

# Governance and financial report

# Board of Directors

As at 31 December 2021

The Board of Directors is the governing body for CPA Australia and is responsible for strategy development, independently and objectively assessing the organisation's decisions and overseeing the performance and activities of management under the approved strategy.

Information on our approach to this area including our governance framework and structures can be found in the corporate governance statement on our website and in the governance section on pages 28 to 31 of this report.

## Board diversity

The Nomination 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. The Nomination Committee regularly considers diversity issues and advises on the diversity of the Board and its Committees. The Board recommends that a minimum of 50 per cent of Directors on the Board should be female. The diversity of the current Board is shown in Table 17 below with the skills represented on the Board and its Committees in Table 6, on page 29.

**Table 17: Board diversity as at 31 December\* 2021**

Age groups	Total		Female		Male	
	Directors	%	Directors	%	Directors	%
Under 30	0	0%	0	0%	0	0%
30–50	0	0%	0	0%	0	0%
Over 50	10	100%	5	50%	5	50%
<b>Total</b>	<b>10</b>	<b>100%</b>	<b>5</b>	<b>50%</b>	<b>5</b>	<b>50%</b>

## 2020

Age groups	Total		Female		Male	
	Directors	%	Directors	%	Directors	%
Under 30	0	0%	0	0%	0	0%
30–50	1	10%	1	10%	0	0%
Over 50	9	90%	6	60%	3	30%
<b>Total</b>	<b>10</b>	<b>100%</b>	<b>7</b>	<b>70%</b>	<b>3</b>	<b>30%</b>

## 2019

Age groups	Total		Female		Male	
	Directors	%	Directors	%	Directors	%
Under 30	0	0%	0	0%	0	0%
30–50	1	10%	1	10%	0	0%
Over 50	9	90%	5	50%	4	40%
<b>Total</b>	<b>10</b>	<b>100%</b>	<b>6</b>	<b>60%</b>	<b>4</b>	<b>40%</b>

\* Figures are rounded and may not equal 100%.



## Merran Kelsall FCPA

### **President and Chairman of the Board** BCom (Hons) FCA MBA FAICD F Fin

Merran Kelsall served as Deputy President of CPA Australia for three years from October 2017. She has a portfolio of independent directorships, with more than 25 years' experience on numerous boards and committees in the private and public sectors.

Merran is committed to serving organisations with a commitment to outcomes for members, stakeholders and the public interest. She is particularly focused on aligning performance management with strategy, and in Extended External Reporting on financial and non-financial matters, including strategy, risk management and ESG issues. She has considerable expertise in corporate governance, finance, audit, risk and compliance.

She operated in public practice for 20 years, including 10 years as a partner at BDO. Her industry experience includes financial and professional services, education, insurance and health.

Her current appointments include, Director of CareSuper, Australian Red Cross Lifeblood, Medical Indemnity Protection Society and TarraWarra Museum of Art. Merran is also an Adjunct Professor in the School of Accounting, Auditing and Taxation at the UNSW Business School. Her previous appointments include Professor of Practice at UNSW, Chairman and CEO, Australian Auditing and Assurance Standards Board (AUASB), Member International Auditing and Assurance Standards Board, Deputy Chair of Melbourne Water Corporation, Director of RACV Ltd, National Gallery of Victoria and Council of RMIT University.



## Professor Dale Pinto FCPA

### **Deputy President**

PhD (Law) (Melb) MTax (Hons) (Syd)  
PGradDipBus (Dist) (Curtin) BBus  
(Dist) (Curtin) FTMA FAAL CACTA-Life  
AFAIM MAICD

Professor Dale Pinto is currently Chair of the Academic Board at Curtin University as well as Professor of Taxation Law in the Curtin Law School. Dale is the author and co-author of numerous books, refereed articles and national and international conference papers and sits on the editorial board of several peer-reviewed journals as well as being the Editor-in-Chief of several refereed journals.

He is a Fellow of CPA Australia and was a member of the WA Divisional Council, including serving as President of the WA Division in 2018 until his appointment to the CPA Australia Board on 1 October 2018. Dale is also a Fellow of the Australian Academy of Law as well as being a Chartered Accountant, Chartered Tax Adviser and Honorary Life Member of the Tax Institute. He is also a Life Member of the Australasian Tax Teachers Association and the Australasian Law Academics Association.

Dale has been a registered tax agent for more than 30 years and was appointed by the Assistant Treasurer as one of the inaugural members of the National Tax Practitioners Board. He is a current member of the Board of Taxation's Special Advisory Panel, the ATO's Public Advice Guidance Panel and the Strategic Advisory Council of the Australian Council of Professions, as well as having served on the Chamber of Commerce and Industry's Economic Development Forum in WA.

Dale is a member of the Tertiary Education and Quality Standards Agency Register of Experts and is also a member of the Australian Academic Integrity Network.



## Rosemary Sinclair AM FCPA

### **Deputy President**

BA LLB BBus MCom FAICD

Rosemary Sinclair has extensive experience at CEO and senior executive level in the communications, media, publishing, higher education and energy sectors. Roles have included significant stakeholder engagement responsibilities as CEO of the Australian Telecommunications Users Group, Director of External Relations for the Australian Business School UNSW, inaugural CEO of Energy Consumers Australia, and currently CEO of .au Domain Administration.

Rosemary's Board level experience spans private sector companies, public sector and not-for-profit organisations and includes roles as member or Chair of Audit and Risk Committees for more than 20 years. Rosemary has international Board experience in telecommunications and internet policy development committees.

Rosemary was a Member (part-time) of the Australian Communications and Media Authority from 2013 to 2018 and was a Director of the Board and Chair of the Risk and Audit Committee of the Wests Tigers Rugby League Football Club from 2014–2017.

Rosemary was made a Member of the Order of Australia in June 2018 for significant service to business, particularly through leadership and administrative roles in the telecommunications industry.

# Board of Directors

As at 31 December 2021



## Michaela Browning

### Director

BEC (Hons), Masters FADT, GAICD

Michaela Browning is Vice President for Government and Public Policy for the Asia Pacific for Google. Prior to Google, Michaela has been a senior career diplomat. Michaela possesses a deep understanding of international and economic policy and has a proven track record of leadership in economic development, risk management and governance.

Most recently she served as the inaugural CEO and established the National Foundations for Australia-China Relations. She has served as the Australian Consul General for Hong Kong and Macau (2017–2020). She has held a range of senior positions in the Australian Commonwealth Government leading the design and implementation of economic and security policy and business engagement and promotion. She was Head of Investment Promotion for Australia with the Australian Trade and Investment Commission (Austrade) and Head of all Established Markets (North America, Europe, Japan, Korea, Turkey, Israel, NZ and the Pacific) and Special Adviser to the CEO on Strategy and China. She ran the official development program for Afghanistan and Pakistan. She has been Senior Adviser to Defence and Foreign Ministers. Ms Browning was also Director of Agriculture Negotiations for the Doha Development Round, and a negotiator on the free trade agreements Australia negotiated with the USA and Singapore. She has previously served on diplomatic missions overseas in Thailand and Singapore.

Michaela is a Graduate of the Australian Institute of Company Directors, holds a Masters in Foreign Affairs and Trade and a Bachelor of Economics with Honours, both from Monash University.



## Louise Cox FCPA

### Director

BBus (Mgt), BBus (Accy), LLB (Hons), GradDipLegalPrac, LLM, MTax

Louise Cox is a well-respected accountant and lawyer with more than 30 years' experience as a CEO, CFO and non-executive Director across the legal, accounting, architecture, education and mental health sectors.

As an experienced Board member, Louise has served in a range of roles including Chair, Deputy Chair, Chair of Finance and Risk, and Chair of Governance, Remuneration and Nomination in various commercial, public sector and not-for-profit boards.

Currently, Louise is Chair of Open Minds Australia and the Griffith University Department of Accounting, Finance and Economics Advisory Committee. She is also a member of the Executive Committee of the Caxton Legal Centre and a member of the QUT School of Accountancy Advisory Board.

Having previously served as a Director of TAFE Queensland, Thomson Adsett and as a member and Chair of the Metropolitan South Institute of TAFE Council, Louise brings strong corporate governance experience to the Board. She has been active with CPA Australia as a member of the Public Practice Advisory Committee and served for five years as a member of the Queensland Divisional Council, including as its President in 2012.



## Professor Yew Kee Ho FCPA

### Director

BEcon (Hons), MEcon, MSIA, PhD, FCA, CFA, FSID

Professor Yew Kee Ho is Associate Provost (SkillsFuture), and Cluster Director, Business, Communication and Design at Singapore Institute of Technology where he is also Professor of Accounting. He oversees Continuing Education and Training for adults and the Design and Specialised Businesses degree programs.

Yew Kee has served on the Boards of publicly listed companies and held appointments as Professor and Head, Department of Accounting; Vice Dean (Finance and Administration); and Chairman, Executive Education at the National University of Singapore Business School. He had previously served as a Board member of the Accounting and Corporate Reporting Authority (Singapore), the Singapore Tax Academy, Ngee Ann Polytechnic.

He is active in the community, serving on the boards and committees of various charities, including the Singapore National Kidney Foundation, St Luke's Eldercare, Dover Park Hospice, Prison Fellowship Singapore, and CBMC (Singapore) Ltd. A Fellow of CPA Australia, he sits on CPA Australia's Singapore Divisional Council. He is also a Fellow of Chartered Accountants Singapore and the Singapore Institute of Directors, and holds the Chartered Financial Analyst (CFA) qualification.

Yew Kee obtained his Bachelor (First Class) and Master of Economics from Monash University, Australia, and his Master of Science in Industrial Administration and PhD from Carnegie Mellon University, US.



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## Helen Lorigan

### Director

BCom GAICD SF Fin

Helen Lorigan was appointed as a Managing Partner of Sapien Ventures, a venture capital company with partners based in Sydney, Silicon Valley, Melbourne and Shanghai, in June 2021. Helen originally commenced as an Executive-in-Residence at Sapien Ventures in February 2016 which led to her subsequent appointment to three fintech company Advisory Boards: HashChing, Investfit and Moroku. Helen is leading a number of key initiatives across superannuation, self-directed advice and funds management which involve the identification, sourcing and curating of high quality fintech and online market-place start-ups for potential investment.

Helen has previously held the position of CEO of Elders Financial Planning, formed as a Joint Venture between ANZ and Elders, an Australian global agricultural corporation, in 2009 after initially commencing with Elders as General Manager, Wealth Management in 2006. Helen has also held senior executive leadership roles in wealth management and banking with the ANZ Group, CBA and MLC.

Helen holds a Bachelor of Commerce from UNSW, is a Graduate of the AICD, a Senior Fellow of FINSIA and has served as a Director, Responsible Manager and Advisory Board member on numerous financial services Boards and Australian Financial Services Licences. In 2019, Helen was also appointed as a Director of the Financial Services Institute of Australasia and in 2021, was appointed as a Director of Nimble Money Limited.



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## Warren McRae FCPA

### Director

BBus (Accy/Banking and Finance)  
FGIA MAICD

Warren McRae is an experienced senior executive who has recently returned to Australia after enjoying a distinguished international career at senior management level with Barclays PLC, a multinational financial services organisation.

Working across different countries and cultures, most recently as Global Chief Operating Officer for Barclays Private Bank, Warren has deep experience in operational and commercial management, strategy, digital and technology innovation, as well as accountability for risk, control and governance across multiple entities and countries.

Warren has held a series of governance and Board positions in both Europe and Asia, including as Chair of Global Crisis Leadership, Operating, Service Management and Financial Crime Oversight Committees for Barclays Global Private Bank, and directorships at BPB Holdings SA, Zedra Trust Company (Suisse), Barclays Switzerland Services SA, and BWS Limited (Japan).

Warren is a Fellow of CPA Australia and is active in the CPA community. He was a member of the Europe Divisional Council for four years, including serving as President and Chair in 2019 and 2020, and the Council of Presidents. He volunteers as the auditor of financial accounts for St. Paul's Church in Armidale NSW.

# Board of Directors

As at 31 December 2021



## Bernard Che-Wai Poon FCPA

### Director

BCom BSc FRICS

Bernard Che-Wai Poon is a Partner at Ernst & Young where he has worked for nearly 30 years in a number of key executive positions. He specialises in valuations and financial modelling and has extensive experience in the valuation of businesses, shares and intangible assets for transaction analysis, business strategy, taxation, financial reporting and acting as an expert witness.

A Fellow of CPA Australia, Bernard is an Honorary Adviser to the Greater China Divisional Council, in which he was a member from 2010–2018, serving as Deputy President in 2011 and President in 2012. He is currently Chairman of the Continuing Professional Development Committee and a member of the Corporate Sector Committee and CPA Virtual Congress Advisory Panel. He previously served on the Hong Kong SAR Executive Committee, including as Chairman in 2012 and was a member of the Appointments Council in 2017–2018. Bernard's long association with CPA Australia saw him awarded with the Board of Directors Award for Outstanding Service in 2020.

Active in the community, Bernard was a member of the Appeal Board Panel of the Urban Renewal Authority Ordinance (2013–2019) and was appointed by the Ministry of Finance in China as a consultant in accounting in Hong Kong SAR (2016–2018). Bernard is a Fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA), a member of the HKICPA Valuations Working Group Committee, a Fellow of the Royal Institute of Chartered Surveyors, advisor to the Hong Kong University Business and Economics Association and an External Advisor, Department of Accountancy and Law, Hong Kong Baptist University.



## Peter Wilson AM FCPA

### Director

BCom (Hons) MA (Melb) FCPHR FAICD  
FCIPD (UK)

Peter Wilson is immediate Past President and Chairman. Peter is also an Independent Member and Chairman of the following: Australian Alcohol and Drug Foundation; Australian Network on Disability Ltd; Australian Retail Credit Association Ltd; Reciprocity and Data Exchange Administrator Ltd; and the Audit and Risk Management Committee of the Auditor-General in Western Australia. Peter was Chair of the Australian HR Institute from 2006–2020, and now chairs its National Certification Council. He is a non-executive Director of Vision Super.

Peter has held recent academic appointments as, Adjunct Professor in Management at the Monash Business School, Monash University, Accredited PhD Supervisor at the La Trobe Business School, La Trobe University, Advisor to the International Consortium for Research into Employment and Work at Monash University, Advisor to the ARC CoE into Population Ageing Research at The University of Sydney, Chairman of the Advisory Council of the Victorian Institute of Strategic Economic Studies at Victoria University.

Peter held senior executive roles in the Commonwealth and Victorian Treasuries, and group executive roles at ANZ Bank, Amcor Limited, and as Group CEO of Energy 21. He has held non-executive Director appointments on Boards of Dalgety Farmers Ltd, Kimberly-Clark Australia, and the Commonwealth Safety Rehabilitation and Compensation Commission as Chairman. Peter Wilson was made a Member of the Order of Australia in 2005 for services to workplace relations and safety and community service and was awarded a Centenary Medal in 2004. Peter resigned from the Board on 31 December 2021.



# Councils and Committees

## Divisional Councils

### Australian Capital Territory

Annie Ryan FCPA, President  
Matthew Geysen CPA,  
Deputy President  
Phillipa Leggo CPA, Deputy President  
Erin Adams CPA  
Mark Brown FCPA  
Rob Hanlon FCPA  
Lawrence Hosking FCPA  
Emily Jasprizza FCPA  
Cha Jordanoski FCPA  
Tony Marks FCPA  
Marvin Wee CPA  
Karen Williams FCPA

### New South Wales

Lisa Gill FCPA, President  
Richard Morton FCPA,  
Deputy President  
Bernadette Smyth CPA,  
Deputy President  
Maria Balatbat FCPA  
Andrew Crawford FCPA  
Michelle Cull FCPA  
Jennifer Dalitz FCPA  
Helen Dong FCPA  
Krista Fletcher FCPA (casual vacancy)  
Kerryn Goddard FCPA  
Ruyi Jin FCPA  
Stephan Kasanczuk FCPA  
(casual vacancy)  
Sarah Lawrance FCPA  
Maggie Lo CPA  
Thomas O'Keeffe FCPA  
Lynette Pinder CPA (resigned January)  
Karen Pitt CPA  
Christine Winwick CPA  
Shan Wu CPA

### Northern Territory

Donna Moore CPA, President  
Michelle Bain CPA, Deputy President  
Lisa Blakeley FCPA, Deputy President  
Ashley Challis CPA  
Benjamin Inglis FCPA  
Shawgat Kutubi CPA (casual vacancy)  
Steven Lawrence FCPA  
(casual vacancy)  
Iain MacPherson CPA  
Derek Mayger FCPA  
Tricia Richardson CPA  
Peter Scott FCPA (resigned April)  
Suyana Shrestha CPA  
Ross Springolo FCPA

### Queensland

Deborah Nisbet FCPA, President  
Douglas Dunstan FCPA,  
Deputy President  
Tanya Feekings FCPA,  
Deputy President  
Steven Austen FCPA  
Melissa Georgiou FCPA  
David Hardidge FCPA  
Shanna Hunter FCPA  
Sofia Keryk CPA  
Cissy Ma FCPA  
Theresa O'Connor FCPA  
Kerry Phillips FCPA  
Doug Tyler CPA

### South Australia

Chau Chiem FCPA, President  
Karen Conlon FCPA,  
Deputy President  
Scott Williams FCPA,  
Deputy President  
Hanne Damgaard CPA  
Rob Drusetta FCPA (casual vacancy)  
Jason Huang FCPA  
Janice Loftus FCPA (casual vacancy)  
Robert Maloney FCPA  
Shakhlo Rasulova CPA  
(casual vacancy)  
Rikky Wang CPA  
Jodi Wright CPA  
John Zerella FCPA

### Tasmania

Fiona Stagg FCPA, President  
Gary O'Donovan FCPA,  
Deputy President  
Enrico De Santi FCPA,  
Deputy President  
Steve Allen FCPA  
Paul Gimpl FCPA  
Carolyn Harris FCPA  
James Hipwood CPA  
Roger Lu CPA  
Donna Powell CPA  
Meg Richards FCPA (resigned April)  
Claire Smith CPA  
Belinda Williams FCPA

### Victoria

Jacquetta Griggs FCPA, President  
Brent Szalay FCPA, Deputy President  
Melville Yates FCPA,  
Deputy President  
Georgina Fordham CPA  
Judy Gao CPA  
Michelle Tyquin-Frey CPA  
Devini Goonetilleke FCPA  
Justin Gordon FCPA  
Kerry Harris FCPA  
Anne La Fontaine FCPA  
Andrea Moody CPA  
Ted Turner CPA  
Murray Wyatt FCPA (deceased July)

### Western Australia

John Dawson FCPA, President  
Thomas Griebel FCPA,  
Deputy President  
Tracy Jones CPA, Deputy President  
Erica Haddon FCPA  
Tanvi Haria FCPA  
Quentin Hooper FCPA  
Helen Lo Presti CPA  
Mark Narustrang FCPA  
Tim Roach FCPA  
Byron Savage CPA  
(casual vacancy)  
Andrew Seinor FCPA  
Kerri Warner CPA

### Greater China

Janssen Chan FCPA, President  
Eden Wong FCPA, Deputy President  
Johnny Lam CPA, Deputy President  
(resigned November)  
Vickie Fan FCPA  
Cliff Ip FCPA (casual vacancy)  
Anthony Lau FCPA  
John Lo FCPA  
Roy Lo FCPA  
Samuel Lung FCPA (casual vacancy)  
Grace Ng CPA  
Wilson Pang FCPA  
Karina Wong CPA (resigned April)  
Ryan Wu FCPA (resigned November)  
Angus Yiu CPA (resigned May)

# Councils and Committees

## Europe

Warwick Syphers FCPA, President  
Nigel Garrow FCPA, Deputy President  
Catherine Riney FCPA,  
Deputy President  
Garth Britton CPA  
Christopher Burke FCPA  
Christopher Crellin FCPA  
Kerry Huggler CPA  
Andrea Mestrov CPA  
Matthew Tilling CPA

## Malaysia

Jimmy Lai FCPA, President  
Dato Azlan Abdullah FCPA,  
Deputy President  
Surin Segar FCPA, Deputy President  
Alan Chung FCPA  
Bryan Chung FCPA  
Ree Nie Koh FCPA  
Fatimah Mis CPA  
Zulkiflee Mohamed FCPA  
Terence Tan FCPA  
Beng Siew Toh FCPA  
Sau Shiung Yap FCPA  
Kit Weng Yip FCPA

## New Zealand

Matthew Needham FCPA, President  
Paul Shallard CPA, Deputy President  
Liz Plowman CPA, Deputy President  
Gina Brighthouse CPA  
Gillian Craig CPA  
John Gill FCPA  
Brad Golchin FCPA  
Darby Healey CPA  
Angus Ogilvie FCPA  
Mark Saunders CPA  
Ray Smith CPA  
Julia Wu CPA

## Singapore

Max Loh FCPA, President  
Pui Yuen Cheung FCPA,  
Deputy President  
Tony Alizzi FCPA  
Lay Chew Chng FCPA  
Yew Kee Ho FCPA  
Kah Sek Koh FCPA  
Su Min Ling CPA  
Haryane Mustajab FCPA  
Li Anne Ooi CPA  
Shiuh Ying Tang CPA  
Greg Unsworth FCPA  
Don Yeo FCPA

## Board Committees

During 2021

### Audit, Risk and Compliance Committee

Enrico De Santi FCPA, Chair (until 30 September)  
Rosemary Sinclair AM FCPA, Chair (from 1 October)  
Michaela Browning  
Louise Cox FCPA (from 1 October)  
Robyn Erskine FCPA (until 4 March 2021)  
Warren McRae FCPA (from 1 October)  
Bernard Poon FCPA (from 1 October)  
Peter Wilson AM FCPA (from 1 October)  
Su-Yen Wong (until 30 September)

### Education, Policy and Innovation Committee

Dale Pinto FCPA, Chair  
Louise Cox FCPA  
Merran Kelsall FCPA  
Helen Lorigan  
Peter Wilson FCPA

### Finance and Investment Committee

Merran Kelsall FCPA, Chair  
Robyn Erskine AM FCPA (until 4 March)  
Helen Lorigan  
Peter Wilson AM FCPA  
Su-Yen Wong (until 30 September)

### Member Engagement and Culture Committee

Merran Kelsall FCPA, Chair  
Michaela Browning  
Louise Cox FCPA  
Enrico De Santi (until 30 September)  
Dale Pinto FCPA

### Nomination Committee

Peter Wilson AM FCPA (until 10 November)  
Dale Pinto FCPA, Chair (from 11 November)  
Melissa Georgiou FCPA  
Michaela Healey (from 1 February)  
Mark Narustrang FCPA  
Geoff Rees  
Rosemary Sinclair AM FCPA

## Advisory Committees

As at 31 December 2021

### Appointments Council

Merran Kelsall FCPA, Chair  
Mark Narustrang FCPA,  
Deputy Chair  
Melissa Georgiou FCPA, Appointor  
Chng Lay Chew FCPA  
Paul Gimpl FCPA  
Anne La Fontaine FCPA  
Anthony Lau FCPA  
Sarah Lawrance CPA  
Angus Ogilvie FCPA  
Catherine Riney FCPA  
Surin Segar FCPA  
Ross Springolo FCPA  
Karen Williams FCPA  
Jodi Wright CPA

### Council of Presidents

Matthew Needham FCPA, Chair  
Fiona Stagg FCPA, Deputy Chair  
Janssen Chan FCPA  
Chau Chiem FCPA  
John Dawson FCPA  
Lisa Gill FCPA  
Jacquetta Griggs FCPA  
Jimmy Lai FCPA  
Max Loh FCPA  
Donna Moore CPA  
Deborah Nisbet FCPA  
Annie Ryan FCPA  
Warwick Syphers FCPA

### Professional Education Advisory Committee

Carla Wilkin FCPA, Chair  
Steve Allen FCPA  
Weina Ang FCPA  
Peter Best FCPA  
Ka Fai (Jeffrey) Chan FCPA  
Mandy Cheng FCPA  
Anthony Hayes FCPA  
Jason Kotkin CPA  
Meredith Tharapos CPA  
Jim Tognolini  
Denis Vinen FCPA  
Jon Yorke



### **Public Practice Advisory Committee**

Andrew Pearce FCPA, Chair  
Shabnam Amirbeaggi FCPA  
Sharman Arumugam FCPA  
Terrence Cheong FCPA  
Shanna Hunter FCPA  
Prue McStay CPA  
Damian Pearce CPA  
Gavin Swan FCPA  
Brent Szalay FCPA  
Hugh Zimmerman CPA

### **CPA Australia Best Practice Advisory Committee**

Craig Slater, Chair  
Dona Alahakoone CPA  
Shabnam Amirbeaggi FCPA  
John Havas FCPA  
Phil McCann FCPA  
Leanne Oliver CPA

## **Compliance Panels**

### **Disciplinary Panel**

Gerry Schembri FCPA, Chair  
Rebecca Hemperger FCPA,  
Deputy Chair  
David Morgan, Deputy Chair  
Daen Soukseun FCPA, Deputy Chair

### **Professional Conduct**

#### **Oversight Panel**

James Syme, Chair  
Mark Brown FCPA  
Leslie Young

## **Life Members**

Elizabeth Alexander AO FCPA  
Patrick Barrett AO FCPA  
David Baulch FCPA  
Brian Blood FCPA  
David Boymal AM FCPA  
John Cahill FCPA  
Poon Wing Cheung FCPA  
Denis Cortese FCPA  
Mark Coughlin FCPA  
Clyde Dickens AM FCPA  
Kenneth Eastwood AM FCPA  
John Gill FCPA  
Scott Henderson AM FCPA  
Robert Jeffery FCPA  
Low Weng Keong FCPA  
Jim Kropp FCPA  
Robert Shiu-Hung Lee FCPA  
Graeme McGregor AO FCPA  
Ian McPhee AO FCPA  
Paul Meiklejohn FCPA  
John Miller AO FCPA  
Joycelyn Morton FCPA  
Graham Paton AM FCPA  
Des Pearson AO FCPA  
Patrick Ponting FCPA  
Loh Hoon Sun FCPA  
Brian Waldron OAM FCPA  
Bernard Wright AM FCPA

## **Other Boards and Committees**

### **A4S Advisory Council**

Merran Kelsall FCPA

### **ASEAN Federation of Accountants**

Priya Terumalay FCPA

### **Confederation of Asian and Pacific Accountants**

Priya Terumalay FCPA

### **IFAC Board<sup>1</sup>**

Merran Kelsall FCPA (observer representing CPA Australia)

### **IFAC Nominating Committee**

Michael Codling FCPA

### **IFAC Small and Medium Practices Committee**

Baubre Murray FCPA

### **International Public Sector Accounting Standards Board**

Mike Blake FCPA

### **IESBA**

Ian McPhee FCPA

### **IFAC Professional Accountants in Business**

Paul Urquhart FCPA

### **IFAC Public Policy and Regulation Advisory Group**

Dr Gary Pflugrath FCPA

### **IFAC Technology Advisory Group**

Dr Jana Schmitz

### **VRF <IR> Council**

Nicholas Diss FCPA

<sup>1</sup> CPA Australia shares representation on these bodies with CA ANZ.

# Councils and Committees

## Centres of Excellence

### Digital Transformation

Stephannie Jonovska FCPA, Chair  
Perry Abbott FCPA  
Kylie Baxter CPA  
Michael Davern FCPA  
David Hardidge FCPA  
Tony Krizan FCPA  
Mahendhiran Sanggaran Nair FCPA  
Anouk Pinchetti  
Joni Pirovich  
Alan Tsen

### ESG

Vladimir Malcik FCPA, Chair  
Andrew Amer  
Sharon Ditchburn FCPA  
Robyn Erskine FCPA  
Jin Ghee Ong CPA  
Lucy Hamnett CPA  
Felix Lam CPA  
Cissy Ma FCPA  
Paul Mather FCPA  
Kathleen O'Sullivan FCPA  
Juergen Seufert CPA  
Terence Tan FCPA  
Tim Timchur FCPA

### Ethics and Professional Standards

Brendan O'Connell FCPA, Chair  
Mahesh Balakrishnan CPA  
Anju De Alwis FCPA  
Andy Lai CPA  
John Halliday FCPA  
Dr Gerard Illott FCPA  
Leonie Navara CPA  
Alex Ooi Thiam Poh FCPA  
Peter Pontikis FCPA  
Kimberly Singh FCPA

### External Reporting

Andrew Marks FCPA, Chair  
Elizabeth Giust CPA  
Michelle Harrison CPA  
Mark Hucklesby FCPA  
Len Jui FCPA  
Vanessa Lim FCPA  
Ian Mackintosh FCPA  
Siva Sivanantham CPA  
Shaun Steenkamp CPA  
Nick Walker CPA

### Retirement Savings

Noelle Kelleher FCPA, Chair  
Jane Barrett  
Leon Jennings CPA  
Alex Harken-Yumru CPA  
Bruce Mackley CPA  
Suzanne Maloney FCPA  
Brett Marsh CPA  
Neil Marshall CPA  
Paul May CPA  
Nicole Osborne CPA

### Taxation

Alexis Kokkinos CPA, Chair  
Keith Clissold FCPA  
Stuart Drake CPA  
Ken Fehily FCPA  
Sunita Jogarajan  
Phil McCann FCPA  
Aaron Ng CPA  
Michael Parker ASA  
Ian Raspin FCPA  
Sue Williamson FCPA

# Report of the Board of Directors

## Directors

The Directors submit the annual financial report of CPA Australia Ltd ("CPA Australia") and its controlled entities ("the Group") for the financial year ended 31 December 2021. In order to comply with the *Corporations Act 2001* and 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 83 to 86 of this report, together with their qualifications, experience and special responsibilities. Details of meeting attendance are set out on pages 92 to 93 and their remuneration is included in Note 20.c on page 128.

## Company Secretary

Kerrell Ma LLB, LLM (First Class Honours), legal practitioner, was appointed as Company Secretary on 15 June 2018.

## Principal activities

The principal activities of the Group 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 loss before income tax for the year was \$12,381,000 (2020 consolidated surplus restated: \$5,090,000). The consolidated loss after tax for the year was \$11,784,000 (2020 consolidated surplus after tax restated: \$4,734,000).

## Review of operations

A review of the operations of the Group during the financial year and the results of those operations are contained in the discussion and analysis of the financial results – see pages 97 to 99.

## Corporate governance

The Board met on 11 occasions in 2021 with three Directors elected in September; two Directors commencing their three-year term on 1 October 2021 and one Director commencing a one-year term on 1 October 2021. During 2021, the Board maintained a strong focus on consolidating the governance changes that had been implemented during the previous year, continuing to focus on providing services and resources to support members and managing the impact of the COVID-19 outbreak.

In 2021, five Board Committees of Directors operated: Audit, Risk and Compliance; Finance and Investment (previously Finance and Policy); Education, Policy and Innovation; Nomination, and Member Engagement and Culture.

Further information on the governance of the Company is included in the corporate governance statement on our website and on pages 28 to 31 of this report.

## Directors' meetings

The tables on pages 92 to 93 set out the number of Board and Board Committee meetings held and the number of meetings attended by each Director during 2021.

## Changes in state of affairs

CPA Australia Advice Pty Ltd, a wholly owned subsidiary of CPA Australia Ltd was deregistered with ASIC on 31 October 2021 in line with the 2018 decision by the Board of CPA Australia.

There were no other significant changes in the state of affairs of the Group, other than referred to in the financial statements or notes thereto.

## Subsequent events

There has been no matter or circumstance occurring since the end of the financial year to the date of this report that has affected or may significantly affect the activities of the Group, the results of those activities or the state of affairs of the Group in the ensuing or any subsequent financial year.

## Future developments

Likely developments in the activities of the Group are noted elsewhere in this report, with the Group working towards the achievement of its objectives under the strategy.

## Indemnification of officers and auditors

During the year the Group 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 94 and forms part of this report.

## Rounding of amounts

The statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available under ASIC Legislative Instrument 2016/191.

# Report of the Board of Directors

## Board of Directors' meetings 2021

	Scheduled meetings		Ad hoc meetings		Total 2021 meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Directors						
Merran Kelsall, Chair	8	8	3	3	11	11
Michaela Browning	8	8	3	2	11	10
Louise Cox	8	8	3	3	11	11
Enrico De Santi <sup>2</sup>	6	6	2	2	8	8
Robyn Erskine <sup>1</sup>	1	1	1	1	2	2
Yew Kee Ho <sup>3</sup>	2	2	1	1	3	3
Helen Lorigan	8	8	3	3	11	11
Warren McRae <sup>3</sup>	2	2	1	1	3	3
Bernard Che-Wai Poon <sup>3</sup>	2	2	1	1	3	3
Dale Pinto	8	8	3	3	11	11
Rosemary Sinclair	8	8	3	3	11	11
Peter Wilson	8	8	3	3	11	11
Su-Yen Wong <sup>2</sup>	6	6	2	2	8	8

## Audit, Risk and Compliance Committee meetings 2021

	Scheduled meetings		Ad hoc meetings		Total 2021 meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Directors						
Rosemary Sinclair, Chair <sup>7</sup>	6	6	0	0	6	6
Enrico De Santi, Former Chair <sup>4</sup>	5	5	0	0	5	5
Michaela Browning	6	5	0	0	6	5
Louise Cox <sup>8</sup>	1	1	0	0	1	1
Robyn Erskine <sup>5</sup>	2	1	0	0	2	1
Warren McRae <sup>8</sup>	1	1	0	0	1	1
Bernard Poon <sup>8</sup>	1	1	0	0	1	1
Peter Wilson <sup>8</sup>	1	1	0	0	1	1
Su-Yen Wong <sup>6</sup>	5	5	0	0	5	5

## Finance and Investment Committee meetings 2021

	Scheduled meetings		Ad hoc meetings		Total 2021 meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Directors						
Merran Kelsall, Chair	4	4	0	0	4	4
Robyn Erskine <sup>5</sup>	1	1	0	0	1	1
Helen Lorigan	4	4	0	0	4	4
Peter Wilson	4	4	0	0	4	4
Su-Yen Wong <sup>6</sup>	3	3	0	0	3	3

### Education, Policy and Innovation Committee meetings 2021

	Scheduled meetings		Ad hoc meetings		Total 2021 meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Directors						
Dale Pinto, Chair	4	4	0	0	4	4
Louise Cox	4	4	0	0	4	4
Merran Kelsall	4	4	0	0	4	4
Helen Lorigan	4	3	0	0	4	3
Peter Wilson	4	4	0	0	4	4

### Nomination Committee meetings 2021

	Scheduled meetings		Ad hoc meetings		Total 2021 meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Directors						
Dale Pinto, Chair <sup>10</sup>	1	1	1	1	2	2
Peter Wilson, Former Chair <sup>9</sup>	6	6	1	1	7	7
Melissa Georgiou <sup>13</sup>	7	7	2	2	9	9
Michaela Healey <sup>11,12</sup>	7	7	2	1	9	8
Mark Narustrang <sup>13</sup>	7	7	2	2	9	9
Geoff Rees <sup>12</sup>	7	6	2	1	9	7
Rosemary Sinclair	7	7	2	2	9	9

### Member Engagement and Culture Committee meetings 2021

	Scheduled meetings		Ad hoc meetings		Total 2021 meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Directors						
Merran Kelsall, Chair	5	5	0	0	5	5
Michaela Browning	5	4	0	0	5	4
Louise Cox	5	5	0	0	5	5
Enrico De Santi <sup>6</sup>	4	4	0	0	4	4
Dale Pinto	5	5	0	0	5	5

<sup>1</sup> Term as a Director concluded 4 March 2021

<sup>2</sup> Term as a Director concluded 30 September 2021

<sup>3</sup> Term as a Director commenced on 1 October 2021

<sup>4</sup> Term as Chair of Committee ended on 30 September 2021

<sup>5</sup> Term on Committee ended on 4 March 2021

<sup>6</sup> Term on Committee ended on 30 September 2021

<sup>7</sup> Term as Chair of Committee commenced on 1 October 2021

<sup>8</sup> Term on Committee commenced on 1 October 2021

<sup>9</sup> Term as Chair and Committee member concluded on 10 November 2021

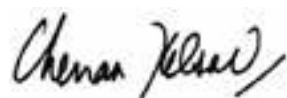
<sup>10</sup> Term as Chair and Committee member commenced on 11 November 2021

<sup>11</sup> Term on Committee commenced on 1 February 2021

<sup>12</sup> Independent Non-Director Committee members

<sup>13</sup> Appointments Council representative on the Nomination Committee

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



Merran Kelsall FCPA  
Director



Rosemary Sinclair AM FCPA  
Director

15 March 2022



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of CPA Australia Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of CPA Australia Ltd for the financial year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Chris Sargent  
*Partner*

Melbourne  
15 March 2022



# Overview of financial results

for the year ended 31 December 2021

		Restated <sup>1</sup>	
		2021	2020
		\$'000s	\$'000s
Strategic pillars			
Protect, promote and enhance the integrity of the profession	Revenue	643	1,676
	Cost	(14,099)	(13,923)
	<b>Result</b>	<b>(13,456)</b>	<b>(12,247)</b>
Lead the future of the accounting profession	Revenue	1,866	2,074
	Cost	(1,327)	(1,242)
	<b>Result</b>	<b>539</b>	<b>832</b>
Provide members with personalised and engaging experiences	Revenue	85,041	88,096
	Cost	(22,545)	(20,958)
	<b>Result</b>	<b>62,496</b>	<b>67,138</b>
Provide relevant learning and development content, resources and tools	Revenue	7,276	7,357
	Cost	(23,762)	(26,870)
	<b>Result</b>	<b>(16,486)</b>	<b>(19,513)</b>
Attract and develop the next generation of CPAs	Revenue	62,653	61,730
	Cost	(30,448)	(29,441)
	<b>Result</b>	<b>32,205</b>	<b>32,289</b>
Impact policy globally and be active in community advocacy	Revenue	-	371
	Cost	(5,052)	(5,560)
	<b>Result</b>	<b>(5,052)</b>	<b>(5,189)</b>
Member support services and governance	Revenue	4,545	6,283
	Cost	(62,387)	(55,792)
	<b>Result</b>	<b>(57,842)</b>	<b>(49,509)</b>
CPA Australia Advice	Revenue	-	-
	Cost	(14)	(37)
	<b>Result</b>	<b>(14)</b>	<b>(37)</b>
Total CPA Australia excluding strategic projects	Revenue	162,024	167,587
	Cost	(159,634)	(153,823)
	Tax credit/(expense)	597	(356)
	<b>Result</b>	<b>2,987</b>	<b>13,408</b>
Strategic projects	Revenue	221	164
	Cost	(14,992)	(8,838)
	<b>Result</b>	<b>(14,771)</b>	<b>(8,674)</b>
Total CPA Australia including strategic projects	Revenue	162,245	167,751
	Cost	(174,626)	(162,661)
	Tax credit/(expense)	597	(356)
	<b>Result</b>	<b>(11,784)</b>	<b>4,734</b>
Other comprehensive income/(expense) for the year, net of tax		3,925	(335)
<b>Total comprehensive income/(loss) for the year</b>		<b>(7,859)</b>	<b>4,399</b>

1 Refer to Note 3 for explanations on the restatement of FY2020

In 2021, CPA Australia continued to invest in key initiatives that support the strategy put in place in 2018, and on initiatives that would support members through COVID-19. This includes, launching our new website to provide a more personalised online experience, increasing the amount of complimentary CPD available for members, expanding the microcredential offer introduced in 2020 with an additional four subjects, increasing the support for members in public practice and further investment in the MMF program which will go live in 2023. CPA Australia also continued to enhance our thought leadership and advocacy for our members and the public interest.

In addition to these strategic investments, the overview of financial results has been presented to align with the six pillars of the strategy along with financials for member support services and governance, and strategic projects.

Protect, promote and enhance the integrity of the profession's core activities includes managing and developing the brand, professional standards and quality assurance. The decrease in the net result is primarily driven by significantly lower COVID-19 government stimulus received in 2021 compared to prior year. (In 2020, the COVID-19 government stimulus was proportionally allocated to each strategic pillar based on the number of FTE).

Lead the future of the accounting profession includes the development of strategies, training and tools to support members through the future changes to the profession and the development of membership pathways for skilled business professionals from non-accounting backgrounds. The net result has decreased on the prior year due to lower foundation exam enrolments and additional development costs.

Provide members with personalised and engaging experiences is a core activity that includes the delivery of the membership offer, administration and assessment of members' admissions and advancements, member engagement including increased support at branch level, member communications, member benefits and membership retention. The net result has decreased due to a significant reduction in government COVID-19 stimulus payments and increased spend on membership recognition and networking.

Provide relevant learning and development content, resources and tools include the development and delivery of CPD products include and training workshops and congress, a structured mentoring program, library services and publications such as INTHEBLACK, CPA Update and Australian Accounting Review. The improved result is attributable to a significant reduction in the printing and communication expense largely driven by a shift to a digital-only publication during 2020, thereby reducing print and distribution costs.

Attract and develop the next generation of CPAs includes development and delivery of the CPA Program and Public Practice Program, development of meaningful and effective relationships with employers, academics and universities to support students and early career professionals and the development of career pathways for students studying outside their home country. The increase in revenue and expenditure is due to higher CPA Program sales in 2021 compared to 2020.

Impact policy globally and be active in community advocacy includes policy and research, advocacy and government relations and support for the profession locally (AASB, AUASB and Australian Professional and Ethical Standards Board) and internationally (IFAC, ASEAN Federation of Accountants, Confederation of Asian and Pacific Accountants etc.). The decrease in spend is attributable to a small decrease in payments to the bodies outlined above.

Member support services and governance include internal support activities such as finance, legal, procurement, property management, technology, organisational development, human resources and planning. They also include activities associated with the Board, Board Committees and Board secretariat. The decrease in the net result is primarily driven by a significant reduction in government COVID-19 stimulus payments. Further impacting the result under this pillar was higher employee costs driven by tight labour markets and additional business as usual employees to support members. Further impacting the result were higher computer hardware and software licence expenses compared to the prior year.

During 2021, CPA AustraliaAdvice was deregistered in line with the 2018 decision by the Board of CPA Australia.

Strategic projects include costs associated with the new website and member management and finance system, development of public practitioner tools including expansion of the MY FIRM. MY FUTURE., investment in the CPA Australia Best Practice Program launched in early 2022, and additional micro-credential courses.

# Discussion and analysis of the financial results 2021

## Financial results

As foreshadowed in the 2020 Integrated Report, the Group delivered an operating deficit before tax in 2021 of \$12.4m (2020 restated surplus: \$5.1m) and an overall comprehensive loss of \$7.9m (after tax, defined benefit, FX and unrealised gain on investments) (2020 overall comprehensive income restated: \$4.4m). During 2021 the organisation continued to invest in the key initiatives to support the strategy put in place in 2018, including the MMF program, the new website and expanding our micro-credential offer. In addition to this, we continued to support our members with access to free and discounted online professional development, membership discounts and continued opportunity to undertake CPA Program exams online. This investment, the change to the interpretation of AASB 138 Intangible Assets (refer to page 120 for further details) and the continued impact of the COVID-19 pandemic are the key drivers for the deficit in 2021.

## Revenue

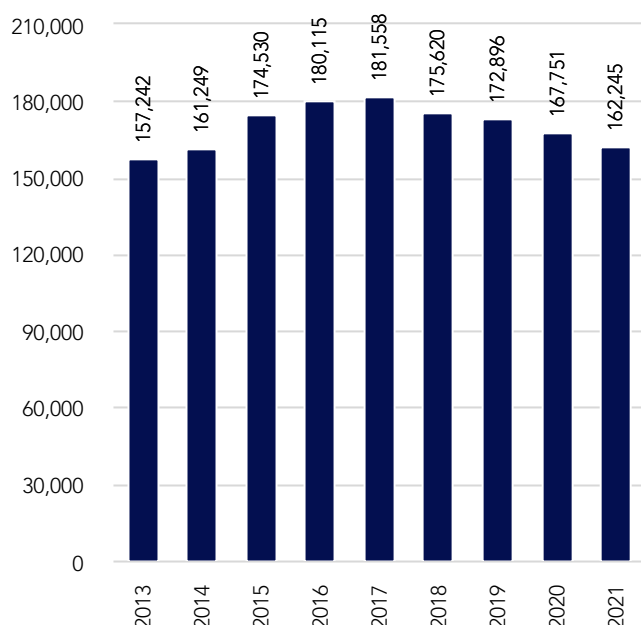
Overall revenue was lower in 2021 at \$162.2m (2020 restated: \$167.8m). Contributing to the decrease was significantly less COVID-19 related government stimulus and slightly lower membership income. This was partially offset by an increase in CPA Program revenue with more exams delivered compared to 2020, higher investment revenue and strong engagement with the CPA Virtual Congress.

In 2021, membership subscription fees were held constant for the fifth year and CPA Program fees were held constant for the third year. The Group ended the year with 170,826 members (2020:168,736) which was driven by membership retention rate consistent with that achieved in 2019 and 2020 and solid new member numbers. Although the number of members increased there was a marginal decrease in revenue with a significant number of hardship discounts provided to members during 2021.

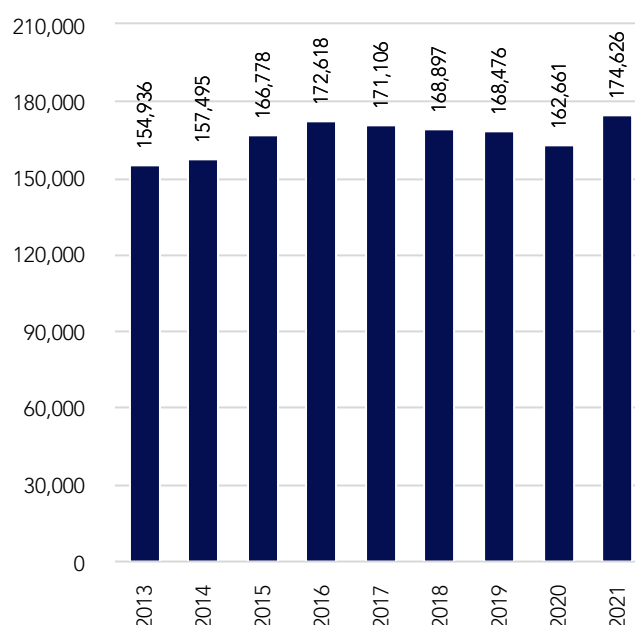
## Expenditure

Expenditure before tax was \$11.9m or 7.3 per cent higher than 2020 at \$174.6m (2020 restated: \$162.7m). The increase is primarily attributable to the investment in strategic initiatives, higher costs to deliver CPA Program exams with more candidates sitting exams compared to 2020 and the change to the interpretation of AASB 138 Intangible Assets, which has resulted in the investment in the MMF program and several other smaller SaaS arrangements being expensed directly to the profit and loss statement rather than amortised over several years. Refer to Note 3 for further details regarding the impact on 2020.

Total revenue (\$'000's)



Total expenditure excluding tax (\$'000's)



Employee costs were higher year on year driven by higher employee numbers required to deliver the MMF program and website strategic initiatives for members, however tighter labour markets also contributed to the higher costs in this line. The investment in the MMF program and website strategic initiatives also resulted in higher professional services and computer hardware and software licences expenses compared to the prior year.

The increases in costs outlined above were partially offset by lower rent and outgoings expenditure achieved through the renegotiation of property leases and a significant reduction in the printing and communication expense largely attributable to moving INTHEBLACK to a digital only publication during 2020, thereby reducing print and distribution costs.

#### Taxation

The income tax benefit recognised in profit or loss for 2021 is \$0.6m (2020: income tax expense \$0.4m). The total income tax expense recognised in other comprehensive income for the year is \$0.7m (2020: income tax benefit of \$0.2m). This is primarily attributable to the deferred tax recognised on temporary differences at balance date. Further details are contained in Note 7 on pages 114 to 117.

#### Foreign exchange

Foreign currency cash is held to meet the short-term working capital requirements of foreign operations. Any excess cash is returned to Australia to reduce to the Group's exposure to fluctuations in exchange rates. Exchange rate fluctuations contributed to a foreign exchange loss on translation of cash of \$1.3m for the full year (2020: \$0.2m loss). A foreign exchange gain of \$1.4m (2020: \$0.2m loss) on translation of foreign operations for the year ended 31 December 2021 is recognised in other comprehensive income.

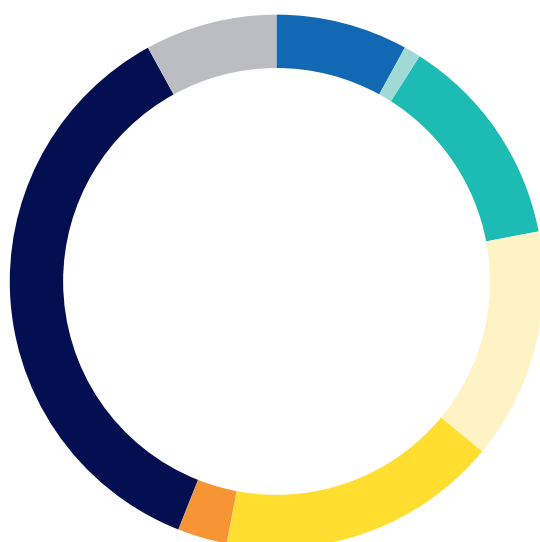
#### Cash flow

The net cash inflows from operating activities decreased by \$9.4m during 2021 to \$6.6m (2020 restated: increased \$2.5m) attributable to higher payments to suppliers and employees during the year. The net increase in cash and cash equivalents of \$24.4m (2020: decrease of \$45.9m) was primarily due to a net reduction of \$35m in other current financial assets held to \$19.3m (2020: \$54.3m). This reduction in other current financial assets was partially offset by an increase in in other non-current financial assets (\$10.6m) during 2021.

#### Investments

The Group's investment portfolio returned \$4.6m (2020: \$3.5m) of revenue and an unrealised gain of \$3.7m in 2021 (2020: \$0.6m).

#### Expenditure by strategic goals



- 8% Protect, promote and enhance the integrity of the designation
- 1% Lead the future of the profession
- 13% Provide members with personalised and engaging experiences
- 14% Provide relevant learning and development content, resources and tools
- 17% Attract and develop the next generation of CPAs
- 3% Impact policy globally and be active in community advocacy
- 36% Member support services and governance
- 8% Strategic projects

## Balance sheet

The Group's balance sheet reflects net assets decreasing by \$7.9m or 7 per cent compared to 2020, which is largely attributable to the 2021 deficit being driven by investment in strategic projects.

Cash and cash equivalents increased by \$24.4m compared to 2020 which is primarily due to a drawdown in other financial assets and higher revenue received in advance at year end partially offset by the deficit discussed above.

Trade and other receivables have decreased by \$0.7m to \$1.6m in 2021 (2020: \$2.3m); this is due to the lower payments received from member benefit partners with greater focus on core services that deliver member value.

Other current assets are \$0.5m higher than the prior year due to an increase in prepaid expenses.

Current and non-current other financial assets are lower than 2020 by \$24.4m which is attributable to an increase in cash and cash equivalents. The increase in cash and cash equivalents is discussed further above.

Property, plant and equipment has decreased by \$3.1m to \$27.9m (2020: \$31.1m) which relates to disposal of assets and the depreciation charged during the year.

Intangible assets are higher than 2020 by \$5.0m, which is directly attributable to the addition of SaaS arrangements offset by the amortisation charged during the year. A change in accounting policy on adoption of the IFRIC agenda decisions impacting how current accounting standards apply to SaaS has resulted in a reclassification of \$1.6m intangible assets as an expense in the statement of profit or loss and comprehensive income, impacting both current and prior periods presented. Refer to note 3 for further detail.

Trade and other payables were higher by \$0.1m compared to the previous year; this is due to a timing difference in payments to trade creditors.

Current and non-current provisions ended the year \$0.9m higher than 2020. This is primarily due to an increase in provisions related to employee benefits.

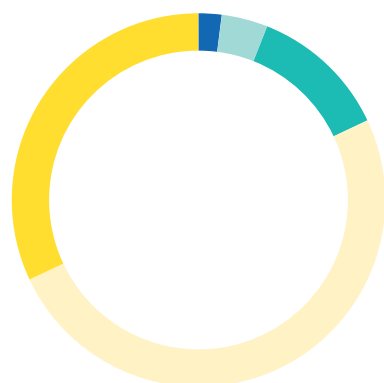
Other current liabilities were \$9.2m higher than 2020 which is due to higher subscriptions and fees received in advance.

## Assets



- 25% Cash and cash equivalents
- 1% Trade and other receivables
- 45% Other financial assets
- 14% Right-of-use asset
- 5% Other assets (incl intangibles)
- 10% Property, plant and equipment

## Liabilities



- 2% Non-current provisions
- 4% Current provisions
- 12% Trade and other payables
- 50% Subscriptions and fees in advance
- 32% Lease liabilities

# Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Note	Consolidated	
		2021	Restated <sup>1</sup>
		\$'000s	\$'000s
Revenue	4	157,619	156,141
Other income	4.d	69	8,079
Finance income	5	4,557	3,531
Employee benefits expense	6.a	(81,976)	(74,957)
Education and CPA Program expense	6.b	(16,805)	(14,871)
Advertising and promotion expense	6.c	(5,064)	(5,344)
Rent and outgoings expense		(4,804)	(5,972)
Computer hardware and software licences expense		(8,065)	(5,989)
Event delivery expense	6.d	(6,928)	(6,610)
Professional services expense	6.e	(22,636)	(19,470)
Printing and communication expense	6.f	(2,872)	(4,589)
Travel and catering expense	6.g	(859)	(1,315)
Other staff costs	6.h	(3,867)	(3,692)
Depreciation and amortisation expense	12, 13, 14	(14,747)	(12,914)
Finance costs		(1,806)	(1,713)
Net foreign exchange gain/(loss)		(1,256)	(199)
Gain/(loss) on sale of financial assets at FVTPL		184	(95)
Changes in the fair value of financial assets at FVTPL		2,068	1,186
Impairment gain/(loss)		127	(479)
Loss allowance for trade receivables		(107)	(440)
Gain/(loss) on sale of property, plant and equipment		-	15
Other expenses	6.i	(5,213)	(5,213)
<b>Surplus/(deficit) before income tax</b>		<b>(12,381)</b>	<b>5,090</b>
Tax (expense)/income	7.a	597	(356)
<b>Surplus/(deficit) for the year</b>		<b>(11,784)</b>	<b>4,734</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial gain/(loss) on defined benefit plan	23	-	(20)
Changes in the fair value of equity investments at FVOCI		1,754	(674)
Gain/(loss) on sale of financial assets at FVOCI		900	396
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		1,364	(170)
Changes in the fair value of debt instruments at FVOCI		(93)	133
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>3,925</b>	<b>(335)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(7,859)</b>	<b>4,399</b>

<sup>1</sup> Refer to Note 3 for explanations on the restatement of FY2020.

CPA Australia 2021 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 104 to 137.



# Statement of financial position

as at 31 December 2021

	Note	Consolidated	
		Restated <sup>1</sup>	
		2021	2020
		\$'000s	\$'000s
<b>Current assets</b>			
Cash and cash equivalents	8	66,927	42,559
Trade and other receivables	9	1,593	2,290
Other financial assets	11	19,273	54,268
Other assets	10	6,105	5,559
<b>Total current assets</b>		<b>93,898</b>	<b>104,676</b>
<b>Non-current assets</b>			
Other financial assets	11	104,353	93,754
Deferred tax assets	7.d	69	67
Property, plant and equipment	12	27,937	31,050
Intangible assets	13	6,148	1,135
Right-of-use asset	14.a	37,783	38,087
Other assets	10	544	526
<b>Total non-current assets</b>		<b>176,834</b>	<b>164,619</b>
<b>Total assets</b>		<b>270,732</b>	<b>269,295</b>
<b>Current liabilities</b>			
Trade and other payables		19,994	19,889
Provisions	15	6,750	6,173
Lease liabilities	14.b	7,546	9,456
Other liabilities	16	84,258	75,034
<b>Total current liabilities</b>		<b>118,548</b>	<b>110,552</b>
<b>Non-current liabilities</b>			
Provisions	15	3,381	3,107
Lease liabilities	14.b	45,200	44,174
<b>Total non-current liabilities</b>		<b>48,581</b>	<b>47,281</b>
<b>Total liabilities</b>		<b>167,129</b>	<b>157,833</b>
<b>Net assets</b>		<b>103,603</b>	<b>111,462</b>
<b>Members' funds</b>			
Reserves		8,745	5,720
Retained surplus		94,858	105,742
<b>Total members' funds</b>		<b>103,603</b>	<b>111,462</b>

<sup>1</sup> Refer to Note 3 for explanations on the restatement of FY2020.

## CPA Australia 2021 financial statements

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 104 to 137.

# Statement of changes in members' funds

for the year ended 31 December 2021

	Note	Consolidated			Total \$'000s
		Investment revaluation reserve \$'000s	Foreign currency translation reserve \$'000s	Retained surplus \$'000s	
Balance at 1 January 2020		5,988	443	100,958	107,389
Impact of change in accounting policy:					
IFRIC agenda decision on SaaS arrangements (derecognition of intangibles)	3			(325)	(325)
<b>Restated balance at 1 January 2020</b>		<b>5,988</b>	<b>443</b>	<b>100,633</b>	<b>107,064</b>
Other comprehensive income/(loss)		(541)	(170)	376	(335)
Surplus/(deficit) for the year		-	-	4,733	4,733
<b>Balance at 1 January 2021</b>		<b>5,447</b>	<b>273</b>	<b>105,742</b>	<b>111,462</b>
Other comprehensive income		1,661	1,364	900	3,925
Surplus/(deficit) for the year		-	-	(11,784)	(11,784)
<b>Balance at 31 December 2021</b>		<b>7,108</b>	<b>1,637</b>	<b>94,858</b>	<b>103,603</b>

## CPA Australia 2021 financial statements

The statement of changes in members' funds is to be read in conjunction with the notes to the financial statements set out on pages 104 to 137.

# Statement of cash flows

for the year ended 31 December 2021

	Note	Consolidated	
		Restated <sup>1</sup>	
		2021	2020
		\$'000s	\$'000s
<b>Cash flows from operating activities</b>			
Receipts from operations		178,405	164,786
Receipts from government assistance	4.d	69	8,079
Payments to suppliers and employees		(170,048)	(155,122)
Interest on leases	14.b	(1,791)	(1,678)
<b>Net cash inflows from operating activities</b>	8	<b>6,635</b>	<b>16,065</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment and intangible assets	12, 13	(7,710)	(16,888)
Net receipts/(payments) for deposits less than 1 year but greater than 90 days		34,994	(23,998)
Proceeds from sale of investments		20,390	14,980
Purchase of investments		(25,451)	(30,571)
Investment interest and dividends received		4,645	3,570
<b>Net cash (outflows)/inflows from investing activities</b>		<b>26,868</b>	<b>(52,907)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	14.b	(7,744)	(8,161)
<b>Net cash outflows from financing activities</b>		<b>(7,744)</b>	<b>(8,161)</b>
Net increase/(decrease) in cash and cash equivalents held		25,759	(45,003)
Cash and cash equivalents at the beginning of the financial year		42,559	88,486
Effects of exchange rate changes in the balance of cash held in foreign currencies		(1,391)	(924)
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>66,927</b>	<b>42,559</b>

<sup>1</sup> Refer to Note 3 for explanations on the restatement of FY2020.

## CPA Australia 2021 financial statements

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 104 to 137.

# Notes to the financial statements

## 1 Adoption of new and revised Accounting Standards

The Group adopts all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current annual reporting period.

### Change in accounting policy

The Group has early adopted *AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*

In response to the COVID-19 pandemic, the AASB issued an amendment to AASB 16 *Leases* which incorporates the IASB standard *COVID-19-Related Rent Concessions (Amendment to IFRS 16)* issued in May 2020. The amendment provides practical relief for lessees in accounting for rent concessions. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

In the current year, the IFRIC issued two final agenda decisions which impact how current accounting standards apply to SaaS arrangements under the standard AASB 138 *Intangible Assets*. The two final agenda decisions provide guidance on two key interpretations under the standard:

- *An entity's right to receive access to a supplier's software hosted on the cloud* (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term
- *Configuration or customisation costs in a cloud computing arrangement* (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the statement of financial position. The Group has adopted the agenda decisions and revised its accounting policy dealing with intangible assets to recognise that the costs of configuring or customising suppliers' application software in a SaaS arrangement are required to be expensed in the statement of profit or loss and other comprehensive income, unless they meet the recognition criteria in AASB 138 *Intangible Assets*.

The changes apply retrospectively and the impact due to the adoption of the IFRIC agenda decisions on cloud computing arrangements is outlined in Note 3 changes in significant accounting policies.

The new accounting policy is presented in further detail in Note 13.

### Standards issued but not yet effective

A number of Australian Accounting Standards, Interpretations and Amendments are in issue but are not yet effective and have not been applied in preparing these financial statements. These are not expected to have a material impact on the Group's financial statements when applied.

## 2 Summary of significant accounting policies

### 2 (a) Basis of preparation

The general purpose consolidated financial statements have been prepared on an accruals basis and are based on historical costs. They do 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 Legislative Instrument 2016/191.

### 2 (b) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Interpretations and other authoritative pronouncements of the AASB. CPA Australia is a not-for-profit entity for the purpose of preparing the financial statements, however there is no impact on the recognition and measurement of amounts from applying paragraphs specific to not-for-profit entities. Therefore, compliance with Australian Accounting Standards results in full compliance with the IFRS as issued by the IASB.

As at 31 December 2021, current liabilities are \$24.7m greater than current assets. This is mainly due to investments purchased during the year being classified as non-current assets based on the Group's intention to realise these assets. It is also impacted by deferred revenue, a non-cash item being classified as a current liability. The Group has sufficient liquidity to pay its debts as and when they become due and payable. Consequently, the directors have prepared the financial statements on a going concern basis.

CPA Australia is limited by guarantee and domiciled in Australia.

The consolidated financial statements for the year ended 31 December 2021 were authorised by the Board of Directors on 15 March 2022.

### 2 (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 to obtain benefits from its activities.

All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

## 2 (d) 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.

## 2 (e) 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 or loss in the period they occur.

### *Foreign currency operations*

The assets and liabilities of the Group'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 charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity.

## 2 (f) Government assistance

Government assistance is recognised in the statement of profit or loss and other comprehensive income once there is reasonable assurance the entity will comply with the conditions attached and the assistance will be received.

Government assistance received during 2021 is outlined in further detail in Note 4.d.

## 2 (g) 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. Certain amounts in the comparative information have been reclassified to conform with current period financial statement presentations.

## 2 (h) Critical judgements in applying the Group'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
- Experience of employee departures and period of service.

### *Intangible and other assets*

Management's judgement is applied to depreciation/amortisation rates, useful lives and residual values.

### *SaaS arrangements*

Note 13 describes the Group's accounting policy in respect of configuration and customisation costs incurred in implementing SaaS arrangements. In applying the Group's accounting policy, the directors made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements.

- i. Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

ii. Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, the Group has developed software code that enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*.

**Deferred tax assets**

Deferred tax assets in respect of current and prior period accumulated tax losses are not (unless related to overseas jurisdictions) recognised at balance sheet date as management has assessed that it is not probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

**3 Changes in significant accounting policies**  
**SaaS arrangements**

During the year ended 31 December 2021, the Group revised its accounting policy dealing with SaaS arrangements and configuration and customisation costs incurred in implementing cloud computing arrangements with cloud providers. The change in accounting policy resulted from the implementation of agenda decisions issued by the IFRIC clarifying its interpretation of how current accounting standards apply to SaaS arrangements, infrastructure as a service, and hosting arrangements with cloud providers.

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the statement of financial position. The Group has reviewed its computer software assets following the adoption of the above agenda decisions to ensure that costs capitalised in both the 2020 and 2021 financial years are in line with AASB 138 *Intangible Assets* and the updated accounting policy. This has resulted in a reclassification of certain intangible assets as an expense in the statement of profit or loss and other comprehensive income, impacting both the current and prior periods presented. There is no impact on the opening balances at 1 January 2019.

In addition to the impact in the prior period a significant amount of the member management and finance system, which under our previous accounting policy would have been reflected in the statement of financial position and amortised over a number of years, has in the 2021 reporting period been expensed directly to the statement of profit or loss and other comprehensive income. In addition to this there were several other small SaaS projects also expensed directly to the statement of profit or loss and other comprehensive income. The impact of the change in accounting policy represented a total negative impact of \$9.8m within the statement of profit or loss and other comprehensive income.

The new accounting policy is presented in Note 13.

The following tables summarise the impact resulting from the change in accounting policy for the financial year ended December 2020 for the line items affected:

	Consolidated		
	Pre adjustment	Adjustment	Post adjustment
Statement of profit or loss and other comprehensive income – 2020	\$'000s	\$'000s	\$'000s
<b>Expenses</b>			
Employee benefits expense	(74,730)	(227)	(74,957)
Professional services expense	(18,396)	(1,074)	(19,470)
Depreciation and amortisation expense	(12,958)	44	(12,914)
<b>Total expenses</b>	<b>(161,404)</b>	<b>(1,257)</b>	<b>(162,661)</b>
<b>Surplus before income tax</b>	<b>6,347</b>	<b>(1,257)</b>	<b>5,090</b>
Tax (expense)/income	(356)	-	(356)
<b>Surplus for the year</b>	<b>5,991</b>	<b>(1,257)</b>	<b>4,734</b>
<b>Total comprehensive income for the year</b>	<b>5,656</b>	<b>(1,257)</b>	<b>4,399</b>



	Consolidated		Post adjustment
	Pre adjustment	Adjustment	
Statement of financial position – opening balance sheet 1 January 2020	\$'000s	\$'000s	\$'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1,229	(325)	904
<b>Total non-current assets</b>	<b>128,161</b>	<b>(325)</b>	<b>127,836</b>
<b>Total assets</b>	<b>255,138</b>	<b>(325)</b>	<b>254,813</b>
<b>Net assets</b>	<b>107,389</b>	<b>(325)</b>	<b>107,064</b>
<b>Members' funds</b>			
Retained surplus	100,958	(325)	100,633
<b>Total members' funds</b>	<b>107,389</b>	<b>(325)</b>	<b>107,064</b>

	Consolidated		Post adjustment
	Pre adjustment	Adjustment	
Statement of financial position – 2020	\$'000s	\$'000s	\$'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	2,718	(1,583)	1,135
<b>Total non-current assets</b>	<b>166,202</b>	<b>(1,583)</b>	<b>164,619</b>
<b>Total assets</b>	<b>270,878</b>	<b>(1,583)</b>	<b>269,295</b>
<b>Net assets</b>	<b>113,045</b>	<b>(1,583)</b>	<b>111,462</b>
<b>Members' funds</b>			
Retained surplus	107,325	(1,583)	105,742
<b>Total members' funds</b>	<b>113,045</b>	<b>(1,583)</b>	<b>111,462</b>

	Consolidated		Post adjustment
	Pre adjustment	Adjustment	
Statement of cash flows – 2020	\$'000s	\$'000s	\$'000s
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees	(153,821)	(1,301)	(155,122)
<b>Net cash inflows from operating activities</b>	<b>17,336</b>	<b>(1,301)</b>	<b>16,035</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment and intangible assets	(18,189)	1,301	(16,888)
<b>Net cash outflows from investing activities</b>	<b>(54,208)</b>	<b>1,301</b>	<b>(52,907)</b>

#### 4 Revenue

	Consolidated	
	2021	2020
	\$'000s	\$'000s
Revenue from contracts with customers		
Member fees and subscriptions	88,163	89,268
Education and CPA Program	56,402	54,835
Professional development	7,430	5,924
Other services	3,586	4,063
Marketing, promotion and publications	2,038	2,051
	157,619	156,141

#### 4 (a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines and the timing of revenue recognition.

	Consolidated					
	Member fees and subscriptions	Education and CPA Program	Professional development	Other services	Marketing, promotion and publications	Total
2021	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Revenue from contracts with customers	88,163	56,402	7,430	3,586	2,038	157,619
Timing of revenue recognition						
At a point in time	2,177	2,690	7,430	3,586	2,038	17,921
Over time	85,986	53,712	-	-	-	139,698
	88,163	56,402	7,430	3,586	2,038	157,619
2020						
Revenue from contracts with customers	89,268	54,835	5,924	4,063	2,051	156,141
Timing of revenue recognition						
At a point in time	2,231	4,104	5,924	4,063	2,051	18,373
Over time	87,037	50,731	-	-	-	137,768
	89,268	54,835	5,924	4,063	2,051	156,141

##### Member fees and subscriptions

The membership subscription year runs 1 January to 31 December, with subscriptions payable annually in advance. Only those membership fees and subscriptions that are attributable to the current financial year are recognised as revenue over time. 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 liabilities.

##### Education and CPA Program

Education and CPA Program revenue is recognised as associated performance obligations are satisfied. Payments are received in advance except in a small number of cases where customers are invoiced, and payment is due within 30 days. Revenue that relates to future periods is shown in the statement of financial position as subscriptions and fees in advance under the heading of current liabilities – other liabilities.

##### Professional development

Professional development revenue is recognised at a point in time as events are delivered or as goods are transferred to customers. Payments are generally received in advance; where customers are invoiced, payment is due within 30 days. Revenue that relates to future periods is shown in the statement of financial position as subscriptions and fees in advance under the heading of current liabilities – other liabilities.

##### Marketing, promotion and publications

Revenue from marketing, promotion and publications activity is recognised at the time of the sponsored event or publication issue. Payment is due from customers within 30 days of invoicing. Where payment is received in advance, it is recognised as a liability until the performance obligation is satisfied.

##### Other revenue generating activities

Revenue from other contracts with customers is transferred at a point in time when performance obligations are satisfied by transferring promised goods or services to customers. Payment is due from customers within 30 days of invoicing.

#### 4 (b) Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Consolidated	
	2021	2020
	\$'000s	\$'000s
Receivables (included in trade and other receivables)	1,680	2,375
Loss allowance	(95)	(94)
Total receivables	1,585	2,281
Subscriptions and fees received in advance	84,258	75,034

Subscriptions and fees in advance are shown in the statement of financial position under the heading of current liabilities – other liabilities; this represents advance consideration received from customers for which revenue is recognised in accordance with the satisfaction of performance obligations.

Significant changes in contract balances during the period are as follows:

	Consolidated	
	2021	2020
	\$'000s	\$'000s
Revenue recognised that was included in the subscriptions and fees received in advance balance at the beginning of the period	75,034	78,730
Increases due to cash received, excluding amounts recognised as revenue during the period	(84,258)	(75,034)

#### 4 (c) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2021.

	Consolidated
	2021
	\$'000s
Member fees and subscriptions	63,963
Education and CPA Program	19,941
Professional development	186
Other services	168
	84,258

#### 4 (d) Other income

	Consolidated	
	2021	2020
	\$'000s	\$'000s
Government assistance	69	8,079

Government assistance includes various subsidies issued by Governments globally in response to the COVID-19 pandemic. The Group was eligible for and received the following:

##### *JobKeeper (Australia)*

A total of 401 employees of CPA Australia were eligible for fortnightly payments under the JobKeeper scheme in 2020 totalling \$7,404,825. CPA Australia was not eligible for further assistance under the JobKeeper scheme beyond 27 September 2020 and received no payments during 2021.

##### *Job Support Scheme (Singapore)*

Confirmation of eligibility was received in April 2020 with a total amount of \$349,526 received between April 2020 and October 2020. Final payments totalling \$68,853 were received between March 2021 and June 2021.

##### *Employment Support Scheme (Hong Kong SAR)*

CPA Australia Hong Kong SAR was not eligible for further assistance in 2021 (2020: \$278,059).

##### *Wage Subsidy Scheme (New Zealand)*

CPA Australia New Zealand was not eligible for further assistance in 2021 (2020: \$46,370).

All employee expenses related to the subsidies received are disclosed separately under employee benefits expense in the statement of profit or loss and other comprehensive income.

##### *Other assistance*

In 2020 CPA Australia China was eligible for Social Insurance Relief amounting to \$100,733. The reduction of this expense was reflected in the employee benefits expense in the statement of profit or loss and other comprehensive income. CPA Australia China was not eligible in 2021 for Social Insurance Relief assistance.

## 5 Finance income

	Consolidated	
	2021	2020
	\$'000s	\$'000s
Dividends and distributions	4,066	2,466
<i>Interest income on:</i>		
Financial assets held as investments	485	1,014
Bank deposits	6	51
	4,557	3,531

### *Dividends and distributions*

Dividends are recognised as finance income in profit or loss when the right to receive payment is established.

### *Interest*

Interest is recognised as finance income in profit or loss using the effective interest rate method.

## 6 Expenditure

### 6 (a) Employee benefits

	Consolidated	
	Restated <sup>1</sup>	
	2021	2020
	\$'000s	\$'000s
Salaries and other benefits	75,674	69,102
Defined contribution	6,274	5,699
Fringe benefits tax	28	195
Defined benefit plan	-	(39)
	81,976	74,957

1 Refer to Note 3 for explanations on the restatement of FY2020.

### 6 (b) Education and CPA Program expense

Exam delivery	10,681	8,936
Exam and content development	6,124	5,935
	16,805	14,871

### 6 (c) Advertising and promotion expense

Acquisition advertising	3,640	3,832
Member engagement activity	565	539
Other	217	352
Sponsorships	217	225
Research prizes and grants	243	174
Business development activity	148	154
Media monitoring	23	36
Public practice program campaign	11	32
	5,064	5,344

### 6 (d) Event delivery expense

Professional development events	4,945	5,259
Member engagement events	1,891	1,291
Recruitment events	45	54
Education events	47	6
	6,928	6,610

#### 6 (e) Professional services expense

	Consolidated	
	Restated	
	2021	2020
	\$'000s	\$'000s
Strategic investment	9,647	7,947
Corporate support	3,304	3,506
Technology projects	3,757	1,598
Publications	1,154	1,460
Governance	363	1,369
Product development and delivery	1,520	1,191
Business development activity	950	966
Legal	1,112	607
Professional conduct activity	703	600
AGM	126	226
	22,636	19,470

#### 6 (f) Printing and communication expense

Publications	402	1,828
Telephone, internet and WAN costs	1,136	1,045
Printing and stationery	361	702
Postage	499	599
Other	474	415
	2,872	4,589

#### 6 (g) Travel and catering expense

Member engagement activity	222	238
Corporate support	328	302
Business development activity	102	227
Board and internal audit	131	276
Education and professional development activity	23	138
Public practice activity	11	77
Advocacy	15	47
Professional conduct activity	7	10
Strategic projects	20	-
	859	1,315



## 6 (h) Other staff costs

	Consolidated	
	Restated	
	2021	2020
	\$'000s	\$'000s
Agencies employment expense	1,356	1,411
Staff training and development	945	1,087
Staff recruitment	1,235	795
Other staff costs	331	399
	3,867	3,692

## 6 (i) Other expenses

Memberships and contributions	2,567	2,659
Merchant fees and bank fees	2,444	2,173
CPA Australia Best Practice Program	118	190
Other	84	191
	5,213	5,213

## 7 Taxation

As an organisation that is carried on for the benefit of its members collectively, not individually, the Group applies the principle of mutuality which is a common law principle based on the premise that individuals (members in the case of CPA Australia) cannot derive taxable income from themselves.

In applying the principle of mutuality, revenue in the form of member receipts represents mutual income and is not subject to income tax. Expenses associated with such mutual income are likewise not tax deductible for income tax purposes. The principle of mutuality does not extend to all other receipts and payments of the Group and as such need to be classified for income tax purposes in accordance with Australian income tax legislation.

Expenditure of the Group has been apportioned between mutual and non-mutual income using an appropriate methodology which has been validated by external tax advisors.

In addition to its Australian operations, the Group also operates in a number of overseas jurisdictions. The revenue derived by the foreign branches of CPA Australia are generally not subject to Australian income tax. Expenses associated with the activities of the foreign branches of CPA Australia are similarly not tax deductible under Australian income tax law.

In 2020, CPA Australia reviewed the transfer pricing policy for the Group and as a result, there is a slightly higher tax expense in some overseas jurisdictions. The transfer pricing policy is guided by the broader taxation policy of the Group and has regard to both the arm's length standard as set out in the Organisation for Economic Co-operation and Development Guidelines, and the local transfer pricing requirements in the jurisdictions in which the Group has a presence.

## 7 (a) Income tax recognised in profit or loss

	Consolidated	
	Restated	
	2021	2020
	\$'000s	\$'000s
Tax expense overseas entities	115	124
Deferred tax expense/(benefit) (refer 7(d))	(712)	232
<b>Total income tax expense/(income)</b>	<b>(597)</b>	<b>356</b>

#### 7 (b) Reconciliation of prima facie income tax

The assessable income of the Group for income tax purposes comprises only certain income deemed to be derived from non-member activities. Allowable deductions for income tax are limited to certain expenses incurred in deriving non-member income 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	
	2021	2020
	\$'000s	\$'000s
Surplus/(deficit) before income tax	(12,381)	6,347
Income tax expense calculated at 30%	(3,714)	1,904
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Mutual revenue	(43,955)	(46,268)
Mutual expenses	43,267	42,197
Foreign operations revenue	(4,964)	(4,741)
Foreign operations expenditure	6,585	6,228
Other tax adjustments	650	230
	(2,131)	(450)
Tax effect of:		
Temporary differences	256	1,540
Recognition/(dercognition) of prior year tax losses as deferred assets	1,163	(858)
Impact of tax in foreign jurisdiction	115	124
	1,534	806
<b>Total income tax expense/(income)</b>	<b>(597)</b>	<b>356</b>

Non-mutual operating and investment revenue totalled \$16.6m in 2021 (2020: \$22.2m). Non-mutual operating expenditure totalled \$20.4m in 2021 (2020: \$19m). This gives rise to a non-mutual taxable loss of \$3.8m (2020: surplus \$3.2m) prior to any tax adjustments.

The tax rate used in the above reconciliation is the corporate tax rate of 30 per cent 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.

## 7 (c) Income tax recognised in other comprehensive income

	Consolidated	
	2021	2020
	\$'000s	\$'000s
Deferred tax expense/(benefit) arising on the fair value remeasurement of equity investments at FVOCI (refer 7(d))	752	(289)
Deferred tax expense/(benefit) arising on the fair value remeasurement of debt instruments at FVOCI (refer 7(d))	(40)	57
<b>Total income tax recognised in other comprehensive income</b>	<b>712</b>	<b>(232)</b>

The deferred tax expense arising on the fair value measurement of equity investments and debt instruments is included in the changes in the fair value of equity investments and debt instruments in other comprehensive income in the statement of profit or loss and other comprehensive income.

## 7 (d) Deferred tax assets (DTAs)/(liabilities) arise from the following

	Consolidated							
	Opening balance 2020	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance 2020	Recognised in profit or loss	Recognised in other comprehensive income	Fx Revaluation	Closing balance 2021
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Investments	(3,380)	(356)	232	(3,504)	(620)	(712)	-	(4,836)
Property, plant and equipment	-	(390)	-	(390)	346	-	-	(44)
Employee benefits	308	(56)	-	252	32	-	-	284
Provisions	35	(18)	-	17	(1)	-	-	16
Leases	570	(720)	-	(150)	(13)	-	-	(163)
Tax losses	2,467	1,308	-	3,775	968	-	-	4,743
Foreign subsidiaries	67	-	-	67	-	-	2	69
	<b>67</b>	<b>(232)</b>	<b>232</b>	<b>67</b>	<b>712</b>	<b>(712)</b>	<b>2</b>	<b>69</b>

CPA Australia Ltd and its Australian subsidiary CPA Australia Advice Pty Ltd formed a tax consolidated group on 1 April 2016. On 31 October 2021, CPA Australia Advice Pty Ltd was deregistered in line with the 2018 decision by the Board of CPA Australia and exited its tax sharing and funding agreement with the consolidated group. Other members of the tax consolidated group remain part of the tax sharing and funding agreement.

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 assets are recognised for all deductible temporary differences. The Group has recognised a deferred income tax asset for all carry forward tax losses to such an extent so that total net deferred income tax assets and liabilities are nil. Any deferred tax asset related to other tax jurisdictions are recognised in the balance sheet. Further details on the deferred tax assets not brought to account are outlined below.

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 statement of profit or loss and other comprehensive Income.

#### 7 (e) Deferred tax assets (DTAs) not brought to account

Deferred tax assets not brought to account are as follows:

	Consolidated	
	2021	2020
	\$'000s	\$'000s
Tax losses not recognised as DTAs	2,635	1,472

#### 8 Cash and cash equivalents

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Current</b>		
Cash at bank and in hand	52,927	38,059
Deposits at call	14,000	4,500
	66,927	42,559

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

Cash and cash equivalents decreased due to the purchase of investments during the year and higher deposits less than one year but greater than 90 days.

	Consolidated	
	Restated <sup>1</sup>	
	2021	2020
	\$'000s	\$'000s
<b>Inflow from operating activities</b>		
Surplus/(deficit) for the year	(11,784)	4,734
<b>Plus/(minus) non-operating items:</b>		
Interest and dividend income received	(4,557)	(3,531)
Net (gain)/loss on sale of property, plant and equipment	-	(15)
Net (gain)/loss on sale of financial assets at FVTPL	(184)	95
<b>Plus/(minus) non-cash items:</b>		
Depreciation and amortisation	14,747	12,914
Foreign exchange translation	1,256	199
Provision for impairment	(127)	479
Addback loss allowance on trade receivables	107	440
Deferred tax adjustment	(712)	256
Make-good expense/(gain)	(580)	(312)
(Gain)/loss on revaluation of financial assets at FVTPL	(2,068)	(1,186)
Movement in Fiji funds	213	-
Lease rental concessions	-	(146)
Finance costs	11	35
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in receivables	697	245
(Increase)/decrease in other assets	(564)	(161)
Increase/(decrease) in payables	105	6,936
Increase/(decrease) in subscriptions and fees in advance	9,224	(3,696)
Increase/(decrease) in other liabilities	-	-
Increase/(decrease) in provisions	851	(1,221)
<b>Net cash inflow from operating activities</b>	<b>6,635</b>	<b>16,065</b>

1 Refer to Note 3 for explanations on the restatement of FY2020.

## 9 Trade and other receivables

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Current assets</b>		
Trade and other receivables	1,685	2,378
Loss allowance	(95)	(94)
	1,590	2,284
<b>Other receivables:</b>		
Accrued interest on bank deposits	1	1
Accrued interest on financial assets at amortised cost	2	5
	3	6
	1,593	2,290

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore classified as current. No interest is charged on outstanding trade receivables. Trade receivables are recognised initially at the transaction amount. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

In determining the recoverability of a trade receivable, the Group 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 consist of many members and customers, spread across diverse industries and geographical areas. The Group 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.

The movement in the allowance for impairment in respect of trade receivables is as follows:

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Movement in loss allowance</b>		
Balance at 1 January	94	49
Amounts recovered	-	-
Remeasurement of loss allowance	1	45
Balance at the end of the year	95	94

Details on the calculation of the loss allowance are provided in Note 24.

## 10 Other assets

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Current</b>		
Prepayments	6,084	5,559
Security deposit and other	21	-
	6,105	5,559
<b>Non-current</b>		
Security deposit and other	544	526
	544	526

## 11 Other financial assets

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Current</b>		
Deposits greater than 90 days, less than one year	19,273	54,268
	19,273	54,268
<b>Non-current</b>		
Financial assets at fair value through profit or loss (FVTPL)	67,200	56,237
Financial assets at fair value through other comprehensive income (FVOCI)	37,153	37,517
	104,353	93,754

Details on accounting policies for financial assets are outlined in Note 24.

## 12 Property, plant and equipment

	Consolidated				
	Building at cost	Plant and equipment and leasehold improvements at cost	Library books at cost	Capital work in progress	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Gross carrying amount</b>					
Balance at 1 January 2020	3,800	42,888	51	1,974	48,713
Additions	-	274	12	26,280	26,566
Derecognition of assets	-	(15,755)	(8)	-	(15,763)
Transfers to/from asset class	-	27,304	-	(27,304)	-
<b>Balance at 1 January 2021</b>	<b>3,800</b>	<b>54,711</b>	<b>55</b>	<b>950</b>	<b>59,516</b>
Additions	-	333	6	3,432	3,771
Derecognition of assets	-	(1,582)	(9)	-	(1,591)
Transfers to/from asset class	-	2,782	-	(2,782)	-
<b>Balance at 31 December 2021</b>	<b>3,800</b>	<b>56,244</b>	<b>52</b>	<b>1,600</b>	<b>61,696</b>
<b>Accumulated depreciation and impairment</b>					
Balance at 1 January 2020	(1,672)	(36,092)	(20)	-	(37,784)
Derecognition of assets	-	13,984	8	-	13,992
Depreciation	(76)	(4,587)	(11)	-	(4,674)
<b>Balance at 1 January 2021</b>	<b>(1,748)</b>	<b>(26,695)</b>	<b>(23)</b>	<b>-</b>	<b>(28,466)</b>
Derecognition of assets	-	1,412	9	-	1,421
Depreciation	(76)	(6,627)	(11)	-	(6,714)
<b>Balance at 31 December 2021</b>	<b>(1,824)</b>	<b>(31,910)</b>	<b>(25)</b>	<b>-</b>	<b>(33,759)</b>
<b>Net book value</b>					
Property, plant and equipment as at 31 December 2020	2,052	28,016	32	950	31,050
Property, plant and equipment as at 31 December 2021	<b>1,976</b>	<b>24,334</b>	<b>27</b>	<b>1,600</b>	<b>27,937</b>

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

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 as follows:

Buildings	50 Years
Strata title	50 Years
Property, plant and equipment	3 – 13 Years
Library books	5 Years

### Land and buildings

Valuations are obtained biennially and were obtained in 2021. All valuations received exceeded the assets 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 where there exists an obligation to restore the property to its original condition. These costs are included in the value of plant and equipment (comprising of leasehold improvements assets) with a corresponding provision for the restoration taken up.

### 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.

### Sale of non-current assets

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

## 13 Intangible assets

	Consolidated		
	Intangible assets at cost	Capital work in progress – intangible assets	Total
	\$'000s	\$'000s	\$'000s
<b>Gross carrying amount</b>			
Balance at 1 January 2020 (restated) <sup>1</sup>	31,631	52	31,683
Additions (restated) <sup>1</sup>	-	1,033	1,033
Derecognition of assets	(1,467)	-	(1,467)
Transfers to/from asset class (restated) <sup>1</sup>	742	(742)	-
<b>Balance at 1 January 2021</b>	<b>30,906</b>	<b>343</b>	<b>31,249</b>
Additions	-	5,816	5,816
Derecognition of assets	(9,992)	-	(9,992)
Transfers to/from asset class	3,380	(3,380)	-
<b>Balance at 31 December 2021</b>	<b>24,294</b>	<b>2,779</b>	<b>27,073</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 January 2020 (restated) <sup>1</sup>	(30,780)	-	(30,780)
Derecognition of assets	1,467	-	1,467
Amortisation and impairment (restated) <sup>1</sup>	(801)	-	(801)
<b>Balance at 1 January 2021</b>	<b>(30,114)</b>	<b>-</b>	<b>(30,114)</b>
Derecognition of assets	9,985	-	9,985
Amortisation and impairment	(796)	-	(796)
<b>Balance at 31 December 2021</b>	<b>(20,925)</b>	<b>-</b>	<b>(20,925)</b>
<b>Net book value</b>			
Intangible assets as at 31 December 2020	792	343	1,135
Intangible assets as at 31 December 2021	3,369	2,779	6,148

<sup>1</sup> Refer to Note 3 for explanations on the restatement of FY2020.



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.

#### **Website costs**

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

#### **SaaS Arrangements**

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the statement of financial position. The Group updated its policy in relation to cloud computing arrangement costs during 2021 in response to IFRIC agenda decisions as outlined at Note 3.

SaaS arrangements are service contracts providing CPA Australia with the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits. These facts indicate that there is no ownership of the asset as the supplier controls the application software (intellectual property) to which CPA Australia has access. Where there is no ownership, control or possession of the asset, the cloud computing arrangement (SaaS) will be a service contract and costs are treated as operating expenditure in accordance with AASB 138 *Intangible Assets*.

Implementation costs including costs to configure or customise the cloud provider's application software under the SaaS are recognised as operating expenditure and are categorised as either being distinct or not distinct from the SaaS access to determine the timing of the expense. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

If the Group pays the supplier before receiving the customisation services, it recognises the prepayment as an asset and the asset is expensed when the service is supplied. Conversely, an accrued expense is recognised if it receives a service in advance of paying for that service.

Configuration and customisation costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset, are recognised as intangible software assets. Such costs of customisation or modification may be capitalised as a stand-alone software asset or part of the cost of an existing software asset provided the recognition criteria in AASB 138 *Intangible Assets* are met.

#### **Impairment of intangible assets**

At each reporting date, the Group reviews the carrying amounts of its intangible 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 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 recoverable amount of the cash-generating unit to which the asset belongs is estimated. 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.

## 14 Leases

### 14 (a) Right-of-use asset

The Group leases properties in the jurisdictions from which it operates. In some jurisdictions, it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates. In some jurisdictions, the periodic rent is fixed over the lease term.

	Consolidated
	Leased properties
	Right-of-use asset
	\$'000s
<b>Gross carrying amount</b>	
Balance at 1 January 2020	45,311
Additions/modification to right-of-use assets	7,533
Derecognition of right-of-use assets	(287)
Foreign exchange movements	(634)
<b>Balance at 1 January 2021</b>	<b>51,923</b>
Additions/modification to right-of-use assets	6,660
Derecognition of right-of-use assets	-
Foreign exchange movements	747
<b>Balance at 31 December 2021</b>	<b>59,330</b>
<b>Accumulated depreciation</b>	
Balance at 1 January 2020	(7,161)
Depreciation	(7,439)
Derecognition of right-of-use assets	287
Foreign exchange movements	477
<b>Balance at 1 January 2021</b>	<b>(13,836)</b>
Depreciation	(7,237)
Derecognition of right-of-use assets	-
Foreign exchange movements	(474)
<b>Balance at 31 December 2021</b>	<b>(21,547)</b>
<b>Net book value</b>	
Right-of-use asset as at 31 December 2020	38,087
Right-of-use asset as at 31 December 2021	<b>37,783</b>

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low-value assets and leases with a duration of twelve months or less. Lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income over the lease term.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease; and
- Initial direct costs incurred.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

### 14 (b) Lease liabilities

	Leased properties
	\$'000s
<b>Reconciliation of lease liability</b>	
Balance at 1 January 2020	45,565
Additions/modification	7,533
Interest expense	1,678
Lease payments	(9,839)
Lease rental concessions	(146)
Lease incentives received	9,027
Foreign exchange movements	(188)
<b>Balance at 1 January 2021</b>	<b>53,630</b>
Additions/modification	6,472
Interest expense	1,791
Lease payments	(9,535)
Lease rental concessions	-
Lease incentives received	100
Foreign exchange movements	288
<b>Balance at 31 December 2021</b>	<b>52,746</b>

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate which is determined by obtaining interest rates from various external financing sources. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

The Group early adopted in the prior year *AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* and applied the practical expedient consistently to eligible rent concessions. Amounts received are treated as a credit to rent and outgoings in the statement of profit or loss and other comprehensive Income. During 2021, the Group did not receive any COVID-19 related rental concessions (2020: \$146,311). For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

Service charges are not included in the calculation of lease liabilities and are expensed in the statement of profit or loss and other comprehensive Income. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability includes:

- Amounts expected to be payable under any residual value guarantee
- The exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate at the time of remeasurement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- In all other cases where renegotiating increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

#### Extension options

Some property leases contain extension options exercisable by the Group. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$21m.

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Lease commitments<sup>1</sup></b>		
Less than one year	9,054	9,456
One to two years	8,317	8,226
Two to three years	7,613	6,900
Three to four years	6,627	5,955
Four to five years	6,616	5,998
More than five years	29,377	33,548
<b>Total</b>	<b>67,604</b>	<b>70,083</b>

1 Lease commitments reflect the contractual undiscounted cash flows.

## 15 Provisions

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Current</b>		
Employee benefits	6,665	5,825
Restoration of leased properties	85	348
	6,750	6,173
<b>Non-current</b>		
Employee benefits	1,369	1,008
Restoration of leased properties	2,012	2,099
	3,381	3,107
	10,131	9,280

### Employee benefits

The employee benefits provision represents annual leave and vested and unvested long service leave entitlements accrued.

Employee benefits expected to be settled within one year after the end of the period in which the employees render the service have been measured at the amounts expected to be paid when the liabilities are settled and includes on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future payments to be made for those benefits. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that most closely match the terms of maturity of the related liabilities. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

	Consolidated	
	2021	2020
<b>Employee numbers</b>		
Average number of full-time equivalent employees (FTEs) during the financial year	577	525

### Restoration of leased properties

In accordance with AASB 116 *Property, Plant and Equipment* the Group recognises a restoration provision as part of the asset cost for leasehold improvements. The provision is reviewed annually in accordance with AASB 137 *Provisions, Contingent liabilities and Contingent assets* and AASB Interpretation 1 *Changes in existing decommissioning, restoration and similar liabilities*. At this time, the discount for the time value of money is unwound and recognised as a finance cost and circumstances are reviewed and the provision re-measured if required.

In 2021, the provision was re-measured based on changes in expected costs to restore applicable sites, to the lease terms, inflation and discount rates. This resulted in a decrease to the provision.

	Consolidated	
	2021	2020
	\$'000s	\$'000s
Balance at 1 January	2,447	3,702
Provision charged/(credited) to plant and equipment	64	(978)
Provision charged/(credited) to profit or loss	(425)	(312)
Unwinding of discount and effect of changes in the discount rate	11	35
Balance as at 31 December	2,097	2,447

## 16 Other liabilities

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Current</b>		
Subscriptions and fees received in advance	84,258	75,034
	84,258	75,034

## 17 Parent entity disclosure

	Consolidated	
	Restated <sup>1</sup>	
	2021	2020
	\$'000s	\$'000s
<b>Financial position</b>		
<b>Assets</b>		
Current assets	88,454	99,992
Non-current assets	176,246	163,823
<b>Total assets</b>	<b>264,700</b>	<b>263,815</b>
<b>Liabilities</b>		
Current liabilities	117,804	109,832
Non-current liabilities	47,687	46,153
<b>Total liabilities</b>	<b>165,491</b>	<b>155,985</b>
<b>Net Assets</b>	<b>99,209</b>	<b>107,830</b>
<b>Members' funds</b>		
Retained surplus	90,638	102,742
Reserves		
Investment revaluation reserve	7,109	5,447
Foreign currency translation reserve	1,462	(359)
<b>Total members' funds</b>	<b>99,209</b>	<b>107,830</b>

1 Refer to Note 3 for explanations on the restatement of FY2020

As at 31 December 2021, current liabilities are \$29.4m greater than current assets. This is mainly due to investments purchased during the year being classified as non-current assets based on the Group's intention to realise these assets. It is also impacted by deferred revenue, a non-cash item being classified as a current liability. The Company has sufficient liquidity to pay its debts as and when they become due and payable.

### Loan to subsidiary

On 31 October 2021, CPA Australia Advice Pty Ltd was deregistered with ASIC in line with the 2018 decision to cease operations by the Board of CPA Australia. To satisfy the requirements for voluntary deregistration under the *Corporations Act*, CPA Australia Advice Pty Ltd was required to reduce its assets below \$1,000, this was achieved by transferring \$85,758 representing the balance of remaining funds to the parent company CPA Australia Ltd. The transfer of assets is treated as a reduction in equity capital contribution in the accounts of CPA Australia Advice Pty Ltd. As CPA Australia Ltd previously impaired the loans to CPA Australia Advice Pty Ltd, the funds returned to CPA Australia Ltd are treated as a reversal of the impairment provision in the accounts of CPA Australia Ltd. The reversal of the impairment is eliminated on consolidation and has no impact on the consolidated financial statements.

## 18 Commitments

	Consolidated	
	2021	2020
	\$'000s	\$'000s
<b>Other non-cancellable contractual commitments</b>		
Not later than one year	17,977	4,265
Later than one year but not later than five years	12,282	2,503
Later than five years	13,591	13,810
	<b>43,850</b>	<b>20,578</b>

### Other contractual commitments

Other non-cancellable commitments include the Group's contribution to the strata administration and capital works fund in respect of the Sydney premises, software development costs and software licensing agreements.

The Group has no contractual commitments for the acquisition of property, plant and equipment as at the end of the reporting period.

### Other commitments

In 2022, the Group will continue to support the following organisations: APESB, IFAC and the VRF <IR> Council. Support of these organisations is aligned with our strategic goals to protect, promote and enhance the integrity of the designation and to lead the future of the accounting profession.

The Group has provided support in 2021 to IFAC in the pursuit of their objectives. The contribution for the 2021 year was \$1,406,821 (2020: \$1,632,004).

As part of the undertakings with APESB, CPA Australia, CA ANZ and the Institute of Public Accountants contribute funds necessary for the pursuit of the objectives of APESB. The contributions for the 2021 year were \$473,500 (2020: \$473,500).

The Group has provided support in 2021 to the VRF <IR> Council in the pursuit of their objectives. The contribution for the 2021 year was \$69,587 (2020: \$78,590).

These contributions are included in other expenses in the statement of profit or loss and other comprehensive income.

### 19 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 the Group being wound up would not exceed \$10 per member.

## 20 Related parties

### 20 (a) Key management personnel

Key management personnel (KMP) are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

The following were KMP of CPA Australia Ltd during the reporting period. Directors of subsidiaries have only been included where they are also Directors of CPA Australia Ltd or are considered KMP of the Group. Unless otherwise indicated, the following non-executive Directors and executives were KMP for the entire period:

#### Non-executive Directors

Name	Title	Appointed/resigned	Term end date
Merran Kelsall	President and Chairman	Re-appointed 1 October 2020	30 September 2023
Dale Pinto	Deputy President	Re-appointed 1 October 2021	30 September 2024
Rosemary Sinclair	Deputy President	Re-appointed 1 October 2020	30 September 2023
Enrico De Santi	Former Deputy President	Retired 30 September 2021	Not applicable
Peter Wilson	Former Director	Resigned 31 December 2021	Not applicable
Su-Yen Wong	Former Director	Retired 30 September 2021	Not applicable
Robyn Erskine	Former Director	Resigned 4 March 2021	Not applicable
Louise Cox	Director	Appointed 1 October 2019	30 September 2022
Helen Lorigan	Director	Re-appointed 1 October 2020	30 September 2023
Michaela Browning	Director	Appointed 31 December 2020	30 September 2023
Yew Kee Ho	Director	Appointed 1 October 2021	30 September 2024
Warren McRae	Director	Appointed 1 October 2021	30 September 2024
Bernard Che-Wai Poon	Director	Appointed 1 October 2021	30 September 2022

#### Executives

Name	Title	Appointed/ceased
Andrew Hunter	CEO	
Nicholas Diss	CFO Director – CPA Australia (Shanghai) Co., Ltd Director – CPA Australia Advice Pty Ltd	Ceased 31 October 2021
Simon Easson	EGM Member Education	Ceased 30 June 2021
Karen Hellwig	EGM Member Experience EGM Member Education	Ceased 30 June 2021 Appointed 1 July 2021
Rowena Buddee	EGM Public Practice and Professional Standards EGM Member Experience	Ceased 30 June 2021 Appointed 1 July 2021
Rebecca Keppel-Jones	EGM Professional Standards and Business Support	Appointed 1 July 2021
Meg Yeates	EGM Marketing	Ceased 31 December 2021
Deborah Leung	EGM International Director – CPA Australia (Shanghai) Co., Ltd	
Farid Jarrar	Chief Information and Digital Officer	
Gary Pflugrath	EGM Policy and Advocacy	
Marissa Alley	EGM People and Culture	Appointed 1 April 2021



## 20 (b) Compensation of key management personnel

### (i) Non-executive Director compensation

Directors are remunerated in accordance with the provisions of the Constitution, the changes being adopted at the AGM in 2018. Director remuneration for 2021 was below the pooled amount for 10 Directors, calculated under the Constitution. From 1 October 2020 to 30 September 2021, the pooled amount for 10 Directors was \$1,017,339. From 1 October 2021 to 30 September 2022, the pooled amount was increased to \$1,047,859. The annual remuneration paid to the Directors in 2021 is set out in Note 20.c– key management personnel.

Director Enrico De Santi was Deputy Auditor General of Tasmania upon his initial appointment to CPA Australia's Board in October 2017. Mr De Santi's participation on the CPA Australia Board was approved by the Auditor General of Tasmania and was reported in the 2017 CPA Australia Integrated Report. On 20 November 2018, CPA Australia's Board communicated to all members advising that Mr De Santi, in consultation with the Auditor General, advised that he would perform his CPA Australia Director duties on a pro bono basis effective 16 November 2018. Mr De Santi retired from the Tasmanian Audit Office on 2 July 2021 and was paid Director fees from then until his term on the Board ended on 30 September 2021.

Director Michaela Browning is a long-standing senior executive of the Australian Diplomatic corps and brings to the Board a deep understanding of industry and international relations in regions where CPA Australia operates. Due to the Diplomatic positions held by Ms Browning, she advised upon appointment to the Board on 31 December 2020 that she would perform her CPA Australia Director duties on a pro bono basis. Ms Browning stepped down from her public service position as CEO of the National Foundation for Australia China Relations in July 2021 and was paid Director fees from 1 July 2021 to 31 October 2021. Ms Browning advised CPA Australia that she would return to performing her Director duties in a pro bono capacity from 1 November 2021.

The Group may pay all reasonable travelling, accommodation and other expenses that a Director properly incurs in attending meetings of the Board, committees of the Board, meetings of members or otherwise in connection with the business of the Company. Where a non-Director is a member of a Board committee, they will be entitled to a per diem amount. For the Nomination Committee, members were entitled to receive a maximum amount of \$450 per hour, capped at a total of \$50,000 per annum.

The Board has determined that no Directors of CPA Australia are to sit on the Boards of any CPA Australia subsidiaries. CPA Australia Advice Pty Ltd was de-registered in 2021.

### (ii) Executive compensation

Executive remuneration is comprised of a fixed component based on total salary cost (TSC) and an at-risk component comprising an incentive scheme as discussed below.

TSC equals total gross remuneration plus the employer superannuation contribution. Remuneration reviews are conducted annually and any salary increases following on from these reviews will normally be effective from 1 January each year. Remuneration of the CEO and direct reports of the CEO is approved by the Board. Salary increases for all other staff are determined by the CEO in consultation with business unit leaders and approved by the Board.

The Group has in place an incentive scheme for its staff that is designed to focus employees on the organisation's strategy including critical member service outcomes and to reward employee commitment to the overall strategic objectives of the Group. Overall the Group's KPIs must be achieved for incentive payments to be made; performance is reviewed by the Board at the end of each year and the incentive pool is approved. It is noted that in 2021 the Group achieved the annual KPI targets designated and as such the executive management team were eligible and did receive an incentive payment, this is in contrast to 2020 where despite achieving the annual KPI targets set the CEO and executive management team did not receive an incentive payment.

The Board has also adopted the market median as the policy reference point to determine annual executive remuneration, including that of the CEO. Bands of +/- 20 per cent from the market median will be used in future to determine relevant salary ranges for each executive position, taking into account the individuals experience and competence.



## 20 (c) 2021 Compensation – key management personnel

Name	Company	
<b>Non-executive Directors</b>		
Merran Kelsall	CPA Australia Limited	Chairman and President
Dale Pinto <sup>5</sup>	CPA Australia Limited	Deputy President
Rosemary Sinclair	CPA Australia Limited	Deputy President
Enrico De Santi <sup>6,7</sup>	CPA Australia Limited	Former Deputy President
Chin Aik Wong <sup>8</sup>	CPA Australia Limited	Former Deputy President
Peter Wilson <sup>9</sup>	CPA Australia Limited	Former Director
Su-Yen Wong <sup>10</sup>	CPA Australia Limited	Former Director
Robyn Erskine <sup>11</sup>	CPA Australia Limited	Former Director
Louise Cox	CPA Australia Limited	Director
Helen Lorigan	CPA Australia Limited	Director
Michaela Browning <sup>12</sup>	CPA Australia Limited	Director
Yew Kee Ho <sup>13</sup>	CPA Australia Limited	Director
Warren McRae <sup>13</sup>	CPA Australia Limited	Director
Bernard Che-Wai Poon <sup>13</sup>	CPA Australia Limited	Director
<b>Total non-executive Directors</b>		
<b>Executives</b>		
Andrew Hunter	CPA Australia Limited	CEO
Nicholas Diss	CPA Australia Limited	CFO
	CPA Australia (Shanghai) Co., Ltd	Director
	CPA Australia Advice Pty Ltd	Former Director <sup>14</sup>
Karen Hellwig <sup>15</sup>	CPA Australia Limited	EGM Member Education
Meg Yeates <sup>16</sup>	CPA Australia Limited	Former EGM Marketing
Simon Eassom <sup>17</sup>	CPA Australia Limited	Former EGM Member Education
Farid Jarrar	CPA Australia Limited	Chief Information and Digital Officer
Deborah Leung	CPA Australia Limited	EGM International
	CPA Australia (Shanghai) Co., Ltd	Director
Rowena Buddee <sup>18</sup>	CPA Australia Limited	EGM Member Experience
Gary Pflugrath	CPA Australia Limited	EGM Policy and Advocacy
Rebecca Keppel-Jones <sup>19</sup>	CPA Australia Limited	EGM Professional Standards and Business Support
Erica Traicos <sup>20</sup>	CPA Australia Limited	Former EGM People and Culture
Marissa Alley <sup>21</sup>	CPA Australia Limited	EGM People and Culture
<b>Total executives</b>		
<b>Total non-executive Directors and executives</b>		

1 Other long-term benefits include long service leave entitlements accrued during the year.

2 Includes annual leave entitlements accrued during 2021.

3 Additional leave awarded during 2021.

4 Other short-term benefits include car parking and fringe benefits.

5 Re-appointed as Deputy President effective 1 October 2021.

6 Retired as Deputy President effective 30 September 2021.

7 Mr De Santi elected to perform his Director duties on a pro bono basis from 16 November 2018. He retired from the Tasmanian Audit Office on 2 July 2021 and was paid Director fees from then until his term on the Board ended on 30 September 2021.

8 Term as Deputy President ended on 30 September 2020.

9 Retired as Director effective 31 December 2021.

10 Retired as Director effective 30 September 2021.

11 Resigned as Director effective 4 March 2021.

12 Ms Browning elected to perform her Director duties on a pro bono basis from 31 December 2020. She stepped down from her public service position as CEO of the National Foundation for Australia China Relations in July 2021 and was paid Director fees from 1 July 2021 to 31 October 2021. Ms Browning returned to performing her Director duties in a pro bono capacity from 1 November 2021.

Short-term employee benefits				Post-employment benefits	Other long-term benefits <sup>1</sup>	Total 2021 (excl termination benefits)	Termination benefits	Total 2021 (incl termination benefits)	Total 2020
Salary and fees <sup>2</sup>	Incentive	Additional leave <sup>3</sup>	Other <sup>4</sup>	Superannuation					
201,314	-	-	-	19,631	-	220,945	-	220,945	141,825
97,306	-	-	-	9,489	-	106,795	-	106,795	85,375
79,525	-	-	-	7,770	-	87,295	-	87,295	78,875
24,091	-	-	-	2,409	-	26,500	-	26,500	-
-	-	-	-	-	-	-	-	-	87,000
96,584	-	-	-	9,416	-	106,000	-	106,000	197,875
54,711	-	-	-	5,289	-	60,000	-	60,000	78,875
13,301	-	-	-	1,264	-	14,565	-	14,565	78,875
74,130	-	-	-	7,230	-	81,360	-	81,360	78,875
74,130	-	-	-	7,230	-	81,360	-	81,360	78,875
24,242	-	-	-	2,424	-	26,666	-	26,666	-
19,418	-	-	-	1,942	-	21,360	-	21,360	-
19,418	-	-	-	1,942	-	21,360	-	21,360	-
19,418	-	-	-	1,942	-	21,360	-	21,360	-
<b>797,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,978</b>	<b>-</b>	<b>875,566</b>	<b>-</b>	<b>875,566</b>	<b>906,450</b>
793,378	266,640	59,725	3,379	24,597	12,856	1,160,575	-	1,160,575	790,530
346,340	73,360	26,292	3,286	26,250	5,632	481,160	-	481,160	372,679
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
346,806	80,000	27,953	3,004	26,250	5,784	489,797	-	489,797	350,970
268,287	29,868	21,052	2,201	28,894	4,506	354,808	116,828	471,636	291,548
201,913	-	30,136	1,115	18,392	3,240	254,796	167,763	422,559	431,474
357,913	74,953	26,905	952	26,250	5,764	492,737	-	492,737	364,796
412,405	74,501	27,290	-	17,738	5,912	537,846	-	537,846	464,853
-	-	-	-	-	-	-	-	-	-
291,065	68,000	22,188	3,149	26,250	4,969	415,621	-	415,621	288,509
294,972	64,242	22,593	1,150	26,250	4,878	414,085	-	414,085	317,915
115,268	27,500	-	1,382	12,016	2,005	158,171	-	158,171	-
-	-	-	-	-	-	-	-	-	417,296
194,481	58,000	18,212	1,939	20,000	3,266	295,898	-	295,898	-
<b>3,622,828</b>	<b>817,064</b>	<b>282,346</b>	<b>21,557</b>	<b>252,887</b>	<b>58,812</b>	<b>5,055,494</b>	<b>284,591</b>	<b>5,340,085</b>	<b>4,090,570</b>
<b>4,420,416</b>	<b>817,064</b>	<b>282,346</b>	<b>21,557</b>	<b>330,865</b>	<b>58,812</b>	<b>5,931,060</b>	<b>284,591</b>	<b>6,215,651</b>	<b>4,997,020</b>

13 Term as a Director commenced on 1 October 2021.

14 Term as Director ceased 31 October 2021 on de-registration of CPA Australia Advice Pty Ltd.

15 Karen Hellwing was EGM Member Experience until 30 June 2021.

16 Annual leave entitlements totalling \$24,648 and long service leave entitlements totalling \$53,170 were also paid on cessation; this amount is not included in the termination payment.

17 Annual leave entitlements totalling \$9,552 were also paid on cessation; this amount is not included in the termination payment.

18 Rowena Buddde was EGM Public Practice and Professional Standards until 30 June 2021.

19 Appointed effective 1 July 2021.

20 Ceased effective 31 December 2020.

21 Appointed effective 1 April 2021.

#### 20 (d) Loans and amounts owing to key management personnel

There are no loans between key management personnel and the Group.

Director fees of \$1,606 have been accrued in respect of Andrew Heng, a Director of CPA Australia (M) Sdn. Bhd. and are payable in early 2022.

#### 20 (e) Other transactions of key management personnel and key management personnel related entities

Priya Dharshini Terumalay, Country Head Malaysia, is a Director of CPA Australia (M) Sdn. Bhd. and a Director of CPA Australia (Shanghai) Co., Ltd. Nicholas Diss, CFO is a Director of CPA Australia (Shanghai) Co. Ltd and CPA Advice Pty Ltd (ceasing 31 October 2021) and Deborah Leung, Country Head Greater China and EGM International is a Director of CPA Australia (Shanghai) Co. Ltd.

In February 2021, a transaction between CPA Australia and Brooke Bird to the value of \$10,000 (excl GST) was identified. Robyn Erskine who was a Director of CPA Australia Ltd at the time of the transaction was also a Partner of Brooke Bird and had a controlling interest in Brooke Bird. The transaction was on arm's length commercial terms to develop education manuals and materials. Robyn Erskine resigned from her position as Director effective 4 March 2021 and the monies paid to Brooke Bird in relation to the services provided were repaid to CPA Australia Ltd. In March 2021, the organisation implemented a new process whereby any creditors identified as a related party of a Director are deactivated with payments only occurring once approval is obtained by the CFO.

There are no other transactions conducted between the Group and key management personnel or their related parties, apart from those disclosed above relating to compensation or that were conducted other than in accordance with a normal employee relationship, on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

#### 21 Auditor remuneration

	Consolidated	
	2021	2020
	\$	\$
<b>Auditor of parent entity, Australia subsidiaries and New Zealand branch</b>		
Audit of financial report	230,400	259,390
Other assurance services	72,500	95,185
<b>Affiliated firms</b>		
Audit of financial reports for overseas subsidiaries and branches	125,135	97,443
	428,035	452,018

The 2021 annual financial report has been audited by KPMG Australia.

Any activity that involves the engagement of the company auditor must adhere to the Board endorsed principles and requires the prior approval of the Board ARCC to ensure there is no conflict of interest. As a general principle, the use of the external auditor 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 deliver professional development, article authoring or CPA Program authoring, this is to be documented and provided to the Board ARCC for endorsement quarterly.

Offshore divisions can enter into sponsorships arrangement with their local KPMG office where Deloitte, PwC and Ernst & Young will also be represented. Sponsorships can be raised for member awards where the member is the direct recipient of the cash benefit.

During 2021, the Hong Kong division received local sponsorship for a charity run from KPMG.

## 22 Investment in controlled entities

	Class of share	Entity interest		Amount of investment	
		2021	2020	2021	2020
		%	%	\$	\$
Controlled entity					
CPA Australia (M) Sdn. Bhd.	Ordinary	100	100	160,127	160,127
CPA Australia (Shanghai) Co., Ltd	Ordinary	100	100	1,206,987	1,206,987
CPA Australia Advice Pty Ltd	Ordinary	-	100	-	1

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 (M) Sdn. Bhd. is incorporated in Malaysia to facilitate the provision of services to members in Malaysia.

CPA Australia (Shanghai) Co., Ltd is incorporated in China to facilitate the provision of services to members in China.

CPA Australia Advice Pty Ltd was incorporated in Australia and provided financial advice under its Australian Financial Services Licence and Australian Credit Licence. On 31 October 2021 the subsidiary was deregistered with ASIC in line with the 2018 decision to cease operations by the Board of CPA Australia.

### 23 Superannuation and defined benefit plan

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

Eligibility to enter the defined benefit plan ceased on 31 December 1999. In consultation with the plans Trustees,

CPA Australia was granted a 'contribution holiday' to the value of the defined benefit assets as at 31 December 2019, at which point there were no defined benefit members remaining in the fund. During 2020 the plan operated as a deemed defined benefit plan enabling the surplus contributions to be recognised for Superannuation Guarantee purposes. The surplus in the deemed defined benefit fund was fully utilised as at 31 December 2020.

### Reconciliation of the net defined benefit liability/(asset)

Financial year ended	31 December 2021	31 December 2020
	\$'000s	\$'000s
<b>Net defined benefit liability/(asset) at start of year</b>	-	(355)
Current service cost	-	(42)
Net Interest	-	-
Actual return on fund assets less interest income	-	-
Actuarial (gains)/losses arising from liability experience	-	20
Employer contributions/payments	-	377
<b>Net defined benefits liability/(asset) at end of year</b>	-	-

## Reconciliation of the fair value of fund assets

Financial year ended	31 December 2021 \$'000s	31 December 2020 \$'000s
Fair value of fund assets at beginning of the year	-	355
Interest income	-	-
Actual return on fund assets less interest income	-	(20)
Employer contributions/payments	-	(377)
Contributions by fund participants	-	-
Benefits paid	-	-
Taxes, premiums and expenses paid	-	42
Fair value of fund assets at end of the year	-	-

## 24 Financial instruments and risk management

### 24 (a) Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments at fair value through other comprehensive income (FVOCI).

Classifications are determined by both:

- The Group's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets.

### Financial assets at amortised cost

Financial assets are measured at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

These financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group's cash and cash equivalents, term deposits, trade receivables and loans to related parties fall into this category of financial instruments.

### Financial assets at fair value through profit or loss (FVTPL)

These financial assets are mandatorily measured at FVTPL as they are debt instruments that do not qualify for measurement at either amortised cost or FVOCI. They are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

### Financial assets at fair value through other comprehensive income (FVOCI)

The Group classifies the following financial assets at FVOCI:

- Equity instruments that are not held for trading, and for which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

Equity investments at FVOCI are subsequently measured at fair value in other comprehensive income and are never reclassified to profit or loss. Dividends are recognised as income within the profit or loss unless the dividend clearly represents a return of capital.

Debt investments at FVOCI are subsequently measured at fair value in other comprehensive income and will be reclassified to profit or loss upon derecognition of the asset. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss.

#### ***Financial liabilities – trade payables***

In accordance with AASB 9, the Group classifies its trade payables as other financial liabilities and these are measured at amortised cost.

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid as at the reporting date. The amounts are unsecured and are usually paid within 30 days of recognition. The Group's terms and conditions of purchase state payment terms of 30 days from date of invoice.

#### **24 (b) Carrying amounts and fair values of financial instruments**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities at the end of the reporting period.

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 (as prices) or indirectly (derived from prices). Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Level 3 fair value measurements are those that are valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There were no transfers between levels during the year.

## Consolidated

				Carrying amount
	Amortised cost	FVOCI - debt instruments	FVOCI - equity instruments	FVTPL - others
as at 31 December 2020	\$'000s	\$'000s	\$'000s	\$'000s
<b>Financial assets measured at fair value</b>				
Equities	-	-	26,419	-
Equity funds	-	-	-	16,230
Property funds	-	-	-	2,218
Securities	-	510	-	-
Securities - bonds	-	10,588	-	-
Alternatives - infrastructure	-	-	-	3,014
Alternatives	-	-	-	1,818
Hybrids	-	-	-	32,957
<b>Total financial assets measured at fair value</b>	<b>-</b>	<b>11,098</b>	<b>26,419</b>	<b>56,237</b>
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	42,559	-	-	-
Term deposits	54,268	-	-	-
Receivables	2,284	-	-	-
<b>Total financial assets not measured at fair value</b>	<b>99,111</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>				
Trade payables	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>as at 31 December 2021</b>				
<b>Financial assets measured at fair value</b>				
Equities	-	-	27,149	-
Equity funds	-	-	-	23,507
Property funds	-	-	-	6,107
Securities	-	-	-	-
Securities - bonds	-	10,004	-	-
Alternatives - infrastructure	-	-	-	3,234
Alternatives	-	-	-	2,326
Hybrids	-	-	-	32,026
<b>Total financial assets measured at fair value</b>	<b>-</b>	<b>10,004</b>	<b>27,149</b>	<b>67,200</b>
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	66,927	-	-	-
Term deposits	19,273	-	-	-
Receivables	1,590	-	-	-
<b>Total financial assets not measured at fair value</b>	<b>87,790</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>				
Trade payables	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Other financial liabilities \$'000s	Total \$'000s	Fair value			
		Level 1	Level 2	Level 3	Total
		\$'000s	\$'000s	\$'000s	\$'000s
-	26,419	26,419	-	-	26,419
-	16,230	-	16,230	-	16,230
-	2,218	-	2,218	-	2,218
-	510	510	-	-	510
-	10,588	-	10,588	-	10,588
-	3,014	-	3,014	-	3,014
-	1,818	-	1,818	-	1,818
-	32,957	4,144	28,813	-	32,957
-	93,754	31,073	62,681	-	93,754
-	42,559	-	-	-	-
-	54,268	-	-	-	-
-	2,284	-	-	-	-
-	99,111	-	-	-	-
16,801	16,801	-	-	-	-
16,801	16,801	-	-	-	-
-	27,149	27,149	-	-	27,149
-	23,507	-	23,507	-	23,507
-	6,107	-	6,107	-	6,107
-	-	-	-	-	-
-	10,004	-	10,004	-	10,004
-	3,234	-	3,234	-	3,234
-	2,326	-	2,326	-	2,326
-	32,026	4,762	27,264	-	32,026
-	104,353	31,911	72,442	-	104,353
-	66,927	-	-	-	-
-	19,273	-	-	-	-
-	1,590	-	-	-	-
-	87,790	-	-	-	-
16,663	16,663	-	-	-	-
16,663	16,663	-	-	-	-

## 24 (c) Risk management objectives and policies

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

The Group focuses on actively securing its short to medium-term cash flows by minimising the exposure to financial markets. Long term financial investments are managed to generate maximum member returns while not exposing the Group to a high level of risk. Investment of funds is in line with the Group's Cash and Investment Policy.

The most significant financial risks to which the Group is exposed are described below.

### (i) Foreign currency risk

The Group operates internationally and is mainly exposed to Singapore dollars, Hong Kong dollars, Chinese yuan and Malaysian ringgits. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities

denominated in a currency that is not the functional currency of the parent entity.

The Group does not 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 Group's Finance Business Unit and reported to the relevant operation through management reports which analyse exposures by degree and magnitude of risks.

In 2021, the depreciation of the Australian Dollar against the currencies where substantial cash is held resulted in a foreign exchange loss of \$1.3m for the full year.

The following table illustrates the sensitivity of profit for 2021 and intercompany loan amounts to shifts in foreign exchange rates. Minimum and maximum exposure is calculated at shifts of one per cent and 10 per cent change in exchange rates respectively.

	Minimum		Average		Maximum	
	2021	2020	2021	2020	2021	2020
Annual risk by risk type	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Foreign exchange	270	211	1,301	1,017	2,483	1,941

### (ii) Interest rate risk

Exposures to interest rate risk are limited to financial assets bearing variable interest rates, including cash at bank and some debt instruments. Most of the interest-bearing financial assets are instruments held to maturity with fixed interest rates and term.

The Group does not have any interest-bearing financial liabilities.

### (iii) Equity security price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

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 \$1.4m (2020 \$1.3m) due to changes in fair value.

### (iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored and limits reviewed annually.

Trade receivables consist of members and customers, spread across diverse industries and geographical areas. The Group 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 term deposits 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 Group which have been recognised on the statement of financial position is generally the carrying amount, net of any loss allowance. 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.

### Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. The Group has two types of financial assets that are subject to the ECL model:

- Trade receivables
- Debt instruments carried at FVOCI.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1')
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking

information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. Based on its analysis, the Group has allowed 5.70 per cent for all amounts, which is based on an average loss over the past five years.

The loss allowance as at 31 December 2021 was determined as follows for trade receivables:

	Consolidated				
	Current	More than 30	More than 60	More than 90	Total
	\$'000s	days past due \$'000s	days past due \$'000s	days past due \$'000s	\$'000s
<b>31 December 2020</b>					
Expected loss rate	5.39%	5.39%	5.39%	5.39%	
Gross carrying amount – trade receivables	1,246	397	77	28	1,748
<b>Loss allowance</b>	<b>67</b>	<b>21</b>	<b>4</b>	<b>2</b>	<b>94</b>
<b>31 December 2021</b>					
Expected loss rate	5.70%	5.70%	5.70%	5.70%	
Gross carrying amount – trade receivables	1,398	198	39	32	1,667
<b>Loss allowance</b>	<b>80</b>	<b>11</b>	<b>2</b>	<b>2</b>	<b>95</b>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the group and failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented in the statement of profit or loss and other comprehensive income.

#### Debt instruments

Debt instruments at FVOCI include listed and unlisted securities and are limited to 12 months' expected losses. No loss impairment allowance has been recognised at 31 December 2021.

#### (v) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management.

The Group 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.

The Group 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.

Whilst current liabilities exceed current assets, the Board considers that there is no liquidity risk as there are significant other financial assets within the organisation's investment

portfolio that could be easily liquidated to fund any shortfall in working capital should it eventuate as outlined in Note 11.

#### (vi) Market risk management

Market risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The Group manages the financial risks relating to its investments set out in accordance with the Group's *Investment Policy Statement*. The policy contains thresholds that cannot be exceeded, including weighting for asset classes and individual limits within each asset class.

#### (vii) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern, while maximising the return on investments. The overall strategy remains unchanged from 2020.

The Group's capital structure consists of cash and cash equivalents and members' funds, comprising reserves and retained earnings.

The Group has a global presence and operates through branches in the United Kingdom, New Zealand and Asia. No operations of the Group are subject to externally imposed capital requirements.

### 25 Contingent liabilities

There are no contingent liabilities as at 31 December 2021.

### 26 Subsequent events

There has been no matter or circumstance occurring since the end of the financial year to the date of this report that has affected or may significantly affect the activities of the Group, the results of those activities or the state of affairs of the Group in the ensuing or any subsequent financial year.

# Directors' declaration

The Directors declare that:

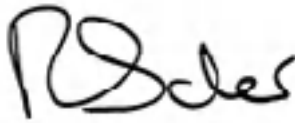
- (a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the Group; 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



Merran Kelsall FCPA  
Director



Rosemary Sinclair AM FCPA  
Director

15 March 2022



# Independent Auditor's Report

To the members of CPA Australia Ltd

## Opinion

We have audited the **Financial Report** of CPA Australia Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in members' funds and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recognition of revenue \$157,619,000	
Refer to Note 4 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Recognition of revenue is a key audit matter due to its significance to the Group's financial results and the significant audit effort associated with assessing different revenue contracts.</p> <p>The Group generates revenue from a variety of service offerings, with revenue recognised at a "point in time" or "over time" depending on the nature of the service. Significant revenue contracts include:</p> <ul style="list-style-type: none"> <li>• fees from membership subscriptions;</li> <li>• fees from the provision of educational services and the CPA Program; and</li> <li>• fees from the provision of other professional development services.</li> </ul> <p>We focused on the Group's assessment of conditions driving revenue recognition and the judgement applied. This included consideration of the:</p> <ul style="list-style-type: none"> <li>• timing of when performance obligations are satisfied;</li> <li>• relative standalone selling and transaction prices for services; and</li> <li>• allocation of transaction prices to the satisfaction of performance obligations.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We evaluated the Group's accounting policy for the determination of performance obligations, the assessment of when these performance obligations were satisfied, transaction prices and the allocation of transaction prices to performance obligations against the requirements of the accounting standards.</li> <li>• We obtained an understanding of the Group's processes regarding accounting for revenue from membership subscriptions and other fees. We tested key controls such as: <ul style="list-style-type: none"> <li>- the Board's annual approval of member fee and subscription rates; and</li> <li>- management's review and approval of member fee and subscription rates as entered into the Group's financial reporting system.</li> </ul> </li> <li>• For a sample of "point in time" revenue transactions relating to fees from the CPA Program, the provision of educational services and fees from the provision of other professional development services, we: <ul style="list-style-type: none"> <li>- identified the nature of services provided for those transactions by inspecting relevant features of underlying contracts and comparing these features to the conditions in the accounting standard. We did this to assess the Group's identification of performance obligations;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- assessed the Group's determination of relative standalone selling prices for services by checking the prices charged for stand-alone services to Board approved rates. We did this to assess the Group's allocation of transaction prices to the relevant performance obligations; and</li> <li>- checked the timing of satisfaction of performance obligations to published CPA Program timetables and the scheduling of other professional development activities.</li> <li>• Involving our data and analytics specialists, we checked a sample of "point in time" and "over time" revenue transactions to the relevant invoices and cash received by the Group. This included checking the period the transaction related to in order to assess the recognition of revenue in the current period.</li> <li>• We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul>
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## Other Information

Other Information is financial and non-financial information in CPA Australia Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Schedule of Directors' Remuneration and selected Integrated Reporting Information included within the 2021 Integrated Report and our related assurance opinions.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar5.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar5.pdf). This description forms part of our Auditor's Report.

KPMG

Chris Sargent  
Partner

Melbourne  
15 March 2022



# Schedule of Directors' remuneration for the year ended 31 December 2021

15 March 2022

We disclose below an audited schedule of remuneration paid and payable to each Director of CPA Australia Ltd and its subsidiaries for the year ended 31 December 2021. This schedule is included on the following page titled Schedule which discloses the remuneration paid to each Director for the year ended 31 December 2021, prepared as if CPA Australia Ltd had received a direction from members to disclose the information prescribed under section 202B of the Act.

To assist members, we have also provided below a reconciliation of the information disclosed in the schedule to the total key management personnel remuneration included in the 2021 CPA Australia Ltd Consolidated Financial Report together with comparative information in respect of the 2020 financial year.

## **Basis of preparation**

This schedule of Directors' remuneration has been prepared as if the Company had received a direction to disclose the information prescribed under section 202B of the *Corporations Act 2001* and on that basis is prepared and presents the information consistent with the requirements of section 202B of the Act in that it discloses all remuneration paid to each Director of CPA Australia Limited and its subsidiaries for the year ended 31 December 2021 regardless of whether it was paid to the Director in relation to their capacity as Director or another capacity (the remuneration of each Director is as defined in the Act and has been determined in accordance with requirements of AASB 124 *Related Party Disclosures*). The remuneration is on an accruals basis.

The determination of remuneration in this schedule has been applied consistently with that used in the schedule for the financial year ended 31 December 2020.

Name	Company	Position	Date appointed	Date retired/resigned
<b>Non-Executive Directors</b>				
Merran Kelsall	CPA Australia Limited	Chairman and President	Re-appointed 1 October 2020	
Dale Pinto	CPA Australia Limited	Deputy President	Re-appointed 1 October 2021	
Rosemary Sinclair	CPA Australia Limited	Deputy President	Re-appointed 1 October 2020	
Enrico De Santi <sup>5</sup>	CPA Australia Limited	Former Deputy President		Retired 30 September 2021
Chin Aik Wong	CPA Australia Limited	Former Deputy President		Retired 30 September 2020
Peter Wilson	CPA Australia Limited	Former Director		Resigned 31 December 2021
Su-Yen Wong	CPA Australia Limited	Former Director		Retired 30 September 2020
Robyn Erskine	CPA Australia Limited	Former Director		Resigned 4 March 2021
Louise Cox	CPA Australia Limited	Director		
Helen Lorigan	CPA Australia Limited	Director		
Michaela Browning <sup>6</sup>	CPA Australia Limited	Director		
Yew Kee Ho	CPA Australia Limited	Director	Appointed 1 October 2021	
Warren McRae	CPA Australia Limited	Director	Appointed 1 October 2021	
Bernard Che-Wai Poon	CPA Australia Limited	Director	Appointed 1 October 2021	
Suzanne Haddan	CPA Australia Advice Pty Ltd	Former Director <sup>7</sup>		Ceased 31 October 2021
Andrew Heng <sup>8</sup>	CPA Australia (M) Sdn. Bhd.	Director		
<b>Total non-executive Directors</b>				
<b>Executive Directors</b>				
Nicholas Diss <sup>9</sup>	CPA Australia Limited	CFO		
	CPA Australia (Shanghai) Co., Ltd	Director		
	CPA Australia Advice Pty Ltd	Former Director <sup>7</sup>		Ceased 31 October 2021
Priya Dharshini Terumalay <sup>9</sup>	CPA Australia (M) Sdn. Bhd.	Country Head Malaysia		
	CPA Australia (M) Sdn. Bhd.	Director		
	CPA Australia (Shanghai) Co., Ltd	Director		
Deborah Leung <sup>9</sup>	CPA Australia (Shanghai) Co., Ltd	EGM International		
	CPA Australia (Shanghai) Co., Ltd	Director		
Kerrell Ma <sup>9</sup>	CPA Australia Limited	Company Secretary and General Counsel		
	CPA Australia Advice Pty Ltd	Former Director <sup>7</sup>		Ceased 31 October 2021
<b>Total executive Directors</b>				
<b>Total non-executive and executive Directors</b>				

1 Other long-term benefits include long service leave entitlements accrued during the year.

2 Includes annual leave entitlements accrued during 2021.

3 Additional leave awarded during 2021.

4 Other short-term benefits include car parking and fringe benefits.

5 Mr De Santi elected to perform his Director duties on a pro bono basis from 16 November 2018. He retired from the Tasmanian Audit Office on 2 July 2021 and was paid Director fees from then until his term on the Board ended on 30 September 2021.

Short-term employee benefits					Other long-term benefits <sup>1</sup>	Total 2021 (excl termination benefits)	Total 2021 (incl termination benefits)	Total 2020
Salary and fees <sup>2</sup>	Incentive	Additional leave <sup>3</sup>	Other <sup>4</sup>	Superannuation				
201,314	-	-	-	19,631	-	220,945	220,945	141,825
97,306	-	-	-	9,489	-	106,795	106,795	85,375
79,525	-	-	-	7,770	-	87,295	87,295	78,875
24,091	-	-	-	2,409	-	26,500	26,500	-
-	-	-	-	-	-	-	-	87,000
96,584	-	-	-	9,416	-	106,000	106,000	197,875
54,711	-	-	-	5,289	-	60,000	60,000	78,875
13,301	-	-	-	1,264	-	14,565	14,565	78,875
74,130	-	-	-	7,230	-	81,360	81,360	78,875
74,130	-	-	-	7,230	-	81,360	81,360	78,875
24,242	-	-	-	2,424	-	26,666	26,666	-
19,418	-	-	-	1,942	-	21,360	21,360	-
19,418	-	-	-	1,942	-	21,360	21,360	-
19,418	-	-	-	1,942	-	21,360	21,360	-
6,849	-	-	-	651	-	7,500	7,500	16,250
1,606	-	-	-	-	-	1,606	1,606	1,725
806,043	-	-	-	78,629	-	884,672	884,672	924,425
346,340	73,360	26,292	3,286	26,250	5,632	481,160	481,160	372,679
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
196,948	21,585	-	-	50,108	4,791	273,432	273,432	287,210
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
412,405	74,501	27,290	-	17,738	5,912	537,846	537,846	464,853
-	-	-	-	-	-	-	-	-
271,496	30,008	19,610	-	25,859	9,407	356,380	356,380	281,154
-	-	-	-	-	-	-	-	-
1,227,189	199,454	73,192	3,286	119,955	25,742	1,648,818	1,648,818	1,405,896
2,033,232	199,454	73,192	3,286	198,584	25,742	2,533,490	2,533,490	2,330,321

6 Ms Browning elected to perform her Director duties on a pro bono basis from 31 December 2020. She stepped down from her public service position as CEO of the National Foundation for Australia China Relations in July 2021 and was paid Director fees from 1 July 2021 to 31 October 2021. Ms Browning returned to performing her Director duties in a pro bono capacity from 1 November 2021.

7 Term as Director ceased 31 October 2021 on de-registration of CPA Australia Advice Pty Ltd.

8 Total 2021 remuneration has been accrued in the 2021 financial statements. All amounts are payable early 2022.

9 These Directors are employees of the CPA Australia Limited Group who do not receive remuneration in their capacity as Directors of subsidiaries.

Reconciliation of total remuneration per section 202B disclosure to the total key management personnel remuneration per the CPA Australia Limited Consolidated Financial Report

	Year ended 31 December 2021	Year ended 31 December 2020
<b>Total section 202B basis of disclosing Director's remuneration (CPA Australia Ltd, CPA Australia Advice Pty Ltd, CPA Australia (M) Sdn. Bhd. and CPA Australia (Shanghai) Co., Ltd)</b>	<b>2,533,490</b>	<b>2,330,321</b>
less: Andrew Heng (non-executive Director of CPA Australia (M) Sdn. Bhd. but not key management personnel of CPA Australia Ltd Group)	(1,606)	(1,725)
less: Suzanne Haddan (non-executive Director of CPA Australia Advice Pty Ltd but not key management personnel of CPA Australia Ltd Group)	(7,500)	(16,250)
less: Kerrell Ma (former Director of CPA Australia Advice Pty Ltd but not key management personnel of CPA Australia Ltd Group) <sup>1</sup>	(356,380)	(281,154)
less: Director of a foreign subsidiary but not key management personnel of CPA Australia Ltd Group (Priya Dharshini Terumalay) <sup>2</sup>	(273,432)	(287,210)
add: Key management personnel of CPA Australia but not Directors (Andrew Hunter, Karen Hellwig, Meg Yeates, Simon Eassom, Farid Jarrar, Rowena Buddee, Gary Pflugrath, Rebecca Keppel-Jones, Erica Traicos and Marissa Alley)	4,321,079	3,253,038
<b>Total key management personnel remuneration per CPA Australia Limited Consolidated Financial Report</b>	<b>6,215,651</b>	<b>4,997,020</b>

1 Remuneration for Kerrell Ma was excluded as she is not a key management personnel of CPA Australia Ltd Group.

2 Remuneration for Priya Dharshini Terumalay was excluded as she is not a key management personnel of CPA Australia Ltd Group.



# Independent Auditor's Report

To the Directors of CPA Australia Ltd

## Opinion

We have audited the **Schedule of Directors' Remuneration** (the Schedule) of CPA Australia Ltd and its subsidiaries (the **Group**).

In our opinion, the accompanying Schedule presents fairly, in all material respects, the remuneration paid to each director for the year ended 31 December 2021 in accordance with the Basis of Preparation of CPA Australia Ltd described in the Schedule of Directors' Remuneration.

The **Schedule** comprises:

- the remuneration paid to each director for the year ended 31 December 2021
- the basis of preparation of CPA Australia Ltd.

The **Group** consists of CPA Australia Ltd (the Company) and the entities it controlled at the year end or from time to time during the financial year.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the schedule* section of our report.

We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to page 143 of the Schedule, which describes the basis of preparation.

The Schedule has been prepared to assist the Directors of CPA Australia Ltd for the purpose of presenting information consistent with the requirements of section 202B of the Act.

As a result, the Schedule and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors of CPA Australia Ltd and its members and should not be used by or distributed to parties other than the Directors of CPA Australia Ltd and its members. We disclaim any assumption of responsibility for any reliance on this report, or on the Schedule to which it relates, to any person other than the Directors of CPA Australia Ltd and its members or for any other purpose than that for which it was prepared.

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## Other Information

Other Information is financial and non-financial information in CPA Australia Ltd.'s annual reporting which is provided in addition to the Schedule and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Schedule does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon with the exception of the Financial Statements and Global Reporting Initiatives information included within the 2021 Integrated Report and our related assurance opinions.

In connection with our audit of the Schedule, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Schedule or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Schedule of Directors' Remuneration

The Directors are responsible for:

- the preparation and fair presentation of the Schedule in accordance with the Basis of Preparation of CPA Australia Ltd described in the Schedule of Directors' Remuneration.
- implementing necessary internal control to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Schedule of Directors' Remuneration

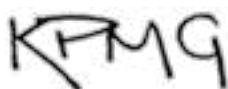
Our objective is:

- to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

A further description of our responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.



KPMG



Chris Sargent  
Partner

Melbourne  
15 March 2022

# Acronyms

AASB Australian Accounting Standards Board	IESBA International Ethics Standards Board for Accountants
AFAANZ Accounting and Finance Association of Australia and New Zealand	ICAI Institute of Chartered Accountants of India
A4S Accounting for Sustainability	IFAC International Federation of Accountants
AGM Annual general meeting	IFRIC International Financial Reporting Interpretations Committee
AI Artificial intelligence	IFRS International Financial Reporting Standards
A-IFRS Australian Equivalents to International Financial Reporting Standards	I-O Input-Output
AM Member of the Order of Australia	IPSASB International Public-Sector Accounting Standards Board
AO Officer of the Order of Australia	<IR> Integrated Reporting
APESB Accounting Professional and Ethical Standards Board	KMP Key management personnel
ARCC Audit, Risk and Compliance Committee	KPI Key performance indicator
ASA Associate	LGBTIQ+ Lesbian, gay, bisexual, transgender, intersex, queer and asexual+
ASAE Australian Standard on Assurance Engagements	MMF Member Management and Finance
ASIC Australian Securities and Investments Commission	MIS Media Impact Score
AUASB Australian Auditing and Assurance Standards Board	NFT Non-fungible token
CA ANZ Chartered Accountants Australia and New Zealand	OAM Medal of the Order of Australia
CEO Chief Executive Officer	RAP Reconciliation Action Plan
CFA Chartered Financial Analyst	SaaS Software-as-a-Service
CFO Chief Financial Officer	SAR Special Administrative Region
CoE Centre of Excellence	SDGs Sustainable Development Goals
CPA Certified Practising Accountant	SMEs Small-to-medium enterprise
CPD Continuing professional development	TCFD Taskforce for Climate Related Financial Disclosures
DTA Deferred tax assets	UAE United Arab Emirates
EGM Executive General Manager	UN United Nations
ESG Environmental, social and governance	UNSW University of New South Wales
FCPA Fellow of CPA Australia	UK United Kingdom
FTE Full-time equivalent	VRF Value Reporting Foundation
GHG Greenhouse gas	WA Western Australia
GRI Global Reporting Initiative	
GST Goods and services tax	
HKICPA Hong Kong Institute of Certified Public Accountants	

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