUR APPROACH

As mentioned in Principle 7 on page 58, CPA Australia has a risk management framework, risk policy and risk management program, which includes formal processes to update the Board through the Audit and Risk Committee. The framework, policy and management program are used throughout the organisation.

RISK MANAGEMENT FRAMEWORK

Our risk management framework provides a system of internal controls to minimise risk of fraud and corruption, which includes:

- The CPA Australia Code of Conduct
- Regular internal audits
- Web-based compliance training
- Annual internal controls questionnaire for executive managers, as part of the annual financial statements

Risk management and anti-corruption practices are governed by the CPA Australia Code of Conduct, which prohibits conflicts of interest, gifts and gratuities, and requires all employees and volunteers to ensure that their behaviour is in compliance with all laws and regulations relevant to the legal jurisdictions in which we operate.

The Code of Conduct applies to all Directors, employees and volunteers. All employees are encouraged to report any breaches of the Code. All employees are assessed on their adherence to the Code of Conduct as a part of their performance reviews. All CPA Australia personnel have a responsibility to report improper conduct, as defined by the Code, in accordance with CPA Australia Whistleblower Policy, which is reviewed by the Board of Directors every two years.

In addition to supporting CPA Australia's adoption of the GRI reporting guidelines, management developed a Fraud and Corruption Policy which was adopted by the Board in December 2010. The policy reflects international regulations and covers how issues of fraud will be addressed, managed and reported. There were no incidents reported in 2011, 2012 or 2013.

ZERO TOLERANCE FOR FRAUD AND CORRUPTION

CPA Australia endeavours to ensure all staff understand ethical business practices. As such, yearly compliance training includes a module on fraud and corruption. Completion rates for compliance training can be found on page 44.

CPA Australia has zero tolerance to any form of fraud and corruption. We strive to prevent all forms of international corruption as outlined in the *Criminal Code Amendment (Bribery of Foreign Public Officials) Act 1999*, or the equivalent laws of any country where we operate. Management has interpreted the GRI Guidelines on corruption as referring to abuse of power, legal and moral wrongdoing, and employees' dealings with external stakeholders for the purpose of gaining an advantage for the organisation and/or the individual.

Fraud and corruption risk is analysed at a corporate level and not at an individual business unit level, so we are unable to report on the number/percentage of business units analysed for corruption.

The internal auditor regularly reviews, on a rotational basis, key areas of the business where fraud and corruption is more likely to occur.

We are committed to maintaining an organisational culture which ensures that effective fraud and corruption prevention is an integral part of our day-to-day operations.



COUNCILLORS AND COMMITTEES

COUNCILLORS FOR 2013

Australian Capital Territory

Tony Marks FCPA, President
Simon Ash FCPA, Deputy President
Hawari Badri FCPA, Deputy President
Michael Burton FCPA
Jill Divorty FCPA
Sean Ferrari CPA
Greg Field FCPA
Geoff Hine FCPA
Michelle Kafer CPA
Peter Kerr FCPA
Gerry Lillicrap FCPA
Monir Mir FCPA

New South Wales

Gail Fraser FCPA, President
John Fara FCPA, Deputy President
Simon Chhoeu FCPA
Shirley Cho FCPA
John Corrigan FCPA
Andrew Crawford FCPA
Suresh Cuganesan FCPA
Rosalie Degabriele FCPA
Eric Davis FCPA
Lisa Gray FCPA
Paul Harris FCPA
John Horder FCPA
Jennifer Kent FCPA
Sharon Portelli FCPA
Scott Stanton FCPA
Scott Varker FCPA
Rhonda Wheatley FCPA
Amy Wong FCPA

Northern Territory

Nathan Morsillo CPA, President
Andrew Green FCPA, Deputy President
Helen Crafter FCPA
Belinda Howie FCPA
Hwei Yuin Yong CPA
Christine Kendrick CPA
Gregory Marlow FCPA
Valentin Markez CPA
Jocelyn Nathanael-Walters FCPA
Meeta Ramkumar CPA
Natalie Scott CPA
Jyoti Vemuri FCPA

Queensland

Ian Davies FCPA, President
Simon Brodie FCPA, Deputy President
Karen Bullock FCPA, Deputy President
Daniel Abrahams FCPA
Peter Best FCPA
Craig Dalzell FCPA
Terry Daubney FCPA
Gerry Maguire FCPA
Stephen Maitland OAM FCPA
Stephen McGrory FCPA
Troy Morgan CPA
Pamela Pointon FCPA

South Australia

Steven Woolhouse FCPA, President
Bryan Howieson FCPA, Deputy President
David Lawlor FCPA, Deputy President
Andrew Blaskett FCPA
Ivana Bosio CPA
Andrew Johnson FCPA
Jodie Lindsay FCPA
Joe Princi FCPA
Mike Richards FCPA
Amanda Taylor CPA
Julie Van Der Velde FCPA
Thomas Zollo FCPA

Tasmania

Carolyn Harris FCPA, President
Rob Luciani FCPA, Deputy President
Chris Stennard FCPA, Deputy President
Stephen Allen FCPA
Jason Browne FCPA
Ric De Santi FCPA
Robert Eastoe FCPA
Anne-Marie Martin CPA
Gary O'Donovan FCPA
Andrew Pearce CPA
Susan Shoobridge FCPA
Malcolm Stevens CPA

Victoria

Craig Edwards FCPA, President
Dallas Beeston FCPA, Deputy President
(to August 2013)
Jennifer Lang FCPA, Deputy President
(from August 2013)
Brendan O'Connell FCPA, Deputy
President
Peter Batten FCPA
Chris Braithwaite CPA
Terence Brooks FCPA
Anthony Connelly CPA
Lindsay Doig FCPA
Louise Kloot FCPA
Paul Mather FCPA
Paul McInerney FCPA
Justin Naylor CPA
David Spong FCPA
Srini Vasani FCPA

Western Australia

Terrence Cheong FCPA, President
 Lisa Bayakly FCPA, Deputy President
 Tim Blackburn FCPA, Deputy President
 Claire Bickford FCPA
 Tony Chong FCPA
 John Evans FCPA
 Phillip Hancock FCPA
 Mark Hunter FCPA
 Sandra Pigdon FCPA
 Joanne Stampalia FCPA
 Dale Wilcox FCPA
 Shane Yensch FCPA

China – Beijing

Kevin Ng FCPA, President
 Lily Chen FCPA, Deputy President
 Sun Cui FCPA, Deputy President
 Derek Chan CPA
 Henry Chan FCPA
 Michael Liu CPA
 Wilson Liu FCPA
 Lu Wei CPA
 Rebecca Mak FCPA
 Zhao Guilin CPA
 Zhuang Xiaoming FCPA

China – Greater China

Peter Lee FCPA, President
 Charles Wong FCPA, Deputy President
 Ronald Yam FCPA, Deputy President
 Ivan Au CPA
 Sebastian Bombaci CPA
 Jeffrey Chan FCPA
 Kenneth Chen CPA
 Tatyana Klauzner FCPA
 Derek Lai FCPA
 Bernard Poon FCPA
 Thomas Wong FCPA
 Patrick Yeung FCPA

China – Shanghai Committee

Danny Tong FCPA, President
 Kenny Lam FCPA, Deputy President
 Alison Wong CPA, Deputy President
 Cao Jing CPA
 John Hung FCPA
 Lawrence Lau FCPA
 Annie Li CPA
 Tom Lin FCPA
 Dick Tang CPA
 Charles Yang CPA
 Margaret Yang CPA

Europe

Sean Lam FCPA, President
 Anne Cutting FCPA, Deputy President
 Greg Cristofani FCPA
 Kristy Eden-Green FCPA
 David Graydon FCPA
 Keith Irwin FCPA
 Michelle Kelly CPA
 Rachael Meakins FCPA
 Benjamin Wong FCPA

Malaysia

Alex Ooi Thiam Poh FCPA, President
 Teresa Chong Dee Shiang FCPA,
 Deputy President
 Wong Chin Aik FCPA, Deputy President
 Nadzirah Abd Rashid FCPA
 Shamsul Nahar Abdullah FCPA
 Sharman Arumugan CPA
 Shaun Lee Chong Leng CPA
 Edward Lim FCPA
 Normah Omar CPA
 Josephine Phan Su Han FCPA
 Gabriel Teo Chun FCPA
 Angelina Yee Seow Voon CPA

New Zealand

Mark Stinson FCPA, President
 Rod Marvin FCPA, Deputy President
 Chandan Ohri CPA, Deputy President
 Stephen Bell CPA
 Andrew Dickeson CPA
 Brad Gatehouse CPA
 Chye Heng FCPA
 Anil Narayan FCPA
 Bridgette Pretty CPA
 Priyan Rajapaksa FCPA
 Scott Scoullar FCPA
 Carolyn Stringer FCPA

Singapore

Themis Suwardy FCPA, President
 Philip Yuen FCPA, Deputy President
 Chew Tong Gunn FCPA
 Lee Wee Jean FCPA
 Lisa Liew FCPA
 Steven Lim FCPA
 Low Weng Keong FCPA
 Chaly Mah FCPA
 Deborah Ong FCPA
 Ong Pang Thye FCPA
 Teo Chee Kiang FCPA
 Christopher Wong FCPA

BOARD COMMITTEES**AS AT 31 DECEMBER 2013****Audit and Risk Committee**

Peter Dowling AM FCPA, Chair
 Mark Grey
 Deborah Ong FCPA
 Kerry Ryan

Finance Committee

Graeme Wade FCPA, Chair
 Peter Dowling AM FCPA
 Christina Foo FCPA
 Mark Grey

Nomination and Remuneration Committee

Richard Petty FCPA, Chair
Jim Dickson FCPA
Penny Egan FCPA
Kerry Ryan
Graeme Wade FCPA

Policy Governance Committee

Tyrone Carlin FCPA, Chair
Jim Dickson FCPA
Tim Ebbeck FCPA
Bruce Trebilcock FCPA

ADVISORY COMMITTEES

AS AT 31 DECEMBER 2013

International Advisory Committee

Andrew Genrich FCPA, Chair
Teresa Chong FCPA
Nigel Finch FCPA
Tatyana Klauzner FCPA
Lim Chui Phing CPA
Irving Low FCPA
Kevin Ng FCPA
Ferdinand Sadeli CPA

Professional Qualifications Advisory Committee

Kim Langfield-Smith FCPA, Chair
Foo Yin Fah FCPA
Steven Hui FCPA
Bryan Howieson FCPA
Warwick Spargo FCPA
Srini Vasam FCPA
Kim Watty CPA

Public Practice Advisory Committee

Malcolm Stewart CPA, Chair
Robert Eastoe FCPA
Lawrence Lam FCPA
Lisa Liew FCPA
Ian Raspin FCPA
Arthur Tateossian FCPA
Gabriel Teo FCPA
Tanya Titman CPA

Quality Review Advisory Committee

Ian Dunn, Chair
Sharlene Anderson CPA
David Lissauer FCPA
Muriel Oliver CPA
Thomas Zollo FCPA

REPRESENTATIVE COUNCIL

AS AT 31 DECEMBER 2013

John Cahill FCPA, Chair
Peter Batten FCPA
Timothy Blackburn CPA
Simon Brodie FCPA
John Corrigan FCPA
Anne Cutting FCPA
Ric De Santi FCPA
Lindsay Doig FCPA
Greg Field FCPA
Albert Ho FCPA
John Horder AM FCPA
Kim Langfield-Smith FCPA
Chui Phing Lim CPA
Edward Lim FCPA
Richard Mifsud FCPA
Julie O'Brien CPA
Sharon Portelli FCPA
Ian Raspin FCPA
Michael Richards FCPA
Themis Suwardy FCPA
Srini Vasam FCPA
Patrick Yueng FCPA

DISCIPLINARY PANEL CHAIR

AS AT 31 DECEMBER 2013

Daryl Chipperfield FCPA, Chair
Gaye Mason FCPA, Deputy Chair
James Syme, Deputy Chair

LIFE MEMBERS

AS AT 31 DECEMBER 2013

Joseph Abraham AM FCPA
Patrick Barrett AO FCPA
Allan Barton FCPA
David Baulch FCPA
Brian Blood FCPA
David Boymal AM FCPA
John Cahill FCPA
Denis Cortese FCPA
Ronald Cotton AM FCPA
Mark Coughlin FCPA
Laurence Crockett FCPA
Clyde Dickens AM FCPA
Kenneth Eastwood AM FCPA
Scott Henderson AM FCPA
Robert Jeffery FCPA
Jim Kropp FCPA
Kenneth Levy RFD FCPA
Loh Hoon Sun FCPA
Low Weng Keong FCPA
Alex Malley FCPA
Graeme McGregor AO FCPA
Paul Meiklejohn FCPA
John Miller AO FCPA
Jocelyn Morton FCPA
Geoff Orr AM FCPA
Graham Paton AM FCPA
Des Pearson FCPA
Richard Petty FCPA
Patrick Ponting FCPA
Poon Wing Cheung FCPA
Trevor Russell AM FCPA
Len Spencer FCPA
Brian Waldron OAM FCPA
Bernard Wright FCPA

CENTRE OF EXCELLENCE CHAIRS

AS AT 31 DECEMBER 2013

Environmental, Social and Governance Centre of Excellence

Mike Sewell FCPA, Chair

External Reporting Centre of Excellence

Jeffrey Luckins CPA, Chair

Retirement Savings Centre of Excellence

Noelle Kelleher CPA, Chair

Taxation Centre of Excellence

Andrew O'Bryan FCPA, Chair

OTHER BOARDS AND COMMITTEES

AS AT 31 DECEMBER 2013

ASEAN Federation of Accountants*

Jim Dickson FCPA

Confederation of Asian and Pacific Accountants (CAPA)*

Geoffrey Applebee FCPA

HRH The Prince of Wales' Accounting for Sustainability (A4S) project

Alex Malley, FCPA

International Federation of Accountants (IFAC) Board*

Rachel Grimes FCPA

International Auditing and Assurance Standards Board (IAASB)*

Merran Kelsall FCPA

IFAC International Accounting Education Standards Board (IAESB)*

Kim Langfield-Smith FCPA

Peter Wolnizer FCPA

International Ethics Standards Board for Accountants (IESBA)*

Alice McCleary FCPA

IFAC Compliance Advisory Panel*

Jim Dickson FCPA

IFAC Nominating Committee*

Margaret Parker FCPA

IFAC Professional Accountants in Business Committee (PAIB)*

John Cahill FCPA

IFAC Small and Medium Practices Board (SMP)*

Stuart Black FCPA

International Integrated Reporting Council

Alex Malley FCPA

International Public Sector Accounting Standards Board (IPSASB)*

Tim Youngberry FCPA

Joint Accounting Bodies

John Cahill FCPA

Paul Drum FCPA

Alex Malley FCPA

*CPA Australia shares representation on this committee with other parties.

ACRONYMS

AASB	Australian Accounting Standards Board	CRM	Customer relationship management
AAT	Association of Accounting Technicians, Australia	FCPA	Fellow of CPA Australia
AFAANZ	Accounting and Finance Association of Australia and New Zealand	FTE	Full-time equivalent
AFA	ASEAN Federation of Accountants	GHG	Greenhouse gas
AFR	Australian Financial Review	GRI	Global Reporting Initiative
AFSL	Australian Financial Services Licence	HRH	His Royal Highness
A4S	Accountants For Sustainability	IAASB	International Auditing and Assurance Standards Board
A-IFRS	Australian Equivalents to International Financial Reporting Standards	IAESB	International Accounting Education Standards Board
APAC	Asia Pacific	ICAA	Institute of Chartered Accountants Australia
APES	Accounting Professional and Ethical Standards	IESBA	International Ethics Standards Board for Accountants
APESB	Accounting Professional and Ethical Standards Board	IFAC	International Federation of Accountants
ARC	Australasian Research Council	IFRS	International Financial Reporting Standards
ASAE	Australian Standard on Assurance Engagements	IGAP	International Governance and Performance
ASIC	Australian Securities and Investments Commission	IIRC	International Integrated Reporting Council
ASXCGC	Australian Stock Exchange Corporate Governance Council	IPA	Institute of Public Accountants
AUASB	Auditing and Assurance Standards Board	IPSASB	International Public Sector Accounting Standards Board
B-HERT	Business and Higher Education Roundtable	IR	Integrated reporting
CAPA	Confederation of Asian and Pacific Accountants	KPI	Key Performance Indicator
CEDA	Committee for Economic Development of Australia	NGER	National Greenhouse and Energy Reporting
CEO	Chief executive officer	NCOS	National Carbon Offset Standard
CFO	Chief financial officer	PAIB	Professional Accountants in Business
CGPR	Corporate Governance Principles and Recommendations	REP	Recognised Employer Program
CO₂	Carbon dioxide	SME	Small-to-medium enterprise
COO	Chief operating officer	SMP	Small and medium practice
CPA	Certified Practising Accountant		
CPD	Continuing professional development		

FINANCIAL REPORT

CPA Australia continues to be committed to best practice financial reporting and as such is guided by the Australian equivalents to International Financial Reporting Standards (A-IFRS) in the preparation of this report. All new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to our operations and effective for the current annual reporting period are adopted.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS

The Directors submit the annual financial report of CPA Australia Limited (the "Consolidated Entity") and its controlled entities for the financial year ended 31 December 2013. In order to comply with the *Corporations Act 2001* and the Australian Accounting Standards, the Directors present the report as follows. The Directors in office at the end of the financial year are set out on pages 52-54 of the Annual Report, together with their qualifications, experience and special responsibilities. Details of meeting attendance are set out opposite and their remuneration is included in Note 17 on page 89.

COMPANY SECRETARY

The Company Secretary, Adam Awty, BBus (Acc), CPA was appointed on 9 April 2010. He is also Chief Operating Officer – Commercial and Chief Financial Officer and is responsible for the company secretarial, finance and administration, planning, technology legal and compliance functions, people and culture, and professional programs and pathways functions.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity and its controlled entities during the financial year remain unchanged and were as an association representing financial, accounting and business advisory professionals: providing high standards of professional entry and continuing education, stimulating informed debate on issues within the areas of professional competence, setting and maintaining the highest professional and technical standards and promoting the role of its members for the benefit of the community.

CONSOLIDATED RESULTS

The consolidated surplus before income tax for the year was \$2,306,000 (2012: \$8,234,000). The consolidated surplus after tax for the year was \$2,999,000 (2012: \$8,232,000).

REVIEW OF OPERATIONS

A review of the operations of the Consolidated Entity during the financial year and the results of those operations is contained in the discussion and analysis of the financial results – see pages 70-71.

CORPORATE GOVERNANCE

The Board of CPA Australia comprises ten independent non-executive Directors and two independent non-executive Directors who are also non-members. During 2013, it met six times, primarily in Melbourne with one meeting held in Brisbane. As at the end of 2013, there are four Board committees of Directors. Further information on the governance of the Company is included in the Corporate Governance Statement on pages 55-58.

CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Consolidated Entity, other than that referred to in the financial statements or notes thereto.

DIRECTORS' MEETINGS

The tables on page 67 set out the number of Board and Board Committee meetings held and the number of meetings attended by each Director.

SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the previous financial year to the date of this report that has affected, or may significantly affect, the activities of the Consolidated Entity, the results of those activities or the state of affairs of the Consolidated Entity in the ensuing or any subsequent financial year.

FUTURE DEVELOPMENTS

Likely developments in the activities of the Consolidated Entity are noted elsewhere in the annual report, with the Consolidated Entity working successfully towards the achievement of its objectives and maintaining a breakeven or surplus position in 2014.

ROUNDING OF AMOUNTS

CPA Australia is a company of the kind referred to in ASIC Class order 98/100 dated 10 July 1998. In accordance with the class order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the year CPA Australia paid professional indemnity and Directors' and officers' liability insurance for all of its Directors and officers. The nature of the insurance contract providing this cover does not allow CPA Australia to disclose either the extent of cover or the premium paid.

AUDITOR INDEPENDENCE

The auditor's independence declaration is included on page 68 of the annual report.

Board of Directors	Meetings		
	Held	Eligible	Attended
Penny Egan FCPA, Chair*	6	6	6
John Cahill FCPA, Chair**	6	4	4
Tyrone Carlin FCPA	6	6	5
Jim Dickson FCPA	6	6	6
Peter Dowling AM FCPA	6	6	6
Tim Ebbeck FCPA***	6	2	2
Christina Foo FCPA	6	6	6
Mark Grey	6	6	6
Low Weng Keong FCPA**	6	4	3
Richard Petty FCPA	6	6	6
Deborah Ong FCPA***	6	2	2
Kerry Ryan	6	6	6
Bruce Trebilcock FCPA	6	6	6
Graeme Wade FCPA	6	6	6
Audit & Risk Committee	Held	Eligible	Attended
Peter Dowling AM FCPA, Chair*	4	2	2
Graeme Wade FCPA, Chair**	4	2	2
Mark Grey	4	4	4
Kerry Ryan	4	4	4
Deborah Ong FCPA***	4	2	2
Bruce Trebilcock FCPA**	4	2	2

*Chair effective 1 October, 2013

**Ceased 30 September, 2013

***Effective 1 October, 2013


Finance Committee	Meetings		
	Held	Eligible	Attended
Graeme Wade FCPA, Chair*	5	5	4
Penny Egan FCPA, Chair**	5	3	3
Peter Dowling AM FCPA***	5	2	2
Christina Foo FCPA	5	5	5
Mark Grey	5	5	5
Nomination & Remuneration Committee	Held	Eligible	Attended
Richard Petty FCPA, Chair	6	6	6
John Cahill FCPA**	6	5	5
Jim Dickson FCPA***	6	1	1
Penny Egan FCPA	6	6	6
Kerry Ryan	6	6	6
Graeme Wade FCPA***	6	1	1
Policy Governance Committee	Held	Eligible	Attended
Tyrone Carlin FCPA, Chair*	4	4	4
Peter Dowling AM FCPA, Chair**	4	3	3
Jim Dickson FCPA	4	4	4
Tim Ebbeck FCPA***	4	1	1
Bruce Trebilcock FCPA	4	4	3

Signed in accordance with a resolution of the Directors made pursuant to s298 (2) of the *Corporations Act 2001* on behalf of the Directors.



Penny Egan FCPA
Director

21 February 2014



Graeme Wade FCPA
Director



Deloitte Touche Tohmatsu
ABN 74 490 121 060
550 Bourke Street
Melbourne VIC 3000
GPO Box 78B
Melbourne VIC 3001 Australia
DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

The Board of Directors
CPA Australia Limited
Level 20, 28 Freshwater Place
Southbank VIC 3006

21 February 2014

Dear Board Members

CPA Australia Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of CPA Australia Limited.

As lead audit partner for the audit of the financial report of CPA Australia Limited for the financial year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants

OVERVIEW OF FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>Business segments</i>		2013	2012
		\$'000s	\$'000s
Membership and member value	Revenue	71,777	68,151
	Cost	(32,286)	(31,989)
	Result	39,491	36,162
Training and development	Revenue	17,550	19,903
	Cost	(16,847)	(18,264)
	Result	703	1,639
Education	Revenue	57,378	55,238
	Cost	(19,655)	(19,401)
	Result	37,723	35,837
Brand, ethics and the profession	Revenue	1,479	1,752
	Cost	(21,594)	(18,753)
	Result	(20,115)	(17,001)
Business development	Revenue	5,087	4,240
	Cost	(15,951)	(13,565)
	Result	(10,864)	(9,325)
Corporate services	Revenue	3,836	4,381
	Cost	(42,017)	(37,613)
	Result	(38,181)	(33,232)
Corporate governance and committees	Revenue	135	117
	Cost	(6,586)	(6,204)
	Result	(6,451)	(6,087)
Total CPA Australia	Revenue	157,242	153,782
	Cost	(154,936)	(145,789)
	Net gain on sale of property	–	241
	Tax credit/(expense)	693	(2)
	Result	2,999	8,232
Other comprehensive income/(expense) for the year, net of tax		3,610	2,457
Total comprehensive income for the year		6,609	10,689

The Controlled Entity and the Company operate in seven reportable business segments which are Membership and member value; Training and development; Education; Brand, ethics and the profession; Business development; Corporate services; and Corporate governance and committees, as shown left.

Membership and member value's core activities are delivery of the membership offer including administration and assessment of members' admissions and advancements; library services; INTHEBLACK, CPA Update and member retention.

Training and development's core activity is the development and delivery of professional development products that meet the needs of members and potential members.

Education's major activities are the development and examination of the CPA Program and Public Practice Program, along with the development and delivery of the practical experience requirement program. This area also includes activities associated with the assessment of overseas qualifications for recognition by the Department of Immigration and Citizenship.

Brand, ethics and the profession's core activities include managing and developing the brand, promotion, policy and research, advocacy and government relations, support for the profession locally (AASB, AUASB and APESB) and internationally (IFAC, AFA, CAPA etc.), external affairs, professional standards and quality assurance.

Business development's major activities are to create meaningful and effective relationships with employers, recruiting agencies, academics and others in the higher education sector converting awareness of CPA Australia into new members. In addition to this, business development looks for opportunities to develop new geographical and functional markets.

Corporate services provides internal support to the organisation that includes management, finance, legal, procurement, property management, technology, organisational development, human resources and planning.

Corporate governance and committees represents the activities associated with the Board, Board Committees, the Representative Council, Board secretariat, internal audit, divisional councils, investigation and discipline and advisory committees.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS 2013

INCOME STATEMENT

The 2013 financials reflected a strong operating performance across the organisation delivering an operating surplus before tax of \$2.3m (2012: \$8.2m) and an overall comprehensive income of \$6.6m after tax, defined benefit, FX and unrealised gain on investments (2012: \$10.7m). The surplus was underpinned by increases in revenue from the core business areas of membership and education.

REVENUE

Overall revenue increased by \$3.5m or 2.2 per cent during 2013. Continued growth in membership and an increase in CPA Program professional level sales were the key drivers behind this result. Revenue from our training and development products continued to be softer in 2013.

The organisation ended the year with close to 150,000 members. This strong result was driven by new member growth and member retention levels consistent with 2012. The increase in member numbers resulted in an increase in membership revenue of \$3.5m or 5.2 per cent. Revenue from the CPA Program was also higher with sales for the professional level exceeding last year's result.

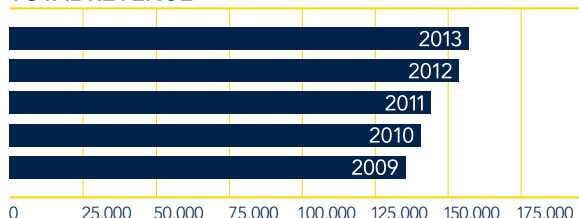
EXPENDITURE

Expenditure before tax was \$9.1m or 6.3 per cent higher than 2012. The increases were driven by our investment in new initiatives such as a brand refresh which is due for release in early 2014, the sponsorship of the *Financial Review Sunday* program and further investment in expanding our digital communication channels. Our staff turnover remained low in 2013, resulting in a higher than average headcount for the year. During 2013 we also finalised our property refresh with the upgrade to member facilities in Canberra, Indonesia and Vietnam. Depreciation costs were higher than 2012 following the completion of the property upgrades and the implementation of our new core business systems, including membership CRM, multi-currency gateway and corporate website.

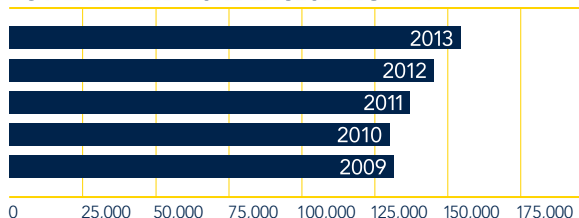
TAXATION

In assessing its income tax liability, CPA Australia applies the principles of mutuality to revenues and expenses. Revenue in the form of member receipts represents mutual income and is not subject to income tax. Expenses associated with such mutual activities are not tax deductible for income tax purposes. All other receipts and payments to or made

TOTAL REVENUE



TOTAL EXPENDITURE EXCLUDING TAX



EXPENDITURE BY BUSINESS SEGMENT



by CPA Australia are classified for income tax purposes in accordance with income tax legislation.

CPA Australia's tax credit for 2013 is \$0.7m. This is attributable to a small taxable loss for 2013 largely due to lower non-mutual income, and the franking credits received from the organisations investment portfolio. It is expected that CPA Australia will continue to operate on a tax mutual basis.

FOREIGN EXCHANGE

Subscription fees, where a foreign currency option is available, are adjusted on a monthly basis to reflect exchange rate movements. Foreign currency cash holdings are also limited to the requirements for the funding of local operations to minimise CPA Australia's exposure to fluctuations in exchange rates. The depreciation of the Australian dollar against the currencies where substantial cash is held contributed to a foreign exchange gain of \$0.3m for the full year.

CASH FLOW

CPA Australia's cash flow and liquidity remained strong in 2013. Overall cash and cash equivalents decreased by \$9.8m, net cash flows from operating activities for the year were \$9m. The net decrease in cash and cash equivalents was due to an increase in our investment portfolio and capital purchases during 2013. In real terms, the operating cash balance is \$41.1m (when subscriptions and other income received in advance are excluded from cash and equivalents), plus other financial assets.

INVESTMENTS

CPA Australia's investment portfolio continues to perform strongly returning \$3.6m in revenue and an unrealised capital gain of \$3.1m in 2013. This is directly due to the strengthening of the Australian equity market during 2013 and a change in the asset allocation of the investment portfolio to a higher percentage of capital growth assets (this has been recognised directly in equity).

BALANCE SHEET

CPA Australia's balance sheet continues to strengthen with net assets increasing by \$6.6m or 10.2 per cent, which is attributable to the surplus delivered in 2013 and the unrealised capital gain in our investment portfolio.

Cash and cash equivalents have decreased by \$9.8m which is due to the movement from shorter cash based investments to more long term assets and the investment in our core business systems and property upgrades in South East Asia as previously outlined.

Trade and other receivables are \$0.2m higher. All outstanding revenue is expected to be received early in 2014.

Other current assets are \$1.9m higher than the prior year due to higher prepaid expenses.

Non-current other financial assets are higher than 2012 by \$10.1m which is directly attributable to an increase in investments expected to be held for greater than one year and unrealised gains in the portfolio during 2013.

Property, plant and equipment has increased by \$0.1m when compared to 2012 which is attributable to property upgrades in Canberra, Indonesia and Vietnam.

Intangible assets are higher than 2012 by \$7m which has resulted from our investment in the final phase of our core business systems upgrade including our membership CRM, multi-currency gateway and new corporate website, which was completed during 2013. Intangible assets were previously classified as property, plant and equipment in 2012.

Other non-current assets are in line with 2012.

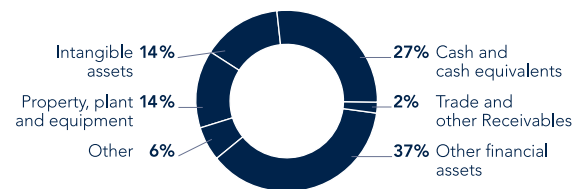
Trade and other payables were lower by \$0.3m than the previous year.

Both short and long term provisions ended the year \$0.8m higher than 2012. This is the result of the higher leave provision required at year end and an increase in the make good provision for our property portfolio.

Other current liabilities were higher by \$3.8m, which is attributable to price increases associated with CPA Program, Membership and Public Practice paid in advance for 2014 compared to the prior year. The timing of payments by members is in line with last year.

Other non-current liabilities have reduced when compared to 2012 as part of the lease incentive received in prior years has been amortised to the Statement of comprehensive income during 2013.

ASSETS



LIABILITIES



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated	
		2013	2012
		\$'000s	\$'000s
Revenue	3(a)	153,640	149,658
Investment revenue	3(b)	3,602	4,124
Gain on sale of property	3(b)	-	241
Service expenses		(71,087)	(68,780)
Marketing, promotion and publication expenses		(26,375)	(24,702)
Occupancy expenses		(13,174)	(12,526)
Administration expenses		(43,182)	(38,504)
Finance costs		(14)	(35)
Net foreign exchange gain/(loss)		64	(66)
Other expenses		(1,168)	(1,176)
Surplus before income tax	4	2,306	8,234
Tax expense	5(a)(b)	693	(2)
Surplus for the year		2,999	8,232
<i>Other comprehensive income</i>			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit plan	20	189	252
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		323	(17)
Net gain on available-for-sale assets		3,098	2,222
Other comprehensive income/(expense) for the year, net of tax		3,610	2,457
Total comprehensive income for the year		6,609	10,689

CPA Australia 2013 financial statements

The Statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 76-98

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated	
		2013	2012
		\$'000s	\$'000s
Current assets			
Cash and cash equivalents	6	39,181	48,950
Trade and other receivables	7	3,427	3,186
Other financial assets	9	500	500
Other assets	8	4,921	3,061
Total current assets		48,029	55,697
Non-current assets			
Deferred tax assets	5(c)	1,696	912
Other financial assets	9	53,952	43,844
Property, plant and equipment	10	20,615	20,717
Intangible assets	11	20,729	13,694
Other assets	8	350	351
Total non-current assets		97,342	79,518
Total assets		145,371	135,215
Current liabilities			
Trade and other payables	12	11,670	12,019
Provisions	13	4,081	3,758
Other liabilities	14	52,039	48,249
Total current liabilities		67,790	64,026
Non-current liabilities			
Provisions	13	2,356	1,876
Other liabilities	14	4,135	4,832
Total non-current liabilities		6,491	6,708
Total liabilities		74,281	70,734
Net assets		71,090	64,481
Members' funds			
Reserves		4,773	1,352
Retained surplus		66,317	63,129
Total members' funds		71,090	64,481

STATEMENT OF CHANGES IN MEMBERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2013

Consolidated	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Total
	\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 January 2012	(798)	(55)	54,645	53,792
Total comprehensive income for the year	2,222	(17)	8,484	10,689
Balance at 1 January 2013	1,424	(72)	63,129	64,481
Total comprehensive income for the year	3,098	323	3,188	6,609
Balance at 31 December 2013	4,522	251	66,317	71,090

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated	
		2013 \$'000s	2012 \$'000s
<i>Cash flows from operating activities</i>			
Receipts from operations		157,017	163,257
Payments to suppliers and employees		(148,009)	(138,005)
Net cash inflows from operating activities	22	9,008	25,252
<i>Cash flows from investing activities</i>			
Payment for property, plant and equipment and intangible assets	10 & 11	(15,648)	(10,791)
Net receipts for bank bills less than one year but greater than 90 days		–	150
Net receipts for bank bills greater than one year		–	–
Proceeds from sale of property, plant and equipment		–	839
Net proceeds from sale of investment securities		136	15
Purchase of investment securities		(7,009)	(1,226)
Investment interest received		3,744	4,838
Net cash outflows from investing activities		(18,777)	(6,175)
Cash flows from financing activities		–	–
Net cash flow from financing activities		–	–
Net increase/decrease in cash and cash equivalents held		(9,769)	19,077
Cash and cash equivalents at the beginning of the financial year		48,950	29,873
Cash and cash equivalents at the end of the financial year	6	39,181	48,950

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

CPA Australia adopts all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the operations and effective for the current annual reporting period. For the reporting period to 31 December 2013, CPA Australia adopted the revised AASB 119 *Employee Benefits*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available under ASIC Class Order 98/100.

b) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Accounting standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). CPA Australia is a not-for-profit entity that complies with A-IFRS which ensures that financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards (IFRS). CPA Australia is not applying paragraphs specific to Not-For-Profit entities.

CPA Australia is limited by guarantee and domiciled in Australia.

The financial statements were authorised by the Board of Directors on 21 February 2014.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

d) Income tax

In assessing its income tax liability, CPA Australia applies the principles of mutuality to its revenues and expenses. Revenue in the form of member receipts represents mutual income and is not subject to income tax. Expenses associated with such mutual activities are not tax deductible for income tax purposes. All other receipts and payments of CPA Australia are classified for income tax purposes in accordance with income tax legislation.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be used.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on purchases of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables are stated inclusive of GST

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

f) Foreign currency

All foreign currency transactions are shown in Australian dollars.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined.

Exchange differences are recognised in profit and loss in the period they occur.

Foreign currency operations

The assets and liabilities of CPA Australia's overseas operations are translated at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rate for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in the profit and loss.

g) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to CPA Australia and that it can be reliably measured.

Member fees and subscriptions

The subscription year runs 1 January to 31 December. Subscriptions are payable annually in advance. Only those membership fees and subscription payments that are attributable to the current financial year are recognised as revenue. Fees and subscription payments that relate to future periods are shown in the Statement of financial position as subscriptions and fees in advance under the heading of Current liabilities – other.

Interest

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income from investments

Revenue is recognised when the income is earned.

Sale of non-current assets

The net gain/(loss) of non-current asset sales are included as revenue/(expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed.

The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Assets which satisfy the criteria in AASB 5 as assets held for sale are transferred to current assets and separately disclosed as non-current assets held for sale on the face of the Statement of financial position. These assets are measured at the lower of carrying amount and fair value less costs to sell. These assets cease to be depreciated from the date on which they satisfy the "held-for-sale" criteria.

Grants

Revenue is recognised when control of the contribution or right to receive the contribution is received.

h) Receivables

The terms of trade are 30 days from invoice date. Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest rate method less impairment. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

i) Property, plant and equipment

All classes of assets are stated at cost less accumulated depreciation and any impairment.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets (excluding Freehold Land) as follows:

Buildings	50 Years
Strata title	50 Years
Property, plant and equipment	3-13 Years
Information technology assets	3 Years
Computer hardware classified as Property, plant and equipment in the Statement of financial position	
Library books	5 Years

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

Land and buildings

Valuations are obtained biennially and were obtained in 2012. All valuations received were in excess of their recorded value at balance date. They reflect independent assessments of the open market value of land and buildings based on existing use.

Lease restoration

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to restoration provisions in property leases taken up by the Consolidated Entity where there exists an obligation to restore the property to its original condition. These costs are included in the value of the leasehold improvements with a corresponding provision for the 'restoration' taken up.

j) Impairment of other tangible assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount

does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

k) Intangible assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment loss. Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Core business systems	5 Years
Website	3 Years
Other software	3 Years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

l) Leased assets

Leases, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised. Assets and liabilities are recorded at the present values of the minimum lease payments, including any guaranteed residual values at date of inception.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lesser, are charged as expenses in the periods in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight line basis, except

where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

m) Investments and financial assets

Controlled entities

Investments in controlled entities carried at lower of cost and net recoverable amount in the parent company's individual financial statements.

Held to maturity investments

Investments such as bonds and term deposits that are intended to be held to maturity are initially measured at fair value less cost and are subsequently measured at amortised cost using the effective interest method. The effective interest rate method is a method of calculating amortised cost of a financial asset and of allocating interest income over the relevant period.

Financial instruments

Financial instruments such as non-derivative financial assets available-for-sale are recorded at fair value through comprehensive income. Revaluation is accumulated in an investment revaluation reserve in equity.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through comprehensive income, which are initially measured at fair value.

Financial assets are classified into the following categories: "held-to-maturity" investments, "available-for-sale" financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

n) Payables

Trade creditors represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Derivative financial instruments

It is not current CPA Australia policy to enter into foreign exchange contracts to hedge foreign currency commitments.

p) Employee benefits

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Discount rate used reflects national government securities that most closely match the terms of maturity of the related liabilities.

Annual leave

The provision for annual leave represents the amount which CPA Australia has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated at the amounts expected to be paid when the liability is settled and includes on-costs.

Long service leave

The liability for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

In determining the liability for employee benefits, account has been taken of future increases in wage and salary rates, and CPA Australia's experience with staff departures. Related on-costs also have been included in the liability.

Defined benefit plan

A small percentage of staff participates in the CPA Australia defined benefit plan.

Mercer Benefit Services has provided actuarial calculations of the current benefit of the defined benefit liability.

Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur, and presented in the statement of comprehensive income.

Past services cost is recognised immediately to the extent that the benefits are already vested, and otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the Statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised

past service cost, net of the fair value of plan assets. Any asset resulting from this calculation is limited to the past service cost, plus the present value of available refunds and reductions in future contributions to the plan. The plan is no longer open to new members as of 31 December 1999.

Defined contribution superannuation

Contributions to defined contribution superannuation plans are expensed when paid.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, at call deposits and bank bills maturing within less than 90 days from the date of inception.

r) Comparative amounts

When a change in accounting policy is applied retrospectively in accordance with Australian Accounting Standards, we have adjusted the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

s) Website costs

The primary focus of the CPA Australia website is as an advertising, branding and information tool for the organisation and its members. All maintenance and operational expenditure have been treated as expenses incurred in the period.

t) Critical judgements in applying the entity's accounting policies

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future on-cost rates; and
- experience of employee departures and period of service.

3. REVENUE

	Consolidated	
	2013	2012
	\$'000s	\$'000s
(a) Revenue from operating activities		
Member subscriptions	70,772	67,276
Education and CPA Program	57,233	55,100
Professional development	17,537	19,973
Other services	1,730	1,215
Marketing, promotion and publications	6,352	6,072
Property	16	22
	153,640	149,658
(b) Other revenue		
Interest revenue on:		
AAT Loan	12	15
Bank deposits	250	395
Financial assets (held to maturity)	954	895
Dividends and distributions	2,386	2,819
Gain on sale of property	–	241
	3,602	4,365
Total revenue	157,242	154,023

4. SURPLUS AND MEMBERS' FUNDS

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Surplus before income tax expense		
Surplus before income tax expense has been arrived at after charging/ (crediting) the following:		
Finance costs:		
Interest charged on restoration provisions	14	35
Depreciation:		
Depreciation	8,714	5,602
Net (gain)/loss:		
Net (gain) on sales of property, plant and equipment	–	(240)
Net foreign exchange (gain)/loss	(64)	66
Employee benefits:		
Defined contribution	3,790	3,519
Defined benefit plan	62	80
Salaries and other benefits	49,093	46,278

5. TAXATION

(a) Tax expense/(income) comprises:

Income tax recognised in income statement	Consolidated	
	2013	2012
	\$'000s	\$'000s
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(782)	(67)
Tax loss not previously recognised	–	–
Refer (c) below	(782)	(67)
Tax expense overseas entities	89	69
Total tax expense/(income)	(693)	2

(b) Reconciliation of prima facie income tax

The assessable income of CPA Australia for income tax purposes comprises only certain income deemed to be derived from non member activities. Conversely, allowable deductions for income tax are limited to certain expenses and statutory deductions.

The prima facie income tax expense on pre-tax accounting surplus from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Surplus from operations	2,306	8,296
Income tax expense calculated at 30%	692	2,489
Surplus attributable to mutual activities and foreign branch expenditure – exempt income	(1,385)	(2,487)
	(693)	2

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

There has been no change in the corporate tax rate when compared with that of the previous reporting period.

* Surplus from operations has been adjusted for income tax paid by overseas entities.

(c) Deferred tax assets/(liabilities) arise from the following:

2013	Consolidated				
	Opening balance 2012	Charged to income	Closing balance 2012	Charged to income	Closing balance 2013
Assets					
Property, plant and equipment	(377)	38	(339)	42	(297)
Employee benefits	171	4	175	(24)	151
Provisions	440	(175)	265	(62)	203
Tax losses	880	(48)	832	808	1,640
	1,114	(181)	933	764	1,697
Liabilities					
Accrued income	(269)	248	(21)	20	(1)
	845	67	912	784	1,696

(d) Other comprehensive income items in the Statement of profit or loss and other comprehensive income have no tax effect

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Current		
Cash on hand, at bank and short term bank bills (90 days or less)	39,181	48,950
	39,181	48,950

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Current		
Trade and other receivables	3,482	3,219
Less allowance for doubtful debts	(109)	(158)
	3,373	3,061
Other receivables:		
Accrued interest on bank deposits	50	40
Accrued interest on financial assets (held to maturity)	4	85
	54	125
	3,427	3,186

The consolidated entity has recognised an allowance for doubtful debts of 100% against all receivables over 90 days except for those debtors/ members who at balance date have committed to pay. Historical experience has been that receivables that are past due beyond 90 days are difficult to recover.

Ageing of past due but not impaired

60 - 90 days	458	129
90 - 120 days	433	409
Total	891	538

In determining the recoverability of a trade receivable, the consolidated entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Trade receivables consists of a large number of members and customers, spread across diverse industries and geographical areas. The consolidated entity does not have any significant credit risk exposure to any single party or group of counter parties having similar characteristics and the maximum exposure to credit risk is equal to the value of our receivables. No interest is charged on trade receivables.

Movement in the allowance for doubtful debts

Balance at the beginning of the year	158	210
Allowances taken up as doubtful	9	4
Amounts written off as uncollectible	(58)	(56)
Balance at the end of the year	109	158

8. OTHER ASSETS

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Current		
Defined benefit plan	432	264
Prepayments	4,489	2,797
	4,921	3,061
Non current		
Loan to related parties (at amortised cost)	350	350
Security deposit and other	–	1
	350	351

9. OTHER FINANCIAL ASSETS

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Current		
Bank bills less than 1 year but greater than 90 days	500	500
	500	500
Non current		
Bank bills greater than 1 year to maturity (at amortised cost)	–	–
Available for sale assets carried at fair value:		
Listed non-derivative financial assets held for trading	48,922	39,750
Non-listed non-derivative financial assets held for trading	5,030	4,094
	53,952	43,844

Bank bills must be held in an authorized deposit taking institutions with a minimum S&P credit rating of BBB+ (or Moody's / Fitch equivalent).

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Building at cost	Plant and equipment at cost	Library books at cost	Capital work in progress	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Gross carrying amount					
Balance at 1 January 2012	4,653	30,893	345	175	36,066
Additions	–	1,151	22	1,563	2,736
Disposals	(853)	(4,547)	(98)	–	(5,498)
Balance at 1 January 2013	3,800	27,497	269	1,738	33,304
Additions	–	2,646	22	2,823	5,491
Disposals	–	(11)	(91)	–	(102)
Transfers to/from asset class	–	1,323	–	(1,323)	–
Balance at 31 December 2013	3,800	31,455	200	3,238	38,693
Accumulated depreciation, amortisation and impairment					
Balance at 1 January 2012	(1,305)	(11,111)	(178)	–	(12,594)
Disposals	255	4,538	98	–	4,891
Depreciation	(90)	(4,725)	(69)	–	(4,884)
Balance at 1 January 2013	(1,140)	(11,298)	(149)	–	(12,587)
Disposals	–	11	91	–	102
Depreciation	(76)	(5,463)	(54)	–	(5,593)
Balance at 31 December 2013	(1,216)	(16,750)	(112)	–	(18,078)
Net book value					
Property, plant and equipment as at 31 December 2012	2,660	16,199	120	1,738	20,717
Property, plant and equipment as at 31 December 2013	2,584	14,705	88	3,238	20,615

All items of property, plant and equipment are held by the parent.

11. INTANGIBLE ASSETS

	Intangible assets at cost	Capital work in progress – intangible assets	Total
	\$'000s	\$'000s	\$'000s
<i>Gross carrying amount</i>			
Balance at 1 January 2012	5,144	4,074	9,218
Additions	423	7,631	8,054
Disposals	(2,452)	–	(2,452)
Balance at 1 January 2013	3,115	11,705	14,820
Additions	8,137	2,019	10,156
Disposals	–	–	–
Transfers to/from asset class	11,703	(11,703)	–
Balance at 31 December 2013	22,955	2,021	24,976
<i>Accumulated depreciation, amortisation and impairment</i>			
Balance at 1 January 2012	(2,860)	–	(2,860)
Disposals	2,452	–	2,452
Depreciation	(718)	–	(718)
Balance at 1 January 2013	(1,126)	–	(1,126)
Disposals	–	–	–
Depreciation	(3,121)	–	(3,121)
Balance at 31 December 2013	(4,247)	–	(4,247)
<i>Net book value</i>			
Intangible assets as at 31 December 2012	1,989	11,705	13,694
Intangible assets as at 31 December 2013	18,708	2,021	20,729

All intangible assets are held by the parent.
Intangible assets have been reclassified from plant and equipment.

12. TRADE AND OTHER PAYABLES

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Current		
Trade creditors and accruals	11,670	12,019
	11,670	12,019

CPA Australia Terms & Conditions of Purchase state payment terms of 30 days from date of invoice.

CPA Australia has financial risk management policies in place that seek ensure that all payables are paid within the credit terms (refer Note 21).

13. PROVISIONS

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Current		
Employee benefits	4,081	3,758
Restoration of leased properties	–	–
	4,081	3,758
Non current		
Employee benefits	909	693
Restoration of leased properties	1,447	1,183
	2,356	1,876
	6,437	5,634

The provision of employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees.

	2013
	\$'000s
Reconciliation of restoration of leased properties	
Balance at 1 January 2013	1,183
Additional provisions recognised	276
Unwinding of discount and effect of changes in the discount rate	(12)
Balance as at 31 December 2013	1,447

	Consolidated	
	2013	2012
Employee numbers		
Average number of full time equivalent employees (FTE's) during the financial year	473	470

14. OTHER LIABILITIES

	Consolidated	
	2013	2012
	\$'000s	\$'000s
Current		
Subscriptions and fees received in advance	51,341	47,551
Lease incentive	698	698
	52,039	48,249
Non current		
Lease incentive	4,135	4,832
	4,135	4,832
	56,174	53,081

15. PARENT ENTITY DISCLOSURES

<i>Financial position</i>	2013	2012
	\$'000s	\$'000s
Assets		
Current assets	45,851	54,023
Non-current assets	97,043	79,296
Total assets	142,894	133,319
Liabilities		
Current liabilities	67,562	63,878
Non-current liabilities	6,479	6,702
Total liabilities	74,041	70,580
Members' funds		
Retained surplus	65,848	62,847
Reserves		
Investment revaluation reserve	4,523	1,424
Foreign currency translation reserve	(1,518)	(1,532)
Total members' funds	68,853	62,739
<i>Financial performance</i>	Year ended	Year ended
	2013	2012
	\$'000s	\$'000s
Surplus for the year	2,924	8,105
Other comprehensive (expense)/income net of tax	3,167	2,190
Total comprehensive income for the year	6,091	10,295

Leasing arrangements

Non-cancellable operating lease commitments relate to property rental and outgoing leases, technology hardware leases and novated leases.

<i>Commitments for expenditure</i>	2013	2012
	\$'000s	\$'000s
(a) Non-cancellable operating lease commitments		
Aggregate amounts contracted for at balance date but not recognised as liabilities:		
Not later than one year	9,976	9,494
Later than one year but not later than five years	27,508	27,793
Later than five years	4,974	9,723
	42,458	47,010
In respect of non-cancellable operating leases the following liabilities have been recognised:		
Current		
Lease incentive	698	698
Non current		
Restoration of leased properties	1,447	1,183
Lease incentive	4,135	4,832
	6,280	6,713
(b) Other commitments		
Not later than one year	–	338
Later than one year but not later than five years	–	–
	–	338

(c) CPA Australia will continue to support in 2014 the following organisations: Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AUASB), Australian Professional and Ethical Standards Board (APESB) and the International Federation of Accountants (IFAC). However, the funding requirements have not been determined at balance date and are not included in the above.

CPA Australia has provided support in 2013 to IFAC in the pursuit of their objectives. The contribution for the year 2013 was \$538,564 (2012: \$531,429).

As part of the undertakings with APESB, CPA Australia, the Institute of Chartered Accountants in Australia (ICAA) and the Institute of Public Accountants (IPA) contribute funds necessary for the pursuit of the objectives of APESB. The contributions for the year 2013 were \$442,907 (2012: \$427,617).

16. LIMITATION OF MEMBERS' LIABILITY

CPA Australia is a company limited by guarantee and, in accordance with the Constitution, the liability of members in the event of CPA Australia being wound up would not exceed \$10 per member.

17. RELATED PARTIES

The following were key management personnel of CPA Australia Limited during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-Executive directors

Mrs P Egan President*	Mr T Ebbeck*
Mr J Cahill**	Ms C Foo
Mr G Wade Deputy President	Mr M Grey
Mr P Dowling Deputy President*	Mr W K Low***
Prof T Carlin	Ms D Ong*
Mr J Dickson	Prof R Petty
	Ms K Ryan
	Mr B Trebilcock

* Effective 1 October 2013

** Presidential term completed effective 30 September 2013

*** Ceased 30 September 2013

Executives

Mr A Malley Chief Executive Officer	Mr M Chenery Executive General Manager – Brand
Mr A Awty Chief Operating Officer – Commercial/Chief Financial Officer/Company Secretary	Mr J Hughes Chief Operating Officer – Member Services
Ms L Carroll Executive General Manager – Communication, Content & Publishing	Mr C Laughton General Counsel
	Mr R Thomason Executive General Manager – Business Development

Compensation of Directors

Directors' remuneration is approved annually by the Board in accordance with the article 45 of the Constitution. All payments are deemed to be compensation for the purpose of this disclosure. At balance date, all 2013 short-term employee benefits for Directors had been paid and are recognised in the aggregate key management personnel component below.

Key management personnel compensation

The aggregate compensation made to key management personnel of CPA Australia is set out below:

	2013	2012
	\$'000s	\$'000s
Short-term employee benefits	4,523	3,938
Post-employment benefits	267	261
Termination benefit	–	282
	4,790	4,481

Loans to key management personnel

There are no loans between key management personnel and CPA Australia.

Other transactions of key management personnel and key management personnel related entities

In 2007, CPA Australia entered into a memorandum of understanding with two other accounting bodies, IPA and ICAA to jointly promote the Association of Accounting Technicians (AAT) as the peak organisation representing the para-professional segment of the accounting profession through the provisions of loan funds. Non current loan receivable from AAT is \$350,000 before interest which is charged monthly at the rate of 0.5 per cent per annum above the 90 day Bank Bill Rate. Interest income earned on the loan in 2013 was \$11,567. Repayment terms for the loan were extended in 2012, with the first instalment now due in 2016 and the loan to be fully paid by June 2021. Nicholas Diss, General Manager Finance & Administration and Jeff Hughes, Chief Operating Officer – Member Services (effective 31 October 2013) are members of the AAT Board. Paul Drum, Head of Business-Investment Policy, resigned as a member of the AAT Board effective 31 October 2013.

No expenses have been recognised in the period for bad and doubtful debts in respect to the amounts owed by related parties.

Adam Awty, Chief Operating Officer – Commercial and Company Secretary, Jeff Hughes, Chief Operating Officer – Member Services and Priya Dharshini A/P Terumalay, General Manager Malaysia, are Directors of CPA Australia (Malaysia) Sdn Bhd.

Robert Thomason, Executive General Manager – Business Development, Jeff Hughes, Chief Operating Officer – Member Services, Deborah Leung, General Manager Hong Kong, and Nicholas Diss, General Manager – Finance and Administration (effective 16 January 2013) are Directors of CPA Australia (Shanghai) Ltd. Professor Richard Petty, Director CPA Australia Ltd and Alex Malley, Chief Executive Officer, resigned as Directors effective 16 January 2013.

During the year, CPA Australia paid professional indemnity and Directors' and officers' liability insurance in respect of its Directors. The insurance contract providing this cover does not allow CPA Australia to disclose either the extent of cover or the premium paid.

18. REMUNERATION OF AUDITOR

	Consolidated	
	2013	2012
	\$	\$
Audit Services		
Auditor of parent entity		
Audit of financial report	145,425	138,500
Other assurance services	28,500	28,500
Non-audit services	1,876,378	138,066
Affiliated firms		
Audit of financial reports for foreign subsidiaries and branches	30,914	24,447
	2,081,217	329,513

The auditor of the company is Deloitte Touche Tohmatsu.

Any activity which involves the engagement of the company auditor must adhere to the Board endorsed principles and require the prior approval of the Board Audit and Risk Committee to ensure there is no conflict of interest. As a general principle, the use of the external auditors is limited to the provision of statutory audit work and non-discretionary audit-related work. Where the statutory auditor is deemed to be the most appropriate to carry out professional development, article authoring or CPA Program authoring and support at program workshops, this is to be documented and provided to the Board Audit and Risk Committee for endorsement quarterly.

During 2012 the Board, after a formal procurement process, approved the appointment of Deloitte to assist with the overall website strategy and future website development into 2013. As part of this process, adequate safeguards were put in place to ensure Deloitte's independence is maintained.

There are no commercial sponsorships in Australia, Malaysia or Shanghai (where Deloitte is also the local auditor). However, offshore divisions can enter into sponsorships with their local Deloitte office where PriceWaterhouseCoopers, Ernst & Young and KPMG will also be represented. Sponsorships can be raised for member awards where the member is the direct recipient of the cash benefit.

During 2013, CPA Australia received revenue in the form of sponsorship from Deloitte Hong Kong for the CPA Australia Career Expo, CPA Australia 2013 Congress Hong Kong and World's largest speed networking event Hong Kong, and Deloitte Malaysia provided sponsorship for CPA Australia 2013 Congress Malaysia.

19. INVESTMENT IN CONTROLLED ENTITIES

	Class of Share	Entity Interest		Amount of Investment	
		2013	2012	2013	2012
Controlled Entity		%	%	\$	\$
CPA Australia (M) Sdn. Bhd.	Ordinary	100	100	160,127	160,127
CPA Australia (Shanghai) Ltd	Ordinary	100	100	1,206,987	1,206,987

The amount of investment represents the historical capital invested into each entity, which may be different to the fair value of that investment.

CPA Australia Sdn. Bhd. is incorporated in Malaysia in order to facilitate the provision of services to members in Malaysia. CPA Australia (Shanghai) Ltd is incorporated in China in order to facilitate the provision of services to members in Shanghai.

20. SUPERANNUATION AND DEFINED BENEFIT PLAN

Employees have the choice to contribute either to the CPA Australia Superannuation Plan of OnePath Corporate Superannuation ('the plan') or their own nominated fund. Employees may contribute to the funds at various percentages of their total salary cost.

The plan provides both accumulation and defined benefit divisions. Eligibility to enter the defined benefit divisions ceased on 31 December 1999.

Accounting policy

Actuarial gains and losses are recognised immediately through the Statement of comprehensive Income in the year in which they occur.

Fund information

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the fund is closed to new members. All new members receive accumulation benefits only. At 31 December 2013, the defined benefit plan had 5 members.

Regulatory framework

The Superannuation Industry Supervision (SIS) legislation governs the superannuation industry and provides the framework within which superannuation funds operate. The SIS Regulations require an actuarial valuation to be

performed for each defined benefit superannuation fund every three years, or every year if the fund pays defined benefit pensions.

Governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of Fund beneficiaries. The Trustee has the following roles;

- Administration of the Fund and the payment to the beneficiaries from Fund assets when required in accordance with the Fund rules
- Management and investment of the Fund assets; and
- Compliance with superannuation law and other applicable regulations

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licenses and supervises regulated superannuation plans.

Risk

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- Investment risk – the risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall
- Salary growth risk – the risk that wages or salaries (on which future benefits amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions
- Legislative risk – the risk is that legislative changes could be made which increase the cost of providing the defined benefits

- Timing of members leaving service – as the Fund has only a small number of members, if members with large benefits to groups of members leave, this may have an impact on the financial position of the Fund, depending on the financial position of the Fund at the time they leave. The impact may be positive or negative, depending upon the circumstances and timing of the withdrawal.

The defined benefit assets are invested in the Legg Mason Balanced investment option. The assets are diversified within this investment option and therefore the Fund has no significant concentration of investment risk.

Significant events

There were no fund amendments affecting the defined benefits payable, curtailments or settlements during the year.

Reconciliation of the net defined benefit liability/(asset)

Financial year ended	31 Dec 2013	31 Dec 2012
	\$'000s	\$'000s
Net defined benefit liability/ (asset) at start of year	(264)	(21)
OCI adjustment following adoption of revised AASB 119	–	(31)
Customer service cost	71	82
Net Interest	(9)	(2)
Actuarial return on fund assets less interest income	203	207
Actuarial (gains)/losses arising from changes in financial assumptions	(115)	–
Actuarial (gains)/losses arising from liability experience	129	(14)
Employer contributions	41	71
Net defined benefits liability/ (asset) at end of year	(432)	(264)

Reconciliation of the fair value of fund assets

Financial year ended	31 Dec 2013	31 Dec 2012
	\$'000s	\$'000s
Fair value of fund assets at beginning of the year	1,564	1,485
Interest income	42	46
Actuarial return on fund assets less interest income	203	207
Employer contributions	41	71
Contributions by fund participants	8	19
Benefits paid	872	242
Taxes, premiums and expenses paid	(14)	(22)
Fair value of fund assets at end of the year	972	1,564

Reconciliation of the defined benefit obligation

Financial year ended	31 Dec 2013	31 Dec 2012
	\$'000s	\$'000s
Present value of defined benefit obligations at beginning of the year	1,300	1,433
Current service cost	71	82
Interest cost	33	44
Contributions by fund participants	8	19
Actuarial (gains)/losses arising from changes in financial assumptions	(115)	–
Actuarial (gains)/losses	129	(14)
Benefits paid	872	242
Taxes, premiums and expenses paid	(14)	(22)
Present value of defined benefit obligations at end of the year	540	1,300

Reconciliation of the effect of the asset ceiling

The asset ceiling has no impact on the defined benefit liability/(asset).

Fair value of fund assets as at 31 December 2013

Asset Category	Quoted prices in active market for identical assets		Significant observable inputs	Unobservable inputs
	Total	Level 1	Level 2	Level 3
	\$'000s	\$'000s	\$'000s	\$'000s
Cash and cash equivalents	–	–	–	–
Equity instruments	–	–	–	–
Debt instruments	–	–	–	–
Derivatives	–	–	–	–
Real estate	–	–	–	–
Investment funds Legg Mason Balanced Trust	972	–	972	–
Asset-backed securities	–	–	–	–
Structured debt	–	–	–	–
Total	972	–	972	–

The percentage invested in each asset class at the reporting date is:

As at 31 December	2013*	2012
	\$'000s	\$'000s
Australian equity	44%	44%
International equity	21%	21%
Fixed income	18%	18%
Property	9%	9%
Alternatives/other	5%	6%
Cash	3%	2%

*Asset allocation as at 31 December 2013 is currently unavailable. Asset allocation at 30 September 2013 has been used.

Fair value of entity's own financial instruments

The fair value of Fund assets includes no amounts relating to:

- any of the employer's own financial instruments
- any property occupied by, or other assets used by, the employer

Significant actuarial assumptions at the reporting date

Financial year ending 31 December	2013	2012
Assumptions to determine defined benefit cost		
Discount rate	3.3% p.a.	3.3% p.a.
Expected salary increase rate	4.0% p.a.	4.0% p.a.
As at 31 December		
Assumptions to determine DBO		
Discount rate	4.6% p.a.	3.3% p.a.
Expected salary increase rate	4.0% p.a.	4.0% p.a.

Sensitivity analysis

The defined benefit obligation as at 31 December 2013 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected salary increase rate sensitivity.

- Scenario A: 0.5% p.a lower discount rate assumption
- Scenario B: 0.5% p.a. higher discount rate assumption
- Scenario C: 0.5% p.a. lower assumed salary increase rate assumption
- Scenario D: 0.5% p.a. higher assumed salary increase rate assumption

	Base Case	Scenario			
		A	B	C	D
Discount rate (%p.a.)	4.6	4.1	5.1	4.6	4.6
Salary increase rate (%p.a.)	4.0	4.0	4.0	3.5	4.5
Defined benefit obligation* (\$'000s)	540	587	498	503	581

*Includes defined benefit contributions tax provision.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-liability matching strategies

CPA Australia is not aware of any asset and liability matching strategies adopted by the fund.

Funding arrangements

The financing obligations adopted at the 31 December 2010 actuarial investigation of the Fund, in a report dated 22 December 2011, is to maintain the value of the Fund's asset at least equal to:

- 100% of accumulation account balances plus
- 100% of vested benefits for defined benefit members

In that valuation, it was recommended that CPA Australia contributes to the Fund as follows:

Benefit category	Contribution rate (% salary)
1 and 2 (defined benefit section)	10% of salaries*
3,4 and 5 (accumulated section)	At required rate

* If a member's ordinary time earnings exceeds their plan salary, the employer should contribute an amount equal to the SG% of the excess of ordinary time earnings over plan salary.

Expected contributions

Financial year ended	31 Dec 2013
	\$'000s
Expected employer contributions	36

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is approximately 13 years

Expected benefit payments for the financial year ending on	\$'000s
31 December 2014	4
31 December 2015	4
31 December 2016	5
31 December 2017	5
31 December 2018	5
Following 5 years	460

21. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Consolidated Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity markets.

The purpose of the Investment policy is to 'protect and grow' the capital base within a defined risk tolerance over the medium to long term and to generate an annual return that is in excess of what could be achieved through a risk adverse strategy. The policy allows CPA Australia to invest directly or via Managed Funds in both Australian and international equities, fixed interest investments including corporate debt and cash.

CPA Australia's financial instruments consist mainly of bank bills, cash, equities, bonds and hybrids that are traded in an active market. The main purpose of these financial instruments is to invest surplus member funds in order to maximise returns while not exposing the organisation to a high level of risk. Investment of funds is in line with CPA Australia's investment policy.

Other financial assets and liabilities are trade receivables and trade payables which arise directly from the Consolidated Entity's operations. Policies for managing the main risks are summarised below:

(a) Foreign currency risk management

It is not CPA Australia policy to utilise off-balance sheet derivative instruments as a means of managing exposure to fluctuations in foreign exchange rates. Foreign exchange exposure is continuously monitored by the Consolidated Entity's Finance business unit and reported to the relevant operation of the Consolidated Entity through management reports which analyse exposures by degree and magnitude of risks. In 2013, the weakening of the Australian dollar against the currencies where substantial cash is held resulted in a foreign exchange loss of \$64,304 for the full year.

(b) Credit risk exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity's exposure is continuously monitored and limits reviewed annually. Trade receivables consist of a large number of members and customers, spread across diverse industries and geographical areas. The Consolidated Entity does not have any significant credit risk exposure to any single party or any group of counter parties having similar characteristics. The credit risk on liquid funds and bank bills is mitigated by ensuring the authorised deposit taking institutions have a minimum S&P credit rating of BBB+ (or Moody's/Fitch equivalent).

The credit risk on financial assets of the Consolidated Entity which have been recognised on the Statement of financial position is generally the carrying amount, net of any provisions for loss. Use of off balance-sheet financial instruments is not part of current policy. Trade receivables are concentrated in Australia and the concentration of credit risk arises mainly in the following industries:

- Advertising and sponsors
- Accounting practices
- Credit services

(c) Interest rate risk exposures

Exposures to interest rate risk are limited to assets and liabilities bearing variable interest rates. The majority of financial assets are equities and bank bills held to maturity with fixed interest rates and term.

(d) Capital risk management

The Consolidated Entity manages its capital to ensure that the Consolidated Entity will be able to continue as a going concern. The Consolidated Entity's overall strategy remains unchanged from 2012.

The capital structure of the Consolidated Entity consists of equity comprising reserves and retained earnings.

The Consolidated Entity is not subject to any externally imposed capital requirements.

(e) Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held by the Consolidated Entity are detailed on page 96.

	Weighted average interest rate	Floating interest rate \$'000s	<1 year \$'000s	1-2 years \$'000s	Total \$'000s
2013					
Financial assets					
Cash and cash equivalents	2.13%	36,506	2,675	–	39,181
Bank bills < 1 year	4.60%	–	500	–	500
Bank bills > 1 year	0.00%	–	–	–	–
Equities	Non-interest bearing	–	25,353	–	25,353
Property funds	Non-interest bearing	–	2,599	–	2,599
Securities	Non-interest bearing	–	9,872	–	9,872
Hybrids	Non-interest bearing	–	16,128	–	16,128
Receivables	Non-interest bearing	–	3,427	–	3,427
Loan to related parties	Interest Bearing	–	–	350	350
Defined benefit plan	Interest Bearing	–	–	432	432
		36,506	60,554	782	97,842
Financial liabilities					
Payables	Non-interest bearing	–	11,670	–	11,670
Subscriptions and fees in advance	Non-interest bearing	–	51,341	–	51,341
		–	63,011	–	63,011
Net financial assets/(liabilities)		36,506	(2,457)	782	34,831
2012					
Financial assets					
Cash and cash equivalents	2.99%	40,930	8,020	–	48,950
Bank bills < 1 year	4.73%	–	500	–	500
Bank bills > 1 year	0.00%	–	–	–	–
Equities	Non-interest bearing	–	18,541	–	18,541
Property funds	Non-interest bearing	–	5,372	–	5,372
Securities	Non-interest bearing	–	14,859	–	14,859
Hybrids	Non-interest bearing	–	5,073	–	5,073
Receivables	Non-interest bearing	–	3,186	–	3,186
Loan to related parties	Interest Bearing	–	–	350	350
Defined benefit plan	Interest Bearing	–	–	234	234
		40,930	55,551	584	97,065
Financial liabilities					
Payables	Non-interest bearing	–	12,019	–	12,019
Subscriptions and fees in advance	Non-interest bearing	–	47,551	–	47,551
		–	59,570	–	59,570
Net financial assets/(liabilities)		40,930	(4,019)	584	37,495

(f) Net fair value of financial assets and liabilities

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity management. The Consolidated Entity manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities. CPA Australia invests in equities that are traded in an active market on the Australian Securities Exchange and that can be readily disposed of. All financial liabilities, namely trade and other payables, are due for settlement within three months and are non-interest bearing. Given the current surplus cash assets, liquidity risk is minimal.

(h) Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. CPA Australia manages the financial risks relating to its investments set out in accordance with the CPA Australia Cash and Investment Policy. The policy has a number of thresholds that can not be exceeded, including weighting for asset classes and individual limits within each asset class.

Financial assets at fair value through statement of comprehensive income	Level 1 \$'000s
Equities	25,353
Property funds	2,599
Securities	9,872
Hybrids	16,128
	53,952

There were no financial assets in Level 2 or 3 in the period.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Capital risk management

CPA Australia manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments.

The capital structure of CPA Australia consists of cash and cash equivalents and members' funds, comprising reserves and retained earnings.

CPA Australia has a global presence and operates through branches in the United Kingdom, New Zealand and Asia. No operations of CPA Australia are subject to external imposed capital requirements.

(j) Sensitivity analysis

The below table details the group's sensitivity to shifts in interest rates and foreign exchange rates. The exposures are based on management's best estimates of the possible adverse effects of changes in interest rate and foreign exchange rates as at 31 December 2013.

Annual risk by risk type	Minimum		Average		Maximum	
	2013	2012	2013	2012	2013	2012
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Foreign exchange	93	41	472	207	852	373
Interest rate	91	102	228	256	365	409

Interest rate analysis is based on balances of financial assets not exceeding 1 year, which are all at variable rates. Minimum and maximum exposures are calculated at increases of 25 basis points and 100 basis points respectively. An equal reduction in interest rates would result in an equivalent fall in net profit.

CPA Australia is mainly exposed to Singapore dollars, Hong Kong dollars, Chinese yuan and Malaysian ringgits. Foreign exchange sensitivity analysis is based on outstanding foreign currency denominated intercompany loan amounts and revenues and expenses for the year 2013. Minimum and maximum exposure is calculated at shifts of 1 per cent and 10 per cent change in exchange rate respectively. An equal decline in the exchange rate would result in an equivalent fall in net profit.

The Consolidated Entity is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Consolidated Entity does not actively trade these investments.

Equity price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 5 per cent higher/lower equity reserves would have increased/decreased by \$2.4m as a result of the fair value of the available-for-sale shares.

22. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit after income tax to net cash	Consolidated	
	2013	2012
	\$'000s	\$'000s
Inflow from operating activities		
Surplus after income tax	2,999	8,232
Plus/(minus) non-operating items:		
Interest income received	(3,744)	(4,838)
Plus/(minus) non-cash items:		
Foreign exchange translation	322	(3)
Depreciation and amortisation	8,714	5,602
Net gain on sale of property, plant and equipment	–	(241)
Realised (gain)/loss	(136)	15
Change in assets and liabilities:		
(Increase)/decrease in receivables	(241)	477
(Increase)/decrease in inventories	–	–
(Increase)/decrease in other assets	(2,642)	(1,013)
Increase/(decrease) in payables	(349)	3,415
Increase in subscriptions and fees in advance	3,790	13,889
(Decrease) in other liabilities	(697)	(441)
Increase/(decrease) in provisions	803	(94)
Change in items in equity		
Amounts recognised in equity relating to defined benefit plan	189	252
Net cash inflow from operating activities	9,008	25,252

23. SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has affected or may significantly affect the activities of the consolidated entity, the results of those activities or the state of affairs of the Consolidated Entity in the ensuing or any subsequent financial year.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) 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;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2 (b).

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the *Corporations Act 2001*.

On behalf of the Directors



Penny Egan FCPA
Director

21 February 2014



Graeme Wade FCPA
Director



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Independent Auditor's Report to the Members of CPA Australia Limited

We have audited the accompanying financial report of CPA Australia Limited, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in members funds for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 72 to 99.

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 2, 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 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.

Auditor's Independence Declaration

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 has been given to the directors of CPA Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

- (a) the financial report of CPA Australia Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 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 statements also comply with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 21 February 2014

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Report Against GRI Indicators

The GRI 3.1 Sustainability Reporting Guidelines represent an internationally recognised, voluntary sustainability reporting framework. CPA Australia has developed this annual report to meet an Application Level of C+ with the GRI, where a 'C' indicates the number and status of indicators addressed in the report, and the '+' indicates that the report has been independently assured.



Statement GRI Application Level Check

GRI hereby states that **CPA Australia Ltd** has presented its report “CPA Australia Integrated Report 2013” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level C+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 February 2014

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because CPA Australia Ltd has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 21 February 2014. GRI explicitly excludes the statement being applied to any later changes to such material.



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Independent limited assurance report to the Directors of CPA Australia Ltd on the sustainability contents of its Annual Report 2013

What we looked at: scope of our engagement

CPA Australia Ltd ('CPA Australia') has prepared sustainability content for its Annual Report 2013 (the 'Report') in accordance with the requirements of the Global Reporting initiative ('GRI') Sustainability Reporting Guidelines ('GRI Guidelines'). We have been engaged by CPA Australia to conduct a limited assurance engagement over its self-declaration on page 105 that the Report has been prepared at GRI application level 'C+' (the 'GRI self-declaration').

What standards we used: basis of our work and level of assurance

We carried out our procedures to provide limited assurance in accordance with Australian Standards on Assurance Engagements ASAE 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Australian Auditing and Assurance Standards Board.

The evaluation criteria used for this limited assurance engagement are based on the GRI Guidelines and related information, publicly available at GRI's global website at www.globalreporting.org, in particular the requirements to achieve GRI application level 'C+' in the 'GRI Application Level' publication.

Our engagement provides limited assurance as defined in ASAE 3000. A limited assurance engagement is substantially less in scope than a reasonable assurance "audit" conducted in accordance with ASAE 3000 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance "audit". Accordingly, we do not express an audit opinion providing reasonable assurance.

What we did: key assurance procedures

Considering the risk of material error, we planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusion. Key procedures included:

- Interviewing the process owners responsible for the preparation of the GRI self-declaration and the Report
- Performing an evaluation of the implementation of key controls of the GRI self-declaration and the Report
- Analysing and inspecting on a sample basis the key systems, processes and procedures relating to the collation, validation, presentation and declaration covers approval process of the information that the GRI self-declaration covers
- A comparison of the content of the Report against the criteria for a GRI self-declaration at 'C+' level in accordance with the GRI Application Level publication.

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CPA Australia's responsibilities

The Directors of CPA Australia are responsible for the preparation of the Report in accordance with the GRI Guidelines at application level 'C+', for the GRI's self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Guidelines. There are currently no prescribed requirements relating to the preparation, publication and assurance of sustainability reporting.

Deloitte's responsibilities

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the self-declaration contained on page 105 of the Report has not been prepared, in all material respects, in accordance with the requirements of the GRI Sustainability Reporting Guidelines at application level 'C+'.

This report is made solely to CPA Australia in accordance with our engagement letter dated 12 December 2013. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of CPA Australia or for any purpose other than that for which it was prepared.

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

What we found: our limited assurance conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the GRI self-declaration contained on page 105 of the Report has not been prepared, in all material respects, in accordance with the requirements of the GRI Guidelines at application level 'C+'.

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "PR Dobson".

PR Dobson
Partner
Melbourne, 21 February 2014

