



125 years of relationships

think+create



About this report

This annual report covers the activities of CPA Australia Ltd and its controlled entities, and is inclusive of office locations in Australia, Asia and Europe for the calendar year 1 January to 31 December 2011. It represents a journey towards producing an integrated report, combining our financial reporting with our non-financial reporting. Separate annual and sustainability reports were published in April 2011, covering the year ended 31 December 2010. There have been no significant changes from previous reporting periods in scope, boundary or measurement methods of our financial or non-financial performance. There are no material exclusions from this report.

During our 125th year we strengthened our commitment and took decisive action to embed sustainability across the business, setting strategies in place for integrated management and reporting. We understand that a business leader cannot be successful or strategic, now or in the future, without considering how aspects of sustainability impact on the business.

The emerging field of integrated reporting represents an important opportunity for CPAs to play a pivotal role in ensuring key business sustainability drivers are integrated into business management and reporting. The 2011 report reflects the transitional nature of our own journey to integrated reporting, in that it is a combination of our existing corporate and sustainability reports – with aspirations for the mid-term to produce a report that recognises the wider range of issues and how they connect and interact to create value. We hope it provides inspiration to those who are yet to embark on integrated reporting.

Annual report Sustainability report	Combined report	Integrated report		
2010	2011	2012	2013	2014

Our core value proposition offers members certification, access to knowledge and representation and advocacy on behalf of the accounting profession.

We have structured the report around these criteria and included key strategic initiatives for 2011 such as building a service culture, broadening our audience, supporting accounting education and attracting people who aspire to a career built on professional accounting skills. We also deliberately strive to engage the right people to make this

happen. The layout of the report highlights our strategic priorities for the year and includes sections that illustrate the ongoing objectives for the organisation.

To learn more about our decision to embed sustainability and gain an understanding of our environmental impacts, we have also included specialised sections. For more information on material issues and the content development process, see pages 30–31.

The financial report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS).

In the development of this report, CPA Australia also refers to the Global Reporting Initiative's (GRI's) G3.0 Guidelines, in preparing it to application level 'C+'. Our self-declaration of 'C+' level has been independently assured by Deloitte Touche Tohmatsu Limited and their independent limited assurance statement is included on page 58. In addition, we obtained an application level check on the 2011 annual report by the GRI, which is included on page 57. For more information about the GRI, the Guidelines and application levels, please visit www.globalreporting.org

This report has been prepared for our stakeholders: our members, Board, committees, prospective members, our staff, key influencers (including regulators, governments and their agencies), employers, professional industry bodies, academic institutions and research partners. The report aims to present information on performance which is of relevance and interest to these stakeholders and which addresses our material business issues (see pages 29–32 'Sustainability at CPA Australia').

The CPA Australia full annual report can be seen online at cpaaustralia.com.au/annualreport

We value your feedback on this report and any enquiries about our policies or practices. For more information, contact CPA Australia CEO, Alex Malley, at ceo@cpaaustralia.com.au



CPA Australia Ltd ACN 008 392 452 | ABN 64 008 392 452

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CPA Australia's story

Throughout our 125-year history, CPA Australia has been a dynamic organisation, growing, adapting and evolving to serve members, the profession and the broader business, and the community. We were the first Australian professional accounting body to require members to undergo ongoing training to maintain membership status, the first to promote the value of our members through press and TV advertising, and the first to publish an independently assured sustainability report, assessed by the Global Reporting Initiative.

CPA Australia's history is one of regional interests and bodies coming together as a federated body. Today, CPA Australia is made up of constituted Divisions in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania, Victoria, Western Australia, Singapore, Malaysia and Hong Kong as well as staffed branches in the Northern Territory, China, Indonesia, New Zealand, the United Kingdom and Vietnam. We also have active member representation in Fiji, Japan, Papua New Guinea and the United Arab Emirates.

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About CPA Australia

Our vision

CPA Australia is *the* global professional accountancy designation for strategic business leaders.

Our goal

CPA Australia's goal is to maximise our share of people who aspire to a career built on professional accounting skills.

Our organisation

Founded in 1886, CPA Australia is one of the world's largest professional accounting bodies, representing more than 139,000 members in 114 countries. Our core services to members include education, training, technical support and advocacy. Staff and members work together with local and international bodies to represent the views and concerns of the profession to governments, regulators, industries, academia and the general public.

We believe that the work of accountants is fundamental to the stability and efficiency of individual companies, financial markets and even the economies of entire

countries. Ultimately, it is competent, rigorous and transparent accounting that enables capital to flow to the most productive projects, helping to increase the standard of living and sustainable economic growth around the world.

Building strong relationships with our members is our highest priority, with a view to:

- focusing on CPA Australia's core business, which is good for economic sustainability
- improving relationships with members, which is good for social sustainability
- enhancing knowledge for members

As a professional organisation, CPA Australia provides certification, and ensures that members:

- undertake continuing professional development
- commit to a Code of Conduct
- are bound to act first and foremost in the public interest

Our research shows that professional recognition is the reason people join CPA Australia, and the key motive for yearly membership renewal.

Our services

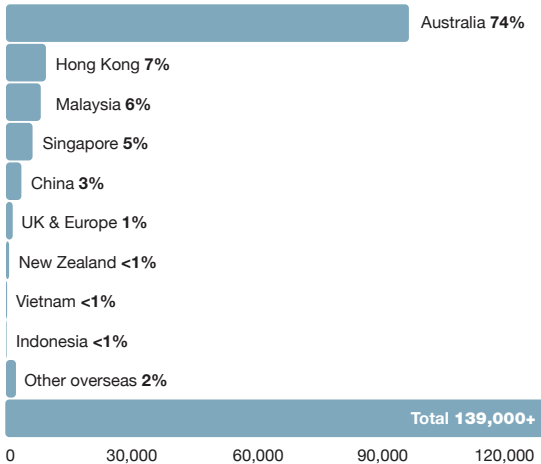
As the chart opposite shows, we provide education to improve members' technical expertise, business, personal effectiveness and leadership skills and to ensure these skills remain relevant and current. This in turn provides our members with employability and professional recognition.

By virtue of their education and skills, CPA Australia members can influence businesses and markets. Better reporting and adherence to standards help bring about public confidence. The intention is that transparent reporting attracts capital investment and leads to sustainable economic growth and increased standards of living.

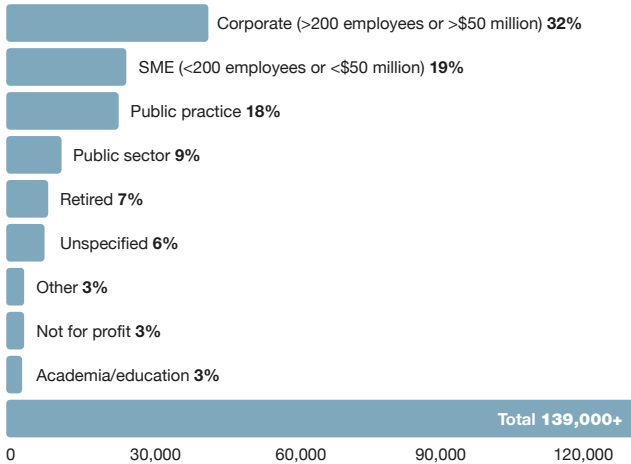


- CPA Australia's core activities – the things we must do better than everybody else
- What our members gain when we do our job properly
- What our members' organisations and the markets they work in gain when members do their jobs properly
- What societies gain when markets and organisations do their jobs properly

Our membership by location



Our membership by professional sector



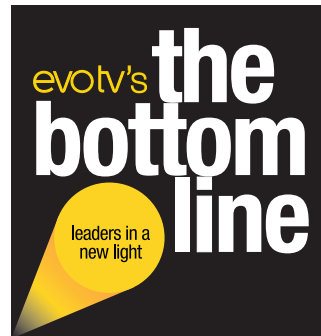
CPA Australia highlights 2011

CPA Australia's online television show airs throughout Australia on Channel 7's 4ME digital television channel



'Get the advantage' campaign was launched

CPA Conference
Brisbane, September 2011



Indonesia office established



The new-look IN THE BLACK launched March 2011

CPA Australia timeline

1880 1890 1900 1910 1920 1930 1940

1886
First meeting held at the office of Messrs. Davey, Flack & Co, 10 Elizabeth St, Melbourne

1887
Incorporated Institute of Accountants Victoria (IIAV), later known as CPA Australia, was registered

1915
Mary Addison Hamilton becomes the first female admitted to full membership

1921
IIAV changes its name to Commonwealth Institute of Accountants (CIA)



INPRACTICE: The new magazine for public practitioners launched September 2011



New office openings

in Singapore, Auckland, Perth and Shanghai, providing members with world-class facilities



MORE THAN
139,000
MEMBERS



125 year anniversary celebrations – Neil Armstrong event

Membership

160	(1887)
4,440	(1936)
18,000	(1947)
24,000	(1958)
40,000	(1972)
50,000	(1981)
73,000	(1995)
139,000+	(2011)

1950 1960 1970 1980 1990 2000 2010

1953
FIA and CIA merge to form the Australian Society of Accountants (ASA) and open offices in London and Singapore

1955
Victorian Society of Public Accountants merge with ASA

1966
The Australasian Institute of Cost Accountants merge with ASA

1986
CPA Program launched

1990
ASA changes its name to Australian Society of CPAs

2000
Australian Society of CPAs becomes CPA Australia

2011
125th anniversary





William Crellin's story

William Crellin FCPA

William Crellin was born in the south of England in 1821. He arrived in Australia in 1852 on one of the first steam ships, the *SS Australasian*. Mr Crellin audited the Melbourne branch of the Royal Mint during the late 1870s and was on the committee that sent the invitations for the inaugural Incorporated Institute of Accountants Victoria (IIAV) meeting held on 12 April 1886. Mr Crellin was the first President of the IIAV (now known as CPA Australia), holding the office from 1886 to 1892.

In May 1887 Mr Crellin, upon hearing that two fellow councillors were going to England, suggested they bring back books to begin a technical library for the IIAV. During his presidency Mr Crellin oversaw the preparation and adoption of the memorandum and articles of association, the registration of the IIAV as a company, the appointment of an Examining Committee and the setting up of a library. He remained on the IIAV council until 1894.

2011 performance at a glance

Financial performance	2011 \$000s	2010 \$000s
Operating income	144,060	142,274
Operating expenses	(137,310)	(130,467)
Surplus before tax	6,750	11,807
Tax benefit/(expense)	262	(482)
Surplus after tax	7,012	11,325
Total assets	107,757	95,164

CPA Australia Revenue streams	2011 \$000s	2010 \$000s
Membership subscriptions	60,936	58,250
Education and CPA program	49,201	47,866
Professional development	21,015	21,412
Other revenue	12,909	14,746

Non-financial performance

GRI indicator

EC1	Income statement EBITDA (direct economic value generated & distributed)	↗
	Member retention	↑
	New members	↗
	Professional level unit sales	↓
	Foundations level unit sales	↑
	Professional development contribution	↓
LA1	Total workforce by employment type, contract and region	→
LA2	Total number and rate of employee initiated turnover	↑
LA7	Rates of injury, occupational disease, absenteeism and fatalities	↘
LA12	Percentage of employees receiving performance and career reviews	→
SO3	Employees training in anti-corruption policies and procedures	→
EN16	Total direct and indirect greenhouse gas emissions	↗

Indicator Performance: Indicates performance for each measure in comparison to target or previous year where no target is available

↑	Significant improvement in performance	↘	Moderate decline in performance
↗	Moderate improvement in performance	↓	Significant decline in performance
→	Steady state	*	Reported quarterly or annually

PRESIDENT'S REPORT

JOHN CAHILL, FCPA

President and Chairman of the Board of Directors
CPA Australia



The theme for our annual report this year – ‘125 years of relationships’ – says a lot about what makes CPA Australia great.

For 125 years members have gathered together to discuss matters of mutual interest, to contribute their experience and expertise to assist others and to learn from each other.

For 125 years members have volunteered their time to give back to the profession, promote the benefits that the profession brings to the community, and collectively work with governments, regulators and standards-setters to ensure that the public interest and the profession's interests are protected.

And for 125 years members have been at the heart of everything CPA Australia does.

Since becoming President of CPA Australia in October 2011, I have been honoured to meet many enthusiastic members who are proud to have earned the CPA designation. They – our members – are part of a continuum of committed, diligent and ethical professionals that started 125 years ago and will continue well into the future.

In 2011, we began a new initiative, which made me feel particularly proud. Many of our members who celebrated 50, 60 and even 70 years' membership were unable to attend ceremonies to award them with certificates and recognition of their achievement. Our staff organised to visit those members in their homes to celebrate their membership, and the discussions with those proud members drove home to our staff the importance of personal connection, the value that members place on being part of a profession that stands for something, and the reward for taking some time to listen to the personal stories of our members.

At the other end of the spectrum, we pioneered some innovative ways to educate and engage with younger members via social media, with a view to building genuine long-term relationships with them. We are now using LinkedIn, Facebook and Twitter to foster new relationships.

I would like to pay tribute to my predecessor, our immediate past President, Low Weng Keong FCPA, who will forever hold the distinction of being CPA Australia's first Asian-born President. Weng is an inspiration in his ongoing passion for service to members, and he served his role as President with great distinction. Weng continues to serve on the Board of Directors. Simon Bird FCPA, who was appointed to the Board of Directors in 2009, stepped down this year and I would like to thank him for his enormous contribution to the organisation, and to the Finance Committee in particular.

On behalf of all of our 139,000 members, I thank all members of the Board, past and present, and those who continue to contribute their time, their expertise, their energy and their passion to the Representative Council, Divisional and Branch Councils, Advisory Committees, Centres of Excellence, member representative forums, discussion groups and task forces. We applaud and support your commitment to a very active and lively organisation.



Chris' story

Chris Thompson CPA

Chris Thompson packs a lot into his day at Coca-Cola Amatil – he spends his days managing the commercial side of procurement for the food and drink giant. The Sydneysider joined Coca-Cola Amatil as a trainee after graduating with a Bachelor of Accounting at the University of Technology, Sydney. He started his CPA training at the same time. 'I used the CPA Program to learn about the areas I was in,' says Thompson. 'The reason I chose the CPA Program was because of the broad range of subject choices.' The 27-year-old is keen to spend some time overseas, but for now he's focused on moving 'around the organisation and getting experience and exposure to different parts of the business'.

2011 revenue and expenditure by country

Country	Revenue \$000s	Expenses \$000s	Surplus before tax \$000s
Australia	113,332	122,036	(8,704)
Singapore	5,800	3,495	2,305
Malaysia	7,387	2,567	4,820
Hong Kong	10,735	4,651	6,084
China	2,108	1,686	422
New Zealand	797	943	(146)
Vietnam	490	627	(137)
Europe	1,206	783	423
Other overseas	2,205	522	1,683
Total CPA Australia	144,060	137,310	6,750

Overview of economic value generated for the year ended 31 December 2011

	2011 \$000s	2010 \$000s
Direct economic value generated		
Membership fees	60,936	58,251
Education & training revenue	70,216	70,071
Other	12,908	12,488
Total direct economic value generated	144,060	140,810
Economic value distributed		
Employee wages and benefits	51,014	46,477
Operating costs	86,296	82,446
Payments to providers of capital	-	-
Payments to government	-	-
Community investments	-	80
Total economic value distributed	137,310	129,003
Surplus before tax	6,750	11,807

Statement of financial position at 31 December 2011

	2011 \$000s	2010 \$000s
Total current assets	36,302	37,466
Total non-current assets	71,455	57,698
Total assets	107,757	95,164
Total current liabilities	46,790	40,019
Total non-current liabilities	7,175	6,825
Total liabilities	53,965	46,844
Net assets	53,792	48,320
Total members' funds	53,792	48,320

CEO'S REPORT

ALEX MALLEY, FCPA

Chief Executive Officer of CPA Australia



In our 2010 annual report, we reported on the journey that CPA Australia is taking towards integrated reporting. This year, instead of issuing separate annual and sustainability reports, we have chosen to combine our report, which is intended to provide you, the reader, with a holistic view of the way in which CPA Australia has performed over the past 12 months.

The journey is not without its challenges. Some of the issues have been determining which non-financial matters are material enough for inclusion in this report, changing our systems and processes to measure these matters, altering behaviours to include them as part of regular performance oversight, and reporting to the Board and assuring assertions made in the report.

Yet, these changes have resulted in some great benefits for our organisation. We have started to see some trends in the external environment perhaps more quickly than we may have done in the past. Management's discussions with the Board around our integrated performance report have given the Board confidence that they are seeing a 'whole-of-business' picture of the organisation. We find that many others who are embarking on an integrated reporting journey are seeking us out to learn from us, and this is introducing us to a broader audience of people and organisations taking an interest in what CPA Australia does.

We present our progress against objectives for the year on pages 55–56.

In 2011, our priorities were to:

- further build a culture of personal and hospitable service that defines everything we do
- take the CPA Australia brand to a broader audience
- actively compete to attract people who aspire to a career built on professional accounting skills
- reconnect with the academic community and support accounting education

Those priorities, and our core services – the CPA Program, access to knowledge, and advocacy and representation on behalf of our members – provide the structure of this report.

Inside, you'll read about the investment we made in training and developing our people so that they are equipped to provide the world's best member service. We outline some of the major refreshes of existing member services – the relaunch of *INTHEBLACK* magazine, the creation of its website *itbdigital.com*, the introduction of public practice publications, the interesting ways we comment on major issues in the media and the third series of *evoTV's The Bottom Line*, our online television show featuring leading business and community figures.

We highlight the cost savings achieved and the investment that we are making into our core systems to provide our members with better service in the future. We also recap some of our highlights from 2011, including the events where Neil Armstrong, the first man to set foot on the moon, engaged with our members, business leaders and students. He spoke about the importance of bold leadership, the courage to take risks (but also the need to plan and execute well to minimise risk) and about his affection and respect for the accounting profession, stemming back to the days when his father worked as an auditor.

Thank you to the Board, our Divisional Councils and the many thousands of members who have contributed to the success of CPA Australia in 2011. I am surrounded by a dedicated executive group and by committed, passionate and adaptable staff who have proven time and again that they can rise to the occasion to achieve the things we set out to do for our members. We all look forward to being of service to you during 2012.

A handwritten signature in blue ink, appearing to be 'Alex Malley', written over a light grey rectangular background.



John's story

Dr John Kenley FCPA

As a young man, John Kenley wanted to be a dentist but found himself pushed into commerce. He grew up during the depression years and after a short time in business he took the opportunity of joining the public service.

As was quite common at the time, he studied accountancy by correspondence (now called distance education). He served with the RAAF during World War II and lived in the lighthouse keeper's quarters near Exmouth. Some 20 years later he obtained a Master's Degree and a PhD and became the first technical officer of the Australian Society of Accountants (now CPA Australia).

In 1966 Kenley moved to a full-time role with the Australian Accounting Research Foundation, which was set up jointly by CPA Australia and The Institute of Chartered Accountants in Australia. He also won the Churchill Fellowship to study accounting research in the US, Canada, Britain and South Africa.

Engaging with members

We have set ourselves the goal of being the world's best member services organisation and being known for a culture of service that defines everything we do.

Our approach

Our 125th anniversary gave us an opportunity to reflect on the contributions of CPA Australia members to their profession. To build stronger relationships with our members, we continue to drive a service culture throughout the organisation.

This year we established a Customer Service Charter, assisting staff to provide our members with:

- a strong and engaging relationship
- service excellence
- improved timeliness and responsiveness

Our focus on the organisation's history and ceremony led us to establish 30- and 40-year pin presentations and to ensure all 50-, 60- and 70-year members had the opportunity to receive their certificates face-to-face.

Member feedback channels

We have a number of channels open to members to send queries and to provide feedback, including:

- local CPA Australia offices
- the CEO inbox
- 'Have Your Say' postcards
- INTHEBLACK magazine and website
- the CPA Australia website

2011 performance highlights

In our 125th year, we reached 100,000 financial members in Australia and we took this opportunity to reflect on what it means to be a great member services organisation and to commit to even better service to members.

Service starts with getting the little things right, such as the time it takes to answer members' calls or assess a prospective member's qualifications. In 2011 we greatly improved phone waiting times, and halved the qualifications assessment time through investment in staff development, process improvement and better infrastructure.

Assisted more members: We received approximately 263,000 telephone enquiries with just under a four per cent abandoned rate (caller hangs up before connecting to a member service advisor) with an average queue time of 26 seconds.

Increased number of calls to members: We made about 30,000 outbound phone calls to members to help them progress through the CPA Program, renew their membership, advise on available products and services, and offer assistance to those who are unemployed.

Faster processing time of applications:

Throughout the year we processed more than 36,500 assessments and applications across all aspects of membership, with an average turnaround time of less than seven days. This was due to investment in process improvement, better infrastructure and additional assessment staff during peak periods. This enabled prospective members to quickly understand their pathway to membership.

Increased enrolments: Enrolments in CPA Program units increased to 62,000 – up nearly seven per cent on last year.

Increased member retention: Membership satisfaction with our overall performance was measured by the Beaton Annual Business & Professions Survey which allows us to benchmark against other similar organisations. Members have rated CPA Australia's overall performance as 6.94 on a 10 point scale, up from 6.60 in 2010, which indicates that members are increasingly satisfied with the organisation's overall performance.* Members and potential members have told us that they appreciate the personal contact they are receiving from outbound calls and we are gaining a better understanding of their needs.

Greater range of benefits to members: We researched other opportunities to provide members with a greater range of member benefits and established a key set of partners across a range of financial products that bring cost savings directly to our members.

Increased service training: Every member of staff undertook training in customer service and in CPA Australia's key products and services. This ensures we are in a position to provide exceptional member service.

Jakarta office: CPA Australia established a representative office in Jakarta, Indonesia in October 2011 to service our growing number of members in Indonesia.

* Survey methodology: The survey was run as an online survey by Beaton Research and Consulting in November 2011. 14,820 members were contacted via email and a response rate of 8.3 per cent was received (1,223 responses). Members were asked to assess their overall view of CPA Australia's performance over the last 12 months on a scale of 0–10 where 0 is extremely poor.



Watching brief

Because of the size and dimensions of the CPA Australia business, it is appropriate to have a range of commercial disciplines in place; these are balanced against an ethos of servicing each member's individual interests. Challenges included:

- trying to balance the ethos of 'member first' with commercial discipline and efficiencies to sustain the business.
- increased use of human and environmental capital as we upgraded and implemented new technology. This involved increased use of electricity to power equipment such as computers, servers and air-conditioning.
- retaining more staff and keeping turnover low, so we can improve service to members and consolidate training
- transferring our member database to a new system to drive efficiencies.

Looking ahead

In 2012, we look forward to:

- finalising our upgrade of core business systems through our 'Member First' business process and system renewal program
- providing even better service to members
- processing applications and assessments more efficiently
- fully integrating the email marketing system with customer relationship management
- improving our member communications to be even more appropriately targeted



Broadening our audience

We understand the importance of taking the CPA Australia brand to a broader audience, enabling more people to see our members in a different light.

Our approach

By extending our reach to businesses, to the wider community and to education providers, we help to position the profession as a vital foundation stone for strong sustainable economies.



Hoon Sun's story

Loh Hoon Sun FCPA

At 73, Loh Hoon Sun has no plans to step down as Managing Director of Singapore's global stockbroking house, Phillip Securities. After 21 years in the job, the CPA Australia Fellow and life member says he plans to continue working. Born in China and raised in Malaysia, Hoon Sun has been a tireless giver to the Singapore Division of CPA Australia where he served as President from 1997 to 2005. Hoon Sun's involvement in CPA Australia has been a two-way street and he has been rewarded with a welcome payback: 'It has been good business networking for me.'

2011 performance highlights

Apollo Commander Neil Armstrong: To help us celebrate our 125th anniversary and to help CPA Australia's agenda to encourage bolder leadership from the business community and governments, CPA Australia brought Neil Armstrong to address an Australian audience on the successes and challenges of the 1969 moon landing and his philosophies on leadership. More than 800 people, including members and their associates, witnessed the inspiring presentation. Neil Armstrong also separately addressed an audience of students, to inspire them to greater achievements.

The Bottom Line: Series 3 of *evoTV's The Bottom Line* aired during 2011 (cpaaustralia.com.au/thebottomline). This series featured some of the biggest names in business, politics and the community, including James Strong, Tim Ebbeck, Michael Gill, Carla Zampatti and Tim Costello. The series is accessible online, through mobile devices, via YouTube and as podcasts on iTunes. Since the latter part of 2011, the program has been regularly aired on Channel 7's 4ME digital television channel.

INTHEBLACK: Our flagship publication was relaunched in March 2011. The magazine won three awards at the Publishers Australia Excellence Awards 2011: Association or Member Organisation Magazine of the Year, Relaunch of the Year and Custom Magazine Designer of the Year. INTHEBLACK is stocked and sold at newsagents across Australia in major metropolitan and CBD locations, including outlets at Sydney and Melbourne airports. Readers can also purchase subscriptions to the magazine from magshop.com.au. The magazine has a digital presence with itbdigital.com offering readers more opportunities to engage with the publication.

Relationships with employers: Employers, whether they be government, private sector, large or small firms, public practice or not-for-profit, all have a significant influence upon the professional qualification of graduate accountants. CPA Australia seeks to build strong and enduring relationships with major employers of graduates. This helps to support new employees into the profession and to assist employers to become employers of first choice.

CPA Australia's Recognised Employer Program assists employers who commit to providing graduates and



employees with ongoing professional development. The Recognised Employer Program provides structured programs for their graduate recruits, and continuing support for the ongoing development of their professional accounting and finance staff.

The program helps these companies become recognised as employers of choice because they can offer:

- the practical experience requirement of the CPA Program
- the minimum continuing professional development requirement
- access to resources and guidance for the learning and development needs of their accounting and finance staff

Since the introduction of the program in early 2011, more than 120 employers worldwide have been accredited as recognised employers.

Confederation of Asia-Pacific Accountants (CAPA) Conference: CPA Australia and the Institute of Chartered Accountants in Australia (ICAA), jointly hosted the CAPA conference in September in Brisbane. CAPA represents 34 accountancy organisations in 24 countries in the Asia-Pacific region, and delegates came from 20 different countries.

Social media: Social media allows us to build relationships and deliver key messages to a broader, virtually connected audience. Over the past 12 months, CPA Australia has increased its commitment to this rapidly growing communications channel. The result is social networking spaces where members from across the globe can actively engage and

share information. CPA Australia manages online communities on Facebook, Twitter and LinkedIn. At the end of the year, the cumulative audience in these social media spaces exceeded 30,000 and delivered engagement levels well above industry averages. Social media is another new way members can actively engage with CPA Australia.

International leadership: Through thought leadership and lending our expertise at international conferences, senior staff and members continue to deliver key addresses at a wide range of international conferences. Some of these presentations included the CAPA Conference, Singapore Corporate Governance week activities, the 20th anniversary of the State Audit Office in Vietnam, Papua New Guinea's CPA conference, a CSR conference in Hong Kong, The Institute of Accounting Indonesia (IAI) conference on public sector reporting in Indonesia, and at the annual conferences of each of The Institute of Chartered Accountants of Sri Lanka and CMA Sri Lanka.

Get the advantage campaign: This campaign attracted tertiary students and young professionals to become a CPA. The program reached beyond our traditional audiences by using social media as well as mainstream media. The campaign demonstrated the value CPAs bring to businesses as explained by members, employed by companies such as Coca-Cola, adidas and KPMG.

Young Achievers Award: Launched as part of CPA Australia's 125th anniversary, the CPA Young Achiever Award recognises the top young professionals in Australia. Emma Jones, Graduate Management Accountant, Cairns Regional Council, Queensland, won a full CPA Program scholarship for her presentation on the role of a professional accountant in integrating non-financial issues into business decision-making.

Literacy programs: Together with the Australian Securities & Investments Commission (ASIC) and the Northern Territory Government, CPA Australia is assisting the development of financial and commercial literacy programs. This initiative has important implications for the Australian Government's National Financial Literacy Strategy and the Northern Territory Government's 'Working Future' policy.

XVenture Corporate Challenge: CPA Australia was one of 14 corporate teams to participate in a nationally televised corporate teamwork reality television series, on One HD and Sky Business News. The program offered the opportunity to showcase CPA Australia's personality to a broader audience, competing against teams including PricewaterhouseCoopers, Hertz, Nivea, Storage King and Bupa health insurance.

Watching brief

Our challenges for this year included:

- expanding into new markets (like Indonesia) and into new areas (such as carbon accounting), which expands the role and reach of accountants
- broadening the professional accountant's role, which increases the value that accountants bring to the world. We must continue to communicate that ethical and independent assurance underpins a profession which will continue to protect the public interest as new markets and issues emerge.

Looking ahead

In 2012, we look forward to:

- increasing representation to stakeholders, such as: governments (both political and bureaucratic), regulators, standards-setters, the media and members
- increasing foundation level enrolments to allow a wider group of professionals to study for the CPA designation





Cha's story

Cha Jordanoski CPA

Cha Jordanoski is Director – Financial Policy, Assurance and Banking, ATO Finance, Corporate Services and Law at the Australian Taxation Office (ATO).

Cha works to support and enhance the integrity of the ATO's financial management framework and she plays a strategic role in developing and managing some of the ATO's key business relationships.

The structure and style of the CPA Program was one of the many reasons Cha chose to become a CPA. The globally-recognised designation has also given Cha the key to continually learn and develop. She values the importance of devoting time to continuous professional and personal development.

'Now that I've passed the CPA Program, I look at all the training programs and opportunities that CPA Australia gives its members. We get weekly updates of current developments in accounting or auditing, and in an industry like this, we need to know these things. We're always having to learn and develop.'



Our representation and advocacy agenda

We continue to advocate on behalf of the profession on issues we consider are in the public interest and that impact our members and the profession.

Our approach

Because of our long-standing experience and the active engagement of members in every sector of the economy, CPA Australia is well positioned to make an ongoing meaningful contribution to public policy, standards and regulations relating to:

- enhancing productivity in the markets of interest to our members
- enterprises' ability to achieve their full potential
- the issues that underpin the accounting and auditing profession

2011 performance highlights

Consultations: CPA Australia is a member of both the Advisory Panel on Standards and Ethics for Financial Advisors and a member of the Future of Financial Advice reforms (FoFA) Peak Consultation Group. We worked with the Australian Government, Treasury and ASIC on various important elements of the FoFA reforms, which included regular meetings to find a suitable solution to the removal of the accountants' exemption.

National Tax Forum 2011: CPA Australia was an active participant in the National Tax Forum in Canberra. The Forum looked to shape the future tax and economic landscape. Prior to the Forum, CPA Australia released a research paper demonstrating how productivity could be increased through GST and state tax reform, which was featured heavily in print and digital media.

Strong oversight: We maintained strong oversight of operational risks as scale, scope and global footprint of operations grew.

Public policy development and advocacy

In Australia, our focus on public policy advocacy initiatives also included a focus on:

- *Enhancing Australia's prosperity* – our introductory productivity paper, which called for a step-up in productivity to ensure continued enhancement of Australia's living standards. It prioritises policy and reform options to create the best possible environment for resources, human or otherwise, to operate more efficiently and effectively for national economic prosperity
- integrated reporting, including supporting the International Integrated Reporting Council (IIRC), HRH The Prince of Wales' Accounting for Sustainability (A4S) project, the Business Reporting Leadership Forum (BRLF) and the Global Reporting Initiative (GRI)
- superannuation policy, post the Cooper Review
- the FoFA reforms and the Accounting Professional & Ethical Standards Board draft, APES 230
- advocating on behalf of trustees on trust taxation law, liaising with Australian Treasury on taxation issues for consolidated groups, and preparing submissions to the Australian Taxation Office (ATO) on the treatment of unpaid present entitlements
- regularly representing the interests of members and the profession to key government regulators,

administrators and standards-setters and to non-government organisations. These include the Australian Treasury, the ATO, the Productivity Commission, the Financial Reporting Council, Australian Securities & Investments Commission (ASIC), Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AuASB), Accounting Professional and Ethical Standards Board (APESB), Department of Climate Change, Australian Prudential Regulation Authority (APRA) and other stakeholders such as Institute of Public Administration Australia (IPAA), Australian Institute of Company Directors (AICD), Business Council of Australia (BCA), Committee for Economic Development of Australia (CEDA), and the Australian Shareholders' Association.

- providing international leadership using the experience gained from the Australian context. For example, this year we assisted with staff training at the Vietnam State Audit Office, to enhance public financial management.

Communication and representation

We gather feedback on the views and concerns of members through our Centres of Excellence, local and international divisions and councils, roundtable discussions, conferences, surveys, website polling and member input.

This helps CPA Australia develop key policy positions to drive our advocacy, education and member knowledge objectives in selected markets. In 2011, we took a lead role in producing more than 170 submissions on legislation, standards and securities regulations.

By tying events of the day to our policy areas, we position CPA Australia as a key commentator on business issues, and have had opinion editorials published in mainstream media in Australia and throughout Asia.



We linked news stories not traditionally about our profession to important issues for the accounting profession. For example, we provided media commentary on live cattle exports to Indonesia and on the investigation into the collapse of Centro, highlighting the necessity for better governance and business ethics. We also provided commentary to mainstream media on the government's new carbon tax and the FoFA reforms, retirement and savings, and tax reform. CPA Australia's views are often quoted in electronic media and public channels.

Watching brief

Our challenges for this year included:

- further enhancing our social media output and increasing online communications
- ensuring the continuance of our engagement with members through the Policy Governance Committees, the Centres of Excellence, Divisional Councils and committees, community platforms, online forums, other relevant committees and virtual member groups to meet the needs of members and promote sustainability
- the reluctance of Australia's present minority government to take the bold steps required to achieve meaningful regulatory reform
- determining which of the proposed changes to regulation - of which there were many - would have the most impact on members for the year

Looking ahead

In 2012, we look forward to:

- increasing advocacy on behalf of public practitioners in the small-to-medium enterprise sector (SME)
- continuing to provide input to policy and to lobby for tax reform in Australia
- releasing further papers on *Enhancing Australia's prosperity*, focusing on tax and regulatory reform to help improve Australia's productivity and achieve sustainable economic growth
- continuing to work with the international accounting community to help shape an Integrated Reporting Framework
- increasing communication through social media and online engagement to members and the business community
- increasing advocacy internationally, especially in the Asia-Pacific region ensuring the CPA designation continues to be highly sought
- being a key player in, and supporting adoption and implementation of, the International Financial Reporting Standards (IFRS) throughout our regions of influence
- ensuring mutual recognition of the qualifications of accountants throughout the region



Supporting accounting education

CPA Australia remains committed to achieving quality outcomes for the broader education sector and to attracting the best people who aspire to a career built on professional accounting skills.

Our approach

We promote the CPA Program, (professional and foundation levels), and the benefits of membership through mutually beneficial relationships with schools, universities and employers to build the capacity of the accounting profession.

We seek to create advocates for CPA Australia through supplying career guidance to grow our membership of graduates.

We encourage innovation in accounting education, and we promote cutting-edge accounting research through our Global Research Perspectives Program.



Joycelyn's story

Joycelyn Morton FCPA

Joycelyn Morton spent her childhood years in Zambia until the age of seven and finished her school years in Sydney before graduating with an economics degree from the University of Sydney.

In 2000, Morton became CPA Australia's second female President. She was Australia's representative on the Board of the International Federation of Accountants (IFAC) and stepped down at the end of 2011 after serving the maximum term. An FCPA and life member of CPA Australia, Morton worked at Coopers & Lybrand (now PwC) joined Woolworths in the late 1980s, leading to its successful ASX listing and eventually moved into a general management role with Shell in the Netherlands.

She is now a non-executive Director of fashion retailer Noni-B, wealth manager Count Financial, retail and financial services company Thorn Group and, until its takeover, industrial products maker Crane Group. Her advice to young professionals – especially women? 'Find a good mentor and never stop learning.'

2011 performance highlights

Professor Peter Wolnizer OAM: The immediate past Dean of the Faculty of Business and Economics at the University of Sydney, Professor Peter Wolnizer, was appointed as CPA Australia's Higher Education Advisor. Professor Wolnizer is also a former Chair of the Australian Business Dean's Council, and has been appointed as the Chair of the International Accountants' Education Standards Board of the International Federation of Accountants (IFAC).

IGAP Research Centre: Macquarie University's International Governance and Performance (IGAP) Research Centre seeks to provide leadership in developing best practice governance, reporting and performance measures in a global environment. CPA Australia is a founding sponsor of IGAP and supports the research centre's relationship with the profession and business.

International Forum for Academics: Our annual forum brings together heads of schools from universities and higher education providers from Australia and the region to discuss and debate the major issues in accounting education. CPA Australia works with academia and business to ensure graduates have the skills needed to enter the profession.

Global Research Perspectives Program: CPA Australia has funded research at various universities. The winners for 2011 were: Griffith University, The University of Melbourne, Macquarie University, Queensland University of Technology, University of Canberra, University of Sydney, Victoria University and The University of New South Wales. CPA Australia also works with leading researchers who have received Australian Research Council (ARC) linkage grants.

AFAANZ: CPA Australia is a principal sponsor of the Accounting and Finance Association of Australia and New Zealand (AFAANZ), a body supporting the needs of accounting academia. In July, more than 300 accounting academics from around Australia and New Zealand participated in the annual AFAANZ conference held in Darwin. An important feature of our sponsorship is the provision of three PhD scholarships awarded in 2011.

Australian Universities: CPA Australia supports Macquarie University's application for an ARC linkage grant for their project on Developing a Framework for Assessing and Accounting for Work Health and Safety Governance in Australia. We also support The University of Melbourne's research into the carbon cycle and carbon accounting and testing models.

Research monograph: CPA Australia, in collaboration with HRH The Prince of Wales' Accounting for Sustainability project (A4S) and IFAC commissioned a research monograph from The University of Melbourne on Capital Investment Appraisal, and distributed it to the Accounting Bodies' Network.

Supporting the development of teaching and learning standards: We participated in the Learning & Teaching Academic Standards project led by the Australian Learning & Teaching Council. The Australian Business Deans Council is now leading the next stage and we are active participants in ongoing activity.

Supporting schools: CPA Australia supports teachers and students in secondary schools through sponsorship of the Business Educators Australasia (BEA). The BEA supports the professional development of secondary school teachers in Australia and New Zealand. CPA Australia is the principal sponsor of the Plan Your Own Enterprise competition which allows senior secondary students to develop a plan for an entrepreneurial endeavour.

The CPA Big Break Project: This project is a competition for undergraduate business students who seek to unlock their potential by addressing and providing solutions to a real business problem. This year's challenge asked students to provide a business solution for *The Big Issue* Australia – aimed at increasing employment opportunities for homeless and marginalised Australian women. Significant prizes for students and their institutions were offered. The winners for 2011 were Matthew Dawson and Ben Abraham with academic sponsor Dr Corinne Cortese from the University of Wollongong.

Sponsorship of awards: To recognise accounting academics' work with business, industry and the profession and to improve teaching and graduate outcomes, CPA Australia launched the new Excellence in Accounting Teaching Collaboration award at the Business and Higher Education Round Table (B-HERT) Awards. This year it was awarded to RMIT University and its Co-operative Education Program partners.

Education to eradicate poverty: CPA Australia supports the Room to Read charity which focuses on literacy and gender equality in education. To help eradicate poverty through education, CPA Australia's Young Professionals Network in Malaysia presented each of the 125 Malaysian students at SK Brickfields school with uniforms, shoes, socks and a dictionary, as well as presenting the school with a personal computer.

Support for Indigenous Australians: In recognition of the low representation of Indigenous Australians in the accounting profession, we partnered with the ICAA, the Institute of Public Accountants (IPA) and the NSW Indigenous Chamber of Commerce to employ an Indigenous Relationship Liaison Officer to encourage Indigenous Australians into the profession. CPA Australia offers scholarships to Indigenous Australians, to undertake the CPA Program.

CPA Australia supports Deakin University's Institute of Koorie Education to consider how best to increase the engagement of Indigenous accountants in the profession.

Watching brief

Our challenges for this year were to:

- continue to advocate to the Australian Government about the importance of the quality of education and education as an export industry and therefore the need for strategic investment in education
- take into account that international markets are changing, and competition for students undertaking accounting education is increasing

Looking ahead

In 2012, we look forward to:

- exploring new opportunities for supporting excellence in accounting education
- promoting the benefits of a career built on professional accounting skills to ensure our offer meets the skills needs of the future





Nigel's story

Nigel Barrow ASA, 100,000th Australian-based member

Nigel Barrow ASA started out working in the mail room at La Trobe University Bendigo and went on to short-term employment contracts in the finance department before moving to permanent employment in the education faculty. His supervisor (a CPA) encouraged him to develop his skills and in 2006 he started a business degree as a mature-age student.

Nigel joined the CPA Passport student network in 2007 for the opportunity to access additional study resources while completing his Bachelor of Commerce in 2010. In 2011 he began the CPA Program professional level.

Nigel chose the CPA Program over other accounting programs because of the flexibility and range of subjects, and also because of how highly CPAs are regarded by his current employer and in the local community.

Nigel's advice to aspiring members is that 'Learning is a life long experience – never pass up an opportunity to learn.'

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Certification – the CPA Program

Our members tell us that the main reason that they join CPA Australia is for the professional recognition that comes from the CPA designation, which is respected throughout the world and is recognised for its delivery of financial, accounting and business advisory professionals of the highest calibre and training.

To underpin this strength, we continue to focus on providing a globally-competitive membership certification program with multiple entry points to enable people to become CPAs from a range of educational backgrounds.

Our approach

Our approach to delivering the CPA Program is based on quality of content and flexibility of delivery to candidates. Contributors to the CPA Program are senior-level academics and expert industry practitioners who constantly update content to ensure CPA Australia members have work-ready skills wherever they are located, at any stage of their career. The CPA Program syllabus incorporates sustainability to ensure future members are informed and able to adapt to this emerging area of importance and its impacts on our profession. We deliver a program that reflects and develops the capabilities and strategic business and leadership skills that employers need. The processes and procedures that underpin the CPA Program design, development and delivery are ISO 9001 certified.

The flexibility of the CPA Program is multifaceted. It offers:

- multiple-entry pathways
- a distance education program accessible anywhere, any time
- an array of optional learning resources for a customised learning experience
- extended exam windows for our foundation level exams
- recognition of prior experience to meet the practical experience requirement
- a choice of electives in the professional level

2011 performance highlights

This year we consolidated and refined changes to the CPA Program, making it even more accessible and more flexible, catering to candidates who travel or work full-time and study as well.

Foundation level: We now provide more flexibility for CPA Program foundation level candidates with more choice of dates to undertake exams. Foundation level exams were offered in an extended window for 2011 and will be available on demand in 2012. For the first time, candidates received their results on the day of the exam at the exam centre. We delivered exams across 54 countries in 148 locations.

Professional level: Candidates sat exams in more than 300 venues in 75 countries across the world.

To ensure more local relevance, we introduced the Malaysia Taxation module (adding to the existing tax electives for Australia and Singapore), ensuring the CPA Program caters for CPAs in other countries.

Enrolments: Overall enrolments in CPA Program segments have increased by seven per cent in 2011, with the volume of foundation level enrolments continuing to exceed expectations, with 65 per cent growth in 2011.

New pathways into the accounting profession: CPA Australia was a signatory to a strategic alliance between TAFE NSW, industry and universities to assist those who have been marginalised by our education system by providing a pathway to move through TAFE, to university and to CPA Australia membership.

Registered tuition providers: Specialised tutors broaden the learning methods available to candidates and support their study and exam preparation.

Webinars: These provide access to selected CPA Program workshops for members wherever they are situated geographically.

Range of resources: We continued to add to the broad range of learning resources to complement candidates' distance education studies.

Watching brief

Our challenges for this year were in the following areas:

- We need to support the variety of learning styles of candidates with a distance education program which is delivered internationally.
- We need to balance candidate needs and expectations with program quality and control mechanisms.
- We are consciously building our current pool of technical contributors to the CPA Program to reflect the diversity and geographic spread of our membership.

Looking ahead

In 2012, we look forward to:

- introducing an extended exam window from May to December for foundation level exams, enhancing flexibility and trialling a move away from the traditional semester-based delivery of exams
- continuing to grow the additional learning resources available to candidates to complement their CPA Program distance education and to support their various learning styles
- working seamlessly with supply partners to continue to produce the highest quality CPA Program catering to the diverse needs of candidates
- exploring new opportunities and technologies that will enhance the learning experience of future CPAs
- expanding the Registered Tuition Provider network to support CPA candidates in their education



Melissa's story

Melissa Claassen CPA
CFO, TaylorMade adidas Golf

Melissa Claassen began her career as a financial accountant at adidas Australia in 1996. She rapidly rose through the ranks as a Management Accountant, Finance Manager, Group Senior Financial Controller and Controlling Director China, CFO of adidas Hong Kong and Taiwan and was most recently promoted to CFO TaylorMade adidas Golf.

Renowned for her exceptional collaboration skills, Melissa works across different regional and operational divisions of the company. Her job is to ensure that all parties are on the same 'ledger' at all times. As Melissa says, 'I love everything about my job. As a finance professional I get to interact with the marketing team, with the sales team and the retail team; I see every facet of the business. I think that the CPA designation has helped me to achieve so much at adidas, and to really bring out those leadership qualities.'

Access to knowledge

An important part of being a professional is the commitment to life long learning. We provide our members with access to education and continuing professional development resources that help to build their currency of knowledge and to ensure that they operate at the highest levels of professional competence.

Our approach

By increasing online resources and social media avenues, we continue to increase overall growth in member participation in online forums and our online knowledge bank. Every CPA Australia member commits to continually update their knowledge through professional development. We support this by creating and facilitating information-rich conferences, events and online libraries and communities.

2011 performance highlights

Knowledge+ online resources: Members are increasingly tapping into knowledge resources online, not only through our new INTHEBLACK website (itbdigital.com), but also through webinars. Webinars and workshops show increased enrolments and monthly lightbox webinars provide business and economic insights.

Virtual Congress: We provided a CPA Congress package by podcast, which comprised of key sessions from powerful finance and business leaders including:

- Chris Richardson, Partner, Deloitte Access Economics
- Will Whitehorn, Chairman of Loewy Group and former President of Virgin Galactic
- Justice Geoffrey Robertson QC, Doughty Street Chambers, London
- Heidi Middleton and Sarah-Jane Clarke, Founders, sass & bide

Website hits: We are improving the CPA Australia website search functionality to provide greater access to the knowledge resources available online. We received more than four million visits in 2011 and over 60,000 visits to our community platforms.

Mobile site: A new mobile site was developed for CPA Congress and was available via smart phones and tablets.

Career guidance system: Helping professionals and employers identify and acquire the diversity of skills needed to succeed in today's business environment, this system gives an easy-to-navigate online tool that is based on a framework that is known to offer a career advantage. There were more than 17,000 visits to the site in 2011.

INPRACTICE magazine: A new magazine for public practitioners was launched in September 2011 and sent to 30,000 members in public practice. The new magazine includes technical updates and explores issues such as clean energy, cloud computing, staff recruitment and the ethical challenges faced by practitioners and thought leaders. The magazine also provides links to the many resources available via our practice management portal.

Australian Accounting Review: A new editor-in-chief, Professor Tyrone Carlin, was appointed and will continue to work towards strengthening the content and reach of the journal.

Sustainability: We maintained high participation in sustainability through our community platforms and environmental, social and governance knowledge portal. Our three-part online information series on environmental accounting was successfully launched.

Sound business podcasts: CPA Australia produced 22 podcasts in 2011 which were available from both the CPA Australia website and via iTunes. More than 11,000 downloads occurred, with the top five being: *Tips to manage liquidity risk*, *Business strategy development*, *Financial reporting quality*, *Islamic Finance in the Asia Pacific* and *Developing a business disaster recovery plan*.

Conferences and events

CPA Congress: CPA Congress is the largest annual gathering in Australia of finance, accounting and business professionals. It offers a comprehensive update on accounting and business issues and an unparalleled opportunity to network with industry peers and to update technical knowledge. Delegates attended sessions on topics including strategy, leadership, international business and core accounting skills.

CPA Congress 2011 was themed 'Strength through experience', apt for an organisation able to bring together more than a century of strategic business insights and expertise. During September, October and November more than 10,000 people attended CPA Congress in 10 cities, across three continents and five time zones.



Our continued efforts to reduce the environmental impacts associated with CPA Congress saw us communicate more through our Congress website and send communications to members and non-members via electronic, rather than printed means.

Members also received *CPA Congress 2011* with their December issue of *INTHEBLACK*. The magazine highlights key speakers at CPA Congress. Dymocks Booksellers provided added discounts and benefits to members who attended CPA Congress.

Other key conferences and events in 2011 included:

Business Outlook 2011: This event brought a collection of key international and national business leaders together to discuss global issues facing business today. Speakers included the Hon. Lindsay Tanner, Andrew Demetriou (CEO of the Australian Football League), David Kirk (former CEO of Fairfax Media Ltd), Gavin Slater FCPA (Chief Operating Officer of the National Australia Bank), the Hon. Jeffrey Kennett AC and commentators Alan Kohler and Robert Gottlieb.



CFO Advance: This five-day intensive program for CFOs (who are aiming towards a career as a CEO) covered succession planning, strategy, finance and leadership.

The program was developed in conjunction with the Chicago Booth School of Business and Melbourne University Business School.

International public sector convention 2011:

This convention addressed ways to meet Australia's performance and reporting challenges. It included speakers from the UK, Hong Kong, Singapore, the USA and New Zealand who addressed public and private sector leadership, change management and performance auditing.

Public practice conference: This premier event for taxation and accounting practitioners was held in four Australian states and attracted more than 800 delegates.

Public sector leaders series: This series provided a forum for interactive discussion for CFOs and senior public officials in various Australian states.

Australian mining and energy conference: This conference saw mining and energy professionals receive accounting and management updates applicable to their industry.

Australian defence industry conference: This conference brought together finance professionals and strategic business leaders of government bodies, major defence organisations and small-to-medium enterprises.

Watching brief

Our challenges for the year included:

- overcoming the impact the instability of the economy had on training budgets for spending on professional development activities
- managing the prudent use of natural resources at our events

Looking ahead

In 2012, we look forward to:

- making members and non-members more aware of *INTHEBLACK* digital (itbdigital.com) as a place to source videos, polls, opinion pieces and business news
- continuing to uphold the quality of our processes
- making education and professional development more accessible by providing additional pathways for members
- delivering a new mobile-friendly website, website platform to improve our ability to provide excellent member services, access to information and resources relevant to the user
- improving the CPA Australia website search functionality to provide greater access to the online knowledge resources

Sustainability at CPA Australia

At CPA Australia, the term 'sustainability' incorporates our management of natural, human and financial resources. Further, it integrates sustainable relationships with our stakeholders – members, employees, suppliers, influencers, regulators and the community.

Through our sustainability commitments, we aim to transform business and create value for the communities in which we operate.

Our approach

Our decision to move toward a 'whole of business' view of operations means changing behaviours, systems and processes to manage our impacts on resources and the relationships that support this. We demonstrate our commitment to sustainability through our actions.



Su An's story

**Su An Ngeow CPA
Senior Associate – Management
Consulting, KPMG, Malaysia**

Su An Ngeow was born in Malaysia but finished her final years of high school in Perth, Australia. Su An completed a Bachelor of Commerce from the University of Western Australia, then returned home and joined KPMG Malaysia's tax section, where she is currently working on a project for the big accountancy firm's business advisory services arm.

Accountancy runs in Ngeow's family – her mother was an accountant and so are many of her cousins. 'Many of my family are successful business people', says Ngeow. Accountancy is a career that suits her, 'I like to think of solutions to problems, manoeuvre around obstacles and reach the end goal.'

In 2011, CPA Australia continued its sustainability journey and began internal integrated reporting; we have combined our management financial and non-financial reports in an attempt to present a holistic picture of our operations and performance, reflecting our key strategic goal of embedding sustainability into our business.

We encourage our stakeholders to follow suit by:

- encouraging businesses to integrate their financial and non-financial decision-making and reporting
- recognising the impact on communities in which organisations live and work, and attempting to make a positive influence
- providing employees with training and development in a safe and supportive work environment
- measuring and reducing environmental impacts and encouraging others to do the same

2011 performance highlights

Recognition for corporate social responsibility:

In 2011, CPA Australia was recognised by the Australian Centre for Corporate and Social Responsibility (ACCSR) as a top five CSR practitioner in Australian private companies.

Integrated performance reporting: An internal integrated performance report template is used for management reports to the Board. This covers the key areas of carbon dioxide (CO₂) management, procurement policies, governance, financial health and the health and wellbeing of our people. This form of reporting has had a profound influence on the discussions at management level.

Embedding sustainability into CPA Australia: We developed a blueprint to embed the responsibility for sustainability across the business.

Sustainability in our planning: Our budgeting and planning process template now includes a sustainability section.

Materiality review

In September 2011, we completed a materiality review to focus our reporting on content that reflects the CPA Australia business and its financial, social and environmental impacts. The review consisted of two phases, and utilised the GRI G3.0 Guidelines to

determine on which indicators CPA Australia should report. Operational owners and subject matter experts completed questionnaires across all GRI indicators, and suggested which ones to include. Resultant shortlists of indicators were then cross-referenced with stakeholder feedback and risk and opportunity assessments. We aim to set in place a work plan for the new areas and GRI indicators on member satisfaction (see page 13), privacy and responsibility.

Drawing on the GRI's four principles for defining report content, the content of this report was shaped by several processes undertaken throughout the year. We identified relevant topics, undertook a materiality review to help us prioritise our content and validated this against our stakeholders and organisational needs.

Being a global member-based organisation, we have a wide range of stakeholders. The challenge for CPA Australia is to meet all of their different information needs. We address this challenge by asking our stakeholders what's most important to them and focusing on these areas. Our basis for selection of our stakeholders rests on formal structures (i.e. the Board), our members, future members, suppliers and others we seek to engage such as regulators, academic institutions, employers, business partners and media. We categorise our stakeholders into three groups identified as 'members', 'employees' and 'influencers'. This report was prepared for these key stakeholders.

In the preparation of this report, CPA Australia surveyed members and staff, inviting them to have their say about issues of importance to them and to help shape our sustainability activities. We did not survey influencers this year, but will set formal survey structures in place for this (and all groups) in 2012. This incorporates the feedback from the wider set of communication channels as outlined on page 13.

An internal audit of the risk to the organisation's activities and the financial implications and other risks of climate change (EC2) was conducted in 2009 and found to be low risk for the organisation. Climate change remains a material issue in areas of advocacy and environment and we believe they are covered by the GRI indicators SO5 and EN17.

Topics and concerns for key stakeholders

Category	Most material issues	Stakeholder group	Where to find it
Engaging with members	Customer satisfaction	Members	13
Broadening our audience	Marketing and communication practices	Members	15–17, 19
Representation and advocacy	Our impact on societies Our representation on behalf of the profession Public policy and advocacy activity and performance	Members and Influencers	18–20
Supporting accounting education	Our representation on behalf of the profession	Influencers	18–23
Certification	Our impact on societies Our CPA Program	Members, Employees and Influencers	5, 24, 25
Access to knowledge	Our CPD offering	Members and Employees	26–28
Sustainability	Stakeholders	Employees	2, 29, 30
Our people	Staff development Staff turnover	Employees	34, 37
Environmental impacts	Procurement Greenhouse gas emissions Waste disposal	Employees	38–40
Corporate governance	Anti-corruption practices Corporate practices and governance	Employees	31, 41–51
Financial report	Economic and social impacts on markets where we operate	Members	5, 60

Zero tolerance for fraud and corruption

CPA Australia surveyed all staff on ethical business practices in June 2011 to ascertain any risk related to corruption. The subsequent report, *Ethical Business Practices*, was released in September 2011. It provides a snapshot, of one point in time, for comparison in the future and it sets a transparent benchmark for the ethical climate of the organisation. The results will be used to further demonstrate our commitment to ethical practices, legal obligations and integrity, by providing training in fraud and business ethics and anti-corruption policies and procedures.

CPA Australia has a standing group to manage and investigate any reported incidents of corruption.

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

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

Risk management framework

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

- CPA Australia Code of Conduct
- regular internal audits
- web-based compliance training
- annual internal controls questionnaire for executive managers, as part of the annual financial statements

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

The Code of Conduct applies to all Directors, employees and volunteers, and all employees are encouraged to report any breaches of the Code. All employees are assessed on their adherence to the Code of Conduct as a part of their performance reviews.

All CPA Australia personnel have a responsibility to report improper conduct, as defined by the Code, in accordance with CPA Australia Whistleblower Policy, which is reviewed by the Board of Directors every two years.

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

An organisational assessment of risks of fraud and corruption is conducted every two years as part of the strategic and operational risk assessment, and annually as part of the continuous internal audit program. All of our business units are continuously assessed for risk of corruption as part of the internal audit review process.

Watching brief

Our challenges this year included:

- changing how we looked at accountability, decision-making, strategic targets, reporting and engagement in the workplace as well as creating both a cultural and practical readiness for sustainability across the organisation.
- helping stakeholders develop the tools and skills required to align their personal sustainability values with business. This should result in better decisions for the long-term future of CPA Australia and its members.

Looking ahead

In 2012, we look forward to:

- refining our internal integrated reporting and preparing for an external integrated report by 2013
- addressing the under-representation of Indigenous Australians in the accounting profession
- committing to a specific number of hours of training and development per employee per triennium
- achieving excellence in communicating with our stakeholders, taking into account our obligations for privacy and self-regulation
- putting our new Diversity Policy into operation



Our people

We rely on our talented, motivated and empowered people, who can deliver innovative solutions to members.

Our approach

We value and recognise our employees and encourage opportunities for their personal development while maximising organisational goals. This year we focused on providing every member of our staff with tailored training in organisational knowledge and techniques to empower them to provide exceptional service to our members. This enabled a greater understanding of the products and services that we provide to members, the ways in which we can provide our members with a great experience each time they interact with us, and an understanding of how internal customer service is vital to the delivery of exceptional member and customer service.



Martino's story

Martino di Marco CPA

Martino di Marco works as a CPA in New Zealand and says the CPA Program opened a world of opportunities for him, from roles in manufacturing to banking, across three different countries.

After studying accounting at university, Martino went to Italy and then to London for seven years where he worked in the Department of Health and later within the banking sector.

He began studying the CPA Program while in London and chose it because he wanted a choice of focusing his career aspirations on financial reporting or management accounting, and because he knew he would enjoy the financial risk management subject.

'My qualification has given me the level of skills I require for both financial and management accounting and has enabled me to understand the drivers of our profit and loss,' he said.

Marco's advice to graduates? 'Engage with companies that offer graduate programs, or take an internship to give you a good idea of what an accounting career path will offer.'

2011 performance highlights

Staff retention: This improved dramatically from last year, with 16.6 per cent employee-initiated turnover.

Local hiring: In locations outside Australia, 100 per cent of all our employees are locally hired.

Staff training: Every member of staff completed tailored staff training in customer service, product knowledge, and compliance.

Diversity policy: The Board approved and adopted a Diversity and Inclusion Policy.

Remuneration: We undertook an independent review of our remuneration framework to ensure that it is sufficient to attract and retain quality staff.

Staff development

People, relationships and knowledge are fundamentals of any successful business.

In 2011 we focused on upskilling our leaders and staff on key elements of service, product knowledge and compliance. Staff in all offices completed tailored service training that focused on listening skills, understanding the real needs of our members, fostering strong and engaging relationships and taking accountability to assist members.

In August, staff completed compliance training that focused on privacy, occupational health and safety, equal opportunity employment and competition and consumer laws.

In September, we implemented a new e-learning tool, 'MyBusiness', which provides in-depth knowledge of CPA Australia's core products and services.

Ongoing staff development includes corporate induction, system usage training, in-depth customer service training for our member-facing staff, and leadership development for our middle management group.

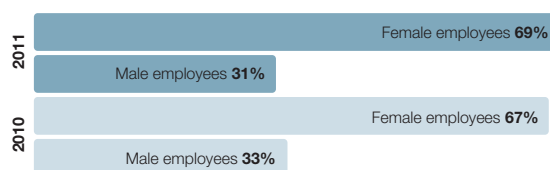
We also support staff to undertake study for the CPA Program, postgraduate study or leadership training and skill development. During the year, 48 employees were supported for education assistance in the form of reimbursement of higher education course costs and materials, and time off to study and sit for exams.

Throughout the year, learning activities to improve service to members included stakeholder feedback forms, staff service nominations, and service tips and tricks.

Remuneration

In January 2011 we reviewed CPA Australia's remuneration framework using independent market remuneration consultants. Staff remuneration is now in line with market salaries and incentives. The competitive framework has assisted CPA Australia to hire quality candidates and to offer a more attractive salary package to existing and prospective staff.

Diversity and inclusion



Our Executive Management Group

Members of the Executive Management Group head up each of the six strategic areas of the company. These executives represent staff, and can take issues and recommendations raised by the organisation, and members to the Board and its committees.



Alex Malley FCPA
Chief Executive Officer



Mike Adlam
Executive General Manager
Brand & Marketing Communications



Adam Awty CPA
Chief Financial Officer and
Company Secretary

In line with changes to the ASX Corporate Governance Guidelines, CPA Australia changed its Diversity and Inclusion Policy to ensure that CPA Australia continues to actively manage and encourage diversity and inclusion throughout the organisation.

CPA Australia supports a variety of practices to achieve a diverse and inclusive organisation, through the recruitment, promotion and selection; remuneration; and performance management of its Board of Directors, committees and workforce.

Gender balance

With an increasingly diverse membership base, CPA Australia recognises that it is important to have governance models and staff diversity representative of our members.

The Board comprises:

- 75 per cent men and 25 per cent women
- 75 per cent Australian residents and 25 per cent residents from outside Australia
- one member in the 30–39 age bracket
- three members in the 40–49 age bracket
- five members in the 50–59 age bracket
- three members in the over-60 age bracket.

The Board has explicit policies to ensure that there is no systemic bias when it comes to selecting members for roles on membership committees. By widely promoting available positions, the Board makes appointments to membership committees based on merit and also considers issues of diversity in the skills mix when selecting candidates for the relevant committee.

At staff level, the Executive Management Group was 100 per cent male at 31 December 2011. While there

are a number of women at the General Manager, manager and supervisor levels, the gender diversity at our executive level remains unrepresentative of the broader organisation and of our membership. This presents a challenge to CPA Australia, and is being monitored to ensure that as vacancies present themselves we have strong internal and external female candidates.

Closing the remuneration gender gap

CPA Australia is committed to ensuring that it pays its employees market-competitive remuneration based only on their capacity, performance, knowledge, experience and effectiveness in the role. We are committed to ensuring that there is no systemic bias that leads to inequality of remuneration based on factors such as gender, race or physical ability.

During 2011, we analysed the salaries of men and women who perform the same roles, with commensurate levels of experience and performance in the role, to determine whether any such bias exists in relation to remuneration, and found that none exists. There is no material gap in relation to those roles. We also examined our processes for recruitment (including short lists recommended by our recruitment agencies, selection criteria and composition of interview panels) and determined that there is no inherent bias in any of those processes. We also examined whether there was any disproportionate level of resignations, internal promotions or redundancies that have occurred throughout the business during 2011 and found none.

Under our GRI framework, CPA Australia reports on the ratio of average female remuneration to average male remuneration across a range of different organisational levels. At an aggregate level, there is still a gap between female and male salaries across the organisation.



Tony Gleeson
Executive General Manager
Member Knowledge



Jeff Hughes FCPA
Executive General Manager
Member Engagement



Rob Thomason
Executive General Manager
Business Development

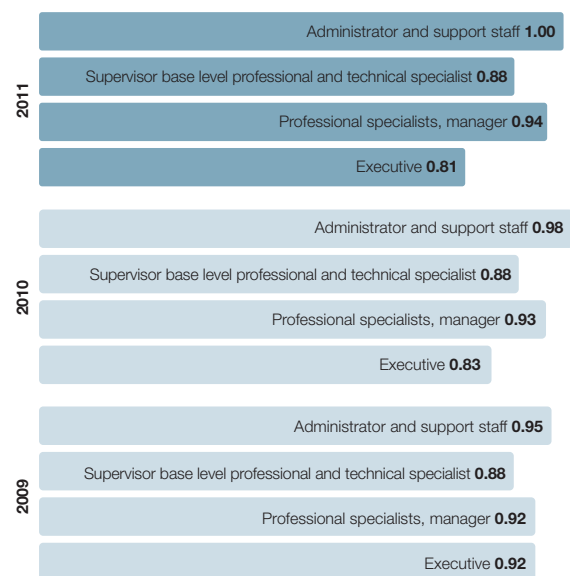


Paul Wappett
Executive General Manager
Strategy

This can be explained in part by the skewing effect of the fact that there were no female members of the Executive Management Group during 2011. Salary averages for females may also be slightly lower due to some taking maternity leave, now extended to two 12-month periods.

While CPA Australia's remuneration gap is less than the Australian business community as a whole, it remains an area of focus to ensure that it is not the result of any systematic bias, either explicit or implicit.

Female salary as a percentage of male salary



Flexible work arrangements

Nine per cent of our total staff perform their roles in a part-time capacity.

A challenge for CPA Australia is to manage the flexible working arrangements for employees while meeting the business requirements to perform the work required.

Performance review and development

CPA Australia makes a significant commitment to performance review and development. Full- and part-time employees of CPA Australia meet formally with their manager twice a year, and informally twice a year to discuss:

- past performance and achievements
- agreement of work objectives for the future
- agreement of development plans

Health and safety

CPA Australia remains committed to ensuring the health, safety and welfare of our employees, members and others affected by our operations. Our health and safety policy outlines the occupational health and safety (OHS) procedures for all employees and independent contractors.

CPA Australia's OHS committee meets each quarter and provides a joint forum for consultation between management and employees to review accidents and unsafe workplace practices.

Rates of injury remain low, although we have adopted more rigorous incident reporting and follow-up by our OHS representative committee.

In 2011 there were 14 minor OHS incidents, one of which resulted in a WorkCover claim. No other incidents resulted in further action being required.

Rates of Injury, occupational disease, absenteeism and fatalities	2011		2010	
	M	F	M	F
Injury (not defined)	1	6	3	6
Injury (journey/vehicle)	0	0	0	1
Injury (equipment/damage)	0	0	0	0
Near miss/no injury	0	2	0	1
Occupational illness/disease	0	1	0	0
Non-occupational illness/disease	0	4	0	2
Total incidents	1	13	3	10

The average number of working days lost as a result of sick leave per person was 4.95 during 2011, compared with 5.36 days in 2010, and 6 days in 2009. In 2011 we conducted workplace inspections at our offices worldwide to ensure compliance with legal requirements for electrical and office equipment, obstructions, fire safety, storage and ergonomic issues.

Employee profile

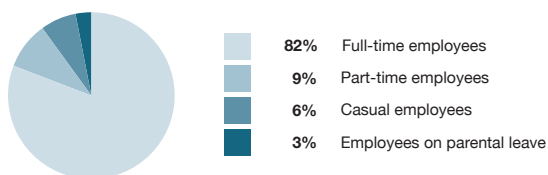
By the end of 2011 we had 447 full-time staff. During the year we operated on an average of 441 FTEs. While FTEs remained fairly static, we saw increases in member-facing staff and technology staff concentrating on our 'Member First' project.

FTE December 2011 **447**

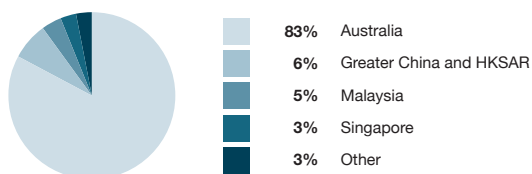
FTE December 2010 **436**

FTE December 2009 **464**

Workforce by employment type (global) 2011



Workforce by region 2011



Social responsibility in local hiring

Because CPA Australia derives financial and non-financial benefits from communities outside Australia, we have a commitment to building the capacity and professionalism of the workforces of those communities, and to develop and transition economies throughout our markets. Wherever possible, we hire local staff and provide them with significant induction, training, mentoring and ongoing support. In 2011, 100 per cent of our senior management (General Managers and above), and other employees were recruited from local communities in our countries of operation.

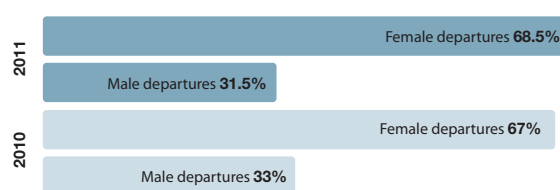
Recruitment

Our recruitment panel meets monthly, and one of its action items is to monitor the diversity of candidates who are short-listed for interviews for vacant roles. In 2011, the ratio of short-listed male candidates to short-listed female candidates was 42:58.

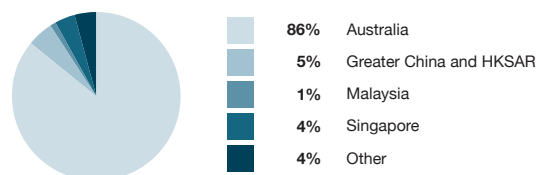
Employee-initiated turnover

Total employee turnover for the year was lower than last year at 28.8 per cent compared to 38.1 per cent for 2010. However management's focus this year has been on employee-initiated turnover which was 16.6 per cent. The difference is largely related to staff coming to the end of contract and no longer being required, staff exiting the organisation after being on performance management, and a small number of redundancies.

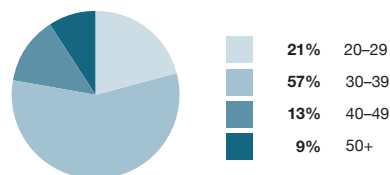
Departures by gender 2011



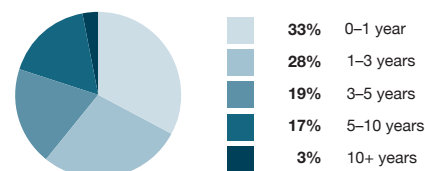
Departures by region 2011



Departures by age 2011



Departures by service years 2011



Watching brief

- A major challenge is to develop ways to effectively measure return on investment for skill development and work output.

Looking ahead

In 2012, we look forward to:

- continuing our commitment to training and development of staff, particularly in areas of customer service
- implementing a Human Relations Information System including an online performance review component
- continuing to monitor the diversity of our workforce



Ferdinand's story

Ferdinand Sadeli CPA

Director – Investment Banking
Barclays Capital, Indonesia

Ferdinand tells us that the CPA designation opened up many opportunities for him to work in different areas. He says there are three key components in business and he has been fortunate enough to have worked in all three – corporate, financial and supporting functions.

During his career Ferdinand has worked for more than 11 years in various Big 4 firms (as both an auditor and consultant), almost three and half years as Finance Director/CFO at one of the largest property companies in Indonesia and he is now a banker with one of the largest and oldest banks in the world.

Environmental impacts

*CPA Australia understands
the importance of
measuring as a method of
managing and reporting
on our impact on the
environment.*

Our approach

This year we focused on refining our environmental measurement process, reviewing our methodologies for CO₂ and waste reduction and embedding this responsibility within our Corporate Services team. With more robust systems, we can now measure key impacts and track reduction measures.

2011 performance highlights

An electronic equipment recycling firm, EraseIT, was used to dispose of our old IT equipment (for example, old servers and old screens).

Energy star-rated multifunction devices (MFDs)

designed to use power more efficiently were installed in March and April.

Our servers have been reconfigured and electricity used by servers has been significantly reduced.

Renewable wind energy was procured for 20 per cent of our energy purchase.

Recycling printer consumables means that we have diverted 295 units or 221kg from landfill.

Involvement in Earth Hour meant switching off all non-essential services from 7 pm Friday until Monday morning in the week of Earth Hour, including sky signage at every office building.

Turning off lighting automatically at CPA Australia offices was achieved by installing office C-BUS units sensitive to movement.

Energy consumption and environmental performance

were used as key selection criteria for new premises in Western Australia, New Zealand and Singapore.

The Melbourne office building is rated 5-star for NABERS energy without green power offset and rated 4.5-star for NABERS water. We implemented software to manage and report on energy use.

LED lighting was installed for our building signage to save energy.

Reusable alternatives and bulk purchasing was used when purchasing stationery, with a view to reducing the carbon footprint of supplier deliveries.

Recording the usage of copy paper and letterhead was started in our Melbourne office and will possibly be implemented across all offices.

Eco-friendly cleaning products are used in our Melbourne office and will be implemented across all offices.

Our catering orders for events are purchased with a view to fresh, healthy, locally- and seasonally-produced food. We also measure food waste, and wastage of food at events is declining.

GHG inventory calculation methodology

In 2011 we changed the way we calculated our GHG inventory to be consistent with the many new greenhouse reporting standards. We have aligned our methodology with best practice guidance from ISO 14064, the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and the National Carbon Offset Standard (NCOS). However, in the transition to this new methodology, to enable year-on-year comparison, we have also calculated GHG emissions using the spend method. In future years, we will only calculate our GHG inventory using the new method which is aligned to best practice guidelines. As a consequence, we will be focusing on reporting those sources of GHG emissions which we can readily influence.

Sources of CPA Australia's carbon dioxide or equivalent emissions (tCO₂e/year) (using spend method)

Scope	Emission source	2010 (tCO ₂ e)	2011 (tCO ₂ e)
Scope 1		–	–
Scope 2	Electricity	2,326.16	1,724.83
	Subtotal	2,326.16	1,724.83
Scope 3	Staff travel	429.29	N/A
	Electricity	257.82	200.44
	Assets	12,744.63*	18,428.66
	Expenses	15,109.14	15,464.72
	Flights	3,313.69	3,450.03
	Waste	46.13	120.54
	Total	34,226.86*	39,389.22
Total per member kgCO ₂ e		259.00*	283.00

* This figure has been restated to incorporate changes identified as part of 2011 calculation process.

GHG Inventory – Activity – Results for 2011*

Scope	Emission source	tCO ₂ e
Scope 2	Electricity	1,725
Scope 3	Supply of electricity	200
	Flights	3,450
	Taxis	141
	Waste	121
	Office paper	6
	tCO₂e total	5,643
	Total kgCO₂e per member	40.6

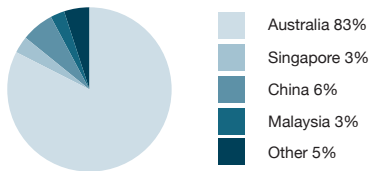
* We have aligned our methodology with best practice guidance from ISO 14064, the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and the National Carbon Offset Standard (NCOS).

CPA Australia total electricity usage 2009 – 2011

Kilowatt hours (kWh) by country			
Country	2009	2010	2011
Australia	1,534,005	1,816,989	1,411,861
Singapore	67,342	70,819	58,115
China	95,618	109,366	107,722
Malaysia	47,581	51,975	48,515
Other*	67,731	63,044	82,071
Total†	1,812,277	2,112,193	1,708,284

* Other includes the UK and New Zealand

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

Energy consumption by country 2011**Waste**

Event delivery is a significant area of our business and it brings with it the responsibility to critically manage our events, and consider supplier and stakeholder expectations. We already record food waste, but we would like to extend our understanding and measure waste by using the GRI event sector supplement in 2012–13.

Watching brief

Our challenges for this year included:

- the need to involve staff in energy reduction techniques, such as the use of blinds to aid air-conditioning, and turning computers off at night
- promoting behaviours congruent with our occupation of a 5-star rated building (for example, a mindfulness about the disposal of waste)
- supporting staff to make decisions that include the use of natural resources, recycling and disposal of waste, ensuring we have the right balance and weighting of environmental criteria in our purchasing decisions
- focusing electricity usage reduction strategies on procuring energy efficient equipment and educating staff in energy reduction, such as turning off lights, replacing IT servers and IT equipment. As a result, electricity usage has decreased by 20 per cent.

Looking ahead

In 2012, we look forward to:

- establishing workgroups to motivate and engage our workforce to share a vision of reducing our impact on the environment
- measuring and managing our carbon footprint with reductions in highest emission areas
- developing, implementing and reporting on a Global Sourcing Policy and Code of Practice incorporating social, environmental and governance standards

Corporate governance



Malcolm's story

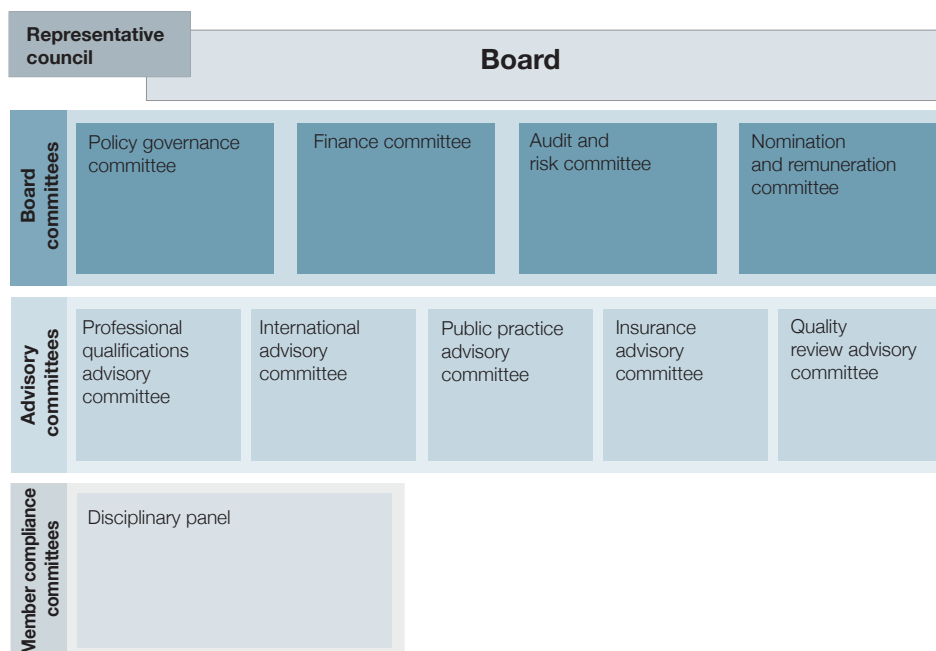
Malcolm Irving AM FCPA

In the 1950s, Malcolm Irving set sail for a career in London and then, later, Canada with accounting qualifications firmly under his belt. His career took him into merchant banking and he became Managing Director of the Canadian Imperial Bank of Commerce from 1978 to 1990.

Among other posts, Irving has been a Director of Telstra and Chairman of Caltex. 'I've always been quite proud to be an accountant, and I think if you're a serious accountant you should be a member of your industry association', says Irving. Until recently Irving was Deputy Chancellor of Macquarie University. Among other Board commitments, he remains Chair of the Macquarie Graduate School of Management and is a Director of Macquarie University Hospital.

The events of the world over recent years have highlighted the importance of appropriate corporate governance by a strong and independent Board that is representative of the diversity and talent of our members.

Governance structure



Board of Directors

John Cahill, FCPA

Director, President and Chairman of the Board

BBus, GDipBus (Acc), GAICD

John Cahill is the former Chief Executive Officer of Alinta Infrastructure Holdings Ltd and Chief Financial Officer of Alinta Ltd and has over 25 years experience working in the energy utility sector in the areas of treasury, finance, accounting and risk management.

John now works as an independent non-executive director for an ASX listed company, a Western Australia government trading enterprise where he is also Deputy Chairman and is also a Councillor with Edith Cowan University. John represents the Australian Accounting bodies on the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants.

John has served on Western Australia Divisional Council and was President of that division. He was appointed to the Board in 2007; he was first elected as Deputy President in 2009, and then elected as President and Chairman of the Board in 2011. John has previously served as Chair of the Finance Committee and is a current member of the Nomination and Remuneration Committee.

Penny Egan, FCPA

Director, Deputy President

BBus (Acc), GAICD

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

Penny has served on the Tasmanian Divisional Council and was President of that division. Penny was

appointed a Board Director in 2005 and was elected as a Deputy President in 2010. She is a former Chair of the Audit and Risk Committee, and is the current Chair of the Finance Committee and a member of the Nomination and Remuneration Committee.

Graeme Wade, FCPA

Director, Deputy President

BBus (Acc)

Graeme Wade has operated at partner level in public practice for more than 20 years. He holds a number of non-executive directorships and has consulted widely across the private sector, specialising in mergers and acquisitions and the agribusiness sector. Graeme has also provided advice to the Australian Government for many years.

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

Professor Tyrone Carlin, FCPA

Director

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

Tyrone Carlin is Professor of Financial Reporting and Regulation at the University of Sydney Business School. He has served in a number of senior leadership positions within the Australian higher education sector.

Tyrone was appointed a Board Director in 2011 and is currently a member of the Policy Governance Committee. He has been a member and Chair of the International Advisory Committee since 2007, a New South Wales Divisional Councillor since 2009 and was a member of the Representative Council from 2009 to 2011.



John Cahill FCPA



Penny Egan FCPA



Graeme Wade FCPA



Tyrone Carlin FCPA

Jim Dickson, FCPA
Director
 GAICD

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

Jim is Deputy Chair of IFAC's Compliance Advisory Panel and a longstanding advocate for monitoring the standards of the profession globally.

Jim was appointed a Board Director in 2010 and sits on the Policy Governance Committee.

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

Peter Dowling holds a number of directorships across the finance, insurance, resources and technology sectors. He is also Chair of the Audit and Risk Committees for several government organisations.

Peter is a former partner of international accounting firm Ernst & Young in the Tax and Business Advisory area. He is a Member of the Order of Australia and a Centenary of Federation Medal recipient for services to accounting. He is also the Queensland Honorary Consul for Botswana.

Peter was appointed a Board Director in 2010 and is Chair of the Policy Governance Committee.

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

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

Christina has over 26 years' experience in professional services and the private sector. She is formerly a Director of Ernst & Young in Malaysia. Christina has served on the Malaysian Divisional Council and was President of that division. She was also the Vice-President of the Malaysian Institute of Accountants and a Board Director of the Confederation of Asia and Pacific Accountants.

Apart from her other Board directorships, she is currently a member of IFAC's Small and Medium Practices Committee.

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

Mark Grey
Director

BA, CPM, GDACG, ACIS, FAMI, FAICD, FAIM

Mark Grey is Chairman of Livingstones Australia, an Industrial Relations advocacy and Organisational Development consultancy group. He is also CEO of the Queensland Eye Hospital. He was formerly CEO of Pan Asian marketing service group Batey Redcell in Hong Kong and China and Global Communications Director for the Singapore Airlines business.

Mark is also a Director of the Independent Ophthalmic Network Limited and Forest & Wood products Australia Limited, where he is Chair of the Audit and Risk Committee.

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



Jim Dickson FCPA



Peter Dowling AM FCPA



Christina Foo FCPA



Mark Grey

Low Weng Keong, FCPA
Director

Low Weng Keong is a company Director who retired in 2005 from Ernst & Young Singapore where he was Country Managing Partner. He currently sits on the Boards of a number of listed companies.

Weng was appointed to the Board in 2005. He was appointed a Vice-President of the Board in 2006, Deputy President in 2007 and served as President of CPA Australia from October 2010 to September 2011. He has also served on the Singapore Divisional Council and was President of that division. Weng is a former member of the Finance Committee and a former member and Chair of the Nomination and Remuneration Committee. Weng was made a life member of CPA Australia in 2011.

Professor Richard Petty, FCPA
Director

BBus (Acc), BCom (Hons), MCom (Hons), PhD

Richard Petty is Professor of Management at Macquarie Graduate School of Management and also Chairman of an investment company headquartered in Hong Kong.

Richard has been involved in the establishment, management and sale of a range of businesses, and currently serves on several Boards. He started practice with Ernst & Young and has published extensively in both academic and professional journals.

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

Kerry Ryan
Director

LLB, BA, GAICD

Kerry Ryan is Special Counsel at international law firm Norton Rose Australia, and has over 15 years' experience as a corporate and commercial lawyer in Australia and Asia.

Kerry's principal practice areas are commercial law and international trade and investment. She is also a member of the International Legal Services Advisory Council, which promotes the interests of Australian legal and related services internationally.

Kerry was appointed a Board Director in 2007, and sits on both the Audit and Risk Committee and the Nomination and Remuneration Committee.

Bruce Trebilcock, FCPA
Director

MBA, FAICD, FCIS

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

Bruce served on the South Australian Divisional Council and was President of that division. Bruce was appointed a Board Director in 2007 and sits on both the Audit and Risk Committee and Policy Governance Committee.



Low Weng Keong FCPA



Richard Petty FCPA



Kerry Ryan



Bruce Trebilcock FCPA

Corporate Governance Statement 2011

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

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

Principle 1

Lay solid foundations for management and oversight.

Board of Directors

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

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

While the Board has overall control and management of CPA Australia, it has delegated a range of its powers, duties and responsibilities to its committees, management, divisions and the disciplinary tribunals. The Board must review each delegation at least annually. A schedule of Board delegations is provided as an appendix to the Board's charter.

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

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

In 2008, the Board approved a three-year Corporate Plan for 2009–2011 established by management. The Board approves an annual performance contract setting the priorities, direction and performance targets for CPA Australia within the parameters of the corporate plan. Quarterly reports on progress against the annual performance contract are given to the Board.

Chief Executive Officer (CEO)

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

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

Senior executives including the CEO, the Company Secretary and Chief Financial Officer (CFO), have formal job descriptions.

Performance management

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

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

Principle 2

Structure the Board to add value.

The Board consists of 12 independent non-executive Directors (as defined by the CGPR), one member Director from each of CPA Australia's 10 divisions and two external Directors (who are neither members nor employees).

A diagram of the governance structure in place at year end is included on page 41.

The Board assesses annually the independence of each Director. Directors must disclose to CPA Australia any matter which may affect their independence as soon as they become aware of it. All Board members are requested to disclose related party transactions on an annual basis and a summary of related party transactions for each Director is disclosed in the annual report (see notes to financial statements on pages 73–94).

The Chair is an independent Director, and is not the CEO. Directors are selected on the basis of their skills, experience and other relevant capabilities with due regard to the mix of skill recommended by the Board and to proper succession planning. Directors' skills, expertise and their terms of office, are set out on pages 42–44.

In 2011, the Board adopted an organisation diversity and inclusion policy, a copy of which is available on our website. The Nomination and Remuneration Committee regularly considers diversity issues and is consciously managing the diversity of the Board and its committees. The Board recommends that, where possible, a minimum of 25 per cent of Directors on the Board should be female, which is reflected in the current composition. For further information relating to diversity, refer to the Organisational Diversity and Inclusion Policy on the website: cpaaustralia.com.au/organisational_diversity

Representative Council

Directors are appointed by the Representative Council. The Representative Council is comprised of members selected by the divisions and advisory committees and other members representing various groups, which are selected by the Nomination and Remuneration Committee. Its charter is available on the website: cpaaustralia.com.au/representative_council

Nomination and Remuneration Committee

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

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

The composition of the committee and meeting attendance is set out in the Report to the Board of Directors notes to the financial statements (see page 61). The same note sets out Directors' attendances at Board and other Board committee meetings.

A copy of the committee's charter is available on the website: cpaaustralia.com.au/nomination_remuneration_committee

Board performance

The Board must annually review its performance and that of each Director. The Nomination and Remuneration Committee recommends to the Board the skills and competencies required on the Board and assesses the extent to which those skills are represented on the Board.

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

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

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

Information required by Principle 2

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

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

Board Committees

The respective compositions and details of meeting attendance of the committees are set out in the Directors' Report (on page 61). Minutes of committee meetings are provided to the Board at its next meeting.

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

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

The Board committees are each scheduled to meet approximately four times per year. Attendance at Board committee meetings is set out on page 61.

Principle 3

Promote ethical and responsible decision-making.

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

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

CPA Australia promotes diversity across the organisation with regard to age, gender, ethnicity and the cultural background of its Directors, committee members and employees. For further information relating to diversity, refer to pages 33–37 of this report and the Organisational Diversity and Inclusion policy on our website.

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

Principle 4

Safeguard integrity in financial reporting.

Audit and Risk Committee

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

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

The Audit and Risk Committee has a formal charter, (see our website) and its meetings and attendance are set out on page 61.

External Auditors

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

An analysis of fees paid to the external auditor, including a breakdown of any non-audit fees paid or received by the auditor, is provided in note 17 to the financial reports. The Audit and Risk Committee has developed principles for the supply of non-audit services which have been endorsed by the Board. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk Committee. The Audit and Risk Committee undertakes a full review of the terms of engagement of the external auditor and the rotation of external audit engagement

partners, before deciding to re-appoint the existing audit firm or seek tenders on the open market.

Finance Committee

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

Principle 5

Make timely and balanced disclosure.

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

Principle 6

Respect the rights of shareholders (members).

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

Principle 7

Recognise and manage risk.

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

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

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

and treatment of risks and mitigating controls, is regularly reviewed and approved by the Board.

The internal auditor and Executive Management Group continuously monitor the risk profile and report any risks to the Board via the Audit and Risk Committee.

Principle 8

Remunerate fairly and responsibly.

Directors

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

Management

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

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

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

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

Councillors – 2011

Australia

Australian Capital Territory

Greg Field FCPA, President
 Sean Ferrari CPA, Deputy President
 Hawari Badri FCPA
 Michael Burton FCPA
 Jill Divorty CPA (appointed August 2011)
 Geoff Hine FCPA
 Peter Kerr FCPA
 Gerry Lilicrap FCPA
 Tony Marks FCPA
 Melissa McClusky FCPA
 Monir Mir FCPA
 Karen Sheppard FCPA

New South Wales

Margaret Drever FCPA, President
 Simon Chhoeu CPA, Deputy President
 Robert Caldwell CPA
 Tyrone Carlin FCPA
 John Corrigan FCPA
 Michael Courtney CPA
 Andrew Crawford FCPA
 Ivor David FCPA
 Eric Davis FCPA
 John Fara CPA
 Gail Fraser FCPA
 John Horder FCPA
 Jim Mitchell FCPA
 Sharon Portelli FCPA
 Cheryl Price FCPA
 Scott Stanton FCPA
 Rhonda Wheatley FCPA
 Amy Wong FCPA

Northern Territory

Shane Smith CPA, President
 Nathan Morsillo CPA, Deputy President
 Steve Balch FCPA
 Helen Crafter CPA
 Jacquie Dowling CPA
 Andrew Green CPA
 Belinda Howie CPA
 Christine Kendrick CPA
 (appointed August)
 Andrew Kirkman CPA
 (resigned May 2011)
 Stuart Reid CPA
 Jyoti Vemuri CPA
 Randle Walker FCPA

Queensland

Pamela Pointon FCPA, President
 Ian Davies FCPA, Deputy President
 Don Graham FCPA, Deputy President
 Daniel Abrahams FCPA
 Andrew Albury FCPA
 Peter Best FCPA
 Simon Brodie CPA
 Louise Cox FCPA
 Stuart Dunlop FCPA
 Mike Gilmour FCPA
 Gerry Maguire FCPA
 Stephen Maitland OAM RFD FCPA
 Paul Monaghan FCPA
 Peter Scott FCPA
 Garry Waugh FCPA

South Australia

Julie Sinclair FCPA, President
 Mike Richards FCPA, Deputy President
 Steven Woolhouse FCPA, Deputy
 President
 Natasha Donohue CPA
 Peter Flaherty FCPA
 Bryan Howieson FCPA
 (appointed July 2011)
 Janet Kalivas CPA (resigned April 2011)
 David Lawlor FCPA
 Margaret Lightbody FCPA
 (resigned June 2011)
 Joe Princi FCPA
 Roger Sanderson FCPA

Tasmania

David Strong FCPA, President
 Jason Browne CPA, Deputy President
 Howie Oh FCPA, Deputy President
 Stephen Allen CPA
 Robert Eastoe FCPA
 Penny Egan FCPA
 Stephen Freeman FCPA
 Karen Frost FCPA
 Carolyn Harris CPA
 Gary O'Donovan FCPA
 Ric De Santi FCPA
 Paul Viney FCPA

Victoria

Joanne Rumble FCPA, President
 Paul McInerney FCPA (FPS),
 Deputy President
 Craig Edwards FCPA, Deputy President
 Dallas Beeston FCPA
 Chris Braithwaite CPA
 Anthony Connelly CPA
 Lindsay Doig FCPA
 Louise Kloot FCPA
 Alastair McKenzie CPA

Brendan O'Connell FCPA
 David Spong FCPA
 Graeme Wade FCPA
 Kylie Walsh CPA
 Lance Willie FCPA
 Michael Wilson FCPA
 (resigned Sept 2011)

Western Australia

Lawrie Tremaine FCPA, President
 Terrence Cheong CPA, Deputy
 President
 Shane Yensch FCPA, Deputy President
 Lisa Bayakly CPA
 Claire Bickford CPA
 Tim Blackburn CPA
 Phil Hancock FCPA
 Mark Hunter CPA
 Rosetta Petrucci FCPA
 Sandra Pigdon FCPA
 Joanne Stampalia CPA
 Dale Wilcox FCPA

Worldwide

China – Beijing

Kevin Ng FCPA, President
 Lily Chen FCPA, Deputy President
 Michael Liu CPA, Deputy President
 Henry Chan FCPA
 Zhengsheng (Jack) Huang FCPA
 Vincent Lo FCPA
 Joseph Lee FCPA
 Wilson Liu FCPA
 Lu Wei CPA
 Rebecca Mak FCPA
 Sun Cui FCPA
 Zhao Guilin CPA
 Zhuang Xiaoming FCPA

China – Hong Kong

Lawrence Fok FCPA, President
 Peter Lee FCPA, Deputy President
 Bernard Poon FCPA, Deputy President
 Theresa Chan FCPA
 Richard Ho FCPA
 Derek Lai FCPA
 Roy Lo FCPA
 Doug Oxley FCPA
 Stephen Po FCPA
 Loretta Shuen FCPA
 Charles Wong FCPA
 Patrick Yeung FCPA

China – Shanghai

John Hung FCPA, President
 Telly Chan FCPA, Deputy President
 Steve Hui FCPA
 Cao Jing CPA
 Kenny Lam FCPA
 Lawrence Lau FCPA
 Stephen Lee FCPA
 Theo Leung CPA
 Dick Tang CPA
 Danny Tong FCPA
 Alison Wong CPA
 Margaret Yang CPA

Europe

Anna D'Alessandro FCPA, President
 Sean Lam FCPA, Deputy President
 Adrian Bell CPA
 Greg Cristofani FCPA
 Anne Cutting FCPA
 Toni Dawes FCPA
 David Graydon FCPA
 Keith Irwin FCPA
 Michelle Kelly CPA
 Adele Littame FCPA
 (resigned September 2011)
 Rachael Meakins FCPA
 Elizabeth Thornton CPA
 (casual appointment)
 Benjamin Wong FCPA

Malaysia

Josephine Phan Su Han FCPA, President
 Edward Lim FCPA, Deputy President
 Mohamed Fowzi Haji Razi FCPA, Deputy
 President
 Chong Aik Lee CPA
 Teresa Chong Dee Shiang FCPA
 Shaun Lee Chong Leng CPA
 Andrew Heng CPA
 Ravi Navaratnam FCPA
 Normah Omar CPA
 Alex Ooi Thiam Poh FCPA
 Shamsul Nahar Abdullah, FCPA
 Wong Chin Aik FCPA

New Zealand

David Searle FCPA, President
 Rod Marvin CPA, Deputy President
 Craig Anderson CPA
 Brian Ashwell FCPA
 Israel Cooper CPA
 Mark Fleming CPA
 Brad Gatehouse CPA
 Chye Heng FCPA
 Peter Jollands CPA
 Ewe Leong Lim CPA
 Evan Maehl CPA
 Carolyn Stringer FCPA

Singapore

Deborah Ong FCPA, President
 Themis Suwardy FCPA, Deputy President
 Bill Bowman FCPA
 Tong Gunn Chew FCPA
 Wee Jean Lee FCPA
 Lisa Liew FCPA
 Steven Lim FCPA
 Irving Low FCPA
 Low Weng Keong FCPA
 Chaly Mah FCPA
 Chee Khiang Teo FCPA
 Christopher Wong FCPA

**Board Committees
as at 31 December 2011****Audit and Risk Committee**

Graeme Wade FCPA, Chair
 Mark Grey
 Kerry Ryan
 Bruce Trebilcock FCPA

Finance Committee

Penny Egan FCPA, Chair
 Christina Foo FCPA
 Mark Grey
 Graeme Wade FCPA

**Nomination and Remuneration
Committee**

Richard Petty FCPA, Chair
 John Cahill FCPA
 Penny Egan FCPA
 Kerry Ryan

Policy Governance Committee

Peter Dowling AM FCPA, Chair
 Tyrone Carlin FCPA
 Jim Dickson FCPA
 Bruce Trebilcock FCPA

**Advisory Committees
as at 31 December 2011****Insurance Advisory Committee**

Robert Eastoe FCPA, Chair
 Malcolm Borgeaud FCPA
 Terry Grace FCPA
 Anthony Martin FCPA
 Jim McDonald CPA
 James Polifrone FCPA

International Advisory Committee

Tyrone Carlin FCPA, Chair
 Lim Chui Phing CPA
 Andrew Genrich CPA
 David King FCPA
 Irving Low CPA

**Professional Qualifications Advisory
Committee**

Kim Langfield-Smith FCPA, Chair
 Peter Barker FCPA
 Hari Iyer FCPA
 Neil Jackson FCPA
 Margaret McKerchar FCPA
 Deborah Ong FCPA
 Suresh Cuganesan CPA
 Kim Len Yap FCPA

Public Practice Advisory Committee

Peter Knight FCPA, Chair
 Jude Lau CPA
 Lisa Liew FCPA
 Ian Raspin FCPA
 Malcolm Stewart CPA
 Arthur Tateossian FCPA
 Gabriel Teo FCPA
 Tanya Titman CPA

Quality Review Advisory Committee

Ian Dunn, Chair
 Andrew Albury FCPA
 Sharlene Anderson CPA
 Andrew Hoholt CPA
 Muriel Oliver CPA

**Representative Council
as at 31 December 2011**

John Cahill FCPA, Chair
 Steve Balch FCPA
 Lim Chui Phing CPA
 Louise Cox FCPA
 Andrew Crawford FCPA
 Ivor David FCPA
 Lindsay Doig FCPA
 Karen Frost FCPA
 Geoff Hine FCPA
 Albert Ho FCPA
 John Horder AM FCPA
 Kim Langfield-Smith FCPA
 Michael Martin FCPA
 Alastair McKenzie CPA
 Richard Mifsud FCPA
 Deborah Ong FCPA
 Josephine Phan FCPA
 Joe Princi FCPA
 Ian Raspin FCPA
 Shane Yensch CPA
 Patrick Yeung FCPA

Life Members – as at 31 December 2011

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

Disciplinary Chair Panel

Frank O'Loughlin, Chair
 Daryl Chipperfield FCPA, Deputy Chair
 Gaye Mason FCPA, Deputy Chair

Centres of Excellence

Taxation Centre of Excellence

Andrew O'Bryan FCPA

Retirement Savings Centre of Excellence

Noelle Kelleher CPA

External Reporting Centre of Excellence

Jeffrey Luckins CPA

Environmental Social & Governance Centre of Excellence

Mike Sewell FCPA

Other Boards and committees

CPA Australia shares representation on the following committees with other parties.

Joint Accounting Bodies

John Cahill FCPA
 Penny Egan FCPA
 Alex Malley FCPA
 Graeme Wade FCPA

International Federation of Accountants (IFAC) Board

Joycelyn Morton FCPA

IFAC Professional Accountants in Business Committee (PAIB)

John Cahill FCPA

IFAC International Accounting Education Standards Board (IAESB)

Kim Langfield-Smith FCPA
 Peter Wolnizer FCPA

IFAC International Ethics Standards Board for Accountants (IESBA)

Alice McCleary FCPA

IFAC International Public Sector Accounting Standards Board (IPSASB)

Tim Youngberry FCPA

IFAC Compliance Advisory Panel

Jim Dickson FCPA

IFAC Small-Medium Practices Board (SMP)

Stuart Black FCPA

Confederation of Asian & Pacific Accountants (CAPA)

Geoffrey Applebee FCPA

ASEAN Federation of Accountants (AFA)

Low Weng Keong FCPA



Report against GRI indicators

The Global Reporting Initiative (GRI) is a non-profit network-based organisation.

The GRI G3.0 Sustainability Reporting Guidelines represent an internationally recognised, voluntary sustainability reporting framework.

CPA Australia has developed this annual report to meet an Application Level of C+ with the GRI, where a 'C' indicates the number and status of indicators addressed in the Report, and the '+' indicates that the Report has been independently assured.

For more information about the GRI, visit: www.globalreporting.org

GRI indicator	GRI description	Comments	Report status*	Section	Page
Standard disclosures: strategy and analysis					
1.1	Statement from the CEO		+	CEO's message	11
1.2	Description of key impacts, risks and opportunities		+	CEO's message	11
Standard disclosures: organisational profile					
2.1	Name of organisation	CPA Australia	+	About CPA Australia	4
2.2	Primary brands, products, and/or services		+	About CPA Australia	4
2.3	Operational structure of organisation		+	About CPA Australia Corporate governance Office locations	4 41 IBC
2.4	Location of organisation's headquarters	Level 20, 28 Freshwater Place Southbank VIC 3006	+	Office locations	IBC
2.5	Number of countries where the organisation operates		+	About CPA Australia Office locations	4 IBC
2.6	Nature of ownership and legal form	CPA Australia is a company limited by guarantee	+	About this report	2
2.7	Markets served		+	About CPA Australia	5, 10
2.8	Scale of the reporting organisation		+	About CPA Australia Financial report	5
2.9	Significant changes during the reporting period		+	About this report	2
2.10	Awards		+	Broadening our audience Sustainability at CPA Australia	16, 30
Standard disclosures: report parameters					
3.1	Reporting period		+	About this report	2
3.2	Date of most recent previous report		+	About this report	2
3.3	Reporting cycle		+	About this report	2
3.4	Contact point for the report		+	About this report	2
3.5	Process for defining report content		+	Sustainability at CPA Australia – Materiality review	30
3.6	Boundary of the report		+	About this report	2
3.7	Limitations on the scope/boundary		+	About this report	2
3.8	Reporting on joint ventures and other entities		+	About this report	2
3.10	Explanation of re-statements	GHG inventory for 2010 has been re-stated	+	Environmental impacts	39
3.11	Significant changes from previous reporting period		+	About this report	2

GRI indicator	GRI description	Comments	Report status*	Section	Page
3.12	Table of standard disclosures		+	GRI Index	52, 53
3.13	External assurance		+	Assurance statement	58
Standard disclosures: governance, commitments and engagement					
4.1	Governance structure		+	Corporate governance	41
4.2	Chair of the highest governance body		+	Corporate governance	42
4.3	Independent and/or non-executive Board members		+	Corporate governance	42, 43, 44
4.4	Mechanisms to provide recommendations to the Board		+	Our people	34
4.8	Procedures for overseeing, identifying and managing risks and opportunities		+	Sustainability at CPA Australia	31
4.12	Externally developed charters, principles or initiatives		+	Broadening our audience	15
				Representation and advocacy	18
4.13	Memberships in associations		+	Representation and advocacy	19
4.14	List of stakeholder groups		+	About CPA Australia	2, 31
				Sustainability at CPA Australia	
4.15	Basis for identification and selection of stakeholders		+	About CPA Australia	30
4.16	Approaches to stakeholder engagement		+	About CPA Australia	2
				Sustainability at CPA Australia	30
4.17	Key stakeholder topics and concerns		+	Sustainability at CPA Australia	31
Economic: disclosures on management approach					
EC DMA	Disclosures on management approach		P	Financial report	60
EC1	Economic value generated for the year		+	2011 performance at a glance	10
EC2	Financial implications and other risks of climate change		+	Sustainability at CPA Australia	30, 38, 39, 40
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations		+	Our people	37
Environmental: disclosures on management approach					
EN DMA	Disclosures on management approach		P	Environmental impacts – our goals and our approach	38
				CEO's report	11
EN4	Indirect energy consumption by primary energy source		+	Environmental impacts	39, 40
				2011 performance – energy, emissions and climate change	
EN16	Total direct and indirect greenhouse gas emissions		+	Environmental impacts	39, 40
				2011 Performance – energy, emissions and climate change	
EN17	Other relevant indirect greenhouse gas emissions by weight		+	Environmental impacts	39, 40
				2011 performance – energy, emissions and climate change	
Labour practices: disclosures on management approach					
LA DMA	Disclosures on management approach		P	Our people – our approach	33
LA1	Total workforce by employment type, employment contract and region		P	Our people – employee profile	37

GRI indicator	GRI description	Comments	Report status*	Section	Page
LA2	Total number and rate of employee turnover by age group, gender and region		+	Our people – employee profile	37
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Information on lost days from injuries, calculation of injury, occupational disease rate or lost day rates is not currently able to be captured by systems and processes	P	Our people – managing employees – health and safety	36
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		+	Our people – performance review and staff development	36
LA12	Percentage of employees receiving regular performance and career development reviews		+	Our people – performance review and development	36
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Information on minority groups is not available as it is only provided by staff voluntarily	+	Our people Corporate governance	36, 37 41, 42, 43, 44
LA14	Ratio of basic salary of men to women by employee category		+	Our people	36
LA15	Return to work and retention rates after parental leave, by gender		-	Our people	36, 37
Society: disclosures on management approach					
SO DMA	Disclosures on management approach		P	Corporate governance	41
SO2	Percentage and total number of business units analysed for risks related to corruption		P	Sustainability at CPA Australia	31
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures		+	Our people	34
SO4	Actions taken in response to incidents of corruption	No incidents reported in the period	+	n/a	
SO5	Public policy positions and participation in public policy development and lobbying		+	Representation and advocacy	18, 19, 20
PR4	Total number of incidents of non-compliance with regulations and voluntary codes		-	Sustainability at CPA Australia	31
PR5	Practices related to customer satisfaction including results of surveys measuring it		+	Engaging members	13

*Report status: + full; – not reported; P part reported

2011 Performance against 2010 objectives

Goals set in 2010 annual and sustainability reports	2011 performance against goals
Roll out fraud and corruption policy	✓ (see page 31)
Prepare systems/strategies for integrated reporting	✓ (see page 30)
Continue to invest in IT systems and processes to position our members first	✓ (see page 13)
Look to invest in online learning technologies	✓ (see page 27)
Investigate the use of online performance review development (PRD) tools	✓ (see page 37)
Move into new premises in Singapore, Western Australia and New Zealand	✓ (see page 39)
Embed sustainability in performance measures across the organisation	✓ (see page 30)
Continue to participate in international forums on integrated reporting	✓ (see page 19)
Provide the profession with continued leadership on integrated reporting	✓ (see pages 2, 11)
Continue to be a key advocate for measures to improve take-up of integrated reporting through the Business Reporting Leadership Forum in Australia	✓ (see page 19)
Enhance international relationships to continue to drive thought leadership in relation to sustainability	✓ (see page 17)
Establish higher education policy	✓ (see page 22)
Continue working with B-HERT to build sustainability capacity across the profession	✓ (see page 23)
Roll out organisation-wide service training	✓ (see page 34)
Look for more innovative ways to better service members through phone services and email	✓ (see pages 12, 13)
Continue to enhance the member advisory and information service to meet the needs of members	✓ (see page 13)
Create greater measurement and accountability of service metrics across the organisation	✓ (see pages 12, 13)
Execute the 'Member First' transformation program	✓ (see page 14)
Relaunch INTHEBLACK magazine to expand interest and readership across business and industry	✓ (see page 16)
Further develop the CPA Australia website to invest in new technologies	✓ (see pages 25, 28)
Enhance our use of social media including Facebook, YouTube and Twitter among members and potential members	✓ (see page 16)
Relaunch <i>Australian Accounting Review</i> (AAR) to better meet the needs of the academic community	✓ (see page 27)
Implement new remuneration framework to enhance market competitiveness	✓ (see page 34)
Launch enhanced tools for managers in performance and rewards process, to help managers support and grow our people	✓ (see page 34)
Be a key counsel and active voice in the Australian Federal Government tax forum which has the potential to shape the future tax and economic landscape	✓ (see page 19)
Continue to drive for a sustainable and economic future through our Future of Financial Advice (superannuation reforms) advocacy agenda	✓ (see pages 19, 20)
Maintain and drive thought leadership in risk management, governance and non-financial reporting/ sustainability	✓ (see pages 17, 19)
Actively comment on issues of the day through the lens of governance, risk management, business leadership, ethics and public interest	✓ (see page 19)
Provide more flexibility and options for CPA Program candidates with additional study resources and greater choices in dates available for foundation level exams	✓ (see page 25)

Goals set in 2010 annual and sustainability reports	2011 performance against goals
Partner with tuition providers to ensure that those candidates who wish to learn in a classroom or online setting can supplement the distance learning method	✓ (see page 25)
Increase elective choice for professional level study, and provide a Malaysian taxation segment	✓ (see page 25)
Invest in a learning management system upgrade to improve member experience in training courses and online learning	✓ (see pages 12, 25)
Continue to provide knowledge at events such as CPA Congress, Business Outlook, Public Sector Convention, CFO Advance and the CAPA Conference	✓ (see pages 16, 28)
Continue to progress financial literacy in the community	✓ (see page 17)
Reinvigorate participation in the Confederation of Asia-Pacific Accountants (CAPA)	✓ (see page 16)
Expand international relationships through Mutual Recognition Agreements and Memorandum of Understanding arrangements	✓ maintained existing relationships
Promote the Disaster Recovery Toolkit to affected communities throughout Australia and assist in recovery and community building initiatives.	✓ (see cpaustralia.com.au/disaster)
Remain committed to championing education as a key economic factor and as a means to tackle the skills shortages	✓ (see page 23)
Increase ESG webinars and online presence on sustainability issues	✓ (see cpaustralia.com.au/environmental.accounting)
Participate in research of best practice workplaces to ensure that the physical environment, resources, training and culture that employees enjoy, allows them to best serve members' needs.	✓ (see page 34)
Promote the career guidance system to a range of employers to assist them in developing their staff	✓ (see page 27)
Create a carbon footprint management plan	partially met (see page 39)
Review current financial literacy programs	✓ (see page 17)
Implement the CPA Wellbeing program for employees	Not met
Conduct workplace inspections at all sites	Partially met (see page 36)
Refine recruitment processes to ensure diverse shortlists	✓ (see page 37)
Conduct systems review for managing contractors	Partially met
Support employees in their transition to retirement	N/A no retirees this year
Prepare to embed sustainability into the 2012 Corporate Plan	✓ (see page 30)
Explore printing arrangements for INTHEBLACK magazine to reduce environmental impact	Not met
Embed sustainability into key technical products (i.e. financial modelling life cycle analysis)	Partially met
Double Community+ participants in order to increase discourse and provide a greater exchange of sustainability information	Not met
Implement enhanced software to monitor energy and waste	✓ (see page 39)
Investigate an internal sustainability award program for suppliers	Not met



Statement GRI Application Level Check

GRI hereby states that **CPA Australia Ltd** has presented its report "CPA Australia Annual Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, February 22nd 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a light blue circular watermark of the GRI logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because CPA Australia Ltd has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on February 20th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.



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Independent limited assurance report to the Directors of CPA Australia Ltd on the sustainability contents of its Annual Report 2011

What we looked at: scope of our engagement

CPA Australia Ltd ('CPA Australia') has prepared sustainability content for its Annual Report 2011 (the 'Report') in accordance with the requirements of the Global Reporting initiative ('GRI') Sustainability Reporting Guidelines ('GRI Guidelines'). We have been engaged by CPA Australia to conduct a limited assurance engagement over its self-declaration on page 52 that the Report has been prepared at GRI application level 'C+' (the 'GRI self-declaration').

What standards we used: basis of our work and level of assurance

We carried out our procedures to provide limited assurance in accordance with Australian Standards on Assurance Engagements ASAE 3000 '*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*', issued by the Australian Auditing and Assurance Standards Board.

The evaluation criteria used for this limited assurance engagement are based on the GRI Guidelines and related information, publicly available at GRI's global website at www.globalreporting.org, in particular the requirements to achieve GRI application level 'C+' in the 'GRI Application Level' publication.

Our engagement provides limited assurance as defined in ASAE 3000. A limited assurance engagement is substantially less in scope than a reasonable assurance "audit" conducted in accordance with ASAE 3000 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance "audit". Accordingly, we do not express an audit opinion providing reasonable assurance.

What we did: key assurance procedures

Considering the risk of material error, we planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusion. Key procedures included:

- Interviewing the process owners responsible for the preparation of the GRI self-declaration and the Report
- Performing an evaluation of the implementation of key controls of the GRI self-declaration and the Report
- Analysing and inspecting on a sample basis the key systems, processes and procedures relating to the collation, validation, presentation and approval process of the information that the GRI self-declaration covers
- A comparison of the content of the Report against the criteria for a GRI self-declaration at 'C+' level in accordance with the GRI Application Level publication.



CPA Australia's responsibilities

The Directors of CPA Australia are responsible for the preparation of the Report in accordance with the GRI Guidelines at application level 'C+', for the GRI self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Guidelines. There are currently no prescribed requirements relating to the preparation, publication and assurance of sustainability reporting.

Deloitte's responsibilities

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the self-declaration contained on page 52 of the Report has not been prepared, in all material respects, in accordance with the requirements of the GRI Sustainability Reporting Guidelines at application level 'C+'.

This report is made solely to CPA Australia in accordance with our engagement letter dated 30 September 2011. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of CPA Australia or for any purpose other than that for which it was prepared.

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

What we found: our limited assurance conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the GRI self-declaration contained on page 52 of the Report has not been prepared, in all material respects, in accordance with the requirements of the GRI Guidelines at application level 'C+'.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

BJ Pollock

BJ Pollock
Partner
Melbourne, 27 February 2012



Ray's story

**Ray Gunston, FCPA
CFO, Tatts Group Limited**

After completing a Bachelor of Commerce (Hons) at the University of Melbourne, Ray Gunston started the CPA Program and then took the plunge becoming CFO of a start-up company within an entirely new joint venture – the construction of an aluminium smelter in Portland, Victoria. He set up from scratch the financing and accounting infrastructure for the new company.

Following risk management consulting and corporate lending roles at PricewaterhouseCoopers and Westpac, Gunston joined Tattersall's in 2000 and began a long process of restructuring the business from an Estate overseen by Trustees to a public company floated on the ASX in July 2005. Since then he has been instrumental in mergers and acquisitions for the Tatts Group throughout Australia.

Ray says, 'A career in finance enables you to see and be involved in all aspects of the business. If you think more broadly than just the numbers and keep an enquiring mind you are in a position to add considerable value to the business.'

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Financial report

Our aim is to balance the immediate needs of our members with ensuring the future economic sustainability of the organisation.

Report of the Board of Directors

Directors

The Directors submit the annual financial report of CPA Australia Limited (the 'Consolidated Entity') and its controlled entities for the financial year ended 31 December 2011. In order to comply with the *Corporations Act 2001* and the Australian Accounting Standards, the Directors present the report as follows. The Directors in office at the end of the financial year are set out on pages 42–44 of the annual report, together with their qualifications, experience and special responsibilities. Details of meeting attendance are set out below and their remuneration is included in note 16 on page 85.

Company Secretary

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

Principal activities

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

Consolidated results

The consolidated surplus before income tax for the year was \$6,750,000 (2010: \$11,807,000). The consolidated surplus after tax for the year was \$7,012,000 (2010: \$11,325,000).

Directors' meetings

The table below sets out the number of Board and Board committee meetings held and the number of meetings attended by each Director.

Number of meetings held	Board of Directors		Audit & Risk		Finance		Nomination & Remuneration		Policy Governance	
	6		4		5		4		4	
Directors	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Simon Bird (1)	5	5			3	3				
John Cahill (2)	6	6			3	3	4	4		
Tyrone Carlin (3)	1	1							1	0
Jim Dickson	6	6							4	4
Peter Dowling	6	5							4	4
Penny Egan (4)	6	6	3	3	2	2	1	1		
Christina Foo	6	6			5	4				
Mark Grey	6	6	4	4	5	5				
Low Weng Keong (5)	6	6					3	2		
Richard Petty	6	6					4	4		
Kerry Ryan (6)	6	6	4	4			4	3		
Bruce Trebilcock	6	5	4	4					4	2
Graeme Wade (7)	6	6	1	1	2	2			3	3

(1) Simon Bird's term on the Board of Directors and the Finance Committee ended on 30 September 2011.

(2) John Cahill's term on the Finance Committee ended on 30 September 2011.

(3) Tyrone Carlin's term on the Board of Directors and the Policy Governance Committee commenced on 1 October 2011.

(4) Penny Egan's term on the Audit & Risk Committee ended on 30 September 2011 and her term on the Finance Committee and the Nomination & Remuneration Committee commenced on 1 October 2011.

(5) Low Weng Keong's term on the Nomination & Remuneration Committee ended on 30 September 2011.

(6) Kerry Ryan did not attend the June meeting of the Nomination & Remuneration Committee as the only item for consideration was a review of candidates for Director positions, of which she was a candidate.

(7) Graeme Wade's term on the Policy Governance Committee ended on 30 September 2011 and his term on the Audit & Risk Committee and the Finance Committee commenced on 1 October 2011.

Review of operations

A review of the operations of the consolidated entity during the financial year and the results of those operations is contained in the discussion and analysis of the financial results – see pages 65–68.

Corporate governance

The Board of CPA Australia comprises ten independent non-executive Directors, one from each of the ten divisions, and two independent non-executive Directors who are also non-members. During 2011, it met six times, primarily in Melbourne with one meeting held in Sydney. As at the end of 2011, there are four Board committees of Directors. Further information on the governance of the company is included in the Corporate governance statement on pages 45–48.

Changes in state of affairs

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

Subsequent events

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

Future developments

Likely developments in the activities of the consolidated entity are noted elsewhere in the annual report, with the consolidated entity working successfully towards the achievement of its objectives and maintaining a break-even or surplus position in 2012.

Rounding of amounts

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

Indemnification of officers and auditors

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

Auditor independence

The auditor's independence declaration is included on page 63 of the annual report.

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



John Cahill FCPA
Director

24 February 2012



Penny Egan FCPA
Director

24 February 2012



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

24 February 2012

Dear Board Members

CPA Australia Limited

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

As lead audit partner for the audit of the financial statements of CPA Australia Limited for the financial year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants

Overview of financial results for the year ending 31 December 2011

Business segments		2011	2010
		\$000s	\$000s
Membership and member value	Revenue	62,930	60,669
	Cost	(27,236)	(24,629)
	Result	35,694	36,040
Training and development	Revenue	21,015	21,412
	Cost	(19,136)	(18,553)
	Result	1,879	2,859
Education	Revenue	49,201	47,866
	Cost	(20,086)	(22,124)
	Result	29,115	25,742
Brand, ethics and the profession	Revenue	1,712	1,886
	Cost	(17,481)	(17,209)
	Result	(15,769)	(15,323)
Business development	Revenue	4,402	4,741
	Cost	(13,698)	(10,674)
	Result	(9,296)	(5,933)
Corporate services	Revenue	4,551	4,048
	Cost	(33,645)	(32,712)
	Result	(29,094)	(28,664)
Corporate governance and committees	Revenue	249	188
	Cost	(6,028)	(4,566)
	Result	(5,779)	(4,378)
Total CPA Australia	Revenue	144,060	140,810
	Cost	(137,310)	(130,467)
	Net gain on sale of property	-	1,464
	Tax (expense)/credit	262	(482)
	Result	7,012	11,325

The controlled entity and the Company operate in seven reportable business segments, which are Membership and Member Value; Training and Development; Education; Brand, Ethics and the Profession; Business Development; Corporate Services; and Corporate Governance and Committees, as shown above. The 2010 results have been re-stated to align with the current organisational structure, largely affecting the Membership and Member Value and Business Development segments, with the emerging markets (China, Vietnam, Indonesia, and New Zealand) moving from Membership and Member Value to Business Development.

Membership and Member Value's core activities are delivery of the membership offer including administration and assessment of members' admissions and advancements; the Library services; INTHEBLACK and *CPA Update*; membership recruitment and retention.

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

Education's major activities are the development and examination of the CPA Program and Public Practice Program, along with the development and delivery of the practical experience requirement program. This area also includes activities associated with the assessment of

overseas qualifications for recognition by the Department of Immigration and Citizenship.

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

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

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

Corporate Governance and Committees represents the activities associated with the Board, Board Committees, the Representative Council, Board Secretariat, Internal Audit, Divisional Councils, Investigation and Discipline and Advisory Committees.

Discussion and analysis of the financial results 2011

The year in review

During 2011 we continued to focus on what it means to be the world's best member services organisation. In particular, we increased our investment in member service capability. We increased the number of staff involved with direct member enquiry and support. We initiated company-wide training and development programs for our people to ensure that they are equipped to provide the world's best member service. In addition we continued to focus on improving members' access to knowledge through CPA Australia's various delivery channels. Key investments for 2011 included the relaunch of INTHEBLACK magazine. This is a contemporary business magazine which addresses issues of strategic business leadership. We have also commenced the development of a new mobile-friendly website, itbdigital.com, which will enable access to INTHEBLACK online from early 2012. We delivered new products such as INPRACTICE magazine, (a new annual magazine designed specifically for members in public practice), several new podcasts and a mobile website for CPA Congress. The continued strength of the CPA Program and membership underpinned the organisation delivering a \$6.7m surplus for 2011 (before taxation).

With 2011 representing the final year of the current three-year corporate plan, CPA Australia continued to focus on areas that delivered on the four key strategic themes. In particular, we invested in and delivered the following outcomes:

- Provided members with ready access to knowledge that enhances their career –
 - Our flagship publication INTHEBLACK was relaunched in the first quarter of 2011 winning three awards at the Publishers Australia Excellence Awards 2011: Association or Member Organisation Magazine of the Year, Relaunch of the Year and Custom Magazine Designer of the Year. It is also now on sale across Australia in major newsagents including Melbourne and Sydney airports.
 - A new magazine for public practitioners was launched in September 2011 called INPRACTICE and was delivered to 30,000 members.
 - CPA Australia produced 22 podcasts during 2011 which were available for download via our website and iTunes, with the total number of downloads exceeding 11,000.
 - CPA Australia's flagship conference event, CPA Congress continued to expand its reach with the face-to-face event delivered in 12 location across the world, a mobile website was developed for smart phones and a podcast of the key sessions was developed.
- CPA Australia also delivered several other key conferences during 2011 including Business Outlook, CFO Advance, International Public Sector Convention, Public Practice Convention, Public Sector Leaders Series, Australian Mining and Energy Conference and Australian Defence Industry Conference.
- CPA Australia continued to invest in our social media capacity and offer. During 2011 we managed online communities on Facebook, Twitter and LinkedIn with a cumulative audience of over 30,000.
- Built the CPA Australia brand –
 - The organisation celebrated its 125th anniversary culminating in Apollo Commander Neil Armstrong coming to Australia for three key events.
 - The Confederation of Australian and Pacific Accountants (CAPA) Conference was jointly held with the Institute of Chartered Accountants in Australia (ICAA) in Brisbane which was attended by delegates from 20 countries.
 - CPA Australia's Recognised Employer Program was introduced in 2011 and has quickly gained traction in the market place with over 120 employers across the world now accredited.
 - Member interests and the interests of the profession and the community continued to remain a focus with CPA Australia providing input and thought leadership on a number of key policy issues during 2011. This included integrated reporting, superannuation policy post the Cooper review and a paper on Enhancing Australia's Prosperity.
 - The organisation continued to break new ground in 2011 with Series 3 of *evoTV's The Bottom Line* program hosted by CEO Alex Malley interviewing some of Australia's best known leaders in business, politics and the community which was aired on Channel 7's 4ME digital television channel.
- Provided a CPA Program and entry pathways that remain globally competitive –
 - The organisation continued to improve the CPA Program with the development of localised tax segments for the Malaysian market.
 - In addition, we have developed an on-demand model for foundation level exams for delivery from 2012, where candidates can choose where and when they would like to take their exams.

- Developed organisational capability –
 - The organisation continued to invest in front-line member-facing staff by increasing staff numbers.
 - In addition, every member of staff undertook training in customer service principles, product knowledge and corporate compliance.
 - The second stage of CPA Australia's core business system upgrade program was delivered, with the Business Development, Quality Assurance and Professional Conduct teams now using our new CRM. Approximately 25 per cent of staff are now using the new CRM. In addition to this, a significant amount of work has been undertaken during 2011 in preparation for the final system transition.
 - There were a number of property upgrades to member centres and offices in Shanghai, Perth, Auckland and Singapore and the opening of our first office in Jakarta, Indonesia in October.

Detailed financial analysis

Income statement

The 2011 financials reflected a strong operating performance across the organisation delivering an operating surplus before tax of \$6.7m (2010: \$11.8m). This was underpinned by increases in revenue from the core business areas of membership and education.

Revenue

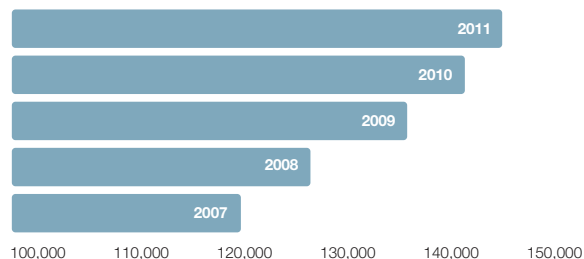
Overall revenue increased by \$3.3m or 2.3% during 2011. Continued growth in membership, strong retention levels, an increase in CPA Program sales, and higher investment and sponsorship revenue underpinned the result.

The organisation ended the year with over 139,000 members. This strong result was driven by new member growth and member retention levels in excess of 2010. The increase in member numbers resulted in an increase in membership revenue of \$2.7m or 4.6%.

Revenue from the CPA Program was also higher with sales for both the professional and foundation levels exceeding last year's result.

Other areas of revenue were in line with the levels achieved in 2010, with the exception of investment revenue, which has ended 2011 \$0.7m higher than last year. This is directly attributable to changes to the overall investment portfolio, which is now fully invested in line with the revised investment policy.

Total revenue (\$000s)

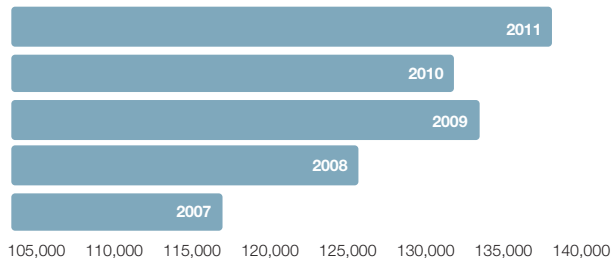


Expenditure

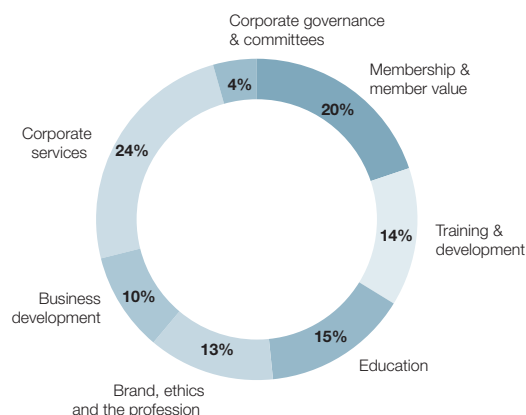
Expenditure before tax was \$6.9m or 5.2% higher than 2010. There were several factors influencing this result. Staff costs were higher with an increase in the average number of staff compared to 2010 due to an increased investment in the number of member enquiry and Business Development staff during the year. Business Development costs were also higher in 2011 as it was the first full year of operation under the new structure. In addition we invested in a new member centre with the opening of the new office in Indonesia. Occupancy costs were higher in 2011 as we relocated (taking greater space in some cases) and renovated the member centres in Singapore, Perth, Auckland and Shanghai as leases expired. With the exception of Canberra, London and Hobart, all member centres have been updated.

Depreciation costs for 2011 were higher than 2010 which is attributable to the new property upgrades, a full year of depreciation for IT hardware upgraded late in 2010 and the expenditure on 'Member First', (the upgrade of the organisation core business system, for which two components have been released). Direct costs associated with the Training and Development area were higher largely due to the CAPA conference and IPSC (International Public Sector Convention). Direct costs associated with the CPA Program were also lower.

Total expenditure before tax (\$000s)



Expenditure by business segment



Taxation

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

CPA Australia's tax credit for 2011 is \$0.3m. This is attributable to the franking credits received from the organisations investment portfolio partially offset by a taxable profit for 2011 which resulted from improved investments returns. It is expected that CPA Australia will continue to operate on a tax mutual basis.

Foreign exchange

Subscription fees, where a foreign currency option is available, are adjusted on a monthly basis to reflect exchange rate movements. Foreign currency cash holdings are also limited to the requirements for the funding of local operations to minimise CPA Australia's exposure to fluctuations in exchange rates. The strengthening of the Australian dollar against the currencies where substantial cash is held contributed to a foreign exchange loss of \$0.2m for the full year.

Cash flow

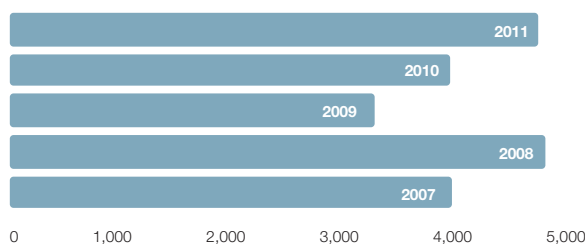
CPA Australia's cash flow and liquidity remained strong in 2011. Cash and cash equivalents decreased by \$0.8m, net cash flows from operating activities for the year was \$14.3m, \$2.4m lower than 2010. The net decrease in cash and cash equivalents was due to the significant increase in property, plant and equipment. In real terms, the operating cash balance is \$36.6m (when subscriptions

and other income received in advance are excluded from cash and equivalents), plus other financial assets.

Investment

The returns generated by CPA Australia's investments were \$0.7m higher in 2011. At balance date the mark to market value of the investment portfolio was lower by \$1.2m, the majority of this was unrealised and was directly due to the poor performance of the Australian equity market during the year (this has been recognised directly in equity). The increase in investment income during 2011 is attributable to the portfolio now being fully invested in accordance with the investment policy approved by the Board in 2009. This policy allows CPA Australia to conservatively invest directly or via managed funds in equities and fixed interest investments including corporate debt and cash. CPA Australia appointed Pitcher Partners Investment Services Pty Ltd to manage the portfolio on its behalf.

Investment revenue (\$000s)



Balance sheet

CPA Australia's balance sheet continues to strengthen with net assets increasing by \$5.5m or 11.3%, which is directly attributable to the strong surplus delivered in 2011.

Cash and cash equivalents and Other current financial assets have decreased by \$0.8m and \$0.4m respectively which is due to the transfer of funds into longer-term investments in line with CPA Australia's investment policy as previously outlined.

Trade and other receivables are \$0.6m higher. All outstanding revenue is expected to be received early in 2012.

Other current assets are \$0.6m lower than the prior year which is due to lower prepaid expenses.

Non-current financial assets are higher than 2010 by \$4m which is directly attributable to an increase in investments expected to be held for greater than one year's duration.

Property, plant and equipment has increased by \$9.5m when compared to 2010 which is largely attributable to the relocation of the Auckland, Singapore, Shanghai and Perth offices during 2011 and Release 2 of 'Member First'.

Other non-current assets are in line with 2010.

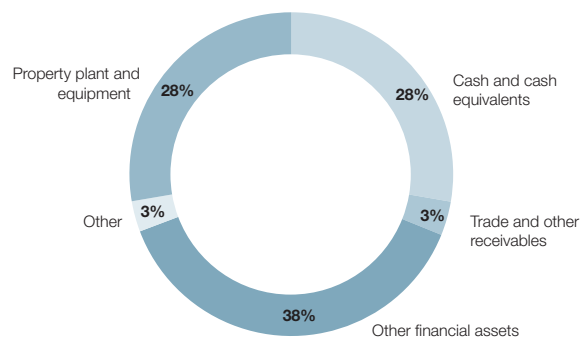
Trade and other payables were higher by \$1.5m or 21.6% than the previous year.

Short-term provisions ended the year slightly higher than 2010. This is the result of the higher leave provision required at year end. Long-term provisions ended the year \$1m higher than 2010, as a result of increased make-good provision for the new offices.

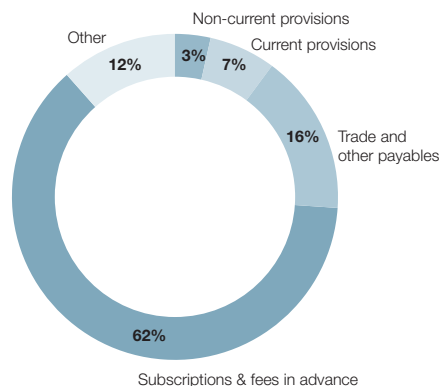
Other current liabilities were higher by \$5m, which is attributable to price increases associated with CPA Program, Membership and Public Practice paid in advance for 2012 compared to the prior year. The timing of payments by members is in line with last year.

Other non-current liabilities have reduced when compared to 2010 because part of the lease incentive received in 2010 has been amortised to the statement of comprehensive income during 2011.

Assets



Liabilities



The year ahead

In 2012 CPA Australia is forecasting a continued surplus before tax, foreign exchange translation, which will drive an increase in the net asset position by year end. It is expected that revenue will continue to increase and the organisation will remain focused on its cost base allowing it to invest further in member value and the provision of first class member service. The key areas of investment for the year ahead are as follows:

- The corporate website will be redeveloped allowing members and staff better access to information and useability of online applications across a range of devices, through applications and mobile versions, including content in other languages. The redevelopment includes a new content back-end and new search engine functionality.
- The organisation will launch INTHEBLACK digital website extending the reach and audience of INTHEBLACK. The website will be a dynamic and interactive offering with increased touch points and frequency of engagement with members.
- Further editions of *The Bottom Line* series will be produced.
- A new and exciting social media product will be launched in early 2012, designed to engage with the next generation of CPAs at university. This product will be a cornerstone of our social media strategy for 2012.
- The organisation will strengthen its investment in China, opening a new office in Guangzhou.
- We will deliver on-demand exams for foundation subjects.
- We will increase our offer of supplementary learning products for both levels of the CPA Program.
- There will be a complete upgrade of member centres with renovations and relocations planned for Hobart, Canberra and London.
- We will continue to invest in finalising the implementation of our new CRM/member management system.

Statement of comprehensive income

for the year ended 31 December 2011

	Note	Consolidated	
		2011 \$000s	2010 \$000s
Revenue	3(a)	139,767	137,237
Investment revenue	3(b)	4,293	3,573
Gain on sale of property	3(b)	-	1,464
Service expenses		(64,363)	(62,276)
Marketing, promotion and publication expenses		(24,845)	(23,754)
Occupancy expenses		(12,334)	(11,955)
Administration expenses		(33,315)	(27,541)
Finance costs		(115)	(28)
Net foreign exchange loss		(190)	(262)
Other expenses		(2,148)	(4,651)
Surplus before income tax	4	6,750	11,807
Tax benefit/(expense)	5(a)(b)	262	(482)
Surplus for the year		7,012	11,325
Other comprehensive income			
Exchange differences on translating foreign operations		13	(29)
Net (loss)/gain on available-for-sale asset		(1,194)	369
Actuarial loss on Defined Benefit plan	19	(358)	(124)
Other comprehensive (expense)/income for the year, net of tax		(1,540)	216
Total comprehensive income for the year		5,472	11,541

CPA Australia 2011 financial statements

The Statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 73–94.

Statement of financial position

as at 31 December 2011

	Note	Consolidated	
		2011 \$000s	2010 \$000s
Current assets			
Cash and cash equivalents	6	29,873	30,673
Trade and other receivables	7	3,663	3,051
Other financial assets	9	650	1,000
Other assets	8	2,116	2,742
Total current assets		36,302	37,466
Non-current assets			
Deferred tax assets	5(c)	845	546
Other financial assets	9	40,430	36,456
Property, plant and equipment	10	29,830	20,347
Other assets	8	350	349
Total non-current assets		71,455	57,698
TOTAL ASSETS		107,757	95,164
Current liabilities			
Trade and other payables	11	8,604	7,074
Provisions	12	3,571	3,419
Other liabilities	13	34,615	29,526
Total current liabilities		46,790	40,019
Non-current liabilities			
Provisions	12	1,900	911
Other liabilities	13	5,275	5,914
Total non-current liabilities		7,175	6,825
TOTAL LIABILITIES		53,965	46,844
NET ASSETS		53,792	48,320
Members' funds			
Reserves		(853)	328
Retained surplus		54,645	47,992
TOTAL MEMBERS' FUNDS		53,792	48,320

CPA Australia 2011 financial statements

The Statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 73–94.

Statement of changes in members' funds

as at 31 December 2011

	CONSOLIDATED			
	Investments revaluation reserve \$000s	Foreign currency translation reserve \$000s	Retained earnings \$000s	Total \$000s
Balance at 1 January 2010	27	(39)	36,791	36,779
Total comprehensive income for the year	369	(29)	11,201	11,541
Balance at 1 January 2011	396	(68)	47,992	48,320
Total comprehensive income for the year	(1,194)	13	6,653	5,472
Balance at 31 December 2011	(798)	(55)	54,645	53,792

CPA Australia 2011 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 73–94.

Statement of cash flows

for the year ended 31 December 2011

	Note	CONSOLIDATED	
		2011 \$000s	2010 \$000s
Cash flows from operating activities			
Receipts from operations		143,978	145,658
Payments to suppliers and employees		(129,651)	(128,969)
Net cash inflows from operating activities	21	14,327	16,689
Cash flows from investing activities			
Payment for property, plant and equipment	10	(14,530)	(6,294)
Net receipts for bank bills less than 1 year but greater than 90 days		350	510
Net receipts for bank bills greater than 1 year		11,500	2,000
Proceeds from sale of property, plant and equipment		-	2,363
Purchase of investment securities		(16,668)	(23,360)
Investment interest received		4,221	3,369
Net cash outflows from investing activities		(15,127)	(21,412)
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net decrease in cash and cash equivalents held		(800)	(4,723)
Cash and cash equivalents at the beginning of the financial year		30,673	35,396
Cash and cash equivalents at the end of the financial year	6	29,873	30,673

CPA Australia 2011 financial statements

The Statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 73–94

Notes to the financial statements

for the year ended 31 December 2011

1. Adoption of new and revised accounting standards

CPA Australia adopts all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the operations and effective for the current annual reporting period. For the reporting period to 31 December 2011, there was no adoption of new or revised accounting standards issued which would impact the reported financial position, financial performance and cash flows of the company or accompanying notes. In 2011, of the new and revised IFRS-equivalent standards, CPA Australia has elected to early adopt AASB 124 'Related Party Disclosures' (2009), AASB 2009-12 Amendments to Australian Accounting Standards; and elected not to early adopt AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9.

2. Summary of significant accounting policies

(a) Basis of preparation

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

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

(b) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Accounting standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS).

CPA Australia is limited by guarantee and domiciled in Australia.

The financial statements were authorised by the Board of Directors on the 24 February 2012.

(c) Basis of consolidation

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

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

(d) Income tax

In assessing its income tax liability, CPA Australia applies the principles of mutuality to its revenues and expenses. Revenue in the form of member receipts represents mutual income and is not subject to income tax.

Expenses associated with such mutual activities are not tax deductible for income tax purposes. All other receipts and payments of CPA Australia are classified for income tax purposes in accordance with income tax legislation.

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

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

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

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

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

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

(e) Goods and Services Tax (GST)

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

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

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

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

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

(f) Foreign currency

All foreign currency transactions are shown in Australian dollars.

Foreign currency transactions

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

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

Foreign currency operations

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

(g) Revenue

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

Member fees and subscriptions

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

Interest

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

Income from investments

Revenue is recognised when the income is earned.

Sale of non-current assets

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

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

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

Grants

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

(h) Receivables

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

(i) Property, plant and equipment

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

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

Buildings	50 years
Strata title	50 years
Property, plant and equipment	3–13 years
Information technology assets (classified as Property, plant and equipment in the Statement of financial position)	3 years
Library books	5 years

Impairment

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

As a not-for-profit entity whose future economic benefits of an asset (or class of asset) are not primarily dependant on the assets ability to generate cash flows and it would be replaced if CPA Australia was deprived of it, value in use is the depreciated replacement cost.

Land and buildings

Valuations are obtained biennially and were obtained in 2010. All valuations received were in excess of their recorded value at balance date. They reflect independent assessments of the open market value of land and buildings based on existing use.

Lease restoration

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

(j) Impairment of other tangible assets

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

the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

(k) Leased assets

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessee, are recognised as an expense on a straight line basis over the lease term.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(l) Investments and financial assets*Controlled entities*

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

Held to maturity investments

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

Financial instruments

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

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

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

(m) Payables

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

(n) Derivative financial instruments

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

(o) Employee benefits

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

Annual leave

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

Long-service leave

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

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

Defined Benefit plan

A small percentage of staff participates in the CPA Australia Defined Benefit plan.

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

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

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

The Defined Benefit obligation recognised in the Statement of Financial Position represents the present value of the Defined Benefit obligation, adjusted for unrecognised past service cost, net of the fair value of plan assets. Any asset resulting from this calculation is limited to the past service cost, plus the present value of available refunds and reductions in future contributions to the plan. The plan is no longer open to new members as of 31 December 1999.

Defined contribution superannuation

Contributions to defined contribution superannuation plans are expensed when paid.

(p) Cash and cash equivalents

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

(q) Comparative amounts

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Website costs

The primary focus of the CPA Website is as an advertising, branding and information tool for the organisation and its members. The CPA Australia website is not considered an internally generated intangible asset. All development, maintenance and operational expenditure have been treated as expenses incurred in the period.

(s) Critical judgements in applying the entity's accounting policies

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

Employee entitlements

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

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

3. Revenue

	Consolidated	
	2011	2010
	\$000s	\$000s
(a) Revenue from operating activities		
Member subscriptions	60,936	58,250
Education and CPA Program	49,132	47,837
Professional development	21,065	21,520
Other services	3,006	4,150
Marketing, promotion and publications	5,611	5,465
Property	17	15
	139,767	137,237
(b) Other revenue		
Interest revenue on:		
AAT loan	19	18
Bank deposits	478	963
Financial assets (held to maturity)	1,873	1,983
Dividends and distributions	1,923	609
Gain on sale of property	-	1,464
	4,293	5,037
TOTAL REVENUE	144,060	142,275

4. Surplus and members' funds

	Consolidated	
	2011	2010
	\$000s	\$000s
Surplus before income tax expense		
Surplus before income tax expense has been arrived at after charging/(crediting) the following:		
Finance costs		
Interest charged on restoration provisions	115	28
Depreciation		
Depreciation	5,047	3,958
Net (gain)/loss		
Net (gain)/loss on sales of property, plant and equipment	-	(1,464)
Net foreign exchange loss	190	262
Employee benefits		
Defined contribution	3,333	3,112
Defined Benefit plan	41	36
Salaries and other benefits	42,415	39,040

5. Taxation

	Consolidated	
	2011	2010
	\$000s	\$000s
Income tax recognised in income statement		
(a) Tax expense/(income) comprises		
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(299)	538
Tax loss not previously recognised	-	(136)
Refer (c) below	(299)	402
Tax expense overseas entities	37	80
Total tax expense/(income)	(262)	482

(b) Reconciliation of prima facie income tax

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

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

Surplus from operations	6,750	11,807
Income tax expense calculated at 30%	2,025	3,542
Surplus attributable to mutual activities and foreign branch expenditure—exempt income	(2,301)	(3,060)
	(262)	482

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

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

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

2011	Consolidated				
	Opening balance 2010	Charged to income	Closing balance 2010	Charged to income	Closing balance 2011
	\$000s	\$000s	\$000s	\$000s	\$000s
Assets					
Property, plant and equipment	66	(365)	(299)	(78)	(377)
Employee benefits	111	12	123	48	171
Provisions	358	(30)	328	112	440
Tax losses	604	42	646	234	880
Liabilities	1,139	(341)	798	316	1,114
Accrued income	(191)	(61)	(252)	(17)	(269)
	948	(402)	546	299	845

(d) Other comprehensive income items in the statement of comprehensive income have no tax effect.

6. Cash and cash equivalents

	Consolidated	
	2011	2010
	\$000s	\$000s
Current		
Cash on hand, at bank and short-term bank bills (90 days or less)	29,873	30,673
	29,873	30,673

7. Trade and other receivables

Current		
Trade and other receivables	2,961	2,331
Less allowance for doubtful debts	(210)	(120)
	2,751	2,212
Other receivables		
Accrued interest on bank deposits	182	183
Accrued interest on financial assets (held to maturity)	730	657
	912	840
	3,663	3,051

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

Ageing of past due but not impaired		
60–90 days	320	426
90–120 days	389	261
TOTAL	709	686

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

Movement in the allowance for doubtful debts

Balance at the beginning of the year	120	107
Allowances taken up as doubtful	397	392
Amounts written off as uncollectable	(307)	(379)
Balance at the end of the year	210	120

8. Other assets

	Consolidated	
	2011	2010
	\$000s	\$000s
Current		
Defined Benefit plan	21	351
Prepayments	2,095	2,391
	2,116	2,742
Non-current		
Loan to related parties (at amortised cost)	350	350
Security deposit and other	-	(1)
	350	349

9. Other financial assets

	Consolidated	
	2011	2010
	\$000s	\$000s
Current		
Bank bills less than 1 year but greater than 90 days	650	1,000
	650	1,000
Non-current		
Bank bills greater than 1 year to maturity (at amortised cost)	-	11,500
Available for sale assets carried at fair value:		
Listed non-derivative financial assets held for trading	35,837	24,472
Non-listed non-derivative financial assets held for trading	4,593	484
	40,430	36,456

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

10. Property, plant and equipment

	Consolidated				
	Building at cost	Plant and equipment at cost	Library books at cost	Capital work in progress	Total
	\$000s	\$000s	\$000s	\$000s	\$000s
Gross carrying amount					
Balance at 1 January 2010	4,653	29,783	430	-	34,866
Additions	-	5,868	32	394	6,294
Disposals	-	(6,198)	(70)	-	(6,268)
Balance at 1 January 2011	4,653	29,453	392	394	34,892
Additions	-	10,647	28	3,855	14,530
Disposals	-	(4,063)	(75)	-	(4,138)
Balance at 31 December 2011	4,653	36,037	345	4,249	45,284
Accumulated depreciation, amortisation and impairment					
Balance at 1 January 2010	(1,119)	(15,579)	(158)	-	(16,856)
Disposals	-	6,199	70	-	6,269
Depreciation expense	(93)	(3,779)	(86)	-	(3,958)
Balance at 1 January 2011	(1,212)	(13,159)	(174)	-	(14,545)
Disposals	-	4,063	75	-	4,138
Depreciation expense	(93)	(4,875)	(79)	-	(5,047)
Balance at 31 December 2011	(1,305)	(13,971)	(178)	-	(15,454)
Net book value					
At 31 December 2010	3,441	16,294	218	394	20,347
At 31 December 2011	3,348	22,066	167	4,249	29,830

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

11. Trade and other payables

	Consolidated	
	2011	2010
	\$000s	\$000s
Current		
Trade creditors and accruals	8,604	7,074
	8,604	7,074

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

CPA Australia has financial risk management policies in place to ensure that all payables are paid within the credit terms (refer Note 20).

12. Provisions

	Consolidated	
	2011	2010
	\$000s	\$000s
Current		
Employee benefits	3,571	3,101
Restoration of leased properties	-	318
	3,571	3,419
Non-current		
Employee benefits	752	602
Restoration of leased properties	1,148	309
	1,900	911
	5,471	4,330

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

Reconciliation of restoration of leased properties

Balance at 1 January 2011	628
Additional provisions recognised	482
Unwinding of discount and effect of changes in the discount rate	38
Balance as at 31 December 2011	1,148

	Consolidated	
	2011	2010
Employee numbers		
Average number of full-time equivalent employees (FTEs) during the financial year	441	436

13. Other liabilities

	Consolidated	
	2011	2010
	\$000s	\$000s
Current		
Subscriptions and fees received in advance	33,661	28,880
Lease incentive	954	646
	34,615	29,526
Non-current		
Lease incentive	5,275	5,914
	5,275	5,914
	39,890	35,440

14. Parent entity disclosures

	2011 \$000s	2010 \$000s
Financial position		
Assets		
Current assets	35,350	62,290
Non-current assets	71,202	32,768
TOTAL ASSETS	106,552	95,058
Liabilities		
Current liabilities	46,657	39,960
Non-current liabilities	7,159	6,807
TOTAL LIABILITIES	53,816	46,767
Members' funds		
Retained surplus	54,491	47,900
Reserves		
Investment revaluation reserve	(798)	396
Foreign currency translation reserve	(957)	(5)
TOTAL MEMBERS' FUNDS	52,736	48,291

	Year ended 2011 \$000s	Year ended 2010 \$000s
Financial performance		
Surplus for the year	6,950	11,373
Other comprehensive (expense)/income net of tax	(1,726)	191
Total comprehensive income for the year	5,224	11,564

Leasing arrangements

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

	2011 \$000s	2010 \$000s
Commitments for expenditure		
(a) Non-cancellable operating lease commitments		
Aggregate amounts contracted for at balance date but not recognised as liabilities:		
Not later than one year	9,500	7,582
Later than one year but not later than five years	30,451	21,176
Later than five years	16,467	19,692
	56,418	48,450
In respect of non-cancellable operating leases the following liabilities have been recognised:		
Current		
Restoration of leased properties	-	318
Lease incentive	954	646
Non-current		
Restoration of leased properties	1,148	309
Lease incentive	5,274	5,913
	7,376	7,187
(b) Other commitments		
Not later than one year	189	570
Later than one year but not later than five years	-	189
	189	759

- (c) CPA Australia will continue to support in 2011 the following organisations: Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AUASB), Australian Professional and Ethical Standards Board (APESB) and the International Federation of Accountants (IFAC). However, the funding requirements have not been determined at balance date and are not included in the above.

CPA Australia has provided support in 2011 to the AASB and the AUASB in the pursuit of their objectives under agreement with the Financial Reporting Council of Australia (FRC). The contribution for the year 2011 was \$110,000 (2010: \$220,000).

CPA Australia has provided support in 2011 to the IFAC in the pursuit of their objectives. The contribution for the year 2011 was \$602,685 (2010: \$561,449).

As part of the undertakings with APESB, CPA Australia, the Institute of Chartered Accountants in Australia (ICAA) and the National Institute of Accountants (NIA) contribute funds necessary for the pursuit of the objectives of APESB. The contributions for the year 2011 were \$422,001 (2010: \$420,533).

15. Limitation of members liability

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

16. Related parties

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

Non-executive Directors

Mr J Cahill, President (effective 1 October 2011)

Mr W K Low (Presidential term completed effective 30 September 2011)

Mrs P Egan, Deputy President

Mr G Wade, Deputy President (effective 1 October 2011)

Mr S Bird (ceased 30 September 2011)

Prof T Carlin (commenced 1 October 2011)

Mr J Dickson

Mr P Dowling

Ms C Foo

Mr M Grey
Prof R Petty
Ms K Ryan
Mr B Trebilcock

Executives

Mr A Malley (Chief Executive Officer)
Mr M Adlam (Executive General Manager – Brand & Communications)
Mr A Awty (Chief Financial Officer, Company Secretary)
Mr A Gleeson (Executive General Manager – Member Knowledge)
Mr J Hughes (Executive General Manager – Member Engagement)
Mr R Thomason (Executive General Manager – Business Development)
Mr P Wappett (Executive General Manager – Strategy)

Compensation of Directors

Directors' remuneration is approved annually by the Board in accordance with the article 45 of the Constitution. All payments are deemed to be compensation for the purpose of this disclosure. At balance date, all 2011 short-term employee benefits for Directors had been paid and are recognised in the aggregate key management personnel component below.

Key management personnel compensation

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

	2011 \$000s	2010 \$000s
Short-term employee benefits	3,868	3,440
Post-employment benefits	292	303
Termination benefit	-	260
	4,160	4,003

Loans to key management personnel

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

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

In 2007, CPA Australia entered into a memorandum of understanding with two other accounting bodies (the National Institute of Accountants [NIA] and the Institute of Chartered Accountants in Australia [ICAA]) to jointly promote the Association of Accounting Technicians (AAT) as the peak organisation representing the para-professional segment of the accounting profession through the provisions of loan funds. Non-current loan receivable from AAT is \$350,000 before interest which is charged monthly at the rate of 0.5 per cent per annum above the 90-day Bank Bill Rate. A letter of comfort was provided to the AAT which states, CPA Australia will, until 30 June 2012, not call due any debts owing by AAT. Interest income earned on the loan in 2011 was \$18,897. Repayment terms for the loan were extended during the year, with the first instalment now due in 2016 and the loan to be fully paid by June 2021. The CEO and the Head of Business-Investment Policy are members of the AAT Board.

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

Adam Awty, Chief Financial Officer & Company Secretary, Jeff Hughes, Executive General Manager – Member Engagement and Mithila Sathasivam, Senior Manager Governance & Membership are Directors of CPA Australia (Malaysia) Sdn Bhd.

Professor Richard Petty, Director CPA Australia Ltd, Alex Malley, Chief Executive Officer, Robert Thomason, Executive General Manager – Business Development (effective 15 December 2011), Jeff Hughes, Executive General Manager – Member Engagement and Deborah Leung, General Manager Hong Kong are Directors of CPA Australia (Shanghai) Ltd. Paul Wappett, Executive General Manager – Strategy resigned as a Director on 15 December 2011.

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

17. Remuneration of auditor

	Consolidated	
	2011	2010
	\$	\$
Audit services:		
Auditor of parent entity		
Audit of financial report	132,300	126,000
Other assurance services	27,300	25,935
Non-audit services	25,479	11,885
Affiliated firms		
Audit of financial reports for foreign subsidiaries and branches	22,033	20,694
	207,112	184,514

The auditor of the company is Deloitte Touche Tohmatsu.

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

at program workshops, this is to be documented and provided to the Board Audit and Risk Committee for endorsement quarterly. There are no commercial sponsorships in Australia, Malaysia or Shanghai (where Deloitte is also the local auditor). However, offshore divisions can enter into sponsorships with their local Deloitte office where PricewaterhouseCoopers, Ernst & Young and KPMG will also be represented. Sponsorships can be raised for member awards where the member is the direct recipient of the cash benefit.

During 2011, CPA Australia received revenue in the form of sponsorship from Deloitte Singapore for CPA Australia 2011 Congress Singapore, the CPA Careers @ Singapore event, the CPA Program Excellence Awards and the CPA Australia Scholarship Program. Deloitte Hong Kong

provided sponsorship for CPA Australia 2011 Congress Hong Kong and the CPA Careers Expo. Deloitte Malaysia provided sponsorship for CPA Australia 2011 Congress Malaysia and the CPA Program Excellence Awards.

18. Investment in controlled entities

	Class of share	Entity interest		Amount of investment	
		2011	2010	2011	2010
		%	%	\$	\$
Controlled entity					
CPA Australia (Malaysia) Sdn Bhd	Ordinary	100	100	160,127	2
CPA Australia (Shanghai) Ltd	Ordinary	100	100	645,023	179,418

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

19. Superannuation and Defined Benefit plan

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

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

Accounting policy

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

Fund information

Defined Benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The Defined Benefit section of the fund is closed to new members. All new members receive accumulation benefits only. At 31 December 2011, the Defined Benefit plan had seven members.

Reconciliation of the Defined Benefit obligation

Financial year ended	31 December 2011	31 December 2010
	\$000s	\$000s
Present value of Defined Benefit obligations at beginning of the year	1,146	1,956
Current service cost	85	94
Interest cost	53	79
Contributions by fund participants	23	18
Actuarial (gains)/losses	169	44
Benefits paid	-	(1,000)
Taxes, premiums and expenses paid	(12)	(45)
Present value of Defined Benefit obligations at end of the year	1,464	1,146

Reconciliation of the fair value of fund assets

Financial year ended	31 December 2011	31 December 2010
	\$000s	\$000s
Fair value of fund assets at beginning of the year	1,497	2,351
Expected return on fund assets	97	137
Actuarial gains/(losses)	(189)	(80)
Employer contributions	69	116
Contributions by fund participants	23	18
Benefits paid	-	(1000)
Taxes, premiums and expenses paid	(12)	(45)
Fair value of fund assets at end of the year	1,485	1,497

Reconciliation of the assets and liabilities recognised in the Statement of financial position

As at	31 December 2011	31 December 2010
	\$000s	\$000s
Defined Benefit obligation*	1,464	1,146
Fair value of assets	1,485	1,497
Deficit/(surplus)	(21)	(351)
Liability/(asset)	(21)	(351)

* includes contributions tax provision

Expense recognised in Statement of comprehensive income

Financial year ended	31 December 2011	31 December 2010
	\$000s	\$000s
Service cost	85	94
Interest cost	53	79
Expected return on assets	(97)	(137)
Superannuation expense/(income)	41	36

Expense recognised in Statement of comprehensive income in respect of defined contribution plan:

Amounts recognised in other comprehensive income

Financial year ended	31 December 2011	31 December 2010
	\$000s	\$000s
Actuarial (gains)/losses	358	124

Cumulative amount recognised in the other comprehensive income

Financial year ended	31 December 2011	31 December 2010
	\$000s	\$000s
Cumulative amount of actuarial (gains)/losses	754	396

Fund assets

The percentage invested in each asset class at the Statement of financial position date:

As at	30 December 2011*	31 December 2010
Australian equity	46%	35%
International equity	22%	23%
Fixed income	17%	24%
Property	10%	10%
Alternatives/other	2%	3%
Cash	3%	5%

* Asset allocation as at 31 December 2011 was not available as at reporting date. Asset allocation as 31 October 2011 has been used.

Fair value of fund assets

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

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

Expected rate of return on fund assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class and allowing for the correlations of the investment returns between asset classes. The returns used for each class are net of investment tax and investment fees.

Actual return on fund assets

Financial year ended	31 December 2011	31 December 2010
	\$000s	\$000s
Actual return on fund assets	(92)	57

Principal actuarial assumptions at the reporting date

	31 December 2011	31 December 2010
Discount rate	3.00% pa	4.80% pa
Expected rate of return on fund assets	6.80% pa	6.80% pa
Expected salary increase rate	4.00% pa	4.00% pa

Historical information

Financial year ended	31 December 2011	31 December 2010
	\$000s	\$000s
Present value of Defined Benefit obligation	1,464	1,146
Fair value of fund assets	1,485	1,497
(Surplus)/deficit in fund	(21)	(351)
Experience adjustments (gain)/loss – fund assets	189	81
Experience adjustments (gain)/loss – fund liabilities	28	38

Expected contributions

Financial year ended	31 December 2012
	\$000s
Expected employer contributions	62

Funding arrangements for employer contributions

(a) Contribution recommendations

The current contribution recommendations, as set out in the report of the most recent actuarial valuation of the fund as at 31 December 2008, are 10.0% of salaries of Defined Benefit members, and 12.0% of salaries of defined contribution members who are members of Category 3 and 9% of salaries for other defined contribution members. The employer is currently contributing at these rates.

(b) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(c) Economic assumptions

The economic assumptions adopted for the last actuarial review as at 31 December 2008 of the Fund were:

Expected rate of return on assets (discount rate)	4.10% pa
Expected salary increase rate	4.00% pa

CPA Australia has recognised an asset in the Statement of Financial Position in respect of its Defined Benefit plan arrangements. If a surplus exists in the Fund, CPA Australia may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the fund's actuary.

The employer may at any time by notice to the trustee terminate its contributions. The employer has a liability to pay the monthly contributions due prior to the effective date of the notice, but there is no requirement for the employer to pay any further contributions, irrespective of the financial condition of the Fund.

20. Financial risk management, objectives and policies

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

During 2009, the Board of CPA Australia reviewed and amended its investment policy. The purpose of the

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

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

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

(a) Foreign currency risk management

It is not CPA Australia policy to utilise off-balance sheet derivative instruments as a means of managing exposure to fluctuations in foreign exchange rates. Foreign exchange exposure is continuously monitored by the Consolidated Entity's Finance Business Unit and reported to the relevant operation of the Consolidated Entity through management reports which analyse exposures by degree and magnitude of risks. In 2011, the strengthening of the Australian Dollar against the currencies where substantial cash is held resulted in a foreign exchange loss of \$189,995 for the full year.

(b) Credit risk exposures

Credit risk refers to the risk that counter party will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity's exposure is continuously monitored and limits reviewed annually. Trade receivables consist of a large number of members and customers, spread across diverse industries and geographical areas. The Consolidated Entity does not have any significant credit risk exposure to any single party or any group of counter parties having similar characteristics. The credit risk on liquid funds and bank bills is mitigated by ensuring the authorised deposit taking institutions have a minimum S&P credit rating of BBB+ (or Moody's/Fitch equivalent).

The credit risk on financial assets of the consolidated entity which have been recognised on the Statement of

Financial Position is generally the carrying amount, net of any provisions for loss. Use of off-balance sheet financial instruments is not part of current policy. Trade receivables are concentrated in Australia and the concentration of credit risk arises mainly in the following industries:

- Advertising and sponsors
- Accounting practices
- Credit services

(c) Interest rate risk exposures

Exposures to interest rate risk are limited to assets and liabilities bearing variable interest rates. The majority of financial assets are equities and bank bills held to maturity with fixed interest rates and term.

(d) Capital risk management

The Consolidated Entity manages its capital to ensure that the consolidated entity will be able to continue as a going concern. The consolidated entity's overall strategy remains unchanged from 2010.

The capital structure of the consolidated entity consists of equity comprising reserves and retained earnings.

The consolidated entity is not subject to any externally imposed capital requirements.

(e) Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held by the Consolidated Entity are detailed below.

(f) Net fair value of financial assets and liabilities

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Consolidated Entity's short-, medium- and long-term funding and liquidity management. The Consolidated Entity manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities. CPA Australia invests in equities that are traded in an active market on the Australian Securities Exchange and that can be readily disposed of. All financial liabilities, namely trade and other payables, are due for settlement within three months and are non-interest bearing. Given the current surplus cash

assets, liquidity risk is minimal.

(h) Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. CPA Australia manages the financial risks relating to its investments set out in accordance with the CPA Australia Cash and Investment Policy. The policy has a number of thresholds that can not be exceeded, including weighting for asset classes and individual limits within each asset class.

	Level 1
	\$000s
Financial assets at fair value through statement of comprehensive income	
Equities	14,686
Property funds	885
Securities	6,786
Hybrids	18,073
	40,431

There were no financial assets in Level 2 or Level 3 in the period.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Capital risk management

CPA Australia manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments.

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

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

20. Financial risk management, objectives and policies (Continued)

	Weighted average interest rate	Floating interest rate	1 year or less	1–2 years	Total
		\$000s	\$000s	\$000s	\$000s
2011					
Financial Assets					
Cash and cash equivalents	3.72%	17,344	12,529	-	29,873
Bank bills <1 year	6.07%	-	650	-	650
Bank bills >1 year	0.00%	-	-	-	-
Equities	Non-interest bearing	-	14,686	-	14,686
Property funds	Non-interest bearing	-	885	-	885
Securities	Non-interest bearing	-	6,786	-	6,786
Hybrids	Non-interest bearing	-	18,073	-	18,073
Receivables	Non-interest bearing	-	3,663	-	3,663
Loan to related parties	Interest bearing	-	-	350	350
Defined Benefit plan	Interest bearing	-	-	21	21
		17,344	57,272	371	74,987
Financial liabilities					
Payables	Non-interest bearing	-	8,604	-	8,604
Subscriptions and fees in advance	Non-interest bearing	-	33,661	-	33,661
		-	42,265	-	42,265
Net financial assets/(liabilities)		17,344	15,007	371	32,722
2010					
Financial Assets					
Cash and cash equivalents	4.41%	12,339	18,334	-	30,673
Bank bills <1 year	6.00%	-	1,000	-	1,000
Bank bills >1 year	5.13%	-	-	11,500	11,500
Equities	Non-interest bearing	-	10,295	-	10,295
Property funds	Non-interest bearing	-	751	-	751
Securities	Non-interest bearing	-	1,993	-	1,993
Hybrids	Non-interest bearing	-	11,916	-	11,916
Receivables	Non-interest bearing	-	3,051	-	3,051
Loan to related parties	Interest bearing	-	-	350	350
Defined Benefit Plan	Interest bearing	-	-	351	351
		12,339	47,340	12,201	71,881
Financial liabilities					
Payables	Non-interest bearing	-	7,074	-	7,074
Subscriptions and fees in advance	Non-interest bearing	-	28,880	-	28,880
		-	35,954	-	35,954
Net financial assets/(liabilities)		12,339	11,386	12,201	35,927

(j) Sensitivity analysis

The next table details the group's sensitivity to shifts in interest rates and foreign exchange rates. The exposures are based on management's best estimates of the possible adverse effects of changes in interest rate and foreign exchange rates as at 31 December 2011.

Annual risk by risk type	Minimum		Average		Maximum	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Foreign exchange	31	30	156	153	281	275
Interest rate	43	31	108	77	173	123

Interest rate analysis is based on balances of financial assets not exceeding 1 year, which are all at variable rates. Minimum and maximum exposures are calculated at increases of 25 basis points and 100 basis points respectively. An equal reduction in interest rates would result in an equivalent fall in net profit.

CPA Australia is mainly exposed to Singapore dollars, Hong Kong dollars, Chinese yuan and Malaysian ringgits. Foreign exchange sensitivity analysis is based on outstanding foreign currency denominated intercompany loan amounts and revenues and expenses for the year 2011. Minimum and maximum exposure is calculated at shifts of 1% and 10% change in exchange rate respectively. An equal decline in the exchange rate would result in an equivalent fall in net profit.

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

Equity price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 5% higher/lower, equity reserves would have increased/decreased by \$2.149m as a result of the fair value of the available-for-sale shares.

21. Notes to the statement of cash flows

	Consolidated	
	2011 \$000s	2010 \$000s
Reconciliation of profit after income tax to net cash		
Inflow from operating activities		
Surplus after income tax	7,007	11,325
Plus/(minus) non-operating items		
Interest income received	(4,221)	(3,370)
Plus/(minus) non-cash items		
Foreign exchange translation	9	(27)
Depreciation and amortisation	5,048	3,958
Net (gain)/loss on sale of property, plant and equipment	-	(1,464)
Change in assets and liabilities		
Decrease/(increase) in receivables	(612)	7,542
(Increase)/decrease in inventories	-	-
(Increase)/decrease in other assets	331	(272)
Increase/(decrease) in payables	1,531	(1,506)
Increase in subscriptions and fees in advance	4,782	678
(Decrease) in other liabilities	(640)	(245)
Increase in provisions	1,450	194
Change in items in equity		
Amounts recognised in equity relating to Defined Benefit plan	(358)	(124)
Net cash inflow from operating activities	14,327	16,689

22. Subsequent events

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

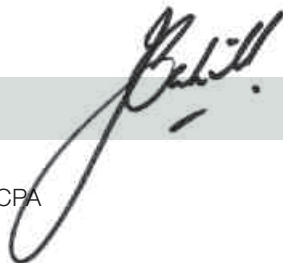
Directors' declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the Consolidated Entity; and
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2 (b).

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the *Corporations Act 2001*.

On behalf of the Directors



John Cahill FCPA
Director

24 February 2012



Penny Egan FCPA
Director

24 February 2012



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Independent Auditor's Report to the Members of CPA Australia Limited

We have audited the accompanying financial report of CPA Australia Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 69 to 94.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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



Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CPA Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of CPA Australia Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Peter A. Caldwell".

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 24 February 2012

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Acronyms

AASB	Australian Accounting Standards Board	FCPA	Fellow of CPA Australia
AFAANZ	Accounting and Finance Association of Australia and New Zealand	FoFA	Future of Financial Advice
AFA	ASEAN Federation of Accountants	FSC	Financial Services Council
APESB	Accounting Professional and Ethical Standards Board	FTE	Full-time equivalent
ASEAN	Association of Southeast Asian Nations	GHG	Greenhouse gas
ASIC	Australian Securities and Investments Commission	GRI	Global Reporting Initiative
ASX	Australian Stock Exchange	HKSAR	Hong Kong Special Administrative Region
AuASB	Auditing and Assurance Standards Board	ICAA	Institute of Chartered Accountants in Australia
CAPA	Confederation of Asia and Pacific Accountants	IFAC	International Federation of Accountants
CBD	Central Business District	IFRS	International Financial Reporting Standards
CFO	Chief Financial Officer	IIR	International integrated reporting
CGC	Corporate Governance Council	IPA	Institute of Public Accountants
CGPR	Corporate Governance Principles and Recommendations	IPSC	International Public Sector Convention
CMA	Certified Management Accountants	MRA	Mutual recognition agreement
CO ₂	Carbon dioxide	NABERS	National Australian Built Environment Rating System
CPD	Continuing Professional Development	NZICA	New Zealand Institute of Chartered Accountants
CRM	Customer Relationship Management	OHS	Occupational health and safety
EAP	Employee Assistance Program	PER	Practical experience requirement
EBIT	Earnings before interest and taxes	PRD	Performance review development
EGM	Executive General Manager	REP	Recognised Employer Program
EOWA	Equal Opportunity for Women in the workplace	SME	Small-to-medium enterprise
ESG	Environmental Social Governance		