

About this report

The boundaries of this annual report cover the activities of CPA Australia Ltd (CPA Australia) and its controlled entities, and are inclusive of office locations in Australia, Asia and Europe for the calendar year 1 January to 31 December 2012.

This report represents our journey towards embracing and producing a truly integrated report. A combined annual and sustainability report was published for the first time in April 2012, covering the year ended 31 December 2011. A best practice review and stakeholder feedback was conducted to identify CPA Australia's material issues, which form the basis of this report – please see the diagram on page 3.

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. This year, we have produced a report that recognises and transparently reports on a 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.

This report is structured into three main sections to address our material issues:

- + Members – including service, certification and the CPA Program, broadening our audience and access to knowledge.
- + Public interest and the profession – including representation and advocacy, supporting accounting education, professional standards and community.
- + How we do business – including our people, environment, supply chain and governance.

How we manage our financial resources and our financial reporting forms part of how we do business, but has its own section, given the priority of the information to our members and stakeholders.

The structure of this report reflects our strategic objectives, including key initiatives and related activities for 2012. It has been prepared for 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.

We have used the draft framework prepared by the International Integrated Reporting Council (IIRC) to help structure this report. Our CEO, Alex Malley, sits on the IIRC, driving our commitment to integrated reporting from the top. More details on the IIRC and the draft framework can be found at www.theiirc.org. We have also referred to the Global Reporting Initiative (GRI) G3.1 guidelines, in preparing this report to Application Level C+. The application level C+ has been checked by the GRI and independently assured by Deloitte Touche Tohmatsu Ltd. Please see page 95 for the independent limited assurance statement and page 94 for the application level check. For more information about the GRI, the guidelines and application levels, please visit www.globalreporting.org.

The financial section at the end of this report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, interpretations, 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).

There have been no significant changes from previous reporting periods in scope, boundary or measurement methods of our financial or non-financial performance, with the exception of gender ratios in the people section (see specific explanation in that section). There are no material exclusions from this report.

The CPA Australia full annual report in English, and a concise version in Simplified Chinese 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

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What matters for CPA Australia



Members

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Public interest and the profession

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How we do business

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Organisational sustainability



President's report

CPA Australia had both a challenging and rewarding year in 2012.

We made important inroads in bringing our overarching strategic direction to life and realised significant achievements that directly benefit our members and the wider community.

In 2011 the Board agreed on CPA Australia's corporate plan for the next three years. The plan focuses on building the capability and sustainability of the organisation, deliberately broadening our audience, providing a CPA Program of the highest quality, delivering the world's best service standards to members and protecting the public interest.

This annual report outlines the innovative and deliberate initiatives management took to deliver on our strategic direction. This includes strengthening our leadership position in the profession and broader community, setting the platform for building strong personal relationships through all our engagement channels and increasing media recognition of our brand.

A key challenge for the profession has been the changing nature of the regulatory environment, both in Australia and overseas. CPA Australia has formed a number of strategic partnerships to successfully influence outcomes that benefit both members and the broader community.

A key example here has been the Future of Financial Advice (FoFA) reforms and the accountants' exemption outcome in Australia. For the first time millions of Australian consumers and businesses now have access to non-product strategic advice from their professional accountants on a broad range of investment classes.

Overall, ongoing global economic uncertainty and the changing regulatory environment will continue to present challenges for the profession in 2013, especially with ensuring that the public interest is not compromised with the implementation of APES 230.

I am pleased to report that over the course of 2012 we significantly grew our social media channels, introduced a completely new initiative, *The Naked CEO*, that more effectively engages with the student market, implemented a new ASAP marketing campaign to drive enrolments, and more than doubled the number of Recognised Employer Partners.

We also increased the flexibility of the CPA Program by having an open exam window for the foundation level from May to December.

A substantial change for the organisation involved the development and planned implementation of the *Member First* program. The *Member First* program involves a complete overhaul and redesign of our systems and processes, and will benefit members through superior service and more timely advice, information, responses and solutions.

Significant milestones were achieved in 2012, and it is anticipated that the program will be implemented in early 2013.

The quality of the CPA designation continues to be recognised though the growth in our membership. We now have more than 144,000 members across 127 countries. This has led to the opening of a new office in Guangzhou to support our members in southern China and the signing of new cooperation agreements across the Asia-Pacific Region.

In 2012, we were pleased to celebrate and award certificates to more than 5100 associates advancing to CPA status.

CPA Australia's financial position continues to go from strength to strength. This strong financial position provides the foundation for us to deliver the innovative and exciting initiatives I have outlined, while also continuing to improve our service levels. This year's financial result, like previous years, will also enable us to continue to invest in improving our IT and web infrastructure, as detailed in the future focus sections of this report.

Finally, the Board thanks all employees for their efforts in helping CPA Australia to deliver on its strategic objectives.

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

Thank you for your support and commitment to a thriving and lively organisation.



John Cahill FCPA
President and
Chairman of the Board
of Directors
CPA Australia



CEO's report

Our vision is to be known as the world's best member service organisation.

This year's annual report reflects the forward thinking nature of our organisation and encompasses our vision, leadership and strategies for building the capability, sustainability and direction of our business to realise this aspiration.

Many of the positive changes we made in 2012 required a great degree of forward thinking and investment in our people, technology, communication, the CPA Program, and our brand, as well as providing thought leadership and advocacy on behalf of the profession.

This has included embarking on some major initiatives to proactively lead and influence the direction of meaningful reform in Australia and overseas. In 2012, CPA Australia worked with renowned Professor Michael Enright on one of the largest studies of Australia's competitiveness, which included surveying more than 6000 business decision-makers in Australia and the Asia-Pacific region. We look forward to releasing these results in 2013 and stimulating meaningful discussions with policy makers.

Our organisation is both geographically and professionally diverse, representing business leaders who work in all sectors of many different economies across the world. In 2012, we took significant steps in increasing the flexibility of the CPA Program and creating a multi-platform approach to our communication to meet the varying and changing needs of our members.

This included doubling our social media audience to help foster the creation of virtual communities and successfully launching the digital version of INTHEBLACK magazine, itbdigital.com, which won two prestigious awards (page 28).

We also focused on growing our brand in new, innovative ways and deliberately broadening the audience of people who take an interest in what CPAs do and what CPA Australia does, both in Australia and overseas.

This involved launching a completely new initiative to more effectively engage the student market. Titled *The Naked CEO*, the aim was to create and deliver an online video and mentoring series for students that bridged the important gap between the theory and reality of leadership success.

As part of *The Bottom Line* series, we took our four-part interview "An audience with Neil Armstrong" to the wider public. At CPA Australia, we all felt an immense sadness when Neil passed away, and also a sense of deep gratitude that this interview series will forever be a tribute to an amazing and humble man who inspired the world.

It will encourage future generations to think big and realise what can be achieved through vision, courage and teamwork.

This report also reflects our journey towards integrated reporting to provide a whole-of-business picture in relation to how we are performing against our objectives, creating value, and embedding key sustainability drivers across all parts of our business.

The field of integrated reporting is still in its early stages, and is likely to have a profound impact on the accounting profession and broader business community as it gathers momentum in the coming years. I am proud to represent CPA Australia as the only Australian professional body on the International Integrated Reporting Council, and for CPA Australia to have sponsored the inaugural Global Reporting Initiative (GRI) conference in Australia.

I would like to thank our members, partners and friends for contributing to the success of CPA Australia in 2012. I also thank all of our people who bring our service ethos to life and strive to achieve all the things we set out to do for our members. We look forward to serving you in 2013.



Alex Malley FCPA
Chief Executive Officer
CPA Australia

2012 highlights and challenges



Highlights: global reach, growth, recognition

Highlights

- + Successfully taking our message to a broader audience by:
 - + Obtaining global reach with news around *The Bottom Line* interview series "An audience with Neil Armstrong"
 - + Leveraging social media to engage with an audience of almost 80,000 across various platforms, a sixty-five per cent increase from 2011
 - + Launching the ASAP marketing campaign to drive enrolment in the CPA Program
 - + More than doubling the number of Recognised Employer Partners
- + Meeting key milestones for the *Member First* program, including:
 - + Finalising the development of new business processes and core customer relationship management (CRM) systems
 - + Commencing planning and integration with key systems, including the CPA Australia website
- + Engaging with our members and potential members through innovative new products by:
 - + Launching *The Naked CEO* series, which offers leadership and mentoring advice to young people and received more than 70,000 website visits
 - + Successfully launching itbdigital.com which
 - + Received more than 245,000 website visits and was awarded "Best Magazine Website" by the Web Marketing Association
 - + Increasing the flexibility of the CPA designation by introducing an open exam window for the foundation level of the CPA Program



Challenges: change, economic uncertainty, complexity

- + Growing our membership to more than 144,000 members across 127 countries in addition to:
 - + Opening a new office in Guangzhou to support our members in southern China
 - + Showing leadership and challenging views by:
 - + Gaining accreditation from the Financial Markets Authority (FMA) in New Zealand
 - + Leading the Future of Financial Advice and accountants' exemption outcome in Australia
 - + Undertaking major research into Australia's competitiveness in conjunction with Professor Michael Enright
 - + Attaining widespread prominence from the discussion paper, *Hong Kong Tax Reform*
 - + Challenging views on Australian superannuation and driving debate on the effectiveness of the superannuation and retirements savings model
 - + Securing a seat on the International Integrated Reporting Council
 - + Working with the APESB to find a workable solution around the implementation of APES 230
- ### Challenges
- + Staying ahead of rapid changes in technology and education delivery
 - + The changing nature of the regulatory environment
 - + Remaining at the forefront of social media channels that are constantly evolving
 - + Ongoing global economic uncertainty
 - + Meeting the needs of a geographically and demographically diverse membership
 - + Implementing the *Member First* program in a complex and changing business environment
 - + Managing operations in an increasingly competitive marketplace

2012 performance at a glance

Financial

The organisation continued to perform strongly in 2012 delivering an operating surplus before tax of \$8.3m. The core revenue lines of membership and education also continued to grow in 2012 with higher CPA Program sales and an increase in new members. While costs have increased, this was largely due to our investment in initiatives such as itbdigital.com, *The Naked CEO*, Australia's competitiveness research, *The Bottom Line*, accreditation of our members as auditors in New Zealand and improvements in our technology platform. In addition to this we continued to invest in front line service staff and expansion into South East Asia.

Table 1: Overview of economic value generated for the year ended 31 December 2012

	FY 2012	FY 2011
Direct economic value generated	\$'000s	\$'000s
Membership fees	67,276	60,936
Education and training revenue	75,141	70,216
Other	11,606	12,908
Total direct economic value generated	153,985	144,060
Economic value distributed	\$'000s	\$'000s
Employee wages and benefits	54,321	51,014
Operating costs	91,406	86,296
Payments to providers of capital	0	0
Payments to government	0	0
Community investments	0	0
Total economic value distributed	145,727	137,310
Surplus before tax	8,296	6,750

Table 2: CPA Australia – Revenue and costs by geographic region for the year ended 31 December 2012

\$'000s	Total revenue	Total costs	Surplus before tax
Total Australia	119,985	127,433	(7,448)
New Zealand	1,141	1,203	(62)
Europe	1,206	862	344
Malaysia	8,190	2,837	5,353
Singapore	6,361	3,947	2,414
China	13,912	7,594	6,318
Vietnam	654	965	(311)
Indonesia	159	561	(402)
Other overseas	2,415	325	2,090
Total overseas	34,038	18,294	15,744
Total CPA Australia	154,023	145,727	8,296

Overhead costs such as Corporate Services, Marketing and Product Development are not allocated to regions outside of Australia.

Table 3: Statement of financial position as at 31 December 2012

	FY 2012	FY 2011
	\$'000s	\$'000s
Total current assets	55,667	36,302
Total non-current assets	79,518	71,455
Total assets	135,185	107,757
Total current liabilities	64,026	46,790
Total non-current liabilities	6,708	7,175
Total liabilities	70,734	53,965
Net assets	64,451	53,792
Total members' funds	64,451	53,792

Table 4: Non-financial

	2012 performance	2011 performance
Members		
Overall performance*	6.93	6.94
Value of membership*	6.48	6.46
Member engagement*	7.04	7.05
Enabling members to demonstrate to others a commitment to high professional and ethical standards*	7.00	6.95
Public interest and the profession		
Showing leadership in the field*	6.76	6.76
Representing members' interests to media and government*	6.56	6.50
How we do business		
Staff turnover**	<14%	<17%
Environment – Greenhouse gas emissions kg tCO ₂ e per member	45.8	40.6

* Survey methodology: The survey was run as an online survey by Beaton Research and Consulting in November 2012, 33,599 members were contacted via email and a response rate of 7.7 per cent was received (2586 responses). Members were asked to assess their overall view of CPA Australia's performance over the last 12 months on a scale of 0-10 where 0 is extremely poor. Results for 2011 are from the previous year's survey that followed the same methodology.

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

Non-financial

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

The first two sections of the table on the left, "members" and "public interest and the profession" show that our members' assessment on how we have performed has been consistent over the past two years with no significant changes in any of the metrics.

We also recognise that how we go about our business and create value for our members has an impact on the communities in which we operate, our staff, our stakeholders and on the environment. Many of these measures are detailed in the GRI Index, which can be found on pages 91 to 93. A key selection of these metrics are highlighted in the "how we do business" section.

About CPA Australia



Our vision: CPA Australia is known for being the world's best member service organisation.



Our goal: To maximise the share of people who want a career built on professional accounting skills.

Our organisation

Founded in 1886, CPA Australia is one of the world's largest professional accounting and finance bodies, representing more than 144,000 accounting and business professionals in 127 countries. Our core services to members include education, certification, training, technical support, networking and advocacy.

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

Alongside our members, we work together with local and international bodies to represent the views and concerns of the profession to governments, regulators, industry, academia and the general public.

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

CPA Australia's members are bound by a strict professional code of conduct, including an obligation to undertake continuous professional development to ensure that the highest professional standards are maintained.

CPA Australia has a three-year corporate plan (the themes of which are represented on page 14) which sets out our goals for 2012-2014. In implementing our strategies to achieve these goals, we take an active approach to managing the challenges and risks identified throughout this report. As detailed on pages 52 to 53, CPA Australia has a risk management framework, risk policy and risk management program, which includes formal processes to update the Board through the Audit and Risk Committee. The framework, policy and management program are used throughout the organisation.

Future focus

The key areas of focus detailed in our corporate plan over the next two years are:

- + Maintaining focus on our service ethos and increasing our service excellence across all our markets
- + Ensuring the quality, relevancy and flexibility of the CPA Program
- + Deploying the *Member First* program and realising the benefits this will bring to the organisation and our members
- + Developing, promoting and protecting the CPA Australia brand
- + Strengthening our relationships with educators, employers and the profession
- + Embedding integrated reporting across all business activities
- + Ongoing investment in digital communications to enhance our service delivery
- + Implementing a corporate website that allows our members to more easily interact with us in the manner they choose



John Cahill FCPA

President and Chairman of the Board of directors, CPA Australia

Member First – transforming our business

The *Member First* program is one of the most significant transformation projects that CPA Australia has undertaken to date and it will directly improve our service capability and delivery to members.

The program has involved a complete overhaul of CPA Australia's systems and processes, and will impact all parts of the business.

John Cahill, President and Chairman of the Board of directors, CPA Australia says "Key benefits to members will include streamlined processes, more targeted and relevant communication delivery, and timely advice, information, responses and solutions to member queries."

We look forward to hearing member feedback on this significant investment in our technology, our people and our service to members.

With more than
144,000 members
 across
127 countries
 and more than
126 years of leadership,
 CPA Australia is the
7th largest
 professional
 accounting body
 in the world.



CPA Australia's corporate plan – key themes



Protecting the public interest

- + Ensuring members comply with a professional code of conduct
- + Promoting the highest standards for members
- + Keeping knowledge current
- + Advocating on behalf of members



Providing the world's best service standards

- + Maintaining strong and engaging relationships with members
- + Providing quality and timely advice, information, services, responses and solutions
- + Having clear service accountabilities built into our peoples' performance objectives



Providing the highest quality CPA Program

- + Increasing flexibility to meet candidates needs
- + Driving professional recognition
- + Providing knowledge and resources to keep skills relevant
- + Growing the international network of CPAs



Building our sustainability

- + Promoting our brand and recruiting members
- + Building long-term, mutually rewarding relationships
- + Broadening our audience
- + Managing our use of natural resources



Building our capacity

- + Maintaining an independent Board, representative of the diversity and talent of our members
- + Building a capable, stable and motivated workforce that is passionate about what we do
- + Implementing member-orientated systems, processes and technology platforms
- + Forming mutually rewarding supplier relationships

Sustainability at CPA Australia

A sustainable future

At CPA Australia, the term “*sustainability*” is driven by our commitment to integrated reporting and covers our management of financial, human, intellectual, natural, social and relationship capitals. It includes developing sustainable relationships with 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.

As a business, we are committed to reporting on the environmental, social and financial context of our organisation. Our decision to move towards a whole-of-business view of operations means changing behaviours, systems and processes to manage our impact on resources and the relationships that support this.

Materiality review

To identify the issues of greatest relevance to CPA Australia and our stakeholders, we undertook a comprehensive materiality review process internally with staff members accountable for each of the GRI indicators, and employed a third party, the Sustainability Business at Beca, to review and gather stakeholder feedback on the *2011 CPA Australia Annual Report*.

The internal review considered moving to GRI B+ Application Level. CPA Australia decided against this course of action, as the additional indicators are not material to our business or our stakeholders.

These reviews have been used to direct the structure and content of this report, please refer to the diagram on page 3.

Stakeholders' most important issues

Governance	47 – 56
Leading integrated reporting	1, 7, 15
Environmental impacts	44 – 45
Greenhouse gas emissions	45
Education of members (general)	21 – 23, 28 – 30
Education of members in non-financial impacts and reporting	45
Supply chain impacts and management	46
Remuneration – Board, executive and staff	42 – 43, 53
Member engagement and responsiveness	18 – 20
Certification program	21 – 23
Community engagement and contribution	38

Issues are in order of importance.



Executive Management Group

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

1st Row

Alex Malley FCPA

Chief Executive Officer

2nd Row

Adam Awty CPA

Chief Operating Officer Commercial,
Chief Financial Officer and Company
Secretary

Jeff Hughes FCPA

Chief Operating Officer Member Services

3rd Row

Lisa Carroll

Executive General Manager
Communication, Content and Publishing

Murray Chenery

Executive General Manager
Brand and Integrated Marketing

4th Row

Craig Laughton

Executive General Counsel

Robert Thomason

Executive General Manager
Business Development





Our members

CPA Australia has been a relevant and important part of the business environment for more than 126 years. Our members are at the heart of what we do and we focus on delivering products and services that our members value.

The following section outlines how we have performed in 2012 in delivering key services to our members, and those who wish to be members of CPA Australia.



Michelle Roach CPA

Commercial Manager
Ashton Coal Operations

Michelle Roach completed the CPA Program in early 2012. At just twenty-nine, she has already worked in senior finance roles at BMA Coal and Rio Tinto. She is now the Commercial Manager at Ashton Coal Operations, and is based in the Hunter Valley in New South Wales.

Michelle says she enrolled in the CPA Program to get good foundations behind her. *"I found with the CPA Program in particular, it gave me the information and the knowledge I needed to be a Commercial Manager in the real world."*

"With the other programs they focus more on the technical aspects, and CPA Australia does that but it also focuses on the skills you are going to need when you are in the workplace. I have referred to my CPA book several times in my working life, it is just so easy to refer back to, and it is in everyday language."

The flexibility of the CPA Program is also something that Michelle valued while working full time. *"CPA Australia was really accommodating, when I couldn't travel to Newcastle to complete an exam, they actually allowed me to complete it locally."*

Michelle credits her success to hard work, commitment and having a good career plan. *"Sometimes you need to take a minute to look at where you are. I am actually really happy with where I am today and how I got here."*

Service

Being passionate about, and committed to, providing the world's best member service standards.

Our approach

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

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

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

We also provide multiple channels through which our members can submit queries and feedback, including local CPA Australia offices, the CEO email inbox, "have your say" postcards, INTHEBLACK magazine, itbdigital.com and the CPA Australia website.

2012 highlights

- + Ensuring every staff member of CPA Australia undertook further service training to enhance service delivery in their day-to-day work
- + Improving assistance to members through our dedicated member service advisers including:
 - + Call queue times of just over twenty seconds against a target of 120 seconds
 - + Average membership application processed in just over five days, which was slightly over our target of five days

- + Enhancing search functionality for the CPA Australia website
- + Completing design and systems development, and commencing testing and training development for the *Member First* program
- + Successfully improving our communication approach for our professional development activities which:
 - + Reduced email volumes by twelve per cent through a greater focus on member profiles
- + Improving our service offering in China through a new office in Guangzhou and moving to a larger office in Shanghai

2012 challenges

- + Dealing with the complexity of a business that has multiple stakeholders, offices and products and services during the development of the *Member First* program
- + Determining the most appropriate time to roll out the *Member First* program to minimise the impact on peak service periods
- + Recognising the impact the *Member First* program has on other planned projects such as the integration of our email marketing systems
- + Meeting the expectations of a wide membership demographic
- + Determining the right level of investment required to improve service levels to members
- + Ensuring continuous recognition and celebration of our members' achievements within commercial and environmental constraints

Future focus

Our focus for 2013 includes:

- + Balancing service needs with the requirements of implementing the *Member First* program
- + Communicating the timing and impact of the deployment of the *Member First* program to members
- + Deploying the *Member First* program and improving the quality of our membership data
- + Growing our capability in digital communications and delivering a better corporate website that focuses on enhancing mobile accessibility and improving interactions
- + Implementing process and service improvements to maximise the benefits from our investments in technology
- + Developing our service standards further to achieve greater service excellence across our operations
- + Substantially expanding the quality and range of goods and services offered to our members as part of our *Member Benefits* program

More than
144,000
 total members

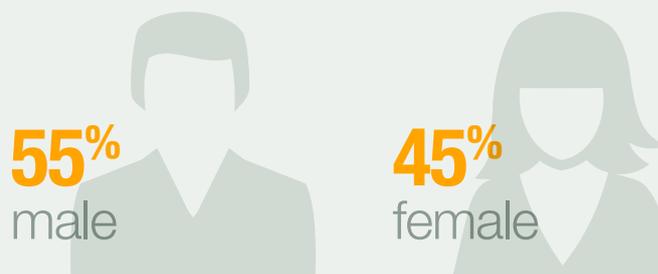


Table 5: Membership by location*



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

Table 6: Membership by professional sector*



Academia/education	3%
Corporate (>200 employees or >\$50 million in revenue)	33%
Government	9%
Not-for-profit	3%
Public practice	17%
Retired	7%
SME (<200 employees or <\$50 million in revenue)	20%
Unspecified	5%
Other	4%

* Figures have been rounded.

Performance details

Service training

Throughout 2012, we continued to build on our capability to deliver world-class service. Each business unit undertook service training to develop service goals tailored to their area. New employees undertook service training as part of their induction into CPA Australia. Customer-facing staff attended specialised service workshops where we introduced service skills coaching to continue to improve performance.

Member advice and communications

CPA Australia has a dedicated team of member advisers whose role it is to answer the queries of our members and prospective members. We pride ourselves on providing high quality service to those who call us. In 2012, we received just under 260,000 telephone enquiries and achieved our target of less than four per cent of calls being abandoned (caller hangs up before connecting to a member service adviser).

We made more than 35,000 outbound phone calls to members to help them progress through the CPA Program, renew their membership, access available products and services and meet their continuing professional development obligations.

We also implemented new communication processes to better serve members with offers more appropriate to their needs. Better targeting of communications also enabled us to reduce email volumes by twelve per cent and increase response rates by more than five per cent.

Member First

The *Member First* program is an organisational renewal program that covers both our processes and our systems and will see an upgrade of our core membership systems. Significant milestones in development were achieved in 2012 in preparation for implementation of the new system in 2013.

We originally planned to roll out the *Member First* program in late 2012. Following analysis of peak service times, we moved the start date to early 2013. We anticipate that this will lessen the impact that the change in systems will have on our ability to deliver quality service to our members.

Improved web search functionality

In February, we launched new search functionality on the CPA Australia website. The new search function works across all content including training programs, events, the members-only library database, itbdigital.com and the Congress website. The new search engine can also search for video and audio files. This improved functionality saw just under a thirty-eight per cent reduction in search refinements (where the searcher has to adjust their search parameters and search again).

Member engagement

We strive to actively engage our members in the manner that best suits them. In 2012, we held more than 490 member networking events that attracted just fewer than 24,000 attendees. These events included information sessions, member recognition, recruitment and social events. We also doubled our social media audience to more than 80,000 people.



Keith William Gillespie FCPA and Diana Gillespie CPA

60 years membership with CPA Australia

In 2012, Keith William Gillespie FCPA celebrated 60 years of continuous membership of CPA Australia and its antecedent bodies. He joined CPA Australia on 18 February 1952, at which time the organisation was known as the Commonwealth Institute of Accountants.

Gillespie's father was a postmaster and his mother a postmistress, both with bookkeeping skills, and his penchant for number crunching was developed at an early age. *"Growing up in country Victoria, my brothers and I played a lot of cricket. I learnt fairly early on that numbers were very important – particularly when scoring! I ended up being able to add up pretty well by the time I got to school."*

With his daughter also a CPA, it is clear that the organisation has given Gillespie more than just a designation, but a sense of community and confidence in his work. *"I appreciated the experience and knowledge that I could access through my peers. Even when I had to travel to the UK and US, I was able to contact people in my profession."*

Certification and the CPA Program

The highest quality CPA Program, where flexibility in its design and delivery meets the changing needs of candidates.

Our approach

Our members continue to tell us that they join and remain members of CPA Australia for the professional recognition that comes with carrying the CPA designation. Part of delivering on that promise is providing a world-class education program that provides candidates with the required skills to meet the needs of employers.

The CPA Program is an integrated education and professional experience program with exceptionally high standards recognised with ISO 9001 certification. Contributors to the CPA Program are senior-level academics, expert industry practitioners and our highly qualified staff, who regularly update content to ensure that members gain work-ready skills and understanding, irrespective of the stage of their career or where they are located.

In 2012, we continued to focus on making the CPA Program more accessible and flexible for candidates who need to balance work, study, family life and travel commitments.

Research into candidate needs* indicates that flexibility is highly valued by our members.

The flexibility of the CPA Program is multi-faceted and includes:

- + Multiple entry pathways
- + A distance education program accessible anywhere, any time
- + An array of optional additional learning resources for a customised learning experience
- + An all-year open enrolment and seven-month extended exam window for foundation level
- + Recognition of prior experience towards the practical experience requirement
- + A choice of electives for professional level

2012 highlights

- + Increasing the flexibility of foundation level through:
 - + Introducing an open exam window from May to December
 - + A new retake policy, which allows candidates to retake an exam thirty days after an unsuccessful attempt
- + Delivering large volumes of exams in multiple countries, including:
 - + More than 6100 foundation level exams across sixty-one countries
 - + More than 53,000 professional level exams across seventy-two countries and overseas territories

- + Further expanding learning support to candidates by:
 - + Increasing the tuition provider network to cover all our major locations
 - + Growing the range of resources available in the supplementary learning range
- + Working with the market to explore future delivery models for the professional level and investigating innovative delivery approaches for the next ten years
 - + Appointing DeakinPrime and Pearson VUE as our long term strategic partners

2012 challenges

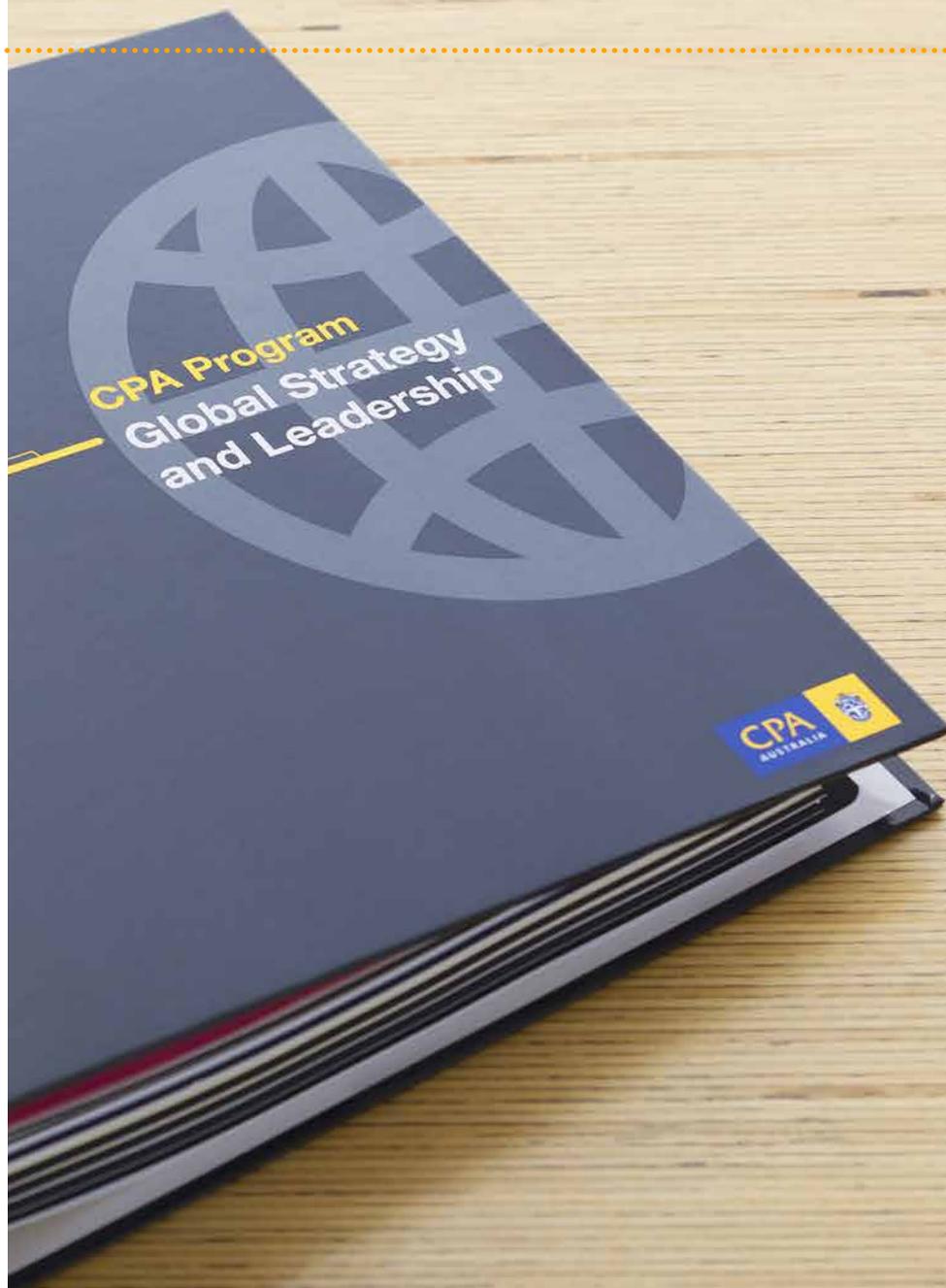
- + Understanding the requirements of students undertaking the foundation level
- + Communicating how the foundation level can support employers in upskilling their staff
- + Ensuring that the CPA Program professional level continues to meet the needs of our diverse membership as well as employers
- + Selecting suitable tuition providers for the CPA Program and managing provider expectations
- + Understanding the demands for additional learning resources for different demographics
- + Balancing the latest developments in technology with current candidate demands, while ensuring that program quality and control mechanisms are in place

* Qualitative research with CPA Program candidates and employers conducted by Beaton Research and Consulting in December 2011.

Future focus

Our focus for 2013 includes:

- + Ensuring we have the capability and flexibility to move to new models of education delivery
- + Obtaining feedback from foundation level candidates about how the on-demand model is working for them
- + Enhancing the practical experience requirement tools available for mentors and mentees
- + Working with our strategic partners on the ongoing design, development and delivery of the CPA Program
- + Continuing to identify opportunities to grow the range of additional learning resources to enhance candidates' learning experience
- + Achieving ongoing ISO 9001 certification



Performance details

Foundation level

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

In 2012, we undertook further research* into candidate motivations and needs, and launched a new on-demand model for foundation level, which resulted in moving away from traditional semester-based exam delivery. Candidates can now complete foundation level exams anytime between May and December. This change allows candidates to manage their own enrolment, study and exam schedule.

Professional level

The syllabus for the professional level focuses on strategy, leadership and international business alongside developing technical accounting skills. Content is globally relevant, with a focus on providing flexibility of learning and delivery modes. The distance learning education component, along with the practical experience requirement, ensures that candidates achieve a balance of work-ready skills on completion of the program.

In 2012, we undertook an annual review of learning materials and commenced the Triennial Review to ensure that the program is developing the skills expected of a CPA today.

The professional level's two semester-based delivery year was executed successfully, with more than 53,000 exams undertaken and more than 500 members, academics and business professionals engaged to assist with the marking of exam papers each semester.

Significant time and effort was invested throughout 2012 with all the services around the professional level being out to tender. The tender process identified and negotiated strategic long-term supply partnerships with DeakinPrime and Pearson VUE who have demonstrated capabilities for the continued improvement of the CPA Program professional level.

Learning support

CPA Australia provides a number of additional learning resources to candidates, including in-house resources such as: workshops, webinars, library resources and My Online Learning.

In 2012, CPA Australia worked with specialist education and training provider, BPP Learning Media, to introduce revision kits, passcards and i-Pass CDs to assist candidates in their studies.

CPA Australia's registered tuition provider model attracted five per cent of CPA Program enrollees in 2012, as an additional mechanism to assist their distance education studies. The number and reach of tuition providers in operation increased in 2012, with candidates able to access this extra support online or via face-to-face classes around the world.



* Qualitative research with foundation level candidates, prospective candidates and employers conducted by Colmar Brunton in August 2012.

Broadening the audience

Being better at promoting our brand and recruiting potential new members, so that we attract high calibre people to enter the profession and add value to the community.

Deliberately broadening the audience of people who take an interest in what CPAs do, and what CPA Australia does, to enhance the value of our brand and increase interest in the CPA designation.

Our approach

The size and influence of CPA Australia directly benefits our members by increasing the relevance of their designation in the marketplace. Priorities for CPA Australia include shaping and promoting the leadership debate across the business community and governments in all our markets. A core aspect of our engagement strategy is creating meaningful relationships through all our communication channels.

2012 highlights

- + Successfully launching *The Naked CEO* series. The series has achieved:
 - + More than 70,000 website visits
 - + The opportunity for students to ask questions of our CEO, with more than 14,000 video plays of these questions
- + Launching a series of four online episodes of *"An audience with Neil Armstrong"*, which achieved:
 - + Global reach through extensive media coverage
- + Driving significant engagement through our strategic use of social media, including:
 - + More than doubling our social media audience to about 80,000 across various platforms such as: Facebook, Twitter and LinkedIn
- + Implementing a major marketing campaign to directly promote the benefits of enrolling in the CPA Program "ASAP", which resulted in a ten per cent increase in new members compared to the same period in 2011
- + Attaining a seventy-five per cent increase in the number of Recognised Employer Partners
- + Winning the 2012 Governor of Victoria Export Award for Education and Training

2012 challenges

- + Staying at the forefront of social media channels that are constantly evolving
- + Bringing the concept of *The Naked CEO* to life in short time frames
- + Continuing to profile our audience to ensure that our social media content is a balanced mix of information, engagement and entertainment
- + Incorporating a wider range of media, including digital ads and ambient signage, into the CPA ASAP marketing campaign

Future focus

Our focus for 2013 includes:

- + Continuing to use innovative approaches to engage with prospective new members
- + Taking *The Naked CEO* global as a 24/7, 365-day-a-year mentoring and engagement platform to support the student market
- + Continuing to educate the wider community on what CPAs do and the value they bring
- + Bringing big leadership stories to a broad audience through *The Bottom Line* series that will air on Australia's Channel Nine in 2013
- + Providing an integrated social media offering that supports the needs of our members and prospective members
- + Continuing to promote the value of the CPA designation and the career benefits that it offers
- + Growing our *Recognised Employer Program* (REP)

Flinders Street

2

JCDecaux

CPA ASAP.

**Program
enrolments
close July 23.**

cpaaustralia.com.au/asap

think+create



Performance details

The Bottom Line

To position CPAs as business leaders and trusted advisers in the marketplace our CEO hosts the national television series *The Bottom Line*, which in 2012 aired on Australia's Channel 7 Digital. Featuring numerous, high-calibre leaders from the business, political and broader community, the program shares insights into their lives and thoughts on leadership. The series has included conversations with the likes of Don Argus, former Chairman of BHP and former CEO of NAB, David Gonski, leading businessman, philanthropist and Chairman of the Future Fund and Ita Buttrose, Australian magazine and publishing icon.

For more information, visit thebottomline.cpaaustralia.com.au

An audience with Neil Armstrong

A stand-out for *The Bottom Line* series in 2012 was the four-part series "An audience with Neil Armstrong".

While the interview gained extensive global media coverage, it was the unprecedented level of engagement from CPA Australia members, as well as public feedback from around the world, that gave the series' success a tangible voice. Myriad people – spanning from younger generations through to senior leaders from business, scientific and general communities – expressed how thrilled they were to hear Armstrong's story. Even a number of the former astronaut's closest friends and colleagues commented on how happy they were to see him so comfortable and willing to tell his story.

The interview will forever be a tribute to an amazing and humble man who inspired the world. It will encourage future generations to think big and realise what can be achieved through vision, courage and teamwork.

For more information, visit thebottomline.cpaaustralia.com.au

The Naked CEO

CPA Australia engages with tertiary students to promote the value of an accounting career and the CPA designation. Our focus in this area is an investment in the future of our membership and the wider economy, as we look to engage the hearts and minds of students.

In 2012 we launched a completely new initiative, *The Naked CEO* – an online video and mentoring series specifically for students that bridges the gap between the theory and reality of leadership and business success.

Guest business personalities included: Deloitte Australia chief executive Giam Swiegers; Heinz Australia managing director Judith Swales; Contiki Tours founder John Anderson; and renowned touring car driver and businessman, Mark Skaife.

The Naked CEO episodes were supported by additional content streams on the website, including video diaries from a student diarist, leadership tips and an "Ask the CEO" section – where students can ask the CPA Australia CEO a question and receive a personal video answer.

Activities included a national university roadshow, where we addressed thousands of students and played snippets of *The Naked CEO* in lectures. The content elicited a significant positive reaction, with a number of institutions now embedding the content into course materials.

For more information, visit thenakedceo.com





Cedric Laverdure

Winner of *The Naked CEO* boardroom competition

The Naked CEO runs *The Naked CEO* boardroom competition. To enter, potential participants needed to go online and ask the CPA Australia CEO a question – with six individuals who submitted the best questions being selected as the winners.

In March 2012, Cedric Laverdure was selected as one of the first winners, which involved a trip to Melbourne, a seat in *The Naked CEO* boardroom and a mentoring experience with the CPA Australia executive team.

In Cedric's own words:

"It was definitely a money-can't-buy mentoring experience. The big day was on 5 July 2012, where I got the opportunity to meet up with the CEO of CPA Australia and his team. It was a warm welcome and a great networking experience."

"The key highlights from this opportunity were learning about honesty, determination, passion, vision, accepting failure as part of the journey, a willingness to take risks and seek new possibilities. As a result, I am planning to start the CPA Program at the beginning of next year."

"Overall, this experience has allowed me to improve my level of confidence and my communication skills."

The growth of social media

CPA Australia has a dedicated social media team to allow members and other parties interested in CPA Australia to connect with us in the manner they choose. We now connect with about 80,000 people across social media platforms including LinkedIn, Facebook and Twitter, delivering ongoing valuable conversations and interaction.

Content covers a diverse range of areas including:

- + Member service
- + Member networking
- + CPA Program updates and events
- + Marketing programs
- + Policy and news announcements
- + Content for *The Naked CEO*, *The Bottom Line* and *INTHEBLACK*

CPA ASAP marketing campaign

In the second half of 2012 we adjusted our main marketing campaign to more effectively cut through a crowded market place and reach our target audience twenty-four hours a day via multiple communication touch-points. These touch-points included: television, outdoor, lifts in key buildings in major cities, print mediums, events and online – including catch-up TV and social media.

The ASAP campaign increased key member acquisition success measures, compared to the same period the previous year. Overall:

- + Membership assessments rose by more than ten per cent
- + CPA Program professional level sales improved by about three per cent
- + New member numbers increased by more than ten per cent from semester two 2011

Recognised Employer Program

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

In 2012, we leveraged the relationships gained through our REP to advocate the CPA designation to staff of Recognised Employers. This initiative saw more than seventy employers host seminars within their workplaces in order to promote the CPA Program.

At the end of 2012, we reached our goal of achieving more than 220 Recognised Employers.

Global Recognised Employers include:

- + American Express
- + American International Assurance Company Ltd
- + BP
- + Credit Suisse AG
- + Deutsche Bank
- + DHL
- + Flight Centre Ltd
- + HSBC Bank
- + Lenovo Group
- + Linfox Pty Ltd
- + Standard Chartered Bank

Governor of Victoria Export Awards

CPA Australia received the 2012 Governor of Victoria Export Award for Education and Training. The Education and Training Award recognises our significant innovation and export achievement over the last thirty years in the field of education and training services, expertise and curriculum.

Access to knowledge

Providing members and potential members with access to knowledge and resources that keep their skills current and relevant.

Our approach

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

In 2012, we acted on feedback from our members around our core knowledge offerings, and refreshed several of our key products to deliver more tailored and relevant solutions.

2012 highlights

- + Successfully launching itbdigital.com, achieving:
 - + Winner – Best Magazine Website at the Web Marketing Association 2012 Web Awards in September 2012
 - + Winner – Outstanding Achievement Award in the magazine category at the Interactive Media Awards in November 2012
 - + More than 245,000 website visits and just under 4000 twitter followers
- + INTHEBLACK receiving multiple awards, including:
 - + Winner – Custom Magazine of the Year at the Australian Magazine Awards in 2012
 - + Winner – Custom Magazine of the Year and Designer of the Year – Custom Magazines at the Publishers Australia Excellence Awards 2012
- + Expanding CPA Congress, which:
 - + Attracted 11,000 delegates
 - + Included the launch of our first Auckland Congress
 - + Included high-profile speakers, such as: Professor Michael Enright, a Harvard alumnus and one of the world's leading figures in competitiveness research; Michael Woodford, former chief executive officer of Olympus; Rt Hon. Lord Norman Lamont, former Chancellor of the Exchequer, United Kingdom; and Robbie McEwan, champion Australian cyclist.
- + Making more than sixteen hours of continuing professional development (CPD) free through INTHEBLACK assessments, which resulted in more than 3400 members taking up this offer
- + Producing more than 140 webcasts and webcast recordings and more than twenty podcasts

2012 challenges

- + Providing knowledge and content that meets the needs of a geographically broad and diverse membership base
- + Continuing to manage the impact economic instability has on training budgets for spending on professional development activities
- + Appropriately managing the amount of natural resources used at our events
- + Fully understanding the professional development needs of our members and employer partners

Future focus

Our focus for 2013 includes:

- + Better understanding our members' needs for professional development across all regions and sectors to deliver targeted offerings
- + Providing additional digital and blended learning offers
- + Further improving website functionality to allow easier access to information
- + Increasing our offering of tailored training solutions to our employer partners
- + Delivering training programs for members to be able to offer retail financial product advice in Australia

Performance details

INTHEBLACK magazine and itbdigital.com

CPA Australia's award-winning publication, INTHEBLACK, is Australia's highest-circulating business magazine. It provides in-depth stories and analysis on issues shaping business around the world. Since its relaunch in 2011, INTHEBLACK continues to go from strength to strength, most recently with the creation of itbdigital.com.

Itbdigital.com was successfully launched in February 2012. It includes content from INTHEBLACK magazine, as well as original stories, news, opinion and analysis, photos, videos and podcasts relevant to people in business. It also allows more interaction with the ability to post comments on articles.

For more information, visit itbdigital.com



Congress and conferences

CPA Congress is the largest event of its kind in the Southern Hemisphere. It is held in Adelaide, Brisbane, Canberra, Darwin, Hobart, Hong Kong, Kuala Lumpur, London, Melbourne, Perth, Singapore and Sydney. In 2012, it was launched in Auckland for the first time.

The theme of CPA Congress for 2012 was *"Your guide through uncharted territory"*. The high calibre of speakers brought together for the thirteen events held around the globe all demonstrated – in different ways – that actively identifying opportunities and risks, and facing the future with confidence, is what helps drive success.

In 2012, we focused on communicating our Congress and conference offer more clearly to enable our members to better select sessions tailored to their needs. This involved the introduction of six CPA Congress streams, to help attendees in the corporate, government, public practice, not-for-profit, SME, banking and finance sectors find sessions most relevant to their needs.

We also delivered multiple conferences and education programs to support members in different industries and stages of their career, including: Business Outlook, Australian Mining and Energy, Public Practice, Not-for-profit and CFO Advance.

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

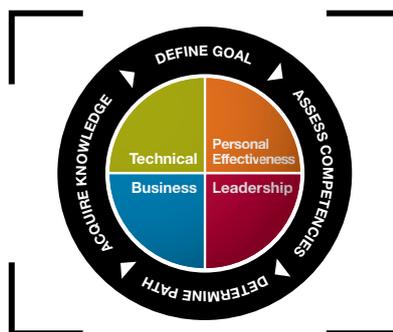
Career Guidance System review

The Career Guidance System (CGS) is an online tool that helps professionals and employers identify and acquire the diversity of skills needed to succeed in today's business environment. CPA Australia's knowledge resources and professional development products are mapped to the underlying framework to assist our members with developing the skills they need to further their careers.

In 2012, a review of the underlying framework was undertaken by a select group of academics and by the Australian Human Resources Institute. The review looked at the technical and non-technical aspects of the framework, as well as the overall relevance of the CGS.

The review concluded that the CGS offers members a real and significant advantage in terms of career progression and resources and was consistent with Australian and global business learning and development standards.

Reviewers commented that the framework was *"an effective tool for accounting professionals to measure their competency levels and plan professional development activities to progress their career"*.



For more information, visit careerguidancesystem.cpaaustralia.com.au

Member-focused professional development

We know that our members have busy professional and personal lives, so we offer a range of continuing professional development options for them to select what best suits them. This ranges from face-to-face workshops to self-paced learning options, such as podcasts and webcasts.

Podcasts and webcasts, available from the CPA Australia website and iTunes, cover technical accounting skills, as well as broader leadership and management. In 2012 more than 11,000 downloads occurred, with the top five being:

- + ATO's 2012 trust changes
- + Modernising the taxation of trust income
- + Audit documentation – ASIC's tips on getting it right
- + Trustee resolution deadline
- + Trusts: top issues



Public interest and the profession

CPA Australia actively protects the public interest by:

- + Ensuring all members comply with a professional code of conduct
- + Promoting the highest standards for those members who provide accounting services to the public
- + Advocating on behalf of our members
- + Demonstrating leadership for the profession

Alongside this, we also recognise that achieving quality outcomes for the broader education sector and attracting the best people who aspire to a career built on professional accounting skills is vital for the future of the profession.

The following section details our activities and performance in these areas.



Mark Stinson FCPA
President, New Zealand Division

Accreditation from the Financial Markets Authority in New Zealand

The value CPA Australia brings to organisations is our global perspective. We continually seek to improve economic outcomes by delivering a fresh focus on global best practice, innovation and rigorous accounting practice.

An example of this in 2012 saw CPA Australia gaining accreditation from the Financial Markets Authority (FMA) under the *Auditor Regulation Act 2011 (NZ)* in respect of auditor licensing and regulation in New Zealand for auditors of issuers.

The accreditation allows New Zealand accountants and auditors to have more choice as to the professional designation they wish to obtain. This important change encourages competition and enhanced professional standards, which then benefits businesses and consumers.

CPA Australia provides a consistent model for oversight of public accountants which is focused on ensuring our members always act in the public interest. This need to act in the public interest is vital to the work of accountants and auditors as it builds public confidence and supports the growth of strong financial markets

This decision also establishes an important regulatory relationship between the FMA and CPA Australia, where both organisations will work together to strengthen the industry's self-regulation model, and promote markets that are fair, efficient and transparent.

This in turn allows businesses to focus on what really matters to them – achieving sustainable growth.

CPA Australia has had a physical presence in New Zealand since 2006 and is committed to supporting the profession in the region.

Representation and advocacy

Advocating on behalf of our members.

Our approach

CPA Australia takes a leading role in influencing public policy, standards and regulations. This involves tackling the important issues that underpin the accounting and auditing profession, through being a vital commentator and a reliable source of trusted information for our members.

2012 highlights

- + Driving debate on the accountants' exemption Future of Financial Advice (FoFA) reforms and outcome in Australia
- + Working with renowned Professor Michael Enright in undertaking a significant study of Australian competitiveness, which included surveying more than 6000 business decision-makers in Australia and the Asia-Pacific region
- + Providing strong advocacy for Australian superannuation reporting standards and driving debate on the effectiveness of the superannuation and retirements savings model
- + Generating debate on economic issues through the *Hong Kong Tax Reform* discussion paper
- + Being highlighted – as an organisation – for a case study in the Australian Government White Paper on Australia in the Asian Century

- + Achieving more than 1090 media mentions in print and online, including eleven opinion pieces published in mainstream newspapers including *The Australian Financial Review* and *The Australian*
- + Stimulating public discussion on transparent government reporting, and promoting widespread international adoption
- + Promoting the take up of integrated reporting to boost better understanding of organisational performance
- + Gaining accreditation by the Financial Markets Authority under the *Auditor Regulation Act 2011 (NZ)* in respect of auditor licensing and regulation in New Zealand for auditors of issuers
- + Signing an additional twelve cooperation agreements across the Asia-Pacific region

2012 challenges

- + Working with government and regulators to ensure that common sense prevailed in relation to policy debate and obtaining the final outcome regarding FoFA
- + Minimising the regulatory burden of the Australian self-managed superannuation fund (SMSF) auditor registration on members
- + The lack of meaningful regulatory reform due to the current political landscape in Australia
- + Identifying issues in Australian tax reform and the impact on our members
- + Working with the APESB to find a workable solution around the implementation of APES 230

Future focus

Our focus for 2013 includes:

- + Challenging the debate on productivity through the release of the Australia's competitiveness project to all members of state and federal Australian parliaments and Asia-Pacific business leaders
- + Providing audit leadership in the Asia-Pacific region by sharing Australian experiences
- + Undertaking the fifth annual Asia-Pacific Small Business Survey
- + Continuing to advocate for the effective implementation of the new tax regime in relation to the not-for-profit sector in Australia
- + Providing training based on the new licensing arrangements resulting from FoFA

Performance details

Accountants' exemption

After significant negotiation, including two public statements with the Institute of Chartered Accountants Australia (ICAA), the Australian Government finally agreed to the introduction of a new conditional licensing regime for professional accountants. The FoFA reforms mean that millions of Australian consumers and businesses, for the first time, have access to non-product strategic financial advice from their professional accountants on a broad range of investment classes.

Australia's competitiveness research

CPA Australia commissioned an extensive survey of more than 6000 business decision-makers, identifying the factors that promote or impede Australia's competitiveness. Results showed that Australia's lack of integration with Asia has a serious impact on the nation's competitiveness. The 2013 report that will emanate from the survey contains recommendations on how these issues could be addressed. These are serious considerations for our members, many of whom operate throughout the region as key business leaders and advisers.

Superannuation reporting project

CPA Australia called for significant improvement to current superannuation reporting approaches in Australia. The project consisted of a roundtable discussion with key industry stakeholders and a member survey. It generated two reports that provided recommendations for the Australian Government.

Discussion Paper: Hong Kong Tax Reform

This discussion paper called for a review of the Hong Kong tax system, taking into account the rise of global competition and the major economic and social challenges ahead. The report was sent to Hong Kong Government bodies, including the Inland Revenue Department, Invest Hong Kong and the Financial Services and Treasury Bureau.

Government White Paper: Australia in the Asian Century

Our inclusion as a case study in this paper recognises our successful business engagement with Asia over the last sixty years. Specifically, we called for greater Asian literacy to help further embrace trade opportunities presented by the ongoing growth and development of Asia's economies, particularly China, India and Indonesia.

Retirement savings study: Where has all my super gone?

CPA Australia commissioned a study into Australia's retirement savings system in response to member concerns about the effectiveness of the system twenty years after the introduction of compulsory superannuation. The study revealed a flawed system that, at times, encouraged high levels of household debt, rather than saving for a comfortable retirement, as per its original intention.

Asia-Pacific Small Business Survey 2012

We conducted our fourth Asia-Pacific Small Business Survey, taking in six regional markets (Australia, Hong Kong, Indonesia, Malaysia, New Zealand, Singapore), as part of our ongoing analysis of sentiment within this critical economic sector. The results revealed a range of outlooks with Indonesia and Malaysia being the most optimistic, while Hong Kong and Australia tended toward the more downbeat view.

Report: Promoting improved transparency, accountability and economic policy to governments: the Australian experience

This report examined the important role that information derived from an accrual accounting standards-based reporting framework can have in informing government policy to the challenges brought on by the banking and sovereign debt crises.

In the last quarter of 2012, the report was sent to a number of leaders including the president of the World Bank, the managing director of the International Monetary Fund, the leaders and finance ministers of the G20 countries, the leaders and finance ministers of the sovereign states of the European Union, the president of the European Commission and the president of the European Parliament.

The report formed the basis of an opinion piece, *"We must push G20 on nations' accountability"*, published in *The Australian*, 12 December 2012.

International relationships

In 2012 we increased our connections in the Asian region by signing cooperation agreements with the following countries and institutions:

- + Australasia – Australia and New Zealand School of Government
- + China – Henan University, Sichuan Institute of Certified Public Accountants, Zhengzhou Institute of Aeronautical Industry Management, Macau Society of Registered Auditors
- + Indonesia – Binus International, Institute Akuntan Manajemen Indonesia, Universitas Indonesia, Atma Jaya, Perbanas
- + Malaysia – Multimedia Malaysia University
- + Vietnam – Ministry of Finance, Vietnam Association of Certified Public Accountants, University of Economics and Law, Foreign Trade University

We also re-signed Mutual Recognition Agreements with The Chartered Institute of Management Accountants and the Chartered Institute of Public Finance and Accountancy.

These agreements, in different ways, provide members access to professional development, professional services and a level of reciprocity across the globe.

Skilled Occupations List

Skilled migrants are an essential source of accounting and finance expertise. In 2012, CPA Australia collaborated with the Institute of Chartered Accountants Australia (ICAA) and the Institute of Public Accountants (IPA) for our annual submission on the Australian Government's Skilled Occupation List (SOL).

Our joint submission aimed to ensure that the skilled migrant pathway remains open and uncluttered as Australia continues to undergo taxation and regulatory reforms and experience economic and other changes which contribute to future demand pressures for skilled accountants.



CPA call to quash lump-sum mentality

The Australian, 3 October 2012

CPA survey reveals Asia divide

The Australian Financial Review, 23 October 2012

CPA demystifies companies' annual reports

The Australian, 1 October 2012

We must push G20 on nations' accountability

The Australian, 12 December 2012

GST boost the medicine we need

The Australian Financial Review, 18 July 2012

Time to rethink primacy of shareholder interests

The Australian, 24 July 2012



Increasing our presence in the media

In 2012, CPA Australia again increased its media profile and outreach, both in terms of subject matter and geographic reach. This involved media commentary on a range of issues relating to the accounting profession, business and the global economy.

CPA Australia had numerous opinion articles published in Australia's most influential newspapers which furthered CPA Australia's thought leadership credentials on key business and economic issues.

Media coverage obtained by the organisation reflected CPA Australia's global focus, with coverage taking on an increasingly international dimension. CPA Australia obtained coverage in the *Wall Street Journal* for its commentary on the Australian Government's Asian Century White Paper, as well as in the London-based *Financial Times* where it was cited in an article for its promotion of the learning of Asian languages.

Our 2012 Asia-Pacific Small Business Survey garnered extensive coverage in the markets in which it was conducted. In particular, the release of the survey results in Hong Kong, New Zealand, Singapore and Australia attracted broad media interest.

CPA Australia obtained media coverage for a range of other thought leadership initiatives across the various markets in which it operates, including Vietnam and Indonesia.

In 2013, we aim to build on these achievements to increase awareness of our organisation and the designation to further improve value to members.

Supporting accounting education

Building long-term mutually rewarding relationships with academics and universities.

Our approach

CPA Australia actively supports accounting education globally through the creation and delivery of the CPA Program, our networks, and broader advocacy and communication. We are part of the move to innovate accounting education and we facilitate thought leadership through our research programs.

2012 highlights

- + Funding six research projects through the Global Research Perspectives Program, including funding for the following universities:
 - + Charles Darwin University, Deakin University, Macquarie University, Massey University, Murdoch University, University of South Australia and Victoria University
- + Contributing to the inaugural International Governance and Performance (IGAP) forum on integrated reporting
- + Supporting the 2012 Business – Higher Education Round Table award for Excellence in Accounting Teaching Collaboration

2012 challenges

- + Adapting to the rapid change of pace in tertiary education delivery throughout the world
- + Shifting regulatory regime and funding challenges
- + Changing international student flows

Future focus

Our focus for 2013 includes:

- + Increasing the awareness of education policy advocacy
- + Promoting the benefits of the accounting profession to students
- + Supporting quality, innovative research and teaching excellence

Performance details

Global Research Perspectives Program

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

During 2012, CPA Australia also supported the following major research projects through the Australasian Research Council (ARC) Linkage Grants:

- + *"Transforming the accounting profession for the carbon challenge"* at the University of Sydney
- + *"The Reliability of Corporate Reporting Gas Information"* at the University of Melbourne

International Governance and Performance (IGAP) Research Centre

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



Achievement Matters

CPA Australia is a major supporter of Achievement Matters, which aims to develop and implement a national model of expert peer review for benchmarking accounting learning outcomes against nationally agreed threshold learning standards.

The project has completed its second year of operation. One of the significant outcomes has been the calibration of assessment standards between academics from a wide range of education providers and practitioners.

2012 International Forum for Academics – Innovation. Regulation. Environment.

More than ninety delegates from Australia, China, Indonesia, Malaysia, New Zealand, Singapore, the UK and Vietnam attended this CPA Australia forum which addressed key issues facing the academic accounting community. The forum continues to ensure CPA Australia's contribution to the academic community.

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

We support PhD and Honours research students through gold sponsorship of AFAANZ. In addition, we are a major sponsor of the AFAANZ conference, where 400 academics from across Australia and New Zealand converged at the conference in Melbourne and where the CPA Big Break Project 2012 was launched.

Supporting Indigenous Australians

Of the 150,000 people who hold an accounting or bookkeeping qualification in Australia, only eleven identify themselves as Indigenous Australians. In a bid to increase the number of Indigenous people who seek a career based on accounting skills, CPA Australia worked with the ICAA and the IPA to attract and support more young Indigenous Australians to study accounting at a tertiary level. In 2012, the project received a significant grant from the Australian Government to support our activities and employ a project officer who conducted research to inform our future action plan.

In addition, CPA Australia offers five CPA Program scholarships per year to candidates from Aboriginal or Torres Strait Island backgrounds.

Australian Curriculum Assessment and Reporting Authority (ACARA)

Taking advantage of a unique opportunity to contribute to the development of the Australian national curriculum, and shape accounting courses in all schools, CPA Australia collaborated with the ICAA to convene The Future of Business Education in Secondary Schools Panel. Broad member input was sought for our submission to ACARA and the curriculum model that we proposed underpins the importance and value of business to both individual Australians and to the national economy.



The CPA Big Break Project 2012

Sam Senior and James Robertson
Winners of the CPA Big Break Project 2012

The CPA Big Break Project selects as its case study a not-for-profit organisation facing a real-world challenge, and asks students to create a business solution to address these challenges. In 2012, the subject was the Make-A-Wish Foundation™ in Australia and New Zealand, a not-for-profit organisation that brings wish fulfillment for children with life threatening illnesses.

The winning business model was created by Sam Senior and James Robertson from the Queensland University of Technology, who shared \$20,000 in cash and a CPA Program scholarship. Their academic institution was also rewarded with a \$50,000 cash prize to enhance the learning and development of their students and to promote the accounting profession as a rewarding career.

Sam and James devised a model that could potentially raise up to \$20 million for the foundation. *"Whatever way you ran it, whatever happened, Make-A-Wish (Australia) stood to gain quite a large amount of money. We estimated they would be able to clear their backlog of wishes by Q2 of 2013, and could grant up to 1000 wishes over the course of 2013 and 2014. That means doubling their capacity for wish-giving as a result of two one-month campaigns over those two years."*

Professional standards

Ensuring that all our members comply with a professional code of conduct.

Promoting the highest standards for those members who provide accounting services to the public.

Our approach

Joining CPA Australia means committing to upholding the reputation of the CPA designation by adhering to the obligations spelt out in CPA Australia's Constitution and By-Laws, the Code of Professional Conduct and applicable Regulations.

CPA Australia continues to be active in representing member and public interests to influence government and regulatory policy positions and the direction of the profession. We were an active participant to consultations of Future of Financial Advice (FoFA) reforms with our CEO representing all three Australian bodies to achieve an outcome designed to increase consumers' access to financial advice and ensuring the provision of high quality financial advisory services.

2012 highlights

- + Undertaking more than 1200 public practice quality assurance reviews
- + Achieving 600 enrolments in the public practice program
- + Gaining accreditation to issue Audit Licences in New Zealand
- + Attaining more than 178,000 unique visitors to the practice management portal on the CPA Australia website

2012 challenges

- + Changing nature of the regulatory environment
- + Introducing new processes and systems for public practice quality assurance reviews
- + Gaining accreditation to issue Audit Licences in New Zealand

Future focus

Our focus for 2013 includes:

- + Partnering with our members to transition through the many reforms impacting practitioners
- + Providing additional tools, checklists, guides and a licensing kit for incorporation into our practice management portal
- + Delivering new public practice distance learning and residential programs in Australia and New Zealand
- + Providing a pathway for members wishing to obtain a Limited Australian Financial Services Licence with a new RG 146 Compliance Solution program to be launched in early 2013

Performance details

Quality assurance

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

In 2012, new systems and processes were implemented to more effectively manage the quality review program. These changes reduced bottlenecks and made it easier to respond more efficiently to member enquiries.

Public Practice Program

To obtain a Public Practice Certificate, members must complete the Public Practice Program, which has been developed to help members establish themselves in public practice.

In 2012, more than 400 new Public Practice Certificates were issued. For the first time, this included the issue of certificates in New Zealand following CPA Australia's accreditation to issue Audit Licences.

Community

Mutually rewarding long-term relationships with the communities in which we operate.

Our approach

As a professional membership body, we have a strong duty of care to the communities in which we, and our members, operate. We encourage both our staff and our members to lend their skills to activities that benefit the broader community. This can be in both a paid and pro-bono capacity, with an emphasis to build financial management capability and strong governance across communities.

2012 highlights

- + Working effectively with Pro Bono Australia to source more than 380 voluntary finance, accounting and board roles with not-for-profit organisations and filling more than 300 of these positions
- + In response to community demand, producing an up-to-date, straightforward guide to assist not-for-profits in managing government grants and satisfying accountability requirements
- + Providing complimentary professional indemnity insurance for all of our members performing voluntary or pro-bono accounting services in the community

2012 challenges

- + Taking the "make a difference with your professional skills" campaign, that encourages our members to volunteer their skills to markets outside of Australia
- + Responding effectively to fast-paced regulatory changes to ensure the not-for-profit sector continues to have access to qualified, trusted advisers
- + Supporting smaller charities and not-for-profits that are particularly impacted by regulatory changes
- + Ensuring that members can provide strategic advice that helps community organisations innovate for a sustainable future

Future focus

Our focus for 2013 includes:

- + Implementing the "Mentor the Treasurer" program to enable qualified CPAs to volunteer their time and expertise to small not-for-profit organisations in Australia
- + Continuing to provide practical guidance on financial reporting, auditing and governance arrangements for members working through regulatory changes, including supporting small organisations with limited resources
- + Supporting good governance and transparency in the not-for-profit sector by making global volunteering opportunities easily available to members through alliances with organisations such as Australian Volunteers International.

Performance details

Pro Bono Australia

In 2012, we partnered with Pro Bono Australia to help our members access professionally relevant employment or voluntary work with not-for-profit organisations. This new partnership is particularly significant given that the Australian Government is embarking on major reforms in the sector to deliver simpler regulation, reduce red tape and improve transparency and accountability.

The 2012 VolunteerMatch "make a difference with your professional skills" campaign with Pro Bono Australia matched thirty-six per cent of all available skilled VolunteerMatch positions advertised on the Pro Bono Australia website. More than a third of these positions were at a Board/committee member level.

Volunteering work

As part of our employee value proposition, CPA Australia encourages staff members to give back to the community by giving all staff two paid volunteer leave days each year. This year, our people supported the work of organisations as varied as Friends of Westgate Landcare restoration, Vicdeaf, Sacred Heart Mission, Alzheimers Australia, The Asthma Foundation and Puffing Billy Landcare restoration.



How we do business

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



Kym Pearce ASA

Senior Accounts Payable Administrator
CPA Australia

Kym Pearce works at CPA Australia as the Senior Accounts Payable Administrator. She completed her Bachelor in Accounting at Swinburne University over four and a half years while working full-time at CPA Australia.

Without hesitation, after graduating at the start of 2012, she commenced the CPA Program. *"It was a natural progression for me, and I knew that having plenty of resources and support at my fingertips would give me an advantage"*, she says, citing her discovery of all the additional learning support on the CPA Australia website. *"The revision kits have been the biggest help, really getting me ready for exams in a practical and theoretical sense."*

Kym is a hard worker, devoting a lot of her spare time to study, and is grateful for the level of support provided by CPA Australia, especially since it gained Recognised Employer Partner status, *"This has not only allowed me to really focus on learning, but it also puts an emphasis on work-life balance, which is really important to me."*

Kym does wonder what she will do with all of her spare time after completing the CPA Program, *"I will get home and not know what to do with myself!"* she says.

Our people

A stable and motivated workforce that is passionate about what CPA Australia does.

Our approach

We value and recognise our employees and encourage opportunities for professional development to help achieve organisational goals. In 2012, we focused on building the culture of the organisation from the Board level through to all of our people. This involved further developing service skills across all areas of the business, as we work towards being known as the world's best member service organisation.

2012 highlights

- + Completing tailored training across all business units to further develop service capability
- + Implementing the *Pulse* culture survey, which:
 - + Saw a ninety-three per cent response rate in the first survey, and ninety-four per cent in the second, a record level for Pulse Australia
 - + After two rounds, a six per cent improvement in demonstrating agreed signature behaviours across the organisation has been evident
- + Under the stewardship of the CEO, establishing a broader cross-functional leadership team to drive accountability
- + Promoting and increasing diversity at the executive and general management levels

- + Implementing a new structure supported by two chief operating officers and a new portfolio focused on digital communication, content and publishing
- + Continuing to improve regretted turnover of leaders and staff
 - + Regretted turnover in 2012 was just under fourteen per cent compared to just under seventeen per cent in 2011

2012 challenges

- + Implementing the right talent management frameworks
- + Preparing our people for the implementation of the *Member First* program in 2013
- + Managing the impact the *Member First* program has on the workload of our people
- + Communicating consistent messages to our people across nineteen offices
- + Balancing business as usual activities alongside the implementation of large programs of work

Future focus

Our focus for 2013 includes:

- + Sustaining and growing leadership capability
- + Continuing to build the capability of our people
- + Driving a positive culture through the continuation of our culture programs and internal communications
- + Supporting the implementation of the *Member First* program through a robust approach to change management

Performance details

Our people

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

The vast majority of our staff are located in Australia followed by China (including Hong Kong), Malaysia and Singapore. In markets outside Australia, CPA Australia's practice is to hire local staff and provide them with significant induction, training, mentoring and ongoing support. In 2012, all hiring was done on a local basis. All current employees including senior management (General Managers and above) have been hired locally.

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

Across all countries, sixty-nine per cent of our staff are female and thirty-one per cent male. This remains relatively stable from year to year. Positive changes have been made to gender diversity across the leadership of the organisation with the appointment of five females and three males to leadership roles. In 2012, CPA Australia implemented a diversity policy and we encourage employment applications from a wide range of people, with all appointments and promotions then made on merit.

 [See Tables 7-13 on pages 41-42](#)

Building leadership

In 2012, a broader leadership group was implemented that represented key functional areas of the organisation to ensure a diversity of input into our strategies and to instil a broader communication ethos.

To further support the growth of leadership capability, staff who are new to leadership and management participated in an internal development program called *Leadership Edge*, to ensure effective transition to people management.

Building our culture

The culture of an organisation drives its success. In 2012, we implemented a new program, called *Pulse*, across the entire organisation to track and improve our culture by driving three agreed signature behaviours.

The three signature behaviours are service, product knowledge and personal accountability. Every three months, individuals and teams across the organisation evaluate their perception of each team member against these behaviours. This feedback allows open discussions to take place, as well as the development of activities to build a more agile and empowered culture. This ensures that individuals are accountable for their participation in building a positive culture at CPA Australia.

The Board also implemented the *Board Pulse* program which looks at the performance of both the individual directors and the Board as a whole. It enables directors to see their performance through a set of ongoing performance trends and provides valuable and meaningful reporting for the Chairman and directors to enhance and support governance capacity.

Training and development

Throughout 2012 we continued to provide customer service training to all of our employees. For current employees, training involved developing team goals to achieve service excellence. For new employees, service training formed part of our corporate induction program.

We continue to provide all staff with product and compliance training through:

- + **MyBusiness**, which ensures all employees gain thorough knowledge of CPA Australia's products, services and benefits to members

Table 7: CPA Australia staff by region

	2012			2011		
	Male	Female	Total	Male	Female	Total
Australia	33%	67%	81%	33%	67%	83%
China	13%	87%	7%	6%	94%	6%
Malaysia	17%	83%	5%	17%	83%	5%
Singapore	29%	71%	3%	31%	69%	3%
Other	32%	68%	4%	47%	53%	3%
Total	31%	69%	100%	31%	69%	100%

Table 8: CPA Australia staff by employment type

	2012			2011		
	Male	Female	Total	Male	Female	Total
Full-time	34%	66%	84%	34%	66%	82%
Part-time	7%	93%	8%	11%	89%	9%
Casual	43%	57%	5%	27%	73%	6%
Maternity leave	0%	100%	3%	0%	100%	3%

Table 9: CPA Australia staff by employment contract

	2012			2011		
	Male	Female	Total	Male	Female	Total
Permanent	30%	70%	88%	28%	72%	86%
Fixed term	38%	62%	7%	57%	43%	8%
Casual	43%	57%	5%	27%	73%	6%

Table 10: Departure of permanent staff by service years

	2012			2011		
	Male	Female	Total	Male	Female	Total
0-1 years	40%	60%	37%	33%	67%	33%
1-3 years	25%	75%	35%	28%	72%	28%
3-5 years	32%	68%	15%	33%	67%	19%
5-10 years	42%	58%	9%	33%	67%	17%
10+ years	20%	80%	4%	25%	75%	3%
Total	33%	67%	100%	32%	68%	100%

Table 11: Departure of permanent staff by age

	2012			2011		
	Male	Female	Total	Male	Female	Total
20 – 29 years of age	26%	74%	27%	7%	93%	21%
30 – 39 years of age	31%	69%	43%	34%	66%	57%
40 – 49 years of age	48%	52%	20%	38%	62%	13%
50+ years of age	31%	69%	10%	64%	36%	9%

Table 12: New hires by region in 2012

	New hires in 2012			Departures of new hires within a year	
	Total	Female	Male	Female	Male
Australia	78%	69%	31%	11%	5%
China	10%	72%	28%	6%	11%
Malaysia	4%	100%	0%	14%	0%
Singapore	4%	43%	57%	0%	14%
Other	4%	86%	14%	14%	0%
Total	100%	70%	30%	10%	6%

Table 13: New hires by age

	New hires in 2012			Departures of new hires within a year	
	Total	Female	Male	Female	Male
Below 20	0%	0%	0%	0%	0%
20-29	36%	81%	19%	10%	5%
30-39	40%	64%	36%	9%	7%
40-49	16%	64%	36%	14%	4%
50-59	8%	62%	38%	8%	8%
60+	0%	0%	0%	0%	0%
Total	100%	70%	30%	10%	6%

- + **eComply**, which helps employees develop an understanding of regulations that relate to privacy, occupational health and safety, equal opportunity employment, obligations for dealing with credit card data and competition and consumer laws

 See Table 14 on page 43

In addition, as an employer of CPAs in our own right, we undertook the process to become a Recognised Employer Partner. We now have the learning and development framework internally to support employees who are currently studying to becoming CPAs, or who are CPAs already.

In 2012, we intended to commit to a specific number of hours of training and development per employee. In practice, we found this was not realistic across all areas of the business at this point in time. Instead, we encourage all employees to undertake at least twenty hours of personal and professional development each year.

Our plan to introduce a new human resources information system to track and measure our training activities was not implemented in 2012 due to our focus on the development and planned deployment of the *Member First* program.

Remuneration

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

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



Data represents Australian data only, as our international offices are all small, and therefore we do not have enough data to provide meaningful remuneration ratios across each location and level. These offices have a higher representation of females to males across the levels, and remuneration ratios are generally positive where both genders are represented. In previous years we have included international offices into a total when reporting on remuneration. We changed our reporting method in 2012 as our international staff are paid in line with local conditions, and in some instances their remuneration may not be as high as the Australian market, which therefore distorts the overall average.

The executive data includes two chief operating officer roles which are both male and are more senior impacting on the executive ratio. Technology roles are currently paying at a premium and have a higher proportion of males impacting the ratios at the supervisor base level professional and technical specialist and professional specialist, manager levels.

 [See Table 15 on page 43](#)

Health and safety

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

Rates of injury remain low and consistent year on year.

 [See Table 16 on page 43](#)

Table 14: Completion rates for compliance training

	Completion	%
48 Management* level staff required to complete additional module on director's duties	47	98%
485 Non-management staff	482	99%
533 total	529	99%

Table 15: Female salary as a percentage of male salary

	2012	2011
Administrator and support staff	1.00	1.04
Supervisor base level professional and technical specialist	0.97	0.94
Professional specialists, manager	0.91	0.91
Executive	0.85	N/A

Table 16: Rates of injury, occupational disease, absenteeism and fatalities

	2012		2011	
	Male	Female	Male	Female
Injury (not defined)	0	0	1	6
Injury (journey/vehicle)	0	2	0	0
Injury (equipment/damage)	2	3	0	0
Near miss/no injury	0	1	0	2
Occupational illness/disease	1	3	0	1
Non-occupational illness/disease	1	0	0	4

* Management includes General Manager and above. In addition, legal counsel employees were also required to complete the additional module.

Environment

Building the sustainability of the organisation through an appropriate focus on our use of natural resources.

Our approach

While CPA Australia's impact on the environment is relatively low as we are an office-based organisation, we are committed to ensuring that we endeavour to reduce our environmental impact where possible. In 2012, we established a cross-business working group that is charged with looking at ways to further reduce CPA Australia's environmental impact and engage staff in environmental sustainability.

2012 highlights

- + Reducing indirect energy consumption by primary source – electricity usage more than four per cent below 2011
- + Implementing a staff survey to know what issues our staff consider most relevant and how they believe they can contribute to achieving a sustainable future
- + Piloting training in energy efficiency
- + Implementing sustainability principles into our procurement process

2012 challenges

- + Materially reducing our impact on the environment across multiple locations when that impact is already relatively low
- + Losing momentum because of people changes in areas that held a primary responsibility for monitoring and reporting on environmental issues
- + Ensuring that all our people understand the role that they can play in helping reduce CPA Australia's environmental impact

Future focus

Our focus for 2013 includes:

- + Developing a broad environmental sustainability framework
- + Identifying initiatives to reduce our environmental impact and improve our sustainability
- + Further engaging our people in initiatives to reduce our environmental impact

Performance details

Greenhouse gas inventory

The 2012 GHG inventory was developed in accordance with best practice guidelines, ISO 14064, the NGER Act and the NCOS program. It includes emissions from electricity consumption, air travel, taxi travel, waste generation and office paper usage.

GHG emissions increased by approximately seventeen per cent from 2011, primarily due to increased air travel as we experience membership growth across the Asia-Pacific region. Total number of flight tickets remains relatively stable but total distance flown has increased by approximately thirty-three per cent.

 [See Table 17 on page 45](#)

Electricity usage

Electricity usage declined again in 2012, with the Melbourne office contributing the majority of that reduction. In 2011, we implemented several changes across our locations, which included energy consumption as criteria when selecting new premises, office equipment and servers. These changes continue to contribute to our declining electricity consumption.

CPA Australia uses no gas in any of its operations.



[See Tables 18-19 on page 45](#)

Financial implications of climate change

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

Waste from catering

Our Melbourne office is where we hold the largest number of events requiring catering, which is our primary source of waste. Food waste was less than four per cent in 2011 and remained consistent in 2012, measuring just under four per cent. In 2013, we intend to utilise the Global Reporting Initiative's event sector supplement to better manage our waste across all locations. This was not done in 2012 due to staff changes.

Consumables

We use eco-friendly cleaning products across all of our locations, recycle our printer consumables and, when purchasing stationery, we select reusable alternatives where available.

Engaging our staff

Our environmental sustainability working group produced a short video that was played at the November 2012 staff gathering and highlighted simple things that staff can do to reduce their impact on the environment. This was followed up with a short survey on the issues that our people consider to be most relevant and how they believe that they can contribute to a sustainable future. The results of this survey will be used to develop staff engagement initiatives on environmental sustainability and reducing our environmental impacts in 2013.

Training in energy efficiency

CPA Australia piloted training for accountants in energy efficiency in conjunction with the University of New South Wales and Macquarie University. This was funded by the New South Wales Office of Environment and Heritage, with a focus on building skills in relation to integrating accounting for energy and evaluating project proposals for energy efficiency. The projects develop both undergraduate and postgraduate education and are being assessed for adaptation to continuing professional development programs in 2013.

Table 17: Greenhouse gas inventory – Activity – Results

tCO ₂ e by source	2012	2011
Electricity	1,606	1,725
Supply of electricity	194	200
Flights	4,539	3,450
Taxis	133	141
Waste	128	121
Office paper	27	6
tCO ₂ e total	6,628	5,643
Total kg tCO₂e per member	45.8	40.6

Table 18: CPA Australia total electricity** usage 2009-2012

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

Table 19: Energy consumption by country

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

Figures in tables are rounded

* Other includes UK and New Zealand

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

Supply chain

Maintaining efficient and mutually rewarding supplier relationships.

Our approach

In order to meet the organisation's needs for goods and services, CPA Australia manages more than \$60 million of procurement and supply chain activities each year. We strive to build long-term, mutually rewarding relationships with our suppliers and strategic partners. We also seek to ensure that our staff have appropriate commercial awareness and acumen in managing supplier relationships to deliver efficient and effective outcomes for CPA Australia.

2012 highlights

- + Prominently featuring sustainability considerations in the tender process for the management of the CPA Program
- + Consolidating our creative and graphic design services
- + On-boarding our new transactional banking partner following an extensive tender process

2012 challenges

- + Managing complex supplier relationships across multiple channels and deliverables
- + Balancing lower cost services with quality service delivery and longer term supplier relationships
- + Balancing local and centralised supply

Future focus

Our focus for 2013 includes:

- + Transitioning to sustainable procurement whereby business needs for goods and services are met in a way that achieves value for money on a whole-of-life basis
- + Introducing one process for on-boarding strategic suppliers
- + Consolidating all purchase order and payment channels to improve efficiency

Performance details

Centre-led procurement model

CPA Australia has a centre-led procurement model. We seek to build the sustainability and capability of the organisation, and minimise commercial risk in our supply chain, while ensuring adequate governance and probity in our procurement processes.

Policies and procedures

CPA Australia has established policies and procedures for the organisation to underpin the procurement process. This helps ensure consistency, efficiency and effectiveness in our purchasing process.

Purchasing decisions are not made on purchase price alone, and take into account all factors relevant to value for money considerations, including quality, maintenance, risk mitigation, training, fitness for purpose and environmental and sustainability considerations.

Sustainability

Sustainability considerations that are factored into the procurement process include:

- + Carbon footprint impact
- + Diversity
- + Ethical sourcing risk
- + Labour standards within our suppliers' networks
- + Local supply
- + Reputational risk
- + Sustainable supply risk
- + Waste management

Governance

An independent Board and active membership that is representative of the diversity and talent of our members.



From Left: **John Cahill FCPA**, **Penny Egan FCPA**, and **Graeme Wade FCPA**

Our approach

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

- + Setting and approving the organisation's strategy, direction and financial objectives
- + Appointing the president and deputy-presidents
- + Approving financial statements
- + Evaluating the CEO's performance
- + Making and amending By-Laws and other regulations

The Board of directors is appointed by the Representative Council. CPA Australia also has various councils and committees that offer members an opportunity to support the organisation and represent members from their location or industry sector. CPA Australia is a leading advocate of sound corporate governance and we are committed to best practice in this area.

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

John Cahill FCPA Director, President and Chairman of the Board BBus, GDipBus (Acc), GAICD

John Cahill now works as an independent non-executive director. He has over twenty-five years' experience working in senior treasury, finance, accounting and risk management positions, predominantly in the energy utility sector and during his career held the positions of Chief Executive Officer of Alinta Infrastructure Holdings and Chief Financial Officer of Alinta Ltd.

John is a non-executive director of Emeco Holdings Ltd and Chairs its Audit and Risk Committee and is a member of the Nomination and Remuneration Committee. He is Deputy Chairman of Electricity Networks Corporation, trading as Western Power, where he Chairs its Finance and Risk Committee and is a member of its People and Performance Committee. John is also a Councillor of Edith Cowan University and is Chair of the university's Resources Committee and a member of the ECU Foundation Board.

John has served on Western Australia Divisional Council and was President of that division in 2008. He was appointed to the Board in 2007, 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.

John represents the Australian Accounting bodies on the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) and is deputy chairman of that committee.

Penny Egan FCPA Director, Deputy President BBus (Acc), GAICD

Penny Egan works within the Tasmanian Government. She is the former CFO of the Department of Health and Human Services in Tasmania and the CFO of Forestry Tasmania. She has had more than twenty 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 twenty-five 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.

Board of directors



From Left: **Tyrone Carlin FCPA**, **Jim Dickson FCPA**, **Peter Dowling AM FCPA**, **Christina Foo FCPA** and **Mark Grey**

Tyrone Carlin FCPA

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

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

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

Jim Dickson FCPA

Director
GAICD

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

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

Jim was appointed a Board Director in 2010 and is a member of the Policy Governance Committee.

Peter Dowling AM FCPA

Director
BA (Acc), FAICD

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

Peter is a former partner of international accounting firm Ernst & Young in the Tax and Business Advisory area. He is a Member of the Order of Australia and a Centenary of Federation Medal recipient for services to accounting and the community. 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 and Co-Founder of Priority One, a consulting firm providing strategic business building solutions.

Christina has over twenty-six years' experience in professional services and the private sector. She is formerly a Director of Ernst & Young in Malaysia. Christina has served on the Malaysian Divisional Council and was a past President. She was also the Vice-President of the Malaysian Institute of Accountants 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 Ltd and Forest and Wood Products Australia Ltd, 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.

Richard Petty FCPA

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

Richard Petty is Professor of Management (Accounting and Finance) and Executive Director International at Macquarie Graduate School of Management, and also Chairman of an investment company headquartered in Hong Kong.



From Left: **Richard Petty FCPA**, **Kerry Ryan**, **Bruce Trebilcock FCPA** and **Low Weng Keong FCPA**

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 (and former partner) at international law firm Norton Rose, and has over twenty years' experience as a corporate and commercial lawyer in Australia and Asia. Kerry's Asian experience includes five years in Norton Rose's Jakarta office and an in-house counsel role with Publishing and Broadcasting Limited in India. She has broad commercial experience acting for companies from a wide variety of industries in relation to their commercial business dealings, intellectual property issues and offshore investment.

Kerry is also a member of the Federal Government advisory body, International Legal Services Advisory Council (ILSAC), which advises the Federal Attorney General on international legal services issues.

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 forty 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
Director

Low Weng Keong is a company director who retired in 2005 from Ernst & Young Singapore where he was a former 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 still serves on the Singapore Divisional Council. 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.

Representative council

The Board

Board committees

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

Advisory committees

- + International
- + Professional Qualifications
- + Public Practice
- + Quality Review

Member compliance committees

- + Disciplinary Panel



Governance statements

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

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

Principle 1: Lay solid foundations for management and oversight

Board of directors

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

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

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

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

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

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

CEO

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

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

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

Performance management

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

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

Along with all staff, all executives of CPA Australia including the CEO, have an at risk component of their remuneration that is tied to both their own performance and that of the organisation. The Board is remunerated as a percentage of the Australian Auditor-General's annual total salary package, as set out in the Constitution (Article 45). The Board benchmarks director remuneration annually in determining the percentage to be applied.

Principle 2: Structure the Board to add value

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

A diagram of the governance structure in place at year end is included on page 49.

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 the financial statements on page 79).

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 skills recommended by the Board and to proper succession planning. Directors' skills, expertise and their terms of office, are set out on pages 47 to 49.

The Board has adopted an organisation diversity and inclusion policy, a copy of which is available on our website. The Nomination and Remuneration Committee regularly considers diversity issues and are consciously managing the diversity of the Board and its committees. The Board recommends that, where possible, a minimum of twenty-five 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 Our People section of this report.

Representative Council

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

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

Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee consists entirely of directors. The Chair is a director.

The composition of the Committee and meeting attendance is set out in the notes to the financial statements (see page 59). 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 CPA Australia website.

Board performance

The Board reviews its performance and that of each director annually. In 2012 the Board implemented a new assessment for Board and director performance. The *Board Pulse* program is run three times over a twelve month period to provide continuous assessment and feedback to directors and the Board as a whole. The Nomination and Remuneration Committee recommends to the Board the skills and competencies required on the Board, and assesses the extent to which those skills are represented on the Board.

Induction and education

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

Access to information

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

The Board and the Company Secretary

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

Information required by principle 2

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

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

Board committees

The respective compositions and details of meeting attendance of the committees are set out in the Directors' Report on page 59. 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 (available on the CPA Australia 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 59.

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 (codes of conduct for directors, members and employees are available on the CPA Australia website).

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

CPA Australia promotes diversity across the organisation with regards to age, gender, ethnicity and the cultural background of its directors, committee members and employees. For further information relating to diversity, refer to the Organisational Diversity and Inclusion Policy, which is available on the website, and pages 40 to 43 of this report.

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

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Committee

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

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

The Audit and Risk Committee has a formal charter (available on the CPA Australia website) and its meetings and attendance are set out on page 59.

External auditors

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

An analysis of fees paid to the external auditor, including a breakdown of any non-audit fees paid or received by the auditor, is provided in note 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 (available on the CPA Australia website).

Principle 5: Make timely and balanced disclosure

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

Principle 6: Respect the rights of shareholders (members)

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

Principle 7: Recognise and manage risk

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

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

The internal audit function has established and implemented a system for identifying, assessing, monitoring and managing material risks throughout CPA Australia and is independent of the external auditor. The strategic risk profile, including identification and treatment of risks and mitigating controls, is regularly reviewed and approved by the Board. The internal auditor and Executive Management Group continuously monitor the risk profile and report any risks to the Board via the Audit and Risk Committee.

Managing risk

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.

Our approach

As mentioned in Principle 7 on page 52, CPA Australia has a risk management framework, risk policy and risk management program, which includes formal processes to update the Board through the Audit and Risk Committee. The framework, policy and management program are used throughout the organisation.

Risk management framework

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

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

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

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

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

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

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. This provided a snapshot for comparison in the future and it sets a transparent benchmark for the ethical climate of the organisation.

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

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

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

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

Councillors and committees

Councillors (2012)

Australian Capital Territory

Sean Ferrari CPA, President
 Hawari Badri FCPA, Deputy President
 Tony Marks FCPA, Deputy President
 Simon Ash FCPA
 Michael Burton FCPA
 Jill Divorty FCPA
 Greg Field FCPA (IPP)
 Geoff Hine FCPA
 Peter Kerr FCPA
 Gerry Lillicrap FCPA
 Monir Mir FCPA
 Karen Sheppard FCPA (to February 2012)

New South Wales

Sharon Portelli FCPA, President
 Gail Fraser FCPA, Deputy President
 Robert Caldwell CPA
 Simon Chhoeu CPA
 John Corrigan FCPA
 Michael Courtney CPA (to April 2012)
 Andrew Crawford FCPA
 Eric Davis FCPA
 Margaret Drever FCPA
 John Fara CPA
 John Horder FCPA
 Kegan Kashian FCPA (from August 2012)
 Jennifer Kent FCPA
 Jim Mitchell FCPA
 Cheryl Price FCPA
 Scott Stanton FCPA
 Rhonda Wheatley FCPA
 Amy Wong FCPA

Northern Territory

Shane Smith CPA, President
 Jacquie Dowling FCPA, Deputy President
 Nathan Morsillo CPA, Deputy President
 Helen Crafter FCPA
 Andrew Green CPA
 Belinda Howie FCPA
 Hwei Yuin Yong CPA
 Christine Kendrick CPA
 Valentin Markez CPA
 Jocelyn Nathanael-Walters FCPA
 Jyoti Vemuri FCPA

Queensland

Louise Cox FCPA, President
 Ian Davies FCPA, Deputy President
 Gerry Maguire FCPA, Deputy President
 Daniel Abrahams FCPA
 Peter Best FCPA
 Simon Brodie FCPA
 Karen Bullock FCPA
 Terry Daubney FCPA
 Stuart Dunlop FCPA
 Stephen Maitland OAM RFD FCPA
 Pamela Pointon FCPA
 Garry Waugh FCPA

South Australia

Mike Richards FCPA, President
 Bryan Howieson FCPA, Deputy President
 Steven Woolhouse FCPA, Deputy President
 Natasha Donohue CPA
 Peter Flaherty FCPA (to March 2012)
 Andrew Johnson FCPA
 David Lawlor FCPA
 Joe Princi FCPA
 Roger Sanderson FCPA (to August 2012)
 Julie Sinclair FCPA
 Amanda Taylor CPA
 Julie Van Der Velde FCPA
 Thomas Zollo FCPA

Tasmania

Jason Browne FCPA, President
 Carolyn Harris FCPA, Deputy President
 Howie Oh FCPA, Deputy President
 Stephen Allen FCPA
 Ric De Santi FCPA
 Robert Eastoe FCPA
 Stephen Freeman FCPA
 Rob Luciani FCPA
 Gary O'Donovan FCPA
 Andrew Pearce CPA (from July 2012)
 Chris Stennard FCPA
 David Strong FCPA (to July 2012)
 Paul Viney FCPA

Victoria

Paul McInerney FCPA (FPS), President
 Dallas Beeston FCPA, Deputy President
 Craig Edwards FCPA, Deputy President
 Chris Braithwaite CPA
 Anthony Connelly CPA
 Lindsay Doig FCPA
 Louise Kloot FCPA
 Jennifer Lang FCPA
 Alastair McKenzie CPA
 Brendan O'Connell FCPA
 Joanne Rumble FCPA
 David Spong FCPA
 Srinivasan FCPA
 Kylie Walsh CPA
 Lance Willie FCPA

Western Australia

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

China – Beijing

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

China – Greater China

Bernard Poon FCPA, President
 Peter Lee FCPA, Deputy President
 Charles Wong FCPA, Deputy President
 Theresa Chan FCPA
 Kenneth Chen CPA
 Lawrence Fok FCPA
 Tatyana Klauzner CPA
 Derek Lai FCPA
 Stephen Po FCPA
 Thomas Wong FCPA
 Ronald Yam FCPA
 Patrick Yeung FCPA

China – Shanghai Committee

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

Europe

Sean Lam FCPA, President
 Anne Cutting FCPA, Deputy President
 Greg Cristofani FCPA
 David Graydon FCPA
 Keith Irwin FCPA
 Michelle Kelly CPA
 Rachael Meakins FCPA
 Elizabeth Thornton CPA
 Benjamin Wong FCPA

Malaysia

Josephine Phan Su Han FCPA, President
 Mohamed Fowzi Haji Razi FCPA, Deputy President
 Edward Lim FCPA, Deputy President
 Shamsul Nahar Abdullah FCPA

Chong Aik Lee CPA
 Teresa Chong Dee Shiang FCPA
 Andrew Heng CPA
 Shaun Lee Chong Leng CPA
 Normah Omar CPA
 Alex Ooi Thiam Poh FCPA
 Gabriel Teo Chun FCPA
 Wong Chin Aik FCPA

New Zealand

Mark Stinson FCPA, President
 Rod Marvin FCPA, Deputy President
 Chandan Ohri CPA, Deputy President
 Brian Ashwell FCPA
 Brad Gatehouse CPA
 Chye Heng FCPA
 Ewe Leong Lim CPA
 Anil Narayan FCPA
 Bridgette Pretty CPA
 David Searle FCPA
 Dr Carolyn Stringer FCPA

Singapore

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

Board committees

As at 31 December 2012

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 2012**International Advisory Committee**

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

Professional Qualifications Advisory Committee

Kim Langfield-Smith FCPA, Chair
 Foo Yin Fah FCPA
 Hari Iyer FCPA
 Neil Jackson FCPA
 Margaret McKerchar FCPA
 Deborah Ong FCPA
 Warwick Spargo FCPA
 Kim Watty CPA

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 2012

John Cahill FCPA, Chair
 Steve Balch FCPA
 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
 Lim Chui Phing CPA
 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

Disciplinary Panel Chairs As at 31 December 2012

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

Life members As at 31 December 2012

Joseph Abraham AM FCPA
 Peter Agars AM FCPA
 Patrick Barrett AO FCPA
 Allan Barton FCPA
 David Baulch FCPA
 Brian Blood FCPA

David Boymal AM FCPA
 Denis Cortese FCPA
 Ronald Cotton AM FCPA
 Mark Coughlin FCPA
 Laurence Crockett FCPA
 Clyde Dickens AM FCPA
 Kenneth Eastwood AM FCPA
 Scott Henderson AM FCPA
 Robert Jeffery FCPA
 Jim Kropp FCPA
 Kenneth Levy RFD FCPA
 Loh Hoon Sun FCPA
 Low Weng Keong FCPA
 Alex Malley FCPA
 Graeme McGregor AO FCPA
 Paul Meiklejohn FCPA
 John Miller AO FCPA
 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

Centre of Excellence Chairs

Environmental, Social and Governance Centre of Excellence

Mike Sewell FCPA, Chair

External Reporting Centre of Excellence

Jeffrey Luckins CPA, Chair

Retirement Savings Centre of Excellence

Noelle Kelleher CPA, Chair

Taxation Centre of Excellence

Andrew O'Bryan FCPA, Chair

Other boards and committees

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

ASEAN Federation of Accountants

Jim Dickson FCPA

Confederation of Asian and Pacific Accountants (CAPA)

Geoffrey Applebee FCPA

International Federation of Accountants (IFAC) Board

Rachel Grimes FCPA

International Auditing and Assurance Standards Board (IAASB)

Merran Kelsall FCPA

IFAC International Accounting Education Standards Board (IAESB)

Kim Langfield-Smith FCPA
 Peter Wolnizer FCPA

International Ethics Standards Board for Accountants (IESBA)

Alice McCleary FCPA

IFAC Compliance Advisory Panel

Jim Dickson FCPA

IFAC Nominating Committee

Margaret Parker FCPA

IFAC Professional Accountants in Business Committee (PAIB)

John Cahill FCPA

IFAC Small-Medium Practices Board (SMP)

Stuart Black FCPA

International Public Sector Accounting Standards Board (IPSASB)

Tim Youngberry FCPA

Joint Accounting Bodies

John Cahill FCPA
 Paul Drum FCPA
 Alex Malley FCPA

Financial report

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



Report of the Board of directors

Directors

The directors submit the annual financial report of CPA Australia Limited (the "Consolidated Entity") and its controlled entities for the financial year ended 31 December 2012. 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 47 to 49 of the Annual Report, together with their qualifications, experience and special responsibilities. Details of meeting attendance are set out on page 59 and their remuneration is included in Note 16 on page 79.

Company secretary

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

Principal activities

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

Consolidated results

The consolidated surplus before income tax for the year was \$8,296,000 (2011: \$6,750,000). The consolidated surplus after tax for the year was \$8,294,000 (2011: \$7,012,000).

Review of operations

A review of the operations of the consolidated entity during the financial year and the results of those operations is contained in the discussion and analysis of the financial results – see pages 62 to 63.

Corporate governance

The Board of CPA Australia comprises ten independent non-executive Directors and two independent non-executive Directors who are also non-members. During 2012, it met six times in Melbourne. As at the end of 2012, there are four Board committees of directors. Further information on the governance of the Company is included in the Governance statements on pages 50 to 53.

Changes in state of affairs

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

Directors' meetings

The tables opposite set out the number of Board and Board committee meetings held and the number of meetings attended by each director.

Subsequent events

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

Future developments

Likely developments in the activities of the Consolidated Entity are noted elsewhere in the annual report, with the Consolidated Entity working successfully towards the achievement of its objectives and maintaining a breakeven or surplus position in 2013.

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 60 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



Penny Egan FCPA
Director

21 February 2013

Board of Directors

	Meetings held	Meetings attended
John Cahill FCPA, Chair	6	6
Tyrone Carlin FCPA	6	5
Jim Dickson FCPA	6	5
Peter Dowling AM FCPA	6	6
Penny Egan FCPA	6	5
Christina Foo FCPA	6	6
Mark Grey	6	6
Low Weng Keong FCPA	6	4
Richard Petty FCPA	6	6
Kerry Ryan	6	6
Bruce Trebilcock FCPA	6	6
Graeme Wade FCPA	6	6

Audit and Risk Committee

	Meetings held	Meetings attended
Graeme Wade FCPA, Chair	4	4
Mark Grey	4	4
Kerry Ryan	4	4
Bruce Trebilcock FCPA	4	4

Finance Committee

	Meetings held	Meetings attended
Penny Egan FCPA, Chair	5	5
Christina Foo FCPA	5	5
Mark Grey	5	3
Graeme Wade FCPA	5	4

Nomination and Remuneration Committee

	Meetings held	Meetings attended
Richard Petty FCPA, Chair	4	4
John Cahill FCPA	4	3
Penny Egan FCPA	4	4
Kerry Ryan	4	4

Policy Governance Committee

	Meetings held	Meetings attended
Peter Dowling AM FCPA, Chair	4	4
Tyrone Carlin FCPA	4	4
Jim Dickson FCPA	4	4
Bruce Trebilcock FCPA	4	3



Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

21 February 2013

Dear Board Members

CPA Australia Ltd

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 Ltd.

As lead audit partner for the audit of the financial statements of CPA Australia Ltd for the financial year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants

Overview of financial results

For the year ended 31 December 2012.

Business segments		2012	2011
		\$'000s	\$'000s
Membership and member value	Revenue	68,152	62,930
	Cost	(31,989)	(27,236)
	Result	36,162	35,694
Training and development	Revenue	19,903	21,015
	Cost	(18,264)	(19,136)
	Result	1,639	1,879
Education	Revenue	55,238	49,201
	Cost	(19,401)	(20,086)
	Result	35,837	29,115
Brand, ethics and the profession	Revenue	1,752	1,712
	Cost	(18,753)	(17,481)
	Result	(17,001)	(15,769)
Business development	Revenue	4,240	4,402
	Cost	(13,565)	(13,698)
	Result	(9,325)	(9,296)
Corporate services	Revenue	4,381	4,551
	Cost	(37,551)	(33,645)
	Result	(33,170)	(29,094)
Corporate governance and committees	Revenue	117	249
	Cost	(6,204)	(6,028)
	Result	(6,087)	(5,779)
Total CPA Australia	Revenue	153,782	144,060
	Cost	(145,727)	(137,310)
	Net Gain on Sale of Property	241	-
	Tax (expense)/credit	(2)	262
	Result	8,294	7,012

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.

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, CPA Update and membership retention.

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

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

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

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

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

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

Discussion and analysis of the financial results 2012

Income statement

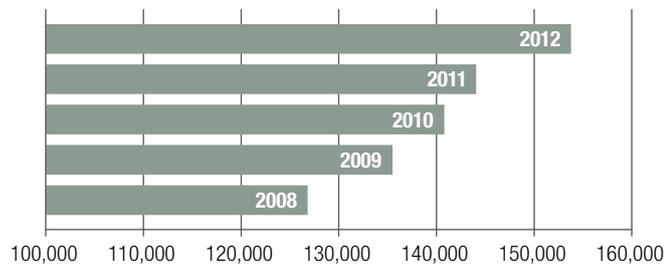
The 2012 financials reflected a strong operating performance across the organisation delivering an operating surplus before tax of \$8.3m (2011: \$6.7m). This was underpinned by increases in revenue from the core business areas of membership and education.

Revenue

Overall revenue increased by \$9.7m or 6.7 per cent during 2012. Continued growth in membership, an increase in CPA Program professional level sales, and higher Qualification Assessments revenue underpinned the result.

The organisation ended the year with over 144,000 members. This strong result was driven by new member growth and member retention levels consistent with 2011. The increase in member numbers resulted in an increase in membership revenue of \$5.2m or 8.3 per cent. Revenue from the CPA Program was also higher with sales for the professional level exceeding last year's result.

Total revenue

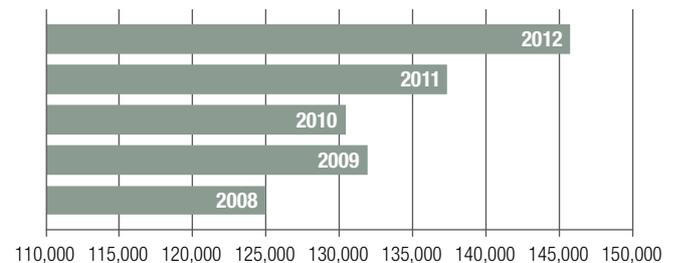


Expenditure

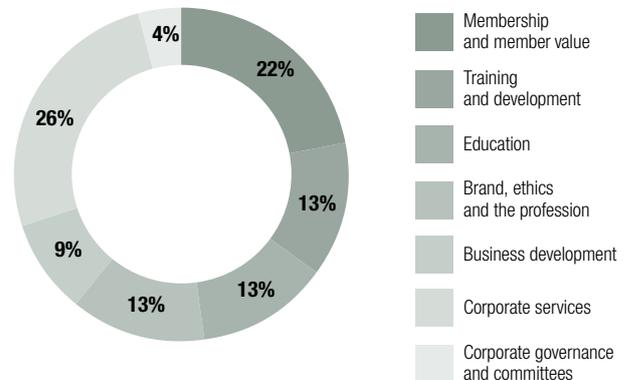
Expenditure before tax was \$8.4m or 6.1 per cent higher than 2011. The increases were driven by our investment in new initiatives such as itbdigital.com, *The Naked CEO*, Australia's Competitiveness research, *The Bottom Line*, accreditation of our members as auditors in New Zealand and improving our technology platform and business processes. During 2012, we also had lower staff turnover than the previous year which resulted in a higher average headcount. In addition to lower turnover we increased the number of staff in member-facing roles to support increased volumes of new member enquires and sales of CPA Program professional level segments. During 2012 we undertook a greater number of quality assurance reviews of our public practitioners, and our continued expansion into South East Asia with the opening of our office in Guangzhou and further expansion of our offer in Vietnam and Indonesia. During the year we incurred higher depreciation costs in comparison to 2011 as a direct result of the recent property upgrades, expenditure on

the *Member First* program (the upgrade of the organisations core business systems, due for final release in 2013) and renewal of other technology assets in line with our renewal cycle.

Total expenditure excluding tax



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 expense for 2012 is \$2k. This is attributable to small taxable profit for 2012 largely due additional non-mutual income, partially offset by the franking credits received from the organisations investment portfolio. It is expected that CPA Australia will continue to operate on a tax mutual basis.

Foreign exchange

Subscription fees, where a foreign currency option is available, are adjusted on a monthly basis to reflect exchange rate movements. Foreign currency cash holdings are also limited to the requirements for the funding of local operations to minimise CPA Australia's exposure to fluctuations in exchange rates. The strengthening of the Australian dollar against the currencies where substantial cash is held contributed to a foreign exchange loss of \$0.1m for the full year.

Cash flow

CPA Australia's cash flow and liquidity remained strong in 2012. Cash and cash equivalents increased by \$19m, net cash flows from operating activities for the year was \$25.2m, \$10.9m higher than 2011. The net increase in cash and cash equivalents was due to the significant increase in the value of the investment portfolio and increased receipt of membership revenue in advance. In real terms, the operating cash balance is \$45m (when subscriptions and other income received in advance are excluded from cash and equivalents), plus other financial assets.

Investments

CPA Australia's investment portfolio continues to perform strongly returning \$4.1m in revenue and an unrealised capital gain of \$2.2m in 2012. This is directly due to the strengthening of the Australian equity market during the latter part of the year, (this has been recognised directly in equity).

Balance sheet

CPA Australia's balance sheet continues to strengthen with net assets increasing by \$10.6m or 19.8 per cent, which is directly attributable to the strong surplus delivered in 2012.

Cash and cash equivalents have increased by \$19.1m which is due to the increase in Membership, CPA Program professional level and as previously outlined. Other current assets are \$0.1m lower than 2011.

Trade and other receivables are \$0.5m lower. All outstanding revenue is expected to be received early in 2013.

Other current assets are \$0.9m higher than the prior year which is due to higher prepaid expenses.

Non-current financial assets are higher than 2011 by \$3.4m which is directly attributable to an increase in investments expected to be held for greater than one year duration.

Property, plant and equipment has increased by \$4.6m when compared to 2011 which is largely attributable to acquisitions in readiness for the final upgrade of our core business systems – the *Member First* program.

Other non-current assets are in line with 2011.

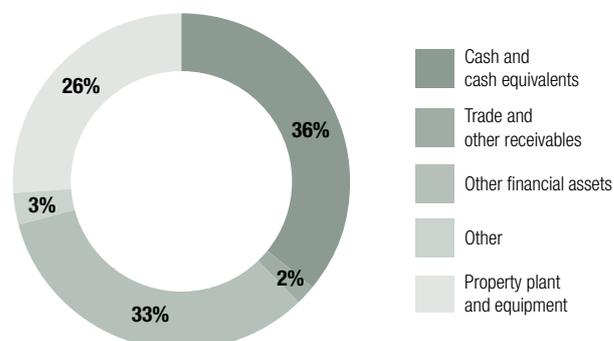
Trade and other payables were higher by \$3.4m or 39.7 per cent than the previous year, this is due to acquisitions in relation to the *Member First* program as outlined above.

Short term provisions ended the year slightly higher than 2011. This is the result of the higher leave provision required at year end. Long term provisions ended the year in line with 2011.

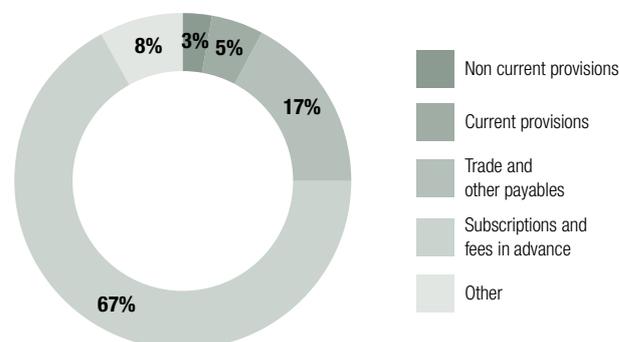
Other current liabilities were higher by \$13.6m, which is attributable to the introduction of a late fee for memberships renewals paid after the due resulting in an additional 20 per cent (compared to the prior year) of members paying before the due date. In addition to this the price for CPA Program, Membership and Public Practice have been increased for 2013.

Other non-current liabilities have reduced when compared to 2011 because part of the lease incentive received in 2011 has been amortised to the statement of comprehensive income during 2012.

Assets



Liabilities



Statement of comprehensive income

For the year ended 31 December 2012.

	Note	Consolidated	
		2012 \$'000s	2011 \$'000s
Revenue	3(a)	149,658	139,767
Investment revenue	3(b)	4,124	4,293
Gain on sale of property	3(b)	241	-
Service expenses		(68,780)	(64,363)
Marketing, promotion and publication expenses		(24,702)	(24,845)
Occupancy expenses		(12,526)	(12,334)
Administration expenses		(38,504)	(33,315)
Finance costs		(35)	(115)
Net foreign exchange loss		(66)	(190)
Other expenses		(1,114)	(2,148)
Surplus before income tax	4	8,296	6,750
Tax (expense)/benefit	5(a)(b)	(2)	262
Surplus for the year		8,294	7,012
Other comprehensive income			
Exchange differences on translating foreign operations		(17)	13
Net gain/(loss) on available-for-sale asset		2,222	(1,194)
Actuarial gain/(loss) on defined benefit plan	19	160	(358)
Other comprehensive income/(expense) for the year, net of tax		2,365	(1,540)
Total comprehensive income for the year		10,659	5,472

Statement of financial position

For the year ended 31 December 2012.

	Note	Consolidated	
		2012 \$'000s	2011 \$'000s
Current assets			
Cash and cash equivalents	6	48,950	29,873
Trade and other receivables	7	3,186	3,663
Other financial assets	9	500	650
Other assets	8	3,031	2,116
Total current assets		55,667	36,302
Non-current assets			
Deferred tax assets	5(c)	912	845
Other financial assets	9	43,844	40,430
Property, plant and equipment	10	34,411	29,830
Other assets	8	351	350
Total non-current assets		79,518	71,455
Total assets		135,185	107,757
Current liabilities			
Trade and other payables	11	12,019	8,604
Provisions	12	3,758	3,571
Other liabilities	13	48,249	34,615
Total current liabilities		64,026	46,790
Non-current liabilities			
Provisions	12	1,876	1,900
Other liabilities	13	4,832	5,275
Total non-current liabilities		6,708	7,175
Total liabilities		70,734	53,965
Net assets		64,451	53,792
Members' funds			
Reserves		1,352	(853)
Retained surplus		63,099	54,645
Total members' funds		64,451	53,792

Statement of changes in members' funds

For the year ended 31 December 2012.

	Consolidated			
	Investment revaluation reserve \$'000s	Foreign currency translation reserve \$'000s	Retained earnings \$'000s	Total \$'000s
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 1 January 2012	(798)	(55)	54,645	53,792
Total comprehensive income for the year	2,222	(17)	8,454	10,659
Balance at 31 December 2012	1,424	(72)	63,099	64,451

Statement of cash flows

For the year ended 31 December 2012.

	Note	Consolidated	
		2012 \$'000s	2011 \$'000s
Cash flows from operating activities			
Receipts from operations		163,257	143,978
Payments to suppliers and employees		(138,005)	(129,651)
Net cash inflows from operating activities	21	25,252	14,327
Cash flows from investing activities			
Payment for property, plant and equipment	10	(10,791)	(14,530)
Net receipts for bank bills less than 1 year but greater than 90 days		150	350
Net receipts for bank bills greater than 1 year		-	11,500
Proceeds from sale of property, plant and equipment		839	-
Net proceeds from sale of investment securities		15	-
Purchase of investment securities		(1,226)	(16,668)
Investment interest received		4,838	4,221
Net cash outflows from investing activities		(6,175)	(15,127)
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents held		19,077	(800)
Cash and cash equivalents at the beginning of the financial year		29,873	30,673
Cash and cash equivalents at the end of the financial year	6	48,950	29,873

Notes to the financial statements

For the year ended 31 December 2012.

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 2012, 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 (\$'000s) 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). CPA Australia is a not-

for-profit entity that complies with A-IFRS which ensures that financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards (IFRS). CPA Australia is not applying paragraphs specific to not-for-profit entities.

CPA Australia is limited by guarantee and domiciled in Australia.

The financial statements were authorised by the Board of Directors on 21 February 2013.

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 thirty 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.

Land and buildings

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

Lease restoration

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

j) Impairment of other tangible assets

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

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

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

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

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

k) Leased assets

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

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

Lease incentives

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

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 timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through comprehensive income, which are initially measured at fair value.

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

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 thirty 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 Australia 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; and
- + experience of employee departures and period of service

3. Revenue

	Consolidated	
	2012 \$'000s	2011 \$'000s
(a) Revenue from operating activities		
Member subscriptions	67,276	60,936
Education and CPA Program	55,100	49,132
Professional development	19,973	21,065
Other services	1,215	3,006
Marketing, promotion and publications	6,072	5,611
Property	22	17
	149,658	139,767
(b) Other revenue		
Interest revenue on:		
AAT loan	15	19
Bank deposits	395	478
Financial assets (held to maturity)	895	1,873
Dividends and distributions	2,819	1,923
Gain on sale of property	241	-
	4,365	4,293
Total revenue	154,023	144,060

4. Surplus and members' funds

	Consolidated	
	2012 \$'000s	2011 \$'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	35	115
Depreciation:		
Depreciation	5,602	5,047
Net (gain)/loss		
Net (gain) on sales of property, plant and equipment	(240)	-
Net foreign exchange loss	66	190
Employee benefits:		
Defined contribution	3,519	3,333
Defined benefit plan	18	41
Salaries and other benefits	46,278	42,415

5. Taxation

	Consolidated	
	2012 \$'000s	2011 \$'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	(67)	(299)
Tax loss not previously recognised	-	-
Refer (c) below	(67)	(299)
Tax expense overseas entities	69	37
Total tax expense/(income)	2	(262)

(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	8,296	6,750
Income tax expense calculated at 30%	2,489	2,025
Surplus attributable to mutual activities and foreign branch expenditure - exempt income	(2,487)	(2,301)
	2	(262)

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

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

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

	Consolidated				
	Opening balance 2011	Charged to income	Closing balance 2011	Charged to income	Closing balance 2012
2012					
Assets					
Property, plant and equipment	(299)	(78)	(377)	38	(339)
Employee benefits	123	48	171	4	175
Provisions	328	112	440	(175)	265
Tax losses	646	234	880	(48)	832
	798	316	1,114	(181)	933
Liabilities					
Accrued income	(252)	(17)	(269)	248	(21)
	546	299	845	67	912

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

6. Cash and cash equivalents

	Consolidated	
	2012 \$'000s	2011 \$'000s
Current		
Cash on hand, at bank and short term bank bills (90 days or less)	48,950	29,873
	48,950	29,873

7. Trade and other receivables

	Consolidated	
	2012 \$'000s	2011 \$'000s
Current		
Trade and other receivables	3,219	2,961
Less allowance for doubtful debts	(158)	(210)
	3,061	2,751
Other receivables:	40	182
Accrued interest on bank deposits	85	730
Accrued interest on financial assets (held to maturity)	125	912
	3,186	3,663

The consolidated entity has recognised an allowance for doubtful debts of 100 per cent against all receivables over ninety 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 ninety days are difficult to recover.

	Consolidated	
	2012 \$'000s	2011 \$'000s
Ageing of past due but not impaired		
60 – 90 days	129	320
90 – 120 days	409	389
Total	538	709

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	210	120
Allowances taken up as doubtful	4	397
Amounts written off as uncollectible	(56)	(307)
Balance at the end of the year	158	210

8. Other assets

	Consolidated	
	2012	2011
	\$'000s	\$'000s
Current		
Defined benefit plan	234	21
Prepayments	2,797	2,095
	3,031	2,116
Non current		
Loan to related parties (at amortised cost)	350	350
Security deposit and other	1	-
	351	350

9. Other financial assets

	Consolidated	
	2012	2011
	\$'000s	\$'000s
Current		
Bank bills less than 1 year but greater than 90 days	500	650
	500	650
Non current		
Bank bills greater than 1 year to maturity (at amortised cost)	-	-
Available for sale assets carried at fair value:		
Listed non-derivative financial assets held for trading	39,750	35,837
Non-listed non-derivative financial assets held for trading	4,094	4,593
	43,844	40,430

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

10. Property, plant and equipment

	Consolidated				
	Building at cost \$'000s	Plant and equipment at cost \$'000s	Library books at cost \$'000s	Capital work in progress \$'000s	Total \$'000s
Gross carrying amount					
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 1 January 2012	4,653	36,037	345	4,249	45,284
Additions	-	1,574	22	9,194	10,790
Disposals	(853)	(6,999)	(98)	-	(7,950)
Balance at 31 December 2012	3,800	30,612	269	13,443	48,124
Accumulated depreciation, amortisation and impairment					
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 1 January 2012	(1,305)	(13,971)	(178)	-	(15,454)
Disposals	255	6,990	98	-	7,343
Depreciation expense	(90)	(5,443)	(69)	-	(5,602)
Balance at 31 December 2012	(1,140)	(12,424)	(149)	-	(13,713)
Net book value					
At 31 December 2011	3,348	22,066	167	4,249	29,830
At 31 December 2012	2,660	18,188	120	13,443	34,411

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

11. Trade and other payables

	Consolidated	
	2012	2011
	\$'000s	\$'000s
Current		
Trade creditors and accruals	12,019	8,604
	12,019	8,604

CPA Australia Terms & Conditions of Purchase state payment terms of thirty 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	
	2012	2011
	\$'000s	\$'000s
Current		
Employee benefits	3,758	3,571
Restoration of leased properties	-	-
	3,758	3,571

No current

Employee benefits	693	752
Restoration of leased properties	1,183	1,148
	1,876	1,900
	5,635	5,471

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 2012	1,148
Additional provisions recognised	24
Unwinding of discount and effect of changes in the discount rate	11
Balance as at 31 December 2012	1,183

Employee numbers

Average number of full time equivalent employees (FTE's) during the financial year

	Consolidated	
	2012	2011
	470	441

13. Other liabilities

	Consolidated	
	2012	2011
	\$'000s	\$'000s
Current		
Subscriptions and fees received in advance	47,551	33,661
Lease incentive	698	954
	48,249	34,615

Current

Lease incentive	4,832	5,275
	4,832	5,275
	53,081	39,890

14. Parent entity disclosures

Financial position

	2012 \$'000s	2011 \$'000s
Assets		
Current assets	54,023	35,350
Non-current assets	79,266	71,202
Total assets	133,289	106,552
Liabilities		
Current liabilities	63,878	46,657
Non-current liabilities	6,702	7,159
Total liabilities	70,580	53,816
Members' funds		
Retained surplus	62,817	54,491
Reserves		
Investment revaluation reserve	1,424	(798)
Foreign currency translation reserve	(1,532)	(957)
Total members' funds	62,709	52,736

Financial performance

	Year ended 2012 \$'000s	Year ended 2011 \$'000s
Surplus for the year	8,167	6,950
Other comprehensive (expense)/income net of tax	2,190	(1,726)
Total comprehensive income for the year	10,357	5,224

Leasing arrangements

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

Commitments for expenditure

	2012 \$'000s	2011 \$'000s
(a) Non-cancellable operating lease commitments		
Aggregate amounts contracted for at balance date but not recognised as liabilities:		
Not later than one year	9,494	9,500
Later than one year but not later than five years	27,793	30,451
Later than five years	9,723	16,467
	47,010	56,418

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

Current:		
Lease incentive	698	954
Non-current:		
Restoration of leased properties	1,183	1,148
Lease incentive	4,832	5,274
	6,713	7,376

(b) Other commitments

Not later than one year	338	189
Later than one year but not later than five years	-	-
	338	189

(c) CPA Australia will continue to support in 2013 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 2012 to IFAC in the pursuit of their objectives. The contribution for the year 2012 was \$531,429 (2011: \$602,685).

As part of the undertakings with APESB, CPA Australia, the Institute of Chartered Accountants in Australia (ICAA) and the Institute of Public Accountants (IPA) contribute funds necessary for the pursuit of the objectives of APESB. The contributions for the year 2012 were \$427,617 (2011: \$422,001).

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 Ltd during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-Executive directors

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

Executives

Mr A Malley (Chief Executive Officer)
 Mr M Adlam (Executive General Manager – Brand & Communications) (ceased 29 June 2012)
 Mr A Awty (Chief Operating Officer – Commercial/Chief Financial Officer/ Company Secretary)
 Ms L Carroll (Executive General Manager – Communication, Content & Publishing) (commenced 16 April 2012)
 Mr M Chenery (Executive General Manager – Brand) (commenced 20 August 2012)
 Mr A Gleeson (Executive General Manager – Member Knowledge) (ceased 20 January 2012)
 Mr J Hughes (Chief Operating Officer – Member Services)
 Mr C Laughton (General Counsel) (commenced 16 April 2012)
 Mr R Thomason (Executive General Manager – Business Development)
 Mr P Wappett (Executive General Manager – Strategy) (ceased 2 January 2012)

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 2012 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:

	2012	2011
	\$'000s	\$'000s
Short-term employee benefits	3,938	3,868
Post-employment benefits	261	292
Termination benefit	282	-
	4,481	4,160

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 Institute of Public Accountants (IPA) 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. Interest income earned on the loan in 2012 was \$14,615. 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. Nicholas Diss, General Manager Finance & Administration, (effective 17 August 2012) and Paul Drum, Head of Business-Investment Policy are members of the AAT Board. Alex Malley, Chief Executive Office, resigned as a member of the AAT Board effective 17 August 2012.

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

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

Richard Petty, Director CPA Australia Ltd, Alex Malley, Chief Executive Officer, Robert Thomason, Executive General Manager – Business Development, Jeff Hughes, Chief Operating Officer – Member Services, and Deborah Leung, General Manager Hong Kong, are Directors of CPA Australia (Shanghai) Ltd.

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	
	2012	2011
	\$	\$
Audit services:		
Auditor of parent entity		
Audit of financial report	138,500	132,300
Other assurance services	28,500	27,300
Non-audit services	138,066	25,479
Affiliated firms		
Audit of financial reports for foreign subsidiaries and branches	24,447	22,033
	329,513	207,112

The auditor of the company is Deloitte Touche Tohmatsu.

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

During 2012 the Board, after a formal procurement process, approved the appointment of Deloitte to assist with that overall website strategy and future website development into 2013, this is main driver of the non-audit services cost increase compared to 2011. As part of this process, adequate safeguards were put in place to ensure Deloitte's independence is maintained.

There are no commercial sponsorships in Australia, Malaysia or Shanghai (where Deloitte is also the local auditor). However, offshore divisions can enter into sponsorships with their local Deloitte office where Price Waterhouse Coopers, 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 2012, CPA Australia received revenue in the form of sponsorship from Deloitte Singapore for the CPA Careers @ Singapore event, Deloitte Hong Kong provided sponsorship for the CPA Australia 2012 Congress Hong Kong and the CPA Careers Expo.

18. Investment in controlled entities

Controlled Entity	Class of share	Entity interest		Amount of investment	
		2012	2011	2012	2011
		%	%	\$	\$
CPA Australia (M) Sdn. Bhd.	Ordinary	100	100	160,127	160,127
CPA Australia (Shanghai) Ltd	Ordinary	100	100	1,206,987	645,023

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

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

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 2012, the defined benefit plan had six members.

Reconciliation of the defined benefit obligation

Financial year ended	31 December 2012 \$'000s	31 December 2011 \$'000s
Present value of defined benefit obligations at beginning of the year	1,464	1,146
Current service cost	73	85
Interest cost	40	53
Contributions by fund participants	19	23
Actuarial (gains)/losses	(2)	169
Benefits paid	242	-
Taxes, premiums and expenses paid	(22)	(12)
Present value of defined benefit obligations at end of the year	1,330	1,464

Reconciliation of the fair value of fund assets

Financial year ended	31 December 2012 \$'000s	31 December 2011 \$'000s
Fair value of fund assets at beginning of the year	1,485	1,497
Expected return on fund assets	95	97
Actuarial gains/(losses)	158	(189)
Employer contributions	71	69
Contributions by fund participants	19	23
Benefits paid	(242)	-
Taxes, premiums and expenses paid	(22)	(12)
Fair value of fund assets at end of the year	1,564	1,485

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

As at	31 December 2012 \$'000s	31 December 2011 \$'000s
Defined benefit obligation [^]	1,330	1,464
Fair value of assets	1,564	1,485
Deficit/(surplus)	(234)	(21)
Liability/(asset)	(234)	(21)

[^] Includes contributions tax provision

Expense recognised in statement of comprehensive income

Financial year ended	31 December 2012 \$'000s	31 December 2011 \$'000s
Service cost	73	85
Interest cost	40	53
Expected return on assets	(95)	(97)
Superannuation expense/(income)	18	41

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

Amounts recognised in other comprehensive income

Financial year ended	31 December 2012 \$'000s	31 December 2011 \$'000s
Actuarial (gains)/losses	(160)	358

Cumulative amount recognised in the other comprehensive income

Financial year ended	31 December 2012 \$'000s	31 December 2011 \$'000s
Cumulative amount of actuarial (gains)/losses	594	754

Fund assets

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

As at	30 December 2012* %	31 December 2011 %
Australian equity	44%	46%
International equity	21%	22%
Fixed income	18%	17%
Property	9%	10%
Alternatives/other	6%	2%
Cash	2%	3%

*Asset allocation as at 31 December 2012 was not available as at reporting date. Asset allocation as 31 October 2012 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

	31 December 2012	31 December 2011
Financial year ended	\$'000s	\$'000s
Actual return on fund assets	253	(92)

Principal actuarial assumptions at the reporting date

	31 December 2012	31 December 2011
Discount rate	3.00% pa	3.00% pa
Expected rate of return on fund assets	n/a	6.80% pa
Expected salary increase rate	4.00% pa	4.00% pa

Historical information

Financial year ended	31 December 2012	31 December 2011
	\$'000s	\$'000s
Present value of defined benefit obligation	1,330	1,464
Fair value of fund assets	1,564	1,485
(Surplus)/deficit in fund	(234)	(21)
Experience adjustments (gain)/loss - fund assets	(158)	189
Experience adjustments (gain)/loss - fund liabilities	(2)	28

Expected contributions

Financial year ended	31 December 2012
	\$'000s
Expected employer contributions	57

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 ten per cent of salaries of defined benefit members, and twelve per cent of salaries of defined contribution members who are members of Category 3 and nine per cent 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 2012 of the fund were:

Expected rate of return on assets (discount rate)	3.00% 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.

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

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

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

(a) Foreign currency risk management

It is not CPA Australia policy to utilise off-balance sheet derivative instruments as a means of managing exposure to fluctuations in foreign exchange rates. Foreign exchange exposure is continuously monitored by the Consolidated Entity's Finance business unit and reported to the relevant operation of the Consolidated Entity through management reports which analyse exposures by degree and magnitude of risks. In 2012, the strengthening of the Australian Dollar against the currencies where substantial cash is held resulted in a foreign exchange loss of \$65,626 for the full year.

(b) Credit risk exposures

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

The credit risk on financial assets of the consolidated entity which have been recognised on the Statement of financial position is generally the carrying amount, net of any provisions for loss. Use of off-balance sheet financial instruments is not part of current policy. Trade receivables are concentrated in Australia and the concentration of credit risk arises mainly in the following industries:

- + Advertising and sponsors
- + Accounting practices
- + Credit services

(c) Interest rate risk exposures

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

(d) Capital risk management

The Consolidated Entity manages its capital to ensure that the Consolidated Entity will be able to continue as a going concern. The Consolidated Entity's overall strategy remains unchanged from 2011.

The capital structure of the Consolidated Entity consists of equity comprising reserves and retained earnings.

The Consolidated Entity is not subject to any externally imposed capital requirements.

(e) Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held by the Consolidated Entity are detailed on the right:

	Weighted average interest rate	Floating interest rate \$'000s	1 year or less \$'000s	1-2 years \$'000s	Total \$'000s
2012					
Financial assets					
Cash and cash equivalents	2.99%	40,930	8,020	-	48,950
Bank bills < 1 year	4.73%	-	500	-	500
Bank bills > 1 year	0.00%	-	-	-	-
Equities	Non-interest bearing	-	18,541	-	18,541
Property funds	Non-interest bearing	-	5,372	-	5,372
Securities	Non-interest bearing	-	14,859	-	14,859
Hybrids	Non-interest bearing	-	5,073	-	5,073
Receivables	Non-interest bearing	-	3,186	-	3,186
Loan to related parties	Interest Bearing	-	-	350	350
Defined benefit plan	Interest Bearing	-	-	234	234
		40,930	55,551	584	97,065
Financial liabilities					
Payables	Non-interest bearing	-	12,019	-	12,019
Subscriptions and fees in advance	Non-interest bearing	-	47,551	-	47,551
		-	59,570	-	59,570
Net financial assets/(liabilities)		40,930	(4,019)	584	37,495
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

(f) net fair value of financial assets and liabilities

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

(g) Liquidity risk management

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

(h) Market risk management

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

	Level 1 \$'000s
Financial assets at fair value through statement of comprehensive income	
Equities	18,541
Property funds	5,372
Securities	14,859
Hybrids	5,073
	<u>43,844</u>

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

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

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

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

(i) Capital risk management

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

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

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

(j) Sensitivity analysis

The below table details the group's sensitivity to shifts in interest rates and foreign exchange rates. The exposures are based on management's best estimates of the possible adverse effects of changes in interest rate and foreign exchange rates as at 31 December 2012.

Annual risk by risk type	Minimum		Average		Maximum	
	2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s
Foreign exchange	41	31	207	156	373	281
Interest rate	102	43	256	108	409	173

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 2012. Minimum and maximum exposure is calculated at shifts of 1 per cent and 10 per cent change in exchange rate respectively. An equal decline in the exchange rate would result in an equivalent fall in net profit.

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

Equity price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 5 per cent higher/lower equity reserves would have increase/decrease by \$2.640m as a result of the fair value of the available-for-sale shares.

21. Notes to the statement of cash flows

	Consolidated	
	2012	2011
	\$'000s	\$'000s
Reconciliation of profit after income tax to net cash		
Inflow from operating activities		
Surplus after income tax	8,294	7,007
Plus/(minus) non-operating items:		
Interest income received	(4,838)	(4,221)
Plus/(minus) non-cash items:		
Foreign exchange translation	(3)	9
Depreciation and amortisation	5,602	5,048
Net gain on sale of property, plant and equipment	(241)	-
Realised loss	15	-
Change in assets and liabilities:		
Decrease/(increase) in receivables	477	(612)
(Increase)/decrease in inventories	-	-
(Increase)/decrease in other assets	(983)	331
Increase/(decrease) in payables	3,416	1,531
Increase in subscriptions and fees in advance	13,889	4,782
(Decrease) in other liabilities	(441)	(640)
Increase in provisions	(94)	1,450
Change in items in equity		
Amounts recognised in equity relating to defined benefit plan	160	(358)
Net cash inflow from operating activities	25,252	14,327

22. Subsequent events

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

Directors' declaration

The directors declare that:

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

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

On behalf of the directors



John Cahill FCPA
Director



Penny Egan FCPA
Director

21 February 2013



Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

We have audited the accompanying financial report of CPA Australia Ltd, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in members funds for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 64 to 88.

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 Ltd, 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 Ltd 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 2012 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 "Peter A. Caldwell".

DELOITTE TOUCHE TOHMATSU

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

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 21 February 2013

GRI index

GRI indicator	GRI description	Report status	Section	Page No.
Standard disclosures: strategy and analysis				
1.1	Statement from the CEO and President	Full	President's report CEO's report	5 7
1.2	Description of key impacts, risks and opportunities	Full	2012 highlights and challenges 2012 performance at a glance: Table 4	8 – 9 11
Standard disclosures: organisational profile				
2.1	Name of organisation	Full	About this report	1
2.2	Primary brands, products and/or services	Full	About CPA Australia	12
2.3	Operational structure of organisation	Full	About this report About CPA Australia Governance	1 12 50
2.4	Location of organisation's headquarters	Full	Office locations	Outside back cover
2.5	Number of countries where the organisation operates	Full	About CPA Australia	12
2.6	Nature of ownership and legal form	Full	Governance	47, 50
2.7	Markets served	Full	About CPA Australia	12
2.8	Scale of the reporting organisation	Full	About CPA Australia Notes to the financial statements: Note 12 2012 performance at a glance: Table 1	12 77 10
2.9	Significant changes to the organisation during the reporting period	Full	About this report	1
2.10	Awards	Full	2012 highlights and challenges	8 – 9
Standard disclosures: report parameters				
3.1	Reporting period	Full	About this report	1
3.2	Date of most recent previous report	Full	About this report	1
3.3	Reporting cycle	Full	About this report	1
3.4	Contact point for the report	Full	About this report	1
3.5	Process for defining report content	Full	About this report	1
3.6	Boundary of the report	Full	About this report	1
3.7	Limitations on the scope/boundary	Full	About this report	1
3.8	Reporting on joint ventures and other entities	Full	About this report	1
3.10	Explanation of re-statements	Full	GRI Index – There are no re-statements	91
3.11	Significant changes to reporting from previous reporting period	Full	About this report	1
3.12	Table of standard disclosures	Full	GRI Index	91 – 93
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GRI indicator	GRI description	Report status	Section	Page No.
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4.16	Approaches to stakeholder engagement	Full	About this report About CPA Australia: A sustainable future Members (all sections): Our approach	1 15 17 – 30
4.17	Key stakeholder topics and concerns	Full	2012 Performance at a glance: Table 4 About CPA Australia: Materiality review: Stakeholders' most important issues	11 15
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GRI indicator	GRI description	Report status	Section	Page No.
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Report Against GRI Indicators

The GRI 3.1 Sustainability Reporting Guidelines represent an internationally recognised, voluntary sustainability reporting framework. CPA Australia has developed this annual report to meet an Application Level of C+ with the GRI, where a 'C' indicates the number and status of indicators addressed in the report, and the '+' indicates that the report has been independently assured.



Statement GRI Application Level Check

GRI hereby states that **CPA Australia Ltd** has presented its report "CPA Australia Annual Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 25 February 2013

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 18 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent limited assurance report to the Directors of CPA Australia Ltd on the sustainability contents of its Annual Report 2012

What we looked at: scope of our engagement

CPA Australia Ltd ('CPA Australia') has prepared sustainability content for its Annual Report 2012 (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 93 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 93 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 7 November 2012. 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 93 of the Report has not been prepared, in all material respects, in accordance with the requirements of the GRI Guidelines at application level 'C+'.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "BJ Pollock".

BJ Pollock
Partner
Melbourne, 21 February 2013

Acronyms

AASB	Australian Accounting Standards Board	GHG	Greenhouse gas
AAT	Association of Accounting Technicians, Australia	GRI	Global Reporting Initiative
ACARA	Australian Curriculum, Assessment and Reporting Authority	IAASB	International Auditing and Assurance Standards Board
AFAANZ	Accounting and Finance Association of Australia and New Zealand	IAESB	International Accounting Education Standards Board
AFA	ASEAN Federation of Accountants	ICAA	Institute of Chartered Accountants Australia
A-IFRS	Australian Equivalents to International Financial Reporting Standards	IESBA	International Ethics Standards Board for Accountants
APES	Accounting Professional and Ethical Standards	IFAC	International Federation of Accountants
APESB	Accounting Professional and Ethical Standards Board	IFRS	International Financial Reporting Standards
ARC	Australasian Research Council	IGAP	International Governance and Performance
ASAE	Australian Standard on Assurance Engagements	IIRC	International Integrated Reporting Council
ASIC	Australian Securities and Investments Commission	ILSAC	International Legal Services Advisory Council
ASXCGC	Australian Stock Exchange Corporate Governance Council	IPA	Institute of Public Accountants
ATO	Australian Taxation Office	IPSASB	International Public Sector Accounting Standards Board
AUASB	Auditing and Assurance Standards Board	KPI	Key Performance Indicator
CAPA	Confederation of Asian and Pacific Accountants	NGER	National Greenhouse and Energy Reporting
CEO	Chief executive officer	NCOS	National Carbon Offset Standard
CFO	Chief financial officer	PAIB	Professional Accountants in Business
CGPR	Corporate Governance Principles and Recommendations	REP	Recognised Employer Program
CGS	Career Guidance System	SME	Small-to-medium enterprise
CO₂	Carbon dioxide	SMP	Small-to-medium Practices Board
COO	Chief operating officer	SMSF	Self-managed superannuation fund
CPA	Certified Practising Accountant	SOL	Skilled Occupation List
CPD	Continuing professional development		
CRM	Customer relationship management		
ECU	Edith Cowan University		
FCPA	Fellow of CPA Australia		
FMA	Financial Markets Authority, New Zealand		
FoFA	Future of Financial Advice		
FTE	Full-time equivalent		
G20	Group of Twenty		

Office locations

Australia

**Head office / Victoria
(and registered office)**
Level 20
28 Freshwater Place
Southbank VIC 3006
GPO Box 2820
Melbourne VIC 3001
Free call: 1300 737 373 (Australia only)
E: mais.advisory@cpaaustralia.com.au

Australian Capital Territory

Regus Serviced Offices
Level 5
7 London Circuit
Canberra ACT 2601

New South Wales

Level 3
111 Harrington Street
Sydney NSW 2000
Locked Bag 23
Grosvenor Place NSW 1220

Northern Territory

Level 3
62 Cavenagh Street
Darwin NT 0800
GPO Box 1633
Darwin NT 0801

Queensland

Level 29
10 Eagle Street
Brisbane QLD 4000
GPO Box 1161
Brisbane QLD 4001

South Australia

Level 10
420 King William Street
Adelaide SA 5000

Tasmania

Level 2
54 Victoria Street
Hobart TAS 7000
GPO Box 906
Hobart TAS 7001

Victoria

Refer to head office location

Western Australia

Level 17 Alluvion
58 Mounts Bay Road
Perth WA 6000
PO Box 7378
Cloisters Square
Perth WA 6850

Europe

United Kingdom

The Australia Centre
The Strand
London WC2B 4LG
United Kingdom
P: +44 20 7240 8266
E: europe@cpaaustralia.com.au

Asia

Beijing

Unit 307-308B, 3/F Office,
Tower C2 Oriental Plaza
No. 1 East Chang An Avenue
Dong Cheng District
Beijing 100738 China
P: +8610 8518 5575
F: +8610 8518 7001
E: beijing@cpaaustralia.com.au

Guangzhou

Room 32, 702, Level 7, Tower 1, Taikoo Hui
385 Tianhe Road, Tianhe District
Guangzhou 510610 PR China
P: +8620 28861733
F: +8620 28863405
E: guangzhou@cpaaustralia.com.au

Hong Kong

20/F Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong
P: +852 2891 3312
F: +852 2832 9167
E: hk@cpaaustralia.com.au

Macau*

Rua Dr Pedro Jose Lobo 1 – 3A
Luso International Bank Building
14th floor, room 1404 – 1405,
Macau
P: +853 2838 9207
E: macau@cpaaustralia.com.au

Shanghai

Suite 4003-4004
CITIC Square
1168 Nanjing West Road
Shanghai 200041
China
P: +8621 3218 1860
F: +8261 5292 5589
E: shanghai@cpaaustralia.com.au

Hanoi

Level 12
Handi Resco Tower
521 Kim Ma Street
Ba Dinh District
Hanoi, Vietnam
P: +84 4 3934 7413
F: +84 4 3934 3401
E: hanoi@cpaaustralia.com.au

Ho Chi Minh City

Level 5
Unit 1
The Metropolitan
235 Dong Khoi Street
District 1
Ho Chi Minh City, Vietnam
P: +84 8 3 520 2824
F: +84 8 3 823 7840
E: hochiminh@cpaaustralia.com.au

Indonesia

Equity Tower 35th Floor
Sudirman Central Business District (SCBD)
Lot 9 Jl Jenderal Sudirman Kav.52-53
Jakarta 12190
Indonesia
P: +62 21 2927 7929
F: +62 21 2927 7927
E: id@cpaaustralia.com.au

Japan*

Jason Buckley, Chief Financial Officer
Beacons Communications KK
JR Tokyo Meguro Bldg
3-1-1 Kami-Osaki
Shinagawa-ku
Tokyo 141-0021
Japan
P: +813 54377500
F: +813 54377955
E: jason.buckley@beaconcom.co.jp

Malaysia

Suite 10.01, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
P: +603 2267 3388
F: +603 2287 3030
E: my@cpaaustralia.com.au

Singapore

1 Raffles Place
31-01 One Raffles Place
Singapore 048616
P: +65 6671 6500
F: +65 6671 6550
E: sg@cpaaustralia.com.au

Oceania

Fiji*

Neil Underhill and Associates
25 Wailada Road (Fiji Coffee building)
Wailada
Lami, Suva
Fiji Islands
P: +679 336 3968
F: +679 336 3948
E: international@cpaaustralia.com.au

New Zealand

Level 16
HSBC House
1 Queen Street
Auckland 1010
New Zealand
PO Box 105-893 Auckland
New Zealand 1143
P: +64 9 913 7450
F: +64 9 914 8790
E: nz@cpaaustralia.com.au

Papua New Guinea*

Level 2, Armit Street
Port Moresby NCD 121
Papua New Guinea
PO Box 1937
Port Moresby NCD 121
Papua New Guinea
P: +675 321 3644
F: +675 320 0469
E: pngia@pngia.org.pg

* International branch offices (not staffed)