

INNOVATING TODAY, INFLUENCING TOMORROW.

CPA Australia 2014 Integrated Report

BE HEARD.
BE RECOGNISED.



We value your feedback on this report and any enquiries about our policies or practices.

For more information, contact
CPA Australia chief executive,
Alex Malley, at ceo@cpaaustralia.com.au

ABOUT THIS REPORT

This annual report covers the activities of CPA Australia Ltd (CPA Australia) and its controlled entities and is inclusive of office locations in Australia, Asia, Europe and New Zealand for the calendar year 1 January to 31 December 2014. Our last report covered the calendar year to 31 December 2013 and was published in April 2014.

This report has been prepared in accordance with the fundamental concepts, guiding principles and content elements of the International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) Framework released in December 2013.

We believe integrated reporting represents an important opportunity for our members to play a pivotal role in ensuring that integrated thinking on the capitals described under the <IR> framework (financial, manufactured, intellectual, human, natural, social and relationship) feed into strategy, business management and reporting. Our chief executive Alex Malley is a member of the IIRC, driving CPA Australia's commitment to integrated reporting. More details on the IIRC and the framework can be found at www.theiirc.org

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

This report is structured to provide readers with a comprehensive picture of how CPA Australia has created value through its business model and how we intend to do so for the short, medium and long term. It is based on the material issues identified through our materiality review (page 3) and features the following main sections:

- **Our members** – including certification and the CPA Program, brand and broadening the audience, member engagement and service and access to knowledge
- **Public interest and the profession** – including supporting accounting education, representation and advocacy and professional standards
- **How we do business** – including our people, governance, how we resource our strategy and our financial resources and reporting

This structure also reflects our strategic objectives, including key initiatives and related activities for 2014. The principal audience for this report is our members, but the information will also be of value to our other stakeholders (page 3).

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

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

We are also reporting in accordance with the 'Core' requirements of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. Our disclosures under the GRI G4 Guidelines and the <IR> framework have been independently assured by Deloitte Touche Tohmatsu. Please see page 105 for the independent limited assurance statement. For more information about the GRI and the G4 Guidelines please visit www.globalreporting.org

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

This report is available online at cpaaustralia.com.au/annualreport and selected sections are made available through our language websites.

CONTENTS

About this report	1	HOW WE DO BUSINESS	47
Determining materiality for CPA Australia	3	Our people	48
Material issues	4	Resourcing our business model	51
In-addition	6	Governance	54
Integrated reporting	7	Board of Directors	60
President's report	8	Councillors and committees	63
Chief executive's report	11	FINANCIAL REPORT	65
2014 Highlights	12	Report of the Board of Directors	66
Key performance indicators	14	Auditor's independence declaration	68
2014 Financial performance	16	Overview of financial results	69
Performance summary	17	Discussion and analysis of the financial results 2014	70
Our strategy	18	Statement of profit or loss and other comprehensive income	72
Our business model	20	Statement of financial position	73
Risks, opportunities and future outlook	22	Statement of changes in members' funds	74
Risk management	24	Statement of cash flow	75
OUR MEMBERS	25	Notes to the financial statements	76
Certification and the CPA Program	26	Directors' declaration	98
Brand and broadening the audience	28	Independent auditor's report	99
Member engagement and service	32	GRI index	101
Access to knowledge	36	Independent limited assurance	105
PUBLIC INTEREST AND THE PROFESSION	39	Acronyms	108
Supporting accounting education	40		
Representation and advocacy	42		
Professional standards	45		

DETERMINING MATERIALITY FOR CPA AUSTRALIA

As part of the development of this report, we worked with *Materiality Counts* to undertake a materiality determination process. The aim was to ascertain the social, financial and environmental issues that are relevant for CPA Australia and all its entities*, by incorporating:

- Issues of most importance to external stakeholders including our members
- Issues that have the most potential to impact the business' ability to create value

In determining the most material issues for our business, our process must take into account the following:

- The large number of potential issues covering all six capitals under the <IR> framework, the GRI G4 guidelines and those others identified as material to CPA Australia
- The practicality of engaging a diverse range of stakeholders, who can understand the broad detail of each issue without significant knowledge

Figure 1 details the materiality determination process used. In addition to the external and internal stakeholder engagement detailed on the right, reviews were undertaken of CPA Australia's corporate plan, risk assessment, peer reports and CPA Australia's 2013 Annual Report against the IIRC <IR> Framework and the GRI G4 Guidelines.

STAKEHOLDER ENGAGEMENT

Our engagement of stakeholders to develop this report was completed via a one-on-one interview program, and a material issues ranking process. External stakeholders included member representatives from a broad range of industry sectors and mixed demographic backgrounds. Internal stakeholders represented key business areas and processes.

Given the spread and scale of our global membership and the overall level of engagement with broader sustainability issues by our stakeholders we gather input through a variety of mechanisms. This included using input from our committees, prospective members, employees, key influencers (including regulators, governments and their agencies), employers, professional industry bodies, academic institutions and research partners across our day-to-day activities.

For specific report feedback which is undertaken annually, we focused on major stakeholders who have the most impact on our ability to create value now and into the future: our members, those who employ our members, our employees and our major suppliers.

Figure 1: Materiality determination process



G4-17, G4-18, G4-24, G4-25, G4-26

* For further detail on the entities covered by this report please refer to **page 90**.

MATERIAL ISSUES

Figure 2 : Materiality matrix

Material issue ranking is based on a combination of business impact (vertical axis) and stakeholder priority (horizontal axis).

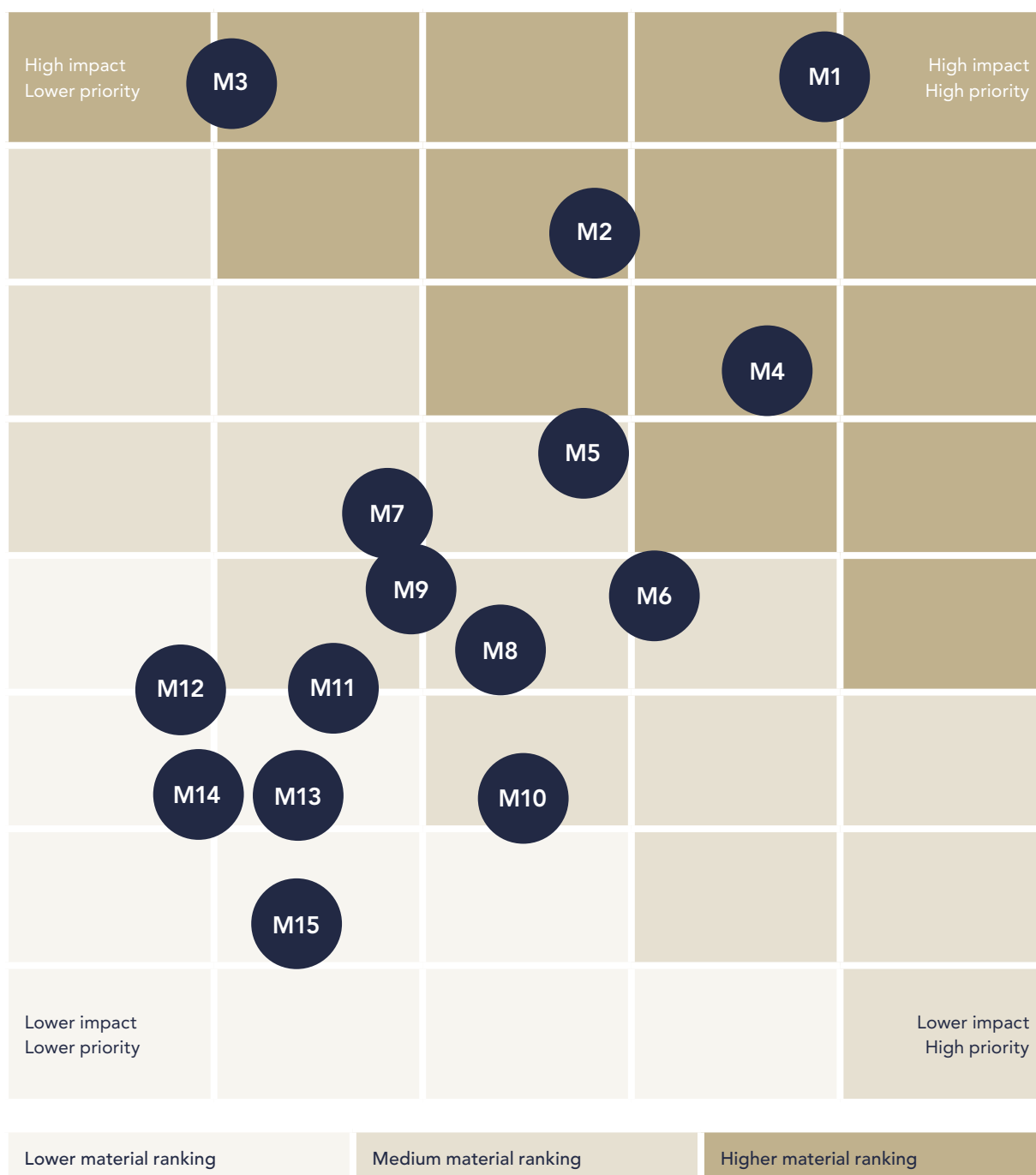


Figure 2 shows the ranking for each of our material issues. We asked stakeholders to rank the importance of each issue to them in terms of CPA Australia's activities. We also considered the potential impact of the issue on our ability to create value as a business in the short, medium and long term. To provide context for this report, we also asked stakeholders to identify their top five issues and explain why each one was important to them.

Our most material issues, and those covered in this report are shown in Table 1 in order of priority.

They include the key issues raised through our stakeholder engagement and our response to these issues is covered in the relevant sections of the report covering each material issue. This table also shows the boundary of each issue. Boundaries were determined by an internal review of where the major impacts of the issue occurred, and with reference to the stakeholder groups who raised the issue.

Where the impact of an issue is inside the organisation it applies to all of CPA Australia's locations and offices.

Where an impact is mostly outside the organisation, it is relevant across all our locations, although the magnitude of the impact may vary from location to location. The major stakeholder groups that are impacted by the issue are also detailed in Table 1.

There are no significant changes in scope or issue boundaries outside of those caused by implementing the GRI G4 Guidelines. This means we are now providing more commentary on our supply chain and are defining boundaries for each material issue rather than for the report as a whole.

Table 1: Material issues

Code	Material issue	Boundary and stakeholders impacted	Stakeholders who raised the issue
M1	Certification and the CPA Program	Outside (members, employers, education sector)	Members, employers, higher education sector, employees, suppliers
M2	Brand and broadening the audience	Outside (members, potential members)	Members, potential members, employees, suppliers
M3	Economic performance	Inside (all), outside (major suppliers, members)	Members, employees, suppliers
M4	Member engagement and satisfaction	Outside (members)	Members, employees
M5	Stable and motivated workforce	Inside (employees)	Employees, suppliers
M6	Access to knowledge	Outside (members, potential members)	Members, potential members, suppliers
M7	Supporting accounting education	Outside (higher education sector)	Members, higher education sector
M8	Representation and advocacy	Outside (members, regulators, broader public)	Members, regulators, broader public
M9	An independent Board	Inside (Board, employees)	Board, members, employees
M10	Professional standards	Outside (members, broader public)	Members, broader public
M11	Equal remuneration	Inside (employees)	Employees
M12	Diversity and equal opportunity	Inside (Board, employees)	Board, employees
M13	Customer privacy	Outside (members)	Members, employees
M14	Training and education (employees)	Inside (employees)	Employees
M15	Society – anti-corruption	Inside (employees), outside (members)	Members, employees

G4-18, G4-19, G4-20, G4-21, G4-22, G4-23, G4-27

IN-ADDITION

Reporting under the GRI G4 Guidelines means we have an extensive materiality determination and stakeholder engagement process. This information is covered on pages 3 to 5 and contains the GRI G17-G27 indicators related to identified material issues (aspects), boundaries and stakeholder engagement.

The content of this report has been defined by removing items that do not: rate highly for stakeholders; have a significant business impact; or routinely appear as a top five issue for any stakeholder group. The areas assessed as not material (for the purpose of this report) are listed below.

COMMUNITY

Most of our impacts on community are covered in the public interest and the profession and supporting accounting education sections of this report.

More information on the volunteering our members do can be found at cpaaustralia.com.au/volunteering

ENVIRONMENT

While CPA Australia's direct impacts on the environment, through our electricity use, travel and waste, are not material for us as a business, we have been reporting on this area for some time as part of our commitment to broader corporate reporting. For 2014, we will continue to make this information available online and reassess whether this is still required in the materiality process for 2015.

More information can be found at cpaaustralia.com.au/environment

LABOUR – EMPLOYMENT AND OCCUPATIONAL HEALTH AND SAFETY (OH&S)

The specific information covered under the GRI G4 Guidelines relating to employment and OH&S is not included in this report due to its lower materiality. As a business, we have OH&S and people policies in place with metrics that support these. We report on these to our Board as part of our regular management reporting.

More information can also be found in the our people section of this report.

SOCIETY – GRIEVANCE MECHANISMS

This issue is not included in this report as stakeholder groups interpreted this term differently during our materiality determination. Stakeholders either interpreted this as referring to mechanisms for raising grievances about CPA Australia as a business, or alternatively mechanisms for raising grievances about members. In 2015, we will address this discrepancy and reconsider this issue in our materiality determination.

More information on our member disciplinary processes can be found in the professional standards section of this report and at cpaaustralia.com.au/conduct

INTEGRATED REPORTING

INTEGRATED REPORTING AND THE ROLE OF THE ACCOUNTANCY PROFESSION

CPA Australia is committed to playing an important role in driving the uptake of <IR> as it provides a more complete picture as to how a business creates and generates value.

<IR> ensures that a wider range of concerns are factored into the decision making process – both now and into the future – to help ensure good governance, sustainability, and transparency across different markets.

While this form of reporting is still in its early stages, it presents an important opportunity for the accounting profession as a whole, to play a role in its development and widespread adoption.

Our chief executive is a member of the IIRC and the Accounting for Sustainability Project (A4S) Advisory Council, founded by HRH the Prince of Wales.

CPA Australia is a member of the <IR> Business Network established by the IIRC for organisations committed to the adoption of integrated reporting, and who are embracing integrated thinking and driving innovation to be at the forefront of this evolution in corporate reporting.

CPA AUSTRALIA'S MOVE TOWARDS INTEGRATED REPORTING

In 2011, CPA Australia produced a combined annual and sustainability report for the first time, and since then we have been progressively moving towards producing fully integrated reports, with our 2013 report being our first such report.

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

It is the Board's opinion that this report is presented in accordance with the <IR> framework, and represents an important milestone in being CPA Australia's second integrated report.



**BUSINESS
NETWORK**

PRESIDENT'S REPORT

As a global membership organisation with more than 150,000 members across 120 countries, with 25,000 of those members in senior leadership positions, we recognise that the size and influence of CPA Australia directly benefits our members by increasing the relevance and profile of their designation in the market place.

In 2014, we continued to expand the reach and recognition of the CPA Australia designation by taking our message to a broader audience in a number of innovative ways. This included launching our global brand refresh with our new tag line 'Be Heard. Be Recognised.' to more effectively position our brand as the global designation of choice, and to communicate the value CPAs bring to business. As part of the global campaign launch, we secured a sponsorship deal with the Australian Open Tennis Tournament, which allowed us to gain unprecedented exposure in key markets throughout the Asia-Pacific region.

Alongside our global brand refresh, we strategically expanded our use of social media to further connect with students and professionals, and meet our goal of maximising the share of people who want a career built on strategic leadership and accounting skills.

We continued to drive a diverse audience to *thenakedceo.com*. The site has become an inspirational tool and resource for emerging talent, those who seek a change of career, and mentors looking to improve the way they interact with their own mentees. During 2014, we reached a significant milestone of over 2.5 million site visits since its inception three years ago, with 61,000 replays of students and young professionals receiving a personalised video response from our chief executive.

After seeing the success of *thenakedceo.com*, publisher Wiley approached us to create the book, *The Naked CEO – The truth you need to build a big life*, which was launched globally towards the end of 2014. The book provides guidance and strategic advice to our future business leaders, and I am pleased to report that it was the number one selling title in the Business and Management category for 2014 in Australia.

The LinkedIn audience group also actively seeks professional content and advice to get ahead in their careers, making LinkedIn an ideal social media platform for CPA Australia. In 2014, CPA Australia was recognised as one of the most influential Australian brands on LinkedIn, based on user engagement with the content we provide. Our chief executive also became part of LinkedIn's global influencer program, where his posts have been viewed by over two million people.

Overall, CPA Australia now connects with more than 233,000 people across various social media platforms, including LinkedIn, Facebook and Twitter, creating valuable communities, conversations and interactions.

In 2014, we continued to achieve solid growth in key markets, and we now have more than 36,000 members working and residing in Asia. We also signed new agreements with a range of universities and organisations across the region, to provide further leadership and support for the profession and accounting education.

This year, we are particularly proud to have celebrated 60 years of outstanding service in Singapore. To mark this historic occasion, we launched *CPA Australia – Our Singapore Story*, a book documenting the rich story of CPA Australia in Singapore and the contributions of our important stakeholders and volunteers.

CPA Australia's solid financial position continues to provide us with a strong foundation to build our organisational capabilities, invest in the CPA Australia brand, the CPA Program, and a range of digital platforms to grow our business in innovative ways, and better serve our members.

On behalf of the Board, I would like to thank all CPA Australia's people for their contribution in helping our organisation deliver on its key strategic objectives throughout the year. I also thank my Board colleagues and those members who contribute their time and expertise to the Representative Council, Divisional and Branch Councils, Advisory Committees, Centres of Excellence, member representative forums, discussion groups and task forces.

Lastly, I thank our members for their commitment to upholding the high standards and ideals of the CPA designation.

Graeme Wade FCPA
President and Chairman
of the Board of Directors
CPA Australia





CHIEF EXECUTIVE'S REPORT

The theme of this year's integrated report is innovating today and influencing tomorrow. It reflects the forward thinking nature of our organisation, and our desire to be innovative and strategic in the way we build our capabilities.

We are committed to delivering the world's best service standards, broadening our audience and the reach of our brand, providing a CPA program of the highest quality, and protecting and advancing the public interest. This is how we create value for our members and the broader community.

In 2014, we continued to build our capabilities, invest in our service offering and our digital communication platforms to help us deliver on our vision for CPA Australia to be known as the world's best member service organisation.

This included further work to improve the personalisation of our websites, tailoring the content of our digital communications for different markets, relaunching our premium news content website *intheblack.com*, expanding our multi-currency gateway and implementing PayPal to improve the way members and potential new members can transact with us.

I'm pleased to report that our personalisation and content work has been recognised as best in its class by winning several awards, including the annual Sitecore awards for Australia and New Zealand, where CPA Australia was named 'Overall winner' in addition to winning a category award for 'Best use of personalisation'.

CPA Australia also won the 2014 Business Excellence Award for Education and Training at the Australia China Business Awards. This is a very prestigious award, which recognises our dedication to providing the best education and training for members in China, and

further positions CPA Australia as a business and education leader in the Asia-Pacific region.

Throughout the year, we also continued to deliver a number of innovative initiatives to broaden the audience of people who take an interest in what CPAs do and what CPA Australia does, both in Australia and overseas.

We also made significant inroads in using technology to further improve the delivery and flexibility of the CPA Program. This included implementing an online enrolment schedule and moving towards increased computerised testing for CPA Program exams and marking.

Overall, the value of the CPA Australia designation continues to be recognised through the growth in our membership. We now have more than 150,000 members across 120 countries, and continue to achieve solid growth in key markets.

Throughout the year, we continued to expand our media reach to new markets, and challenge views on a range of key issues including international competitiveness, raising the quality of financial advice, and superannuation and tax reform in the Australian market.

A major challenge for the profession has been the changing nature of the regulatory environment, both in Australia and overseas, and in 2014 we continued to influence a number of important regulatory and legislative outcomes for the profession.

We made a number of key submissions to the New Zealand Ministry of Business, Innovation and Employment on many of the key reforms in the *Accounting Infrastructure Reform (AIR) Bill*. The subsequent passing of these reforms is a significant step for our New Zealand members as on commencement of the Act in 2015, recognised members of accredited

bodies, such as CPA Australia, will be able to perform statutory audits that were previously restricted.

CPA Australia is committed to helping drive the uptake of integrated reporting, as it is likely to have a significant impact on the accounting profession and the broader business community as it gathers momentum in the coming years. It's all about providing a complete and transparent picture of the ways in which businesses create value, both now and in future years. I continue to represent CPA Australia on both the IIRC and HRH The Prince of Wales' Accounting for Sustainability (A4S) project to help drive the right outcomes for our profession.

This is CPA Australia's second integrated report. Our 2013 integrated report was a finalist for the Integrated Reporting Award at the Australasian Reporting Awards and was also awarded Silver at the Content Marketing Association Awards for Best Annual Report.

We hope our journey inspires other organisations to embrace integrated reporting.

Finally, I would like to thank our members, partners and friends for contributing to the success of CPA Australia in 2014. I would especially like to thank our people for their dedication and hard work in striving to achieve all the things we set out to do for our members and prospective members.

We look forward to another successful and prosperous year in 2015.



Alex Malley FCPA
Chief Executive
CPA Australia

2014 HIGHLIGHTS

EXPANDING OUR REACH

DELIVERING OUR BRAND REFRESH
**BE HEARD.
BE RECOGNISED.**

RECOGNISED ON LINKEDIN AS
**AUSTRALIA'S MOST
INFLUENTIAL BRAND**

CHIEF EXECUTIVE
ALEX MALLEY
LINKEDIN INFLUENCER

>2.2M
VIEWS

>3.5M
WATCHING THE BOTTOM LINE

>233,000
ENGAGING THROUGH
SOCIAL MEDIA

GLOBAL RECOGNITION

>150,000
MEMBERS ACROSS
120 COUNTRIES

>36,000
WHO WORK IN ASIA

AUSTRALIAN OPEN
TENNIS SPONSORSHIP
INCREASES AUDIENCE REACH

WINNER
**AUSTRALIA CHINA
BUSINESS AWARDS**

2014 Business Excellence Award for Education and Training

INTHEBLACK
WINNER
**BUSINESS MAGAZINE
OF THE YEAR AWARD**
at the Publishers Australia Excellence Awards

WORLD'S BEST MEMBER SERVICE

98%
MEMBER RETENTION
(fully qualified)

>65,000
OUTBOUND CALLS
TO ASSIST MEMBERS

DEMONSTRATING LEADERSHIP
AND CHALLENGING VIEWS

**EXPANDING OUR
MEDIA REACH**

CPA AUSTRALIA MEMBERS
TO PERFORM
**STATUTORY AUDITS
IN NEW ZEALAND**

**SILVER
AWARD**

2014 Content Marketing Awards
for Best Annual Report Editorial

ENGAGING THROUGH INNOVATION

THE NAKED CEO
>2.5M
VISIT THENAKEDCEO.COM

**GLOBAL LAUNCH
OF THE BOOK**
The truth you need to build a big life

**4 PRESTIGIOUS
AWARDS**

>550,000
VISITS TO OUR PREMIUM NEWS SITE
INTHEBLACK.COM

3 AWARDS
for our content and digital communication capabilities

IMPLEMENTING:
**COMPUTER BASED
TESTING**
FOR CPA PROGRAM EXAMS

KEY PERFORMANCE INDICATORS

Table 2

STRATEGIC GOAL	MEASURE
OUR MEMBERS	
Certification and the CPA Program	
Delivering the highest quality CPA Program	Maintaining ISO certification
Driving world's best member engagement and service	
World class member service	Call queue times
The professional recognition that comes from carrying the CPA designation	Member retention (fully qualified)
Strong and engaging relationships with members	Member engagement*
Brand and broadening the audience	
Innovative new approaches to take our brand to a broader audience	Social media engagement
Access to knowledge	
Knowledge and resources that keep our members skills current and relevant	Supporting the development of my knowledge and skills*
	MEASURE
PUBLIC INTEREST AND THE PROFESSION	
Representation and advocacy	
A recognised and respected voice in the global business, accounting and leadership space	Providing leadership in the field*
Professional standards	
The highest standards for members who provide accounting services to the public	Number of public practice quality reviews
	MEASURE
HOW WE DO BUSINESS	
Our people	
A stable and passionate workforce	Staff turnover**
Financial capital	
A sustainable organisation	Surplus before tax

* Survey methodology: The survey was run as an online survey by Beaton Research and Consulting in November 2014. 42,873 members were contacted via email and a response rate of eight per cent was received (3301 responses). Responses came from all our major locations (Australia, China, Indonesia, Malaysia, New Zealand, Singapore, UK and Vietnam) however we are unable to report responses by country due to the timing of the survey release. 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 2012 and 2013 are from the previous year's surveys that followed the same methodology.

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

2012	2013	2014 TARGET	2014 ACTUAL	2015 TARGET
✓	✓	✓	✓	✓
21 seconds	38 seconds	120 seconds	25 seconds	60 seconds
98.5%	98%	98%	98%	98%
7.0	7.1	7.0	7.0	7.0
80,000	175,000	225,000	233,000	270,000
6.8	6.9	6.8	6.8	6.8
2012	2013	2014 TARGET	2014 ACTUAL	2015 TARGET
6.8	6.8	6.7	6.8	6.7
1000	> 1000	900	> 1000	1100
2012	2013	2014 TARGET	2014 ACTUAL	2015 TARGET
<14 %	<15%	<15%	<12%	<15%
\$8.30 m	\$2.31 m	\$2.00 m	\$3.75 m	\$3.50 m

2014 FINANCIAL PERFORMANCE

Table 3: Overview of economic value generated for the year ended 31 December 2014

	FY 2014 \$'000s	FY 2013 \$'000s
DIRECT ECONOMIC VALUE GENERATED		
Membership fees	73,095	70,772
Education and training revenue	77,534	74,928
Other	10,620	11,542
Total direct economic value generated	161,249	157,242
ECONOMIC VALUE DISTRIBUTED		
Employee wages and benefits	58,564	57,039
Operating costs	98,931	97,897
Payments to providers of capital	–	–
Payments to government	–	–
Community investments	–	–
Total economic value distributed	157,495	154,936
Surplus before tax	3,754	2,306

Table 4: CPA Australia – Revenue and costs by geographic region for the year ended 31 December 2014

	Total revenue	Total cost	Surplus before tax
Australia	122,507	140,681	(18,174)
China	4,237	3,118	1,119
Europe	910	835	75
Hong Kong SAR	11,007	4,052	6,955
Indonesia	283	471	(188)
Malaysia	9,215	2,103	7,112
New Zealand	1,520	1,543	(23)
Singapore	7,425	3,585	3,840
Vietnam	723	1,076	(353)
Other overseas	3,422	31	3,391
Total overseas	38,742	16,814	21,928
Total CPA Australia	161,249	157,495	3,754

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

PERFORMANCE SUMMARY

The KPI and financial performance tables on the preceding pages reflect our results for the full year 2014, with the organisation achieving many of the targets that we set ourselves.

We continued to deliver a strong operating performance, with surplus before tax above budget. Core revenue streams including membership and the CPA Program continue to out-perform prior year and this was achieved in the face of a competitive environment that resulted in pressure on some revenue lines.

Our goal to be the world's best member service organisation has seen strong performance across our key service standards for the year. Our inbound call queue time exceeded the target for 2014 and we continued to cope with the peak call period as members phoned to renew, enrol and

schedule exams. We have achieved excellent results in member retention, with fully qualified member retention standing at 98 per cent. World class service is now part of the way we do business and a fundamental part of our culture.

We continued to focus on broadening the audience with an increasing number of people engaging with us through social media channels and a number of exciting initiatives being delivered that are detailed throughout this report.

The professional development market continues to be challenging as the demand for training products is typically flat during market downturns. We continue however to be ambitious about our expectations due to the quality of our professional development offering.

The nature of our business and our goals means that developing and disclosing meaningful and quantifiable targets that are not commercial-in-confidence for some of our activities has proved challenging. In 2015 we will continue to develop further metrics for our strategic goals to enhance our reporting.

Further details on our performance, and the challenges faced across our business, can be found in the management approach and performance areas of each of the report sections and in the full financials provided at the rear of this report.

Table 5: Statement of financial position as at 31 December 2014

	FY 2014 \$'000s	FY 2013 \$'000s
Total current assets	69,702	48,029
Total non-current assets	97,229	95,928
Total assets	166,931	143,957
Total current liabilities	86,028	67,788
Total non-current liabilities	6,498	6,491
Total liabilities	92,526	74,279
Net assets	74,405	69,678
Total members' funds	74,405	69,678

OUR STRATEGY

Our corporate plan outlines the strategies we are pursuing to meet our vision of being the world's best member service organisation and our goal of maximising the share of people who want a career built on professional accounting skills.

CPA Australia's strategic themes have remained fairly consistent over the past five years and continue to feature in the corporate plan approved by the Board in 2014 that will drive our direction from 2015-2019. Our strategy, goals and the subsequent activities to achieve these are informed by considering the key risks and opportunities (page 22) that will impact our business model and in turn our ability to create value.

Throughout the year, our progress is reported through a performance contract that is agreed with the Board. This uses a balanced scorecard approach to highlight key metrics in achieving our strategic aims. Key performance indicators can be found on page 14.

Our strategy is reviewed across its life to ensure we are adapting our activities in order to deliver on our goals as new challenges and opportunities arise. We recognise that our organisation must continue to evolve and innovate to meet the changing needs of our members and the shifting global environment. Over the last few years, we have spent significant time and resources upgrading our technology infrastructure to ensure we have a stable, reliable and flexible platform to support our objectives and to ensure our brand and products have ongoing relevancy for our members, potential members and customers.

Our process for allocating funds to new initiatives is based on our strategic goals, and resources are allocated to those initiatives that best support our objectives. More information on our resource allocation can be found on page 51.



PROTECTING THE PUBLIC INTEREST

To be a recognised and respected voice in the global business, accounting and leadership space. Ensuring the highest standards for all our members.

M8, M10, M15



DRIVING WORLD'S BEST MEMBER ENGAGEMENT AND SERVICE

An engaged membership created through delivery of world class service and personalised communication.

M4, M8, M13



DELIVERING A WORLD CLASS CPA PROGRAM AND CERTIFICATION

The highest quality CPA Program, where flexibility of delivery meets the changing needs of candidates and their employers.

M1



PROVIDING ACCESS TO KNOWLEDGE

Being a world class provider of business, accounting and leadership content for our members, potential members and the broader business community.

M6



LEVERAGING OUR BRAND AND BROADENING THE AUDIENCE

Broadening the audience of those who take an interest in what CPA's do, and what CPA Australia does.
Adopting innovative new approaches to take the brand to a wider audience.

M2



SECURING THE NEXT GENERATION OF TALENT

Being better at targeting and attracting students and young professionals than our competitors to ensure sustainable membership growth.

M2, M7



ENSURING A STABLE, CAPABLE AND SKILLED ORGANISATION

A high performance organisation that has the people, resources and skills base to deliver on our broader objectives.

M3, M5, M9, M11, M12, M14

OUR BUSINESS MODEL

HOW CPA AUSTRALIA CREATES VALUE

Founded in 1886, CPA Australia is one of the world's largest professional accounting and finance bodies, representing more than 150,000 members and business professionals in 120 countries.

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

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

Our business model is designed to support the demand for global accounting and business professionals who can work in multiple jurisdictions. As such, it is designed to change as the market demand for professional accounting services changes and grows both in Australia and abroad. 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.

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

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

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

INPUTS

Financial resources:

- Membership fees
- Receipts for products and services

People:

- Members
- Employees

Intellectual capital:

- Our brand
- CPA Program
- Our knowledge and expertise

Infrastructure:

- A network of 19 offices
- Our IT and digital infrastructure

Partners:

- Suppliers
- Accountancy bodies
- Governments and regulators
- Higher education sector

VALUE ADDING ACTIVITIES

- Delivering the highest quality CPA Program that meets the changing needs of candidates and employers
- Providing access to relevant knowledge and resources
- Producing thought leading advocacy on behalf of the profession and our members
- Broadening the audience of those who take an interest in what a CPA does and in CPA Australia
- Recruiting, retaining and developing our people

OUTPUTS

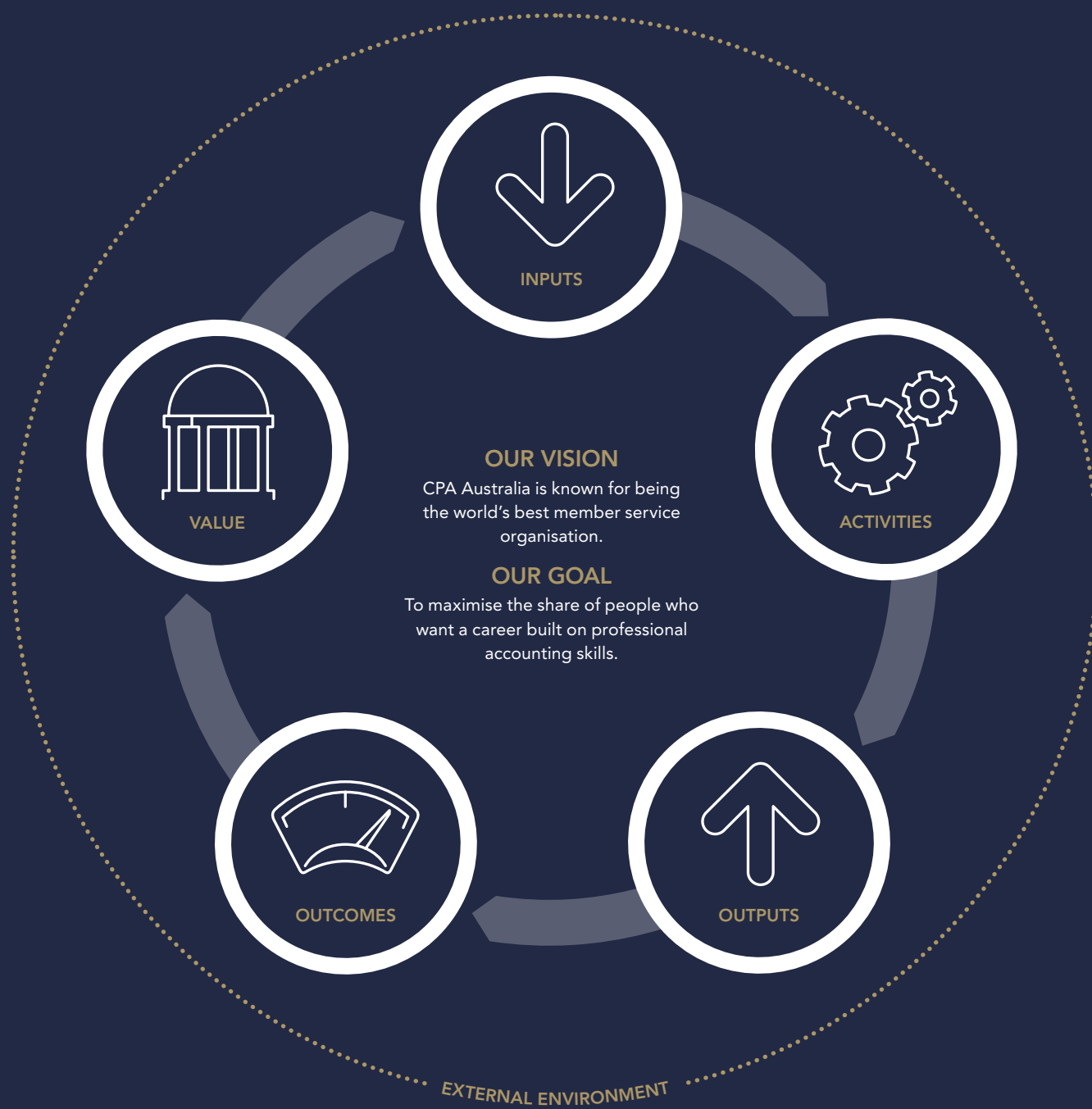
- High calibre accounting professionals who add value to their organisations and communities
- A strong service oriented culture
- Thought leadership on matters that impact the accounting and broader business communities
- Strong brand value and recognition
- A capable workforce that is passionate about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

OUTCOMES

- Protection of the public interest
- A sustainable organisation
- World's best member service
- A stronger accounting profession
- Global demand and opportunities for CPAs

VALUE CREATED

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



RISKS, OPPORTUNITIES AND FUTURE OUTLOOK

Table 6: Risks, opportunities and future outlook

KEY STRATEGIC RISKS AND OPPORTUNITIES	DESCRIPTION
Brand and recognition	CPA Australia seeks to broaden the audience of those who take an interest in what CPAs do and what CPA Australia does in order to increase the value of our brand and increase interest in the CPA designation
Changing education and knowledge market	CPA Program – The rapid pace of technology change has impacted the education space and led to the emergence of multiple forms of higher education providers with differing capabilities CPD – Our members and customers have diverse careers and knowledge needs that extend beyond core accounting skills and our provision of ongoing training takes place in an increasingly competitive market
Changing market for professional accountancy services	The increasing adoption of global finance approaches, including offshoring and outsourcing, is a feature of the markets in which we operate Recent years have seen more association bodies enter the markets in which we operate
Member standards and regulation	The value of the CPA designation and brand is closely tied to the high ethical and professional standards to which our members are held
Technology environment and change	As technology increasingly plays a part in the products and services that we deliver, this presents both risks and opportunities that have the potential to impact CPA Australia's assets, processes and reputation
Uncertain regulatory environment	The work we do is impacted by the changing reporting, regulatory and political environments in the markets in which we operate

KEY > REFER TO PAGES 18-19 FOR DESCRIPTIONS



Protecting the public interest



Driving world's best member engagement and service



















Delivering a world class CPA Program and certification



Providing access to knowledge



Leveraging our brand and broadening the audience

OUR RESPONSE	STRATEGIC GOALS IMPACTED	IMPACT ON VALUE CREATION
<p>Continuing to deliver content rich products and services that grow our brand and position us as leaders in our field</p> <p>Ensuring our brand is seen in the right places at the right time to attract new members and increase our recognition</p> <p>Ensuring consistency in the representation of our brand</p>	  	<p>Medium to long term</p>
<p>Building on our recognition for being leaders in global strategy and leadership</p> <p>Continuing to deliver the highest quality, relevant content to support members and employers</p> <p>Continuing investment in flexible content delivery options</p>	  	<p>CPA Program – Medium to long term</p> <p>CPD – Short to medium term</p>
<p>Integrated business development strategies that enhance our value in key market sectors</p> <p>Utilising our digital channels to make the process of becoming a member clear and compelling</p> <p>Growing our existing markets and entering new markets</p>	 	<p>Medium to long term</p>
<p>Maintaining professional rigour, competencies and entry standards</p> <p>Ensuring the long standing and ongoing integrity of the CPA Program</p> <p>Continuing to ensure that our members comply with a professional code of conduct</p>	 	<p>Ongoing</p>
<p>Investing in our digital channels</p> <p>Investing in the right technology infrastructure to support delivery of our goals</p> <p>Systems and processes that support a flexible and creative workforce</p>	   	<p>Short to medium term</p>
<p>Developing and delivering thought leadership and advocacy that challenges views and ignites discussion</p> <p>Continuing our strong and enduring relationships with policymakers, regulators and the wider business community</p> <p>Extending our media reach and influence</p>	 	<p>Long term</p>



Securing the next generation of talent



Ensuring a stable capable and skilled organisation

RISK MANAGEMENT

Our key strategic risks and opportunities are outlined on the preceding pages. They take into account the most material issues (page 5) and the key environmental trends that we see impacting our ability to create value now and into the future.

Risks that are increasing are related to changes in the competitive environment and our operations in multiple jurisdictions. These include:

- Changing market for professional accountancy services
- Changing education and knowledge market
- Uncertain and changing regulatory environment

MANAGEMENT APPROACH TO RISK

Risk management is core to CPA Australia's governance arrangements. We have a risk management framework, risk policy and risk management program, which include formal processes to update the Board through the Audit and Risk Committee. This framework, policy and management program is used throughout the organisation. The goal of our risk management processes and structures is to maximise opportunities to achieve our objectives and goals without exposing the organisation to unnecessary risk.

The Board discusses strategic and major operational risks as part of its regular meeting agenda. The organisation's risk profile, including identification and treatment of risks and mitigating controls, is reviewed annually before being approved by the Board. Senior management monitors our risk profile and reports any risks to the Board via the Audit and Risk Committee.

As part of our approach to risk and ongoing planning, trends in our operating environment are regularly reviewed. Risk assessment is part of our operational planning and covers our strategic, governance, people, sustainability, operational, financial and compliance risks.



VALUE ADDING ACTIVITIES

OUR MEMBERS

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

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

- Certification and the CPA Program – **M1**
- Brand and broadening the audience – **M2**
- Member engagement and service – **M4**
- Access to knowledge – **M6**

CERTIFICATION AND THE CPA PROGRAM

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

2014 HIGHLIGHTS

UTILISING TECHNOLOGY

TO BETTER DELIVER THE CPA PROGRAM

- Implementing computerised testing for the CPA Program exams
- Commencing on-screen marking with real-time reporting capabilities
- Implementing a new online exam scheduling system and introducing early enrolments



DELIVERING EXAMS

SUCCESSFULLY IN MULTIPLE COUNTRIES

- Delivering foundation exams across 61 countries
- Delivering CPA Program exams across 69 countries



ISO 9001

- Maintaining quality management certification

MANAGEMENT APPROACH AND PERFORMANCE

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

The CPA Program is an integrated education and professional experience program with exceptionally high standards, and the quality of our processes is recognised through ISO 9001 certification.

Contributors to the CPA Program are world leading education providers, 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.

A large proportion of the services necessary for the design, development and delivery of the CPA Program are provided by our strategic supply partners Pearson VUE (exam support), DeakinPrime (subject materials), BPP (additional learning support) and Blue Star (printing and fulfilment).

CPA Australia retains critical functions relating to design specifications and quality assurance, where management works closely with members through a variety of oversight committees and advisory panels to perform these functions.



RUTH OWENS FCPA

Director, VMA (Victorian Metropolitan Alliance), GP training, External member, Finance, Audit and Risk Committee, International Women's Development Agency

We set targets for our performance in this area and these are included in our performance contract with the Board.

Further details on our targets, results, and the changes we have made as a result of our evaluations, can be found in the following sections.

INNOVATION AND THE CPA PROGRAM

The CPA Program focuses on strategy, leadership and international business alongside developing technical accounting skills. Content is globally relevant, with a focus on providing flexible learning and delivery modes. The distance learning education component, along with the practical experience requirement, ensures that candidates achieve a balance of skills on completion of the CPA Program.

In 2014, we made significant inroads towards increasing the digitisation of the CPA Program exams and exam marking with computer based testing and enhanced reporting capabilities to further improve our quality assurance. We also implemented a new online scheduling system that gives CPA Program candidates greater flexibility in choosing exam locations, venues, and dates.

Planning and implementing these major changes, while managing the ongoing delivery of our certification services, presented some challenges when communicating exam locations, venues and times. To address this, we made a number of changes to our communications approach from semester one to semester two, including simplifying and better targeting our messaging to associate members (ASAs).

The security of exams, given the rise of social media and sharing between online communities, continues to be a risk. To manage this, we increased the number of operational exam

GIVING BACK TO THE COMMUNITY

Ruth Owens is passionate about using her skills to make a difference and give back to the community in a voluntary capacity as a Board member, a finance committee member, and through being a mentor to young women.

"Looking back, I can see that I initially entered the accounting profession out of necessity, as my marriage ended when I was quite young and I had two children to support.

"Since I was already working as a bookkeeper and had a natural affinity for numbers, it made sense to undertake further study and do the CPA Program.

"Completing the CPA Program was a real turning point, where I was able to move into a number of managerial roles, before becoming chief financial officer at the Royal Australian College of General Practitioners.

"Two years later, when I turned 50, I decided it was time to get out of 'normal' work and did the company director's course.

"Interestingly, one of my first board appointments was with the College

as their first non-doctor participant, and I haven't looked back since", says Ruth.

Having a strong sense of social justice, Ruth says that she naturally gravitated towards the not-for-profit sector and that mentoring women from all walks of life has provided some of the most rewarding experiences of her life.

"In recent years, I've lent my strategy and financial skills to a number of social causes, including the Council to Homeless Persons and The Social Studio, where I am on their finance committees.

"While I enjoy working in this capacity, I have to say that my most rewarding working experiences have come through the one-on-one mentoring work I have done with refugee women.

"In particular, mentoring a woman from Afghanistan, where it took her 10 years to be recognised as a Doctor in Australia because of the language barrier.

"She just didn't give up, and through her I learnt so much about the importance of persistence in the face of adversity", explains Ruth.

items, thereby increasing the variances between exam forms. Additionally, all candidates sign a Non-Disclosure Agreement, where any breaches of this agreement are investigated by Pearson VUE's security team.

Overall, our new customer relationship management (CRM) system and partnership agreements provided the strong foundation, systems, processes and flexibility to introduce increased digital enhancements. In 2015, we will work towards more effectively

streamlining these changes and communicating them to our members.

PROVIDING PATHWAYS FOR TALENTED PEOPLE TO BEGIN THE CPA PROGRAM

We continue to offer foundation exams to allow candidates who do not have a traditional accounting background with a pathway to demonstrate that they have the required knowledge to enter the CPA Program.

BRAND AND BROADENING THE AUDIENCE

Deliberately broadening the audience of people who take an interest in what CPAs do, and what CPA Australia does.

Being better at promoting our brand so that we attract high-calibre people to enter the profession and add value to the community.

2014 HIGHLIGHTS

EXPANDING THE REACH AND RECOGNITION OF OUR BRAND

- Delivering our global brand refresh *Be Heard. Be Recognised.*
- Australian Open tennis sponsorship – significantly increased audience reach in the Asia-Pacific region
- *The Bottom Line* TV series > 3.5 million viewers

THE NAKED CEO GOES GLOBAL

- Launching the book *The Naked CEO – The truth you need to build a big life globally*
- > 2.5 million visits to *thenakedceo.com* since inception
- Winning four prestigious awards



DRIVING ENGAGEMENT THROUGH SOCIAL MEDIA

- Being recognised on LinkedIn as Australia's most influential brand
- Our chief executive being a LinkedIn influencer > 2.2 million post views
- Engaging with > 233,000 through social media
- > 217,000 downloads of the Boardroom Tycoon app

MANAGEMENT APPROACH AND PERFORMANCE

The size and influence of CPA Australia directly benefits our members by increasing the relevance and profile of CPAs in the marketplace.

We aim to enhance the reputation and value of the organisation and ultimately that of our members. Through numerous touch points, we seek to communicate that CPA Australia is a globally recognised and respected accounting body, with more than 150,000 members in 120 countries across the globe.

We continue to create meaningful relationships through all our communication channels and increase our usage of new media to better meet the needs of those who wish to engage with us. We have a dedicated social media team to manage this area and in 2014 we continued to further develop our social media initiatives, including an initial phase of growing our presence in China through Weibo and WeChat.

Overall, CPA Australia now connects with more than 233,000 people across social media platforms including LinkedIn, Facebook and Twitter among others, delivering ongoing valuable conversations and interaction.

We continue to innovate with initiatives such as *thenakedceo.com* and *The Bottom Line*, to reach new markets and more effectively communicate with prospective new members, existing members, and the broader global business community.

We measure our efforts in this area through the engagement metrics detailed in the following sections and our annual benchmarking study (page 14).

In 2014, we consistently achieved engagement levels for all channels that were above accepted industry benchmarks.

Key challenges in this area include: staying at the forefront of social media channels as they evolve, and ensuring the correct balance of spend across all media and online channels given our limited budget.

We set targets for our performance in this area and these are included in our reporting to the Board. Further details on our targets, results, and the changes we have made as a result of our evaluations, can be found in the following sections.

EXTENDING THE REACH OF OUR BRAND

In 2014 we embarked on a global brand refresh with our new tag line '*Be Heard. Be Recognised.*' to more effectively communicate the benefits of being a CPA to members, prospective members and to the broader community.

Our global brand refresh was designed to better position our brand in a competitive marketplace as the global accounting body of choice and to communicate the value CPAs bring to business. Advertising channels included television, outdoor, print, events and online.

Sponsorship of the Australian Open Tennis Tournament was central to raising brand awareness in our targeted growth markets.

The reach within the Asia-Pacific region from this sponsorship resulted in 177 million broadcast viewers, with 107 million from China. This represented a significant return on investment compared to traditional paid advertising. In addition, we gained extensive social media reach across the Chinese website, Tencent, the Australian Open Facebook page, and our own LinkedIn page.

VIP WORK EXPERIENCE COMPETITION WITH THE AUSTRALIAN OPEN

To further leverage our sponsorship with the Australian Open and connect with students and professionals, we created a VIP work experience competition in conjunction with the Australian Open.

The competition received more than 2400 applications, where LinkedIn profiles were used against the selection criteria to narrow down the top 10 applicants, who were then interviewed via video.

The winner experienced this opportunity in January 2015.



LISA CALLAGHAN CPA

Managing Director,
Interactive Accounting, Sydney Australia

EMBRACING CLOUD TECHNOLOGY

Lisa Callaghan is a passionate advocate for using cloud technology to transform businesses and create stronger relationships with clients.

"About five years ago, when the business started, we saw there was a need to help small business owners navigate a much broader array of business challenges than simply tax and compliance.

"We were one of the earliest adopters of cloud technology, which helped us create a point of difference and a new kind of proactive advisory service.

"The term I like to use to describe our business is 'predictive accounting' because cloud based technology allows us to work with live data feeds, where we often pick up on potential issues and trends before our clients do.

"This allows us to be proactive and form strong relationships with our clients, where instead of feeling like a consultant, we really feel like we are part of their team", says Lisa.

Lisa believes it's important to be innovative and flexible when approaching new ways of doing business, and describes the culture at Interactive Accounting as dynamic and fun.

"The culture of our business is really important, especially when the business model involves pioneering a new way of working.

"We've got a flat structure and an open management style, where everyone from graduates to seniors is involved in shaping our business.

"Such a high level of buy-in means everyone in our business is really passionate about the work we do," says Lisa.

THENAKEDCEO.COM

Thenakedceo.com is our popular online mentoring site, where the chief executive of CPA Australia invites students and professionals to join him behind the scenes with global leaders and brands to impart key insights and success strategies.

Since its launch in 2012, *thenakedceo.com* has generated more than 2.5 million total visits and seen our chief executive personally respond to more than one thousand career related questions, as well as countless more live questions from students during university visits.

In 2014, CPA Australia continued to publish fresh career related content daily and expanded the reach of *thenakedceo.com* by publishing and launching the book *The Naked CEO – The truth you need to build a big life*.

We also hosted *The Naked CEO Future Leaders Forum* in Australia to provide further guidance for young people who aspire to leadership, and developed an educational series for those interacting with Chinese businesses.

In 2014, *thenakedceo.com* won a number of prestigious awards, including:

- The Content Marketing Strategy of the Year 2014 Award at the Mumbrella Awards
- The Best Stakeholder Website at the 2014 MemCom Awards
- Two gold awards at the Content Marketing Awards – for Best Interview or Profile and Best Regularly Featured Column or Section

THE TRUTH YOU NEED TO BUILD A BIG LIFE – BOOK LAUNCH

CPA Australia is proud to have globally launched our new book *The Naked CEO – The truth you need to build a big life* in November 2014.

The book's publisher, Wiley, approached us in May 2014 to write the book after experiencing the content and seeing the success of *thenakedceo.com*.

The aim of creating and launching this book is to provide encouragement, strategic business skills and advice to future business leaders.

The Naked CEO – The truth you need to build a big life expands on our chief executive's passion to help young people successfully navigate the professional world, offering practical steps to achieve a big life on their own terms, and become a leader in business and the wider community.

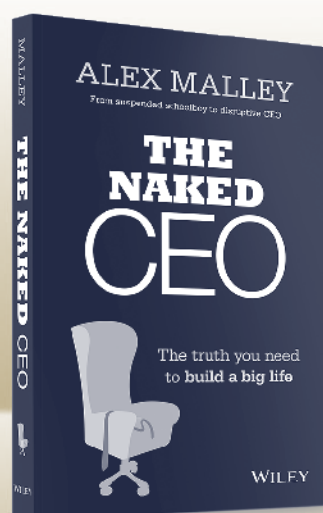
The book has been endorsed by many respected leaders from a broad range of fields and is sold in print, e-book and audio formats globally.

"Not many CEOs have their own website with an engaged and enthusiastic audience. Wiley, as one of the world's leading business publishers, saw an opportunity to further amplify the critically important and inspirational message of mentorship, encouragement and self belief that Alex lives and breathes in his role as chief executive of CPA Australia.

Upon meeting the team at CPA Australia, Wiley were hooked. Alex's drive, focus, generosity and enthusiasm was palpable. Alex has the support of CPA Australia, an organisation with the vision and execution capabilities of a world class membership organisation. Wiley are proud to be the publisher of *The Naked CEO* and we look forward to continuing our successful partnership with CPA Australia and spreading Alex's message to readers around the globe".

Kristen Hammond

Executive Commissioning Editor
– Professional Development
Wiley



BOARDROOM TYCOON

Thenakedceo.com hosts our popular app Boardroom Tycoon, which combines the challenge of running a business with important lessons in leadership, strategy and risk management. Over the course of 2014, Boardroom Tycoon was downloaded by more than 217,000 aspiring entrepreneurs. The app was also named a winner in the education and family category at the 2014 Australia Mobile and App Design Awards and went on to win medals in the games, education and education and family categories at the 2014 U.S. Mobile and App Design Awards.

For more information, visit thenakedceo.com/boardroomtycoon

THE BOTTOM LINE

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

In 2014 the series completed its third season on the Nine Network Australia, attracting an audience reach of more than 3.5 million people. Guests included legendary interviewer Sir Michael Parkinson, author and former politician Lord Jeffrey Archer, humanitarian and co-founder of the Fred Hollows Foundation Gabi Hollows, Australian cricket legend Ricky Ponting, and Indigenous leader Warren Mundine.

We also released the series as podcasts, which featured in iTunes *What's Hot in Business* and *Business News* categories.

EXPANDING OUR REACH THROUGH LINKEDIN

The LinkedIn audience group actively seeks professional content to get ahead in their careers, making it an ideal fit for CPA Australia. In 2014, LinkedIn recognised CPA Australia as one of the most influential Australian brands on LinkedIn based on users' engagement with the content we provide. In addition to this, CPA Australia's chief executive became part of LinkedIn's exclusive global influencer program, where his posts have been viewed by more than two million people.

CONNECTING WITH STUDENTS

CPA Australia runs a global network of close to 200,000 students and young professionals, helping them connect with internship and graduate employment opportunities, utilise career, leadership and study resources, build an outstanding CV and stand out in interviews.

In 2014, we helped facilitate more than 650 internships offered globally through our recognised employers and other partners in order to continue to grow the number of people who seek a career based on professional accounting skills.

We hosted ten career expos to assist more than 6500 individuals in taking the next step in becoming a CPA and launched our first major career expo in New Zealand which attracted over 750 attendees.

EXPANDING OUR RECOGNISED EMPLOYER PROGRAM

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

At the end of 2014, we signed an additional 56 Recognised Employer Partners and we renewed agreements with 103 REPs. Some of our high profile recognised employers now include: ANZ, American Express, BP, Coca-Cola, Commonwealth Bank, Credit Suisse AG, DHL, HSBC Bank, NAB, Nestle Oceania, Qantas, Standard Chartered Group, Telstra and Tencent Holdings (China).

A full list of our partners can be found at cpaaustralia.com.au/rep



**SECURING THE NEXT
GENERATION OF TALENT**

MEMBER ENGAGEMENT AND SERVICE

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

MANAGEMENT APPROACH AND PERFORMANCE

Engaging with our members is the most valuable activity our staff do. As a membership body, service is core to our operations and directly impacts our members and the relationship they have with CPA Australia. Our vision is to be the world’s best member service organisation.

CPA Australia’s service culture and approach is defined by three pillars:

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

CPA Australia has a dedicated team of member advisers whose role it is to answer the queries of our members and prospective members. We provide regular product and service training to ensure our front line staff provide the right advice to members.

As part of CPA Australia’s drive to put customer service at the heart of everything we do, we are increasingly personalising members’ experience of our website and tailoring our communications to members’ needs through the continuing implementation of our digital strategy.

We set targets for our key service metrics and these are included in our performance contract with the Board and all our people’s individual performance reviews. We monitor service KPIs monthly and take part in annual benchmarking against other professional bodies.

Further details on our targets, results, and the changes that we have made as a result of our evaluations, can be found in the following sections.

Table 7: Membership by location

	2014	2013
Australia	73%	74%
China (including Hong Kong SAR)	11%	10%
Indonesia	<1%	<1%
Malaysia	6%	6%
New Zealand	1%	1%
Singapore	5%	5%
UK and Europe	1%	1%
Vietnam	<1%	<1%
Other overseas	2%	2%

2014 HIGHLIGHTS



ASSISTING MEMBERS

> 65,000 outbound phone calls to assist members

Answering > 210,000 telephone enquiries

Call queue times of 25 seconds against a target of 120 seconds



AWARD WINNING WEBSITE PERSONALISATION

Improving the personalisation experience of our corporate website

'Overall winner' in addition to winning a category award for 'Best use of personalisation' at the 2014 Sitecore awards for Australia and New Zealand



ENGAGING MEMBERS AROUND THE WORLD

Celebrating 60 years in Singapore

Creating CPA Update local editions for China, Indonesia and Vietnam

WE REPRESENT A TOTAL GLOBAL MEMBERSHIP OF

>150,000



27%

LIVE AND WORK INTERNATIONALLY

2013: 26%



53%

OF MEMBERS ARE MALE

2013: 54%



47%

OF MEMBERS ARE FEMALE

2013: 46%

BENEFITING FROM OUR NEW CRM

In 2013, CPA Australia implemented a new Customer Relationship Management (CRM) system, which involved a complete overhaul of our systems and processes. It represented the most significant transformation project that CPA Australia had undertaken to date, with the aim of providing us with a solid platform to continue to grow our business and deliver world class service to members.

In 2014, we used our new CRM system to facilitate the following improvements:

- Making it easier and more efficient for members to renew their membership online
- Providing members with the ability to better customise their communication preferences
- Streamlining the recording of members continuing professional development (CPD) status
- Implementing PayPal and expanding our multi-currency gateway to allow members greater choice in how they transact with us

INVESTING IN SERVICE

In 2014, CPA Australia continued to invest in our service offering for members. This included revised three day intensive service training for all new frontline service staff, and an updated refresher training course for existing staff.

We also deployed new call recording technology to further assist us in evaluating and improving our service offering and we have started to extend the hours of phone service to better serve member needs.

PERSONALISING OUR COMMUNICATION CHANNELS

In 2014, we created specific local versions of our weekly newsletter, CPA Update, for China, Indonesia and Vietnam to better serve our members. We also continued with our website personalisation work by implementing single sign on across our web platforms and further

improving overall user experience by making information more relevant and accessible. Our personalisation work was recognised as top in its class at the annual Sitecore awards for Australia and New Zealand, where CPA Australia was named as 'Overall winner' in addition to winning a category award for 'Best use of personalisation'.

MEMBER ENGAGEMENT

We strive to actively engage our members in the manner that best suits them. In 2014, we held numerous events including intimate boardroom luncheons, networking, information sessions, expos and member celebrations that engaged with close to 20,000 members. We also doubled our social media audience to more than 233,000 people.

In addition to this, we brought on four new member benefits partners to further expand our offer to better suit the needs of our members.



**DRIVING WORLD'S BEST MEMBER
ENGAGEMENT AND SERVICE**

CUSTOMER PRIVACY

As a professional organisation our members and customers share significant personal data with us and we are committed to ensuring the privacy of this data. We have a privacy policy and information security framework and in 2014 we offered training to all staff on changes to the *Privacy Act*. Our privacy officer is responsible for investigating any external concerns around privacy and we encourage our staff to report any areas where there may be a potential for data loss so that we can continuously improve our processes.

In 2014, we took further steps to enhance our online security capabilities around member logins and confidential member information. A key challenge in this area is to continue to educate our customers on the most secure ways to share certain types of data with us, such as credit card details, when required.

In 2014, we had no complaints around customer privacy from the regulators. We received three complaints from outside parties which on investigation were substantiated. In each case non-sensitive information was disclosed and internal processes were reviewed and changes implemented to improve customer privacy. There were no other identified leaks, thefts or losses of customer data.



CPA AUSTRALIA CELEBRATES 60 YEARS IN SINGAPORE

In 2014, CPA Australia celebrated 60 years of involvement and outstanding service in Singapore. The celebrations included a gala dinner, attended by 300 guests, including a range of key stakeholders from government, business and education.

To honour this historic achievement, the Singapore team also produced the book *CPA Australia – Our Singapore Story*, which documents the rich story of CPA Australia and looks at the contributions of our many members and other stakeholders.

MR LOH HOON SUN FCPA Managing Director Phillip Securities Pte Ltd

Mr Loh Hoon Sun is a long-time Singapore member who has made a significant contribution to supporting the accounting profession in the Asia-Pacific region.

“CPA Australia has a very active and vibrant presence in Singapore, and this helps to benefit our members through employment and career advancement opportunities.

“I am proud to have worked with so many wonderful individuals over the years to help grow the recognition of CPA Australia in both Singapore and the wider Asia-Pacific region.

“I was highly involved in various committees serving our members in Singapore in the early days, and am honoured to have served as the Singapore Divisional President from 1997 to 2005”, says Loh.

In recognition for his outstanding contributions, in 2005, Loh was the first Singapore member to be granted Life Member status. He is quick to point out that the achievements of the Singapore division wouldn't have been possible without the deep commitment from other Singapore members.

“When I took over as President of the Singapore Division in 1997, there were fewer than 2,000 members in this market.

“When I handed over the presidency to my successor in 2005, the Singapore Division counted more than 5,000 members.

“Today, the Singapore Division numbers nearly 8,000 and I am proud to have contributed in some way.

“This growth wouldn't have been possible without the deep commitment of our councillors, committee members, management and our CPA Australia members”, says Loh.

In terms of work, at age 72, Loh tells CPA Australia he has no plans to step down as managing director of Singapore's global stockbroking house, Phillip Securities.

“The retirement age has become fairly flexible and as long as I'm healthy and as long as I still find the job interesting – and, of course, my company still finds me contributing – then I think I'll just carry on”, says Loh.

ACCESS TO KNOWLEDGE

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

2014 HIGHLIGHTS

PRODUCING AWARD WINNING CONTENT

THROUGH INTHEBLACK
AND INTHEBLACK.COM

- Re-launching and driving > 550,000 visits to our premium business website *intheblack.com*
- Winning three publishing awards
- Offering CPD through INTHEBLACK assessments, with about 3600 members taking up this offer

DELIVERING HIGH QUALITY CPD

- CPA Congress – engaging > 9400 delegates across seven countries
- Expanding our range of digital and blended learning programs
- Taking our management accounting programs to Asia with localised content
- > 1600 attendees at our GST events in Malaysia

更新

MANAGEMENT APPROACH AND PERFORMANCE

Part of the professionalism that comes with carrying the CPA designation is our members' commitment to lifelong learning. This ensures that their knowledge remains relevant and current in today's competitive market and is integral to maintaining professional standards.

Our members commit to:

- a minimum of 20 hours of CPD activities per year
- a total of 120 hours of CPD over a three year period

We support this by creating and facilitating information rich conferences, networking events, face-to-face workshops, self-paced blended learning, publications and online libraries and communities.

To guide members in their career learning we have developed our Career Guidance System, an online self-assessment tool that assists in identifying strength and development areas and directs them to resources that help strengthen their skills.

We offer a range of CPD options for members to select from and this year we extended our offering with a range of blended learning options, and easily accessible podcasts and webcasts.

To further support our members in this area we produce the publication, INTHEBLACK, which is Australia's highest circulating business magazine, and provides in-depth stories and analysis on issues shaping business around the world.

We set targets for our performance in this area and these are included in our performance contract with the Board. We monitor KPIs monthly and these are reported via our regular management reports to the Board.

The professional development market continues to be challenging, as the demand for training products is typically flat during market downturns. Further details on our targets, results, and the changes that we have made as a result of our evaluations, can be found in the following sections.

INTHEBLACK MAGAZINE AND INTHEBLACK.COM

CPA Australia's award winning publication, INTHEBLACK, is Australia's highest circulating monthly business magazine.

Our premium online business magazine, *intheblack.com*, targets both members and the broader business community. The site includes content from INTHEBLACK magazine, as well as original stories, news, opinion and analysis, photos, videos and podcasts. In December 2014, we relaunched *intheblack.com* to create an even more engaging user experience and mobile responsive site. Readers are now able to view the site from their smartphone, tablet or desk top, and can customise how they would like to view content.

Since its initial launch three years ago, *intheblack.com* has received over two million views, and the proportion of visits from outside Australia has grown to represent around 30 per cent of the site's overall traffic.

In 2014, INTHEBLACK and *intheblack.com* gained recognition for the high quality content produced by winning the following awards:

- Custom Magazine of the Year Award at the Australian Magazine Awards
- Business Magazine of the Year Award at the Publishers Australia Excellence Awards
- Outstanding Achievement Award in the magazine category at the Interactive Media Awards

For more information, visit intheblack.com

CONGRESS

CPA Congress is our flagship event and is held annually in Australia, Fiji, Hong Kong SAR, Malaysia, New Zealand, Singapore, and the UK.

In 2014, CPA Congress attracted more than 9400 delegates and included live streaming to allow members who couldn't attend key sessions to experience the event in real time.

High profile speakers included:

- Augusto Lopez-Claros, Director Global Indicators Group Development Economics World Bank Group
- Bruce Gosper, CEO Austrade
- Benjamin Roberts-Smith VC MG
- Naomi Simson, Founder of RedBalloon

For more information on CPA Congress, visit cpaaustralia.com.au/congress

MEMBER FOCUSED PROFESSIONAL DEVELOPMENT

We continue to invest in blended learning solutions where people can choose to learn through a combination of mediums at their own pace. Our blended learning solutions offer a range of learning options including interactive online resources, learning manuals, videos of conference sessions and recorded webinars.

In 2014, we increased our focus on regional face-to-face training facilitated through our branch network. We trialed this in Victoria where our regional branches delivered over 355 hours of CPD over the course of 2014, an increase of 22 per cent over 2013. Following this success, we aim to roll out this approach in other regional areas to better support our members.

To support our Malaysian members with the introduction of the GST expected to take effect from 1 April 2015, and to utilise the benefits of our experience with the introduction of the GST in Australia, we ran close to 40 GST related workshops and events, which attracted more than 1600 attendees and resulted in several reruns for popular topics.

To help public practitioners understand regulatory reform and contemporary practice issues, we ran over 20 online events in addition to INPRACTICE member forums and a series of insurance and risk management roadshows.

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

**CAXTON PANG CPA**

Founding principal of Linton Solutions

In 2014, CPA Australia launched a *No More Practice Transformation* TV series and a corresponding online education course *The 30 Day Business Challenge* – to provide CPA Australia members with a TV led, CPD accredited business mentoring opportunity.

Caxton Pang, CPA, was one of the successful participants selected to undergo a business transformation as part of the TV series.

"I believe it's really important to have a mentor and be a good mentor, share stories and give back to the community, which is why I was keen to participate in the *No More Practice* series.

"I also saw it as a once in a life time opportunity, where I could gain a better understanding of how the media works, and help educate others while putting my company through a 'health check', says Caxton.

Caxton describes his business as a 'one stop shop model' that provides business advisory, taxation, mortgage broking, financial planning, wealth creation services and estate planning under the one roof.

He believes that business success comes from passion, determination and creating a strong and supportive team.

"*The No More Practice Transformation* series taught me the importance of being passionate about what you do, and creating and communicating a shared future vision amongst our staff that is embraced by everyone.

"It also helped us identify the gaps that we need to fill, and I'm proud to say, that there are already so many positive changes that we have implemented since the series finished.

"On a personal note, it's also really helped with my own personal development, especially around public speaking, which is something I found quite daunting prior to undertaking the series.

"I'm extremely grateful for the support of my staff, as we went through one of our busiest periods in our eight year history while I was on the show. I couldn't have done it without them", says Caxton.



**PROVIDING ACCESS
TO KNOWLEDGE**

PUBLIC INTEREST AND THE PROFESSION

CPA Australia actively protects the public interest by:

- Advocating on behalf of our members
- Ensuring all members comply with a professional code of conduct
- Promoting the highest standards for those members who provide accounting services to the public
- Demonstrating thought leadership
- Influencing the broader business and education sectors

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

- Supporting accounting education – **M7**
- Representation and advocacy – **M8**
- Professional standards – **M10**

SUPPORTING ACCOUNTING EDUCATION

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

2014 HIGHLIGHTS

WINNING

AUSTRALIA CHINA BUSINESS AWARD

2014 Business Excellence Award for Education and Training

SUPPORTING

EDUCATION AND THE PROFESSION
IN THE ASIA-PACIFIC REGION

by signing a range of agreements



PROMOTING AND FUNDING

ACADEMIC COLLABORATION THROUGH:

- The Accounting and Finance Association of Australia and New Zealand (AFAANZ)
- The Chairs of Accounting and Finance Forum
- International Governance and Performance (IGAP) forum
- The Global Research Perspectives Program



MANAGEMENT APPROACH AND PERFORMANCE

CPA Australia recognises that high quality accounting education and a thriving higher education community are important inputs into successful businesses and communities worldwide. We support accounting education globally through the creation and delivery of the CPA Program and broader advocacy and communication. We actively promote thought leadership and innovation through education policy debates and our research programs and we support a wide range of groups and forums that work within the education sector, from high school to tertiary level.

A key challenge in this area is determining the right level of resourcing and funding to go to particular forums and stages of education to ensure the most effective support for the sector. Additionally, the shifting regulatory regimes and funding challenges faced by the education sector can make it difficult to engage effectively.

Overall, by actively supporting accounting education, we gain access to our key student market and are able to more effectively position CPA Australia as a thought leader for both education and the profession.

Meaningful quantitative measures and targets for this area are difficult to set due to the changing nature of the environment in this space. We will continue to evaluate this and aim to provide further measures and targets in 2015.

Details of our results, and the changes we have made as a result of our evaluations, can be found in the following sections.

SUPPORTING ACCOUNTING AND BUSINESS EDUCATORS

CPA Australia actively promotes thought leadership and innovation through our partnerships with several educator forums.

We are a platinum sponsor of AFAANZ which represents the interests of accounting and finance academics in education and research.

We are a founding sponsor of the IGAP forum, whose mission is to be an internationally recognised research hub to strengthen and support the development of best practice in governance processes, reporting regimes and performance measures.

In addition to this, we funded the Chairs of Accounting and Finance Forum, a platform for chairs and heads of accounting and finance to address the challenges faced within contemporary higher education systems.

ADVOCATING FOR EDUCATION POLICY CHANGES

During the course of the year, CPA Australia and the Chartered Accountants Australia and New Zealand (CAANZ) collaborated together on a number of education policy submissions and initiatives. This included the Higher Education Reforms, the National Curriculum for Economics and Business, as well as calling for greater flexibility and reform for the skilled migrant program.

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, which provide practical outcomes for members.

In 2014 we funded eight research projects from the following universities: Deakin University, Macquarie University, RMIT University, Southern Cross University, University of Malaya, The University of New South Wales, University of Otago and University of South Australia.

INDIGENOUS ACCOUNTANTS PROJECT

CPA Australia and CAANZ work together on the Indigenous Accountants project, which aims to address the under-representation of Indigenous Australians in the accounting profession.

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

In 2014, we raised awareness through a number of university visits and by hosting an event at Parliament House in Canberra, where guest attendees included The Hon. Alan Tudge MP, Federal Member for Aston, Parliamentary Secretary to the Prime Minister and Warren Mundine, Chairman of the Prime Ministers Indigenous Advisory Council.

For more information visit cpaaustralia.com.au/iaa

SUPPORTING THE PROFESSION IN ASIA

In 2014, we deepened our connections in the following ways:

- China – Accrediting eight high quality universities

- India – Renewing our Mutual Recognition Agreement (MRA) with the Institute of Chartered Accountants of India (ICAI)
- Indonesia – Signing four memorandum of co-operation with private education institutions
- Malaysia – Signing a Memorandum of Understanding (MoU) with the Malaysian Institute of Accountants (MIA)
- Singapore – Signing a co-operation agreement with the Singapore Accountancy Commission and extending the MRA with the Institute of Singapore Chartered Accountants as well as signing two MoUs
- Vietnam – Signing one co-operation agreement

CPA AUSTRALIA WINS

The 2014 Business Excellence Award for Education and Training at the Australia China Business Awards

In 2014 CPA Australia won the Business Excellence Award for Education and Training at the AustCham Westpac Australia China Business Awards (ACBA).

The award recognises our dedication to providing the best education and training for our members in China, and further positions CPA Australia as an education and business leader in the Asia-Pacific region.

Overall, AustCham received a record number of applications for this year's awards, reflecting the diversity of Australian businesses operating in Greater China.

It is the first time that CPA Australia has won the ACBA and it reaffirms our position as one of the most influential accounting bodies in the region.

REPRESENTATION AND ADVOCACY

Advocating on behalf of our members
and the public interest.

2014 HIGHLIGHTS

INCREASING

CPA AUSTRALIA'S MEDIA PRESENCE

Stop bickering and focus on the greater good

The Daily Telegraph, 1 July 2014

Licence to advise the best approach

The Australian Financial Review, 23 July 2014

Auditor warnings to one in three companies

The Age, 24 September 2014

Auditors facing crisis of relevance in capital markets

Accounting Today (USA), 21 October 2014

Skilled migrant policy 'needs flexibility'

The Australian, 12 November 2014

China, Australia sign landmark free-trade deal

South China Morning Post, 18 November 2014

Australia stakes its claim in Asian Century

The Australian, 18 November 2014

Accounting ethics and professional judgement

The Accountant (UK), 22 November 2014

Financial planning – getting reforms right

The Australian, 7 December 2014

The 'google tax' – a sign of things to come?

The Huffington Post (UK), 15 December 2014

Lessons for tax reform

Weekend Australian, 20 December 2014

INFLUENCING

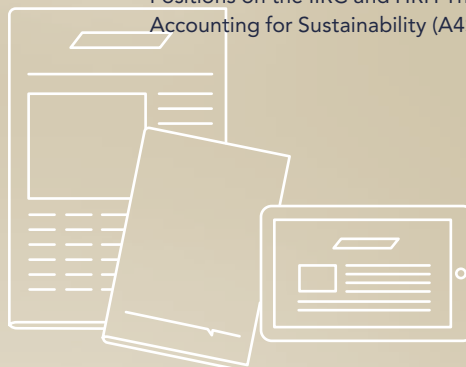
FOR THE PROFESSION AND PUBLIC INTEREST

- Influencing and informing the debate on Australia's financial advice laws and regulations
- Technical and policy input via government inquiries, Joint Parliamentary Committees and Senate Hearings, the Small Business Ministerial Advisory Committee, and the AFSL Industry Working Group
- Winning a joint bid to host the World Congress of Accountants (WCOA) 2018

LEADING

ON INTEGRATED REPORTING

- Winning the silver award for the Best Annual Report Editorial at the 2014 Content Marketing Awards
- Finalist in the ARA 2014 Integrated Reporting Award
- Positions on the IIRC and HRH The Prince of Wales' Accounting for Sustainability (A4S) project.



MANAGEMENT APPROACH AND PERFORMANCE

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

Our government relations and advocacy activities directly contribute to positioning CPA Australia and our members as thought leaders. Activity takes the form of meeting with government ministers, representing the organisation at an international level, making submissions, releasing policy documents, giving evidence to committees or participating in industry, government and academic working parties.

All of these activities combine to position CPA Australia as a leading accounting body from which advocacy is welcomed and advice is sought on issues relevant to the profession.

We engage with our members through our Centres of Excellence (page 64), member discussion groups and our consultation and research activities to inform our positions. Members and staff undertaking advocacy activities ensure members' views are heard at the highest levels through maintaining effective relationships with governments, oppositions and bureaucracies in all markets.

Representing the broad spectrum of our members and also protecting the public interest can lead to conflicting views on the positions we take and we acknowledge that our policy positions and advocacy may not be supported by all stakeholders.

Further details on our targets, results, and the changes we have made as a result of our evaluations, can be found in the following sections.

INFLUENCING TAX REFORM

Over the course of 2014, we continued to advocate for a range of tax reforms with the government and key stakeholders including reductions in legislative red tape for small to medium sized businesses (SMEs).

We continued our work investigating the implications of reforming Australia's current GST system, with a view to advancing and informing the broader tax reform debate in Australia in 2015 and beyond.

During 2014 CPA Australia continued dialogue with the Royal Malaysia Customs Department regarding education and the effective implementation of their GST. We have also been actively informing our members and the broader business community on what the GST will mean for Malaysian businesses through regular media articles.

RAISING THE QUALITY OF FINANCIAL ADVICE

CPA Australia is a member of the Australian Government's AFSL Industry Working Group. In 2014, this group provided the framework recommendations to the government for a new register, which for the first time will record all licensed financial advisers in Australia, and tabled a number of ways to increase education and professional standards for financial advisers.

July 1st 2014 marked the commencement of a three year transition period for financial advisers to register with the Tax Practitioners Board as a tax (financial) adviser, to continue providing tax advice in the context of financial planning advice. CPA Australia made several submissions to Treasury and the Tax Practitioners Board on the proposed registration requirements.

SUPPORTING FOFA

In 2014, the Future of Financial Advice (FoFA) reforms were a key focus of the financial advice sector, with ongoing amendments proposed by the government to the existing legislative requirements. CPA Australia was an advocate for the profession on these reforms through submissions and discussions with the government on the need to retain opt-in and fee disclosure statements for all clients, on the basis that these form vital consumer protection mechanisms which will help build confidence in the financial advice sector.

These important elements of the FoFA reforms have been retained, and represent an opportunity for the financial advice sector to build more transparent relationships with their clients and demonstrate the real value of financial planning advice.

A LONG TERM VISION FOR SUPERANNUATION

We made two submissions to the Financial Systems Inquiry with a specific focus on superannuation and retirement savings. These submissions called for a long term vision for Australia's retirement savings policy and for an alignment of super fund governance with corporate governance principles.

PROMOTING INSIGHTS INTO AUDITOR REPORTING

In 2014, we undertook a comprehensive study of about 16,000 auditors' reports published from 2005 to 2013.

The aim was to provide clear insights on the state of financial uncertainty within a large portion of Australia's ASX listed companies, as well as insight into how companies can prepare for the forthcoming revised international auditing standards.

The study is the most significant of its kind ever undertaken in Australia and has been reported extensively in the mainstream business media as well as being widely cited in key public policy forums.

ASIA-PACIFIC SMALL BUSINESS SURVEY

We extended our Asia-Pacific Small Business Survey to also include mainland China and Vietnam for the first time alongside Australia, Hong Kong SAR, Indonesia, Malaysia, New Zealand and Singapore. This provided a more comprehensive snapshot of small business confidence and conditions across the region. This important survey received media coverage both domestically and internationally.

ASIA-PACIFIC GOVERNANCE SURVEY

CPA Australia released a new Asia-Pacific Governance Survey, which explored a wide range of market and corporate governance issues across eight markets – Australia, mainland China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Singapore and Vietnam. The survey lays the groundwork for further study into future trends in market and corporate governance throughout the region.

WORLD CONGRESS OF ACCOUNTANTS

WCOA is held every four years and took place in Rome in 2014. The Congress aims to provide participants with access to world class leaders and speakers representing the finance and business community, and the opportunity to debate current issues and trends in the profession.

Our President, several Board Directors, our chief executive and senior management took part in WCOA 2014 through: chairing the social responsibility and banking session;

speaking at the evolution of private companies' financial reporting session; and speaking at the facilitating credit in the SME market session.

CPA Australia and CAANZ will be jointly hosting WCOA 2018 in Sydney, Australia.

CPA AUSTRALIA'S DISASTER RECOVERY TOOLKIT

CPA Australia's Disaster Recovery Toolkit won the business recovery section of the Fire Awareness Awards 2014. These awards recognise a wide variety of projects that reduce the effect of fires in Victoria.

The Fire Awareness Awards have been presented since 1983 and are a collaborative venture between Victoria's fire agencies – Country Fire Authority, Metropolitan Fire and Emergency Services Board and Department of Environment and Primary Industries, supported by Emergency Management Victoria.

The toolkit provides guidance to businesses impacted by disaster. It is used by our members in regards to their own practices as well as to support their business clients. It has been used to help businesses after a number of major and smaller disasters since 2009 including:

- The Black Saturday bushfires in Victoria in 2009
- The Queensland floods of 2010 and 2011
- The Christchurch earthquake of 2011.

Many members and staff have contributed to the development and promotion of this toolkit and this award is a significant recognition of their effort.

The toolkit is available from our website cpaaustralia.com.au/disasterrecovery

EXTENDING OUR MEDIA REACH AND INFLUENCE

In 2014, we achieved strong media positioning for our key messages across competitiveness, innovation, superannuation, reducing regulatory burden, tax reform, and other key policy positions.

Our chief executive provided commentary in a variety of forums, including: opinion columns in major national daily newspapers, such as *The Australian*, *The Australian Financial Review*, *The Daily Telegraph*; international publications including *The Accountant (UK)* and the *Huffington Post (UK)*; appearances on Sky Business News, Financial Review Sunday, ABC TV News Breakfast, The Today Show; and regular contributions on radio, including 2GB and 3AW radio.

SUPPORTING FINANCIAL LITERACY

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

A guide to understanding annual reports:

- Australian listed companies
- Malaysian listed companies
- New Zealand listed companies

A guide to understanding auditing and assurance:

- Australian listed companies
- Malaysian listed companies

In particular, our auditing and assurance guides have been recognised by Australia's parliament as addressing important expectation gaps concerning the role of auditors, as identified in its inquiries. These guides are an initiative of CPA Australia's External Reporting Centre of Excellence.

PROFESSIONAL STANDARDS

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

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

2014 HIGHLIGHTS

SUPPORTING

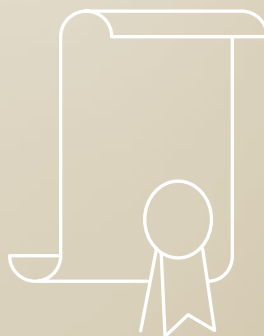
OUR PUBLIC PRACTICE MEMBERS

- Continuous limited liability for public practitioners in mainland Australia through our professional standards schemes
- Successfully influencing legislation passed in the New Zealand parliament – CPA Australia members to perform statutory audits for a range of companies
- Accountants' exemption reform – providing members with a range of educational material to assist them in having the right solutions in place
- Updating the SMSF Trustee Education Program and providing a new SMSF specialisation

PROMOTING

THE HIGHEST STANDARDS

- > 1000 public practice quality reviews
- A robust professional conduct program



MANAGEMENT APPROACH AND PERFORMANCE

CPA Australia promotes the highest standards for members who provide accounting services to the public. We do this by actively influencing government and regulatory policy positions and supporting members through a range of reforms to help create ongoing, sustainable practices.

Each year, our quality assurance team undertake quality reviews to monitor compliance with professional and ethical standards, help educate our members about best practice, and check the efficiency of their quality control processes. In 2014, we introduced a new framework for low risk reviews of sole practitioners with a small non-audit client base allowing greater focus on members providing high risk services such as audit.

All CPA Australia members commit to upholding the reputation of the CPA designation by adhering to the obligations detailed in CPA Australia's Constitution and By-Laws, Code of Professional Conduct and applicable regulations.

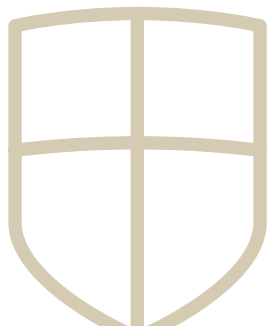
To ensure all members uphold these standards, CPA Australia has a formal process that enables complaints about its members to be heard, evaluated and, where appropriate, disciplinary action to be taken.

CPA Australia has undertaken to act in the public interest and we have an obligation to ensure that complaints about members are investigated thoroughly, in an impartial and timely manner, and at all times striving to preserve the rights of members while acknowledging the concerns of complainants. The rate of complaints against members remains consistently low, with adverse findings disclosed on our website.

Further details on our results, and the changes we have made as a result of our evaluations, can be found in the following sections.

NEW PROFESSIONAL STANDARDS SCHEME

The Professional Standards Council approved a new Professional Standards Scheme for members with a CPA Australia Public Practice Certificate or Limited Practice Certificate as part of a new mutual recognition model. This model benefits members by providing greater clarity and allowing eligible CPA Australia Public Practice Certificate holders to cap their occupational liability.



**PROTECTING THE
PUBLIC INTEREST**

ACCOUNTANTS' EXEMPTION REFORM

The end of 2014 marks the half way mark in the three year transition for the removal of the accountants' licensing exemption. In 2014, CPA Australia conducted further presentations and webinars on the accountants' exemption reform, and released a range of educational material to ensure members have the right information in order to decide what is in the best interests for their practice by 1 July 2016.

This included updating the RG 146 Compliance Solution Program, which enables members to meet the education requirements for the new limited AFSL.

SELF-MANAGED SUPER FUND (SMSF) ADVISERS AND TRUSTEES

In 2013, we launched a new SMSF specialisation for members who provide advice, support and services to SMSFs. It is designed to help members who wish to differentiate themselves as SMSF experts.

To further support members, we released an updated SMSF Trustee Education Program, a free online tool that provides trustees with the skills needed to comply with legislative requirements.

Developed in conjunction with CAANZ, it is the first of its kind to be approved by the ATO as a course of education under the new Trustee penalty regime.

APES 230

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

The standard introduces the requirement for higher levels of professional service and disclosure than detailed by the law, while balancing these obligations with the evolving environment in which financial planning and credit advice is provided.

The issuing of the new standard is the result of a successful five year consultation. In 2014, we continued to actively support the important role that accountants play in providing high levels of professional financial advice.

PROMOTING PUBLIC PRACTICE IN NEW ZEALAND

In 2014, CPA Australia played a significant role in consulting with the New Zealand Ministry of Business, Innovation and Employment on many of the key reforms in the *Accounting Infrastructure Reform (AIR) Bill*, the various parts of which passed their final readings in the New Zealand Parliament. The reforms allow recognised members of accredited bodies, such as CPA Australia, to perform accounting related statutory roles and most statutory audits that were previously restricted.

HOW WE DO BUSINESS

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

Material issues represented in this section include:

- Our people – **M5, M11, M12, M14**
- Governance – **M9, M15**
- Resourcing our business model

OUR PEOPLE

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

MANAGEMENT APPROACH AND PERFORMANCE

As a member service and education organisation, we recognise that a skilled and capable workplace is crucial to delivering on our goals. We are committed to creating a positive culture, improving our people's skills and ensuring that we develop the capability of the markets in which we operate by recruiting locally and then offering extensive induction and training.

In 2014, all our senior management (general managers and above) were hired on a local basis. Due to the nature of our business, none of our staff are employed under a collective bargaining agreement.

We have formal policies in place for all people matters including recruitment, conditions of employment, termination and counselling, remuneration and benefits, performance management and development, personnel administration and work health and safety. All policies were reviewed and updated in 2014.

Further detail on our targets, results, and the changes we have made as a result of our evaluations, can be found in the following sections.

OUR PEOPLE

CPA Australia's global presence gives us a diverse workforce of 513 employees (full time, part time and casual), with a wide range of nationalities, age groups, backgrounds and skills that bring broad perspectives and enrich the workplace.

We support a flexible workforce, with more than 10 per cent of staff working part time.

We also support employees through transition arrangements for those who are considering retirement or are made redundant. This includes our flexible work policy for those who would like to prepare for retirement by working part time, and we provide counselling and outplacement services to employees who are made redundant.

TRAINING AND DEVELOPMENT

As a service and knowledge based organisation, we recognise that the training and development of our employees are vital to our ability to create value.

We have a formal performance review and development process (PRD) for all our employees with high rates of completion.

We support the ongoing development of our people and our professional development offer is designed to ensure that we:

- Build the capability of CPA Australia employees
- Provide career development opportunities for employees
- Support our philosophy of lifelong learning
- Achieve optimum employee retention rates

In 2014, we implemented a capability framework based on our Career Guidance System to drive positive performance and help structure career planning in order to ensure that we have the right talent pool to deliver on our goals.

We aim for all employees to undertake a minimum of 20 hours skill development training annually and encourage and support employees

to undertake studies through our educational assistance program.

We also provide all employees with;

- MyBusiness training to ensure that our people have a comprehensive knowledge of our products and services
- Our eComply training program to help employees understand regulations that relate to privacy, occupational health and safety, equal opportunity employment, dealing with credit card data and competition and consumer laws

In 2015, we are planning to upgrade our systems to enable us to more accurately report on our metrics in relation to performance reviews and employee training. Following implementation of these systems, we expect to be able to report more fully in 2016.

DIVERSITY AND REMUNERATION

CPA Australia pays employees market competitive remuneration based on capacity, performance and experience. Each year CPA Australia benchmarks Director, chief executive and staff remuneration against the marketplace through a process conducted independently by the Hay Group.

We have policies in place to ensure effective equal opportunities are available in the workplace and these cover issues such as equal opportunity in employment, annual reporting under the *Workplace Gender Equality Act*, discrimination, harassment, victimisation and bullying in the workplace, and complaint and grievance processes.



2014 HIGHLIGHTS



ENSURING A STABLE, CAPABLE AND SKILLED ORGANISATION

Regretted turnover under 12 per cent

Implementing our capability framework

Creating our Employee Value Proposition
for a stronger employment brand

SUPPORTING DIVERSITY

66 per cent of our employees are female
and 34 per cent are male

All hiring done on a local basis

Becoming a member of the
Diversity Council of Australia

Table 8: CPA Australia employees
(including casuals) by region*

	2014			2013		
	Female	Male	Total	Female	Male	Total
Australia	62%	38%	80%	63%	37%	81%
China	83%	17%	8%	86%	14%	8%
Malaysia	88%	12%	5%	87%	13%	4%
Singapore	69%	31%	3%	71%	29%	3%
Other	70%	30%	4%	67%	33%	4%
Total	69%	31%	100%	66%	34%	100%

Table 9: CPA Australia employees
by employment type*

	2014			2013		
	Female	Male	Total	Female	Male	Total
Full time	62%	38%	84%	62%	38%	81%
Part time	92%	8%	10%	93%	8%	7%
Casual	56%	44%	3%	66%	34%	7%
Maternity/paternity leave	100%	0%	3%	100%	0%	4%

Table 10: CPA Australia workforce
by employment contract, employees
and supervised workers*

	Female		Male		Total	
	Number	%	Number	%	Number	%
Employees – permanent	305	66%	158	34%	463	78%
Employees – fixed term	22	69%	10	31%	32	5%
Employees – casual	10	56%	8	44%	18	3%
Employee – total	337	66%	176	34%	513	88%
Supervised – total	36	52%	33	48%	69	12%
Total	373	64%	209	36%	582	100%

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

In 2014, we became a member of the Diversity Council of Australia to assist us with thought leadership and our future policy positions in this space.

CPA Australia is a performance based workplace where employment, promotion and remuneration are based on meeting the required skill sets and KPIs. Our people come from diverse backgrounds and we are committed to local hiring in our overseas offices. As such we do not report, or record, diversity measures such as religion or racial background, as we do not ask our people to disclose this information.

Under the GRI Guidelines, CPA Australia reports on the ratio of average female remuneration to average male remuneration across a range of different organisational levels.

Table 14 represents Australian data only, as the relatively smaller size of our international offices in comparison to our head office means 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.

While the statistics in Table 14 opposite show slight variation between the genders across the organisation, CPA Australia is comfortable that this is not due to any systemic bias through the analysis we have done of remuneration across all organisational levels as detailed in our 2013 Annual Report at cpaaustralia.com.au/annualreport

TRAINING AND DEVELOPMENT

Table 11: Completion rates for compliance training

	TOTAL	TOTAL COMPLETED	% COMPLETED
Management level employees**	32	32	100%
Non-management staff	467	458	98%

EMPLOYEE DIVERSITY

Table 12: Employees by category and gender (as a % of total excluding casuals)*

	TOTAL	FEMALE	MALE
Administrator and support employees	37%	29%	8%
Supervisor, base level professional and technical specialist	49%	30%	19%
Professional specialist, manager	11%	6%	5%
Senior management	3%	1%	1%
Executive – including CEO	0.6%	0%	0.6%
Total	100%	66%	34%

Table 13: Employees by category and age (as a % of total excluding casuals)*

	TOTAL	<30	30-50	50+
Administrator and support staff	37%	13%	19%	4%
Supervisor, base level professional and technical specialist	49%	4%	38%	7%
Professional specialist, manager	11%	0%	8%	3%
Senior management	3%	0%	2%	1%
Executive – including CEO	0.6%	0%	0.4%	0.2%
Total	100%	17%	67%	16%

EQUAL REMUNERATION

Table 14: Female salary as a percentage of male salary

	2014	2013
Administrator and support employees	1.05	0.99
Supervisor, base level professional and technical specialist	0.95	0.95
Professional specialist, manager	0.89	0.91
Senior management	0.91	0.91
Executive – excluding CEO	0	0

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

** Management level includes general managers and above

RESOURCING OUR BUSINESS MODEL

LEADERSHIP

The Board of Directors is the principal governing body of CPA Australia and is responsible for the overall governance and strategic direction of CPA Australia.

The chief executive, who is appointed by the Board, is responsible for the management of CPA Australia and implementation of the organisation's strategy. 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 chief executive is the key media spokesperson for the organisation on leadership, advocacy and public policy positions.

The chief executive is accountable for ensuring regular reporting occurs to the Board in relation to disclosures around overall performance, including disclosures of GRI G4 indicators and other agreed KPIs.

To support the chief executive in the day to day management of the business there are two chief operating officers (COOs). The COOs are accountable to the chief executive for ensuring appropriate management and direction of the material issues that fall under their areas of responsibility as shown in the diagram below. Additional support is provided by the chief auditor and general counsel to assist the chief executive appropriately identify and manage the risks of the organisation.

To further strengthen accountability and communication across the business, the chief executive implemented the Business Effectiveness Leadership Team (page 53) in 2014. This team draws upon expertise from across the business and is tasked with driving business performance and collaboration on the issues that matter to the organisation's success.

RESOURCING

In resourcing our business model and strategy our two main areas of spend are our people and payments to our supply chain.

OUR PEOPLE

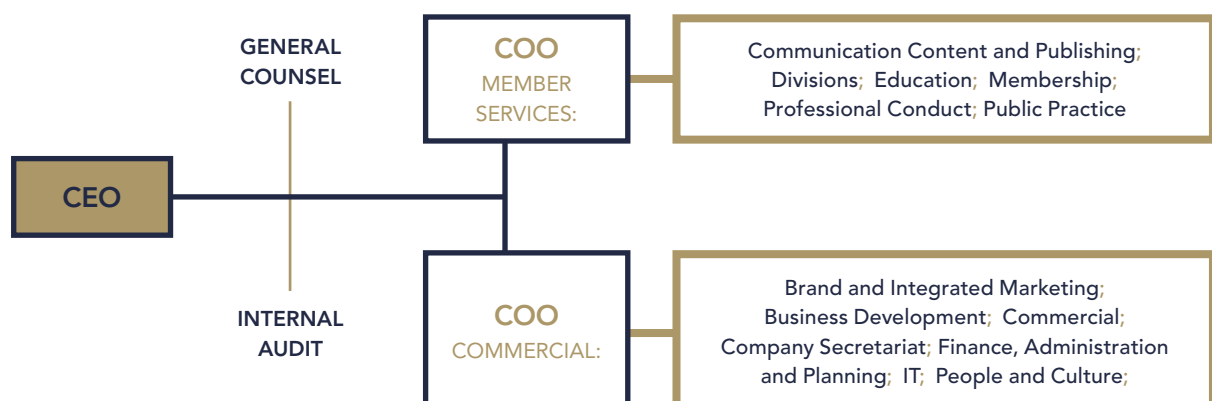
Figure 4, on page 52 shows the percentage of our people employed to support each of our strategic themes.

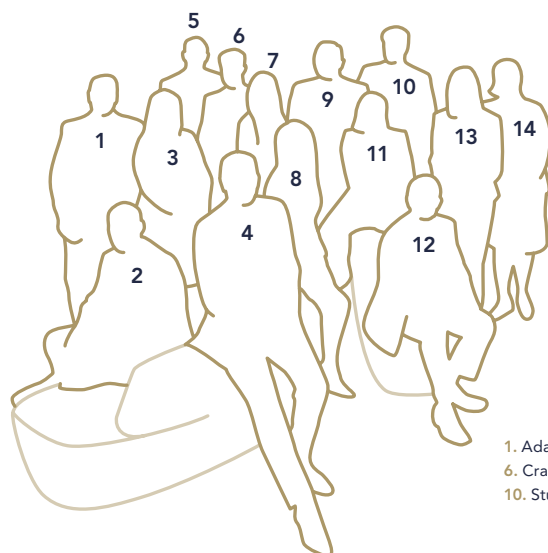
Our major resourcing is in the following areas:

- Member engagement and service – which covers those employed to support and assist our members across all 19 of our offices
- Brand, broadening the audience and securing the next generation of talent – which covers our people responsible for business development, brand and integrated marketing
- A stable, capable and skilled organisation – which covers our people employed in corporate support roles including finance, people and culture, planning and technology

Whilst certification and the CPA Program is a key area of our business the nature of how we are structured in this area means our major costs are in our supply chain not our people.

Figure 3: Organisational structure





1. Adam Awty CPA 2. Jeff Hughes FCPA 3. Lisa Carroll 4. Alex Malley FCPA 5. Nicholas Diss CPA
6. Craig Laughton 7. Jillian Bowen 8. Deborah Leung FCPA 9. Rob Thomason
10. Stuart Dignam 11. Cathy Bibby 12. Murray Chenery 13. Liz Malady 14. Erin Wood

OUR SUPPLY CHAIN

As part of our commitment to integrated reporting and broader sustainability issues, we are committed to developing and maintaining effective and mutually successful relationships with our supply chain partners.

Our supply chain is structured to assist in delivering service that meets the changing demands and expectations of our members and customers.

Sustainability considerations that are factored into our tender evaluation process include: sustainable supply risk; ethical sourcing risk; reputational risk; labour standards within our

suppliers' networks; local supply; diversity; waste management and carbon footprint impact.

The majority of our suppliers are based in Australia, with the only significant partner outside of Australia being for the CPA Program where we work with the USA based Pearson VUE as a major education partner. There have been no significant changes in our supply chain in 2014.

In 2014, our direct supply chain spend was more than \$86 million, and we had over 1600 suppliers.

Our top 10 suppliers are responsible for approximately 50 per cent of our supply chain expenditure. The majority

of CPA Australia's suppliers are for professional development events (such as speakers and presenters) and as such our spend with many of them is relatively small.

We are currently unable to fully estimate the social, environmental and economic impacts of our entire supply chain. In 2015, we will be continuing to undertake further analysis to ensure that we are partnering with the most suitable suppliers and optimising our external spend. This will enable us to provide a more meaningful picture of our supply chain impacts in our 2015 report.

Figure 5, shows our total supply chain spend across each of our strategic themes.

Our major spend is in the following areas:

- Certification and the CPA Program – where a large proportion of the services necessary for the design, development and delivery of the CPA Program are provided by our strategic supply partners (page 26)
- Member engagement and service – including our member facilities and offices and member events
- Brand, broadening the audience and securing the next generation of talent – which covers media buying, brand development, marketing communications and advertising
- A stable, capable and skilled organisation – which covers corporate support such as audit, IT and research services amongst others

Figure 4: Full time equivalent (FTE) by strategic theme

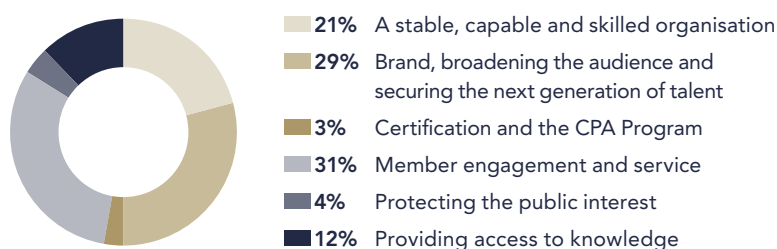
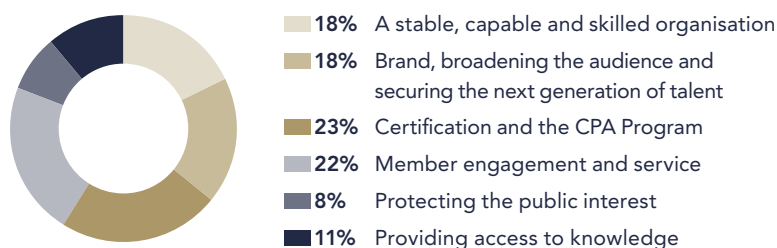


Figure 5: Direct supply chain spend by strategic theme





BUSINESS EFFECTIVENESS LEADERSHIP TEAM

GOVERNANCE

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

MANAGEMENT APPROACH AND PERFORMANCE

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 objectives
- Appointing the President and Deputy-Presidents
- Approving financial statements
- Evaluating the chief executive’s performance
- Making and amending By-Laws and other regulations
- Overseeing our integrated reporting (which includes our sustainability reporting) and its assurance

The Board is appointed by the Representative Council. CPA Australia also has specific 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 are a member of the Australian Stock Exchange Corporate Governance Council (ASXCGC) that developed the Corporate Governance Principles and Recommendations (CGPR).

We follow the CGPR as far as they are relevant to a membership organisation.

As an unlisted company limited by guarantee, CPA Australia is not required to report against the CGPR. However, we use the CGPR as a guide to best practice, and as part of our commitment to preserving stakeholder confidence.

We have early adopted the 3rd edition of the CGPR and our full corporate governance statements can be found online at cpaaustralia.com.au/corporategovernance

A diagram of the governance structure in place at year end is shown on page 55.

BOARD DIVERSITY

The Nomination and Remuneration Committee regularly considers diversity issues and manages the diversity of the Board and its committees. The Board recommends that a minimum of 25 per cent of Directors on the Board should be female, which is reflected in the current composition shown in Table 15.

Table 15: Director diversity	TOTAL		FEMALE		MALE	
	Number	%	Number	%	Number	%
Under 30	0	0%	0	0%	0	0%
30 – 50	5	42%	1	8%	4	33%
Over 50	7	58%	3	25%	4	33%
Total	12	100%	4	33%	8	67%



THE BOARD

REPRESENTATIVE COUNCIL

BOARD COMMITTEES

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

ADVISORY COMMITTEES

International | Professional
Qualifications | Public Practice |
Quality Review

MEMBER COMPLIANCE COMMITTEES

Disciplinary Panel

Table 16: Board skills matrix
(Number of Directors with
skills and experience)

	BOARD OF DIRECTORS	AUDIT AND RISK	FINANCE	NOMINATION AND REMUNERATION	POLICY GOVERNANCE
Skills and experience					
Financial / commercial acumen	12	4	4	4	4
Leadership	12	4	4	4	4
Public relations / media	6	2	2	2	2
Marketing / communications	4	2	1	0	1
HR	7	4	2	2	3
Regional (Asia-Pacific)	8	4	3	4	2
Legal / regulatory	7	4	3	3	1
Organisational management	11	4	3	3	4
Risk management	10	4	3	3	3
Strategy	12	4	4	4	4
IT / technology	8	3	3	1	3
Stakeholder management	12	4	4	4	4
Sustainability (economic, environmental and social impacts)	8	3	3	2	2
Corporate governance	12	4	4	4	4
Industry / role experience					
Academia	3	0	2	2	0
ASX100 / large corporate	6	4	2	1	2
Board Chair	8	3	3	3	1
Board Director	12	4	4	4	4
Audit Committee (or similar)	11	4	4	3	3
Large accounting firm	3	2	2	2	0
Public sector / not-for-profit	12	4	4	4	4
Senior management	12	4	4	4	4
Small accounting firm / practitioner	3	2	1	0	0
SME	7	3	3	2	1

BOARD SKILLS MIX

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. Table 16 opposite shows the skills represented on the Board and its committees.

ZERO TOLERANCE FOR FRAUD AND CORRUPTION

CPA Australia has zero tolerance to any form of fraud and corruption. We strive to prevent all forms of international corruption as outlined in the *Criminal Code Amendment (Bribery of Foreign Public Officials) Act 1999*, or the equivalent laws of any country in which we operate. The Board and management have 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.

Our risk management approach also provides a system of internal controls to ensure we minimise the risk of fraud and corruption, which includes:

- The CPA Australia Code of Conduct
- Regular internal audits
- Yearly online compliance training for staff and the Board (completion rates can be found on page 50)
- Annual internal controls questionnaire for executive managers, as part of the annual financial statements
- The rigour of our systems and processes

The nature of our business means we are not able to report on completion rates for compliance training across our business partners, as this would include all our suppliers, members, government, regulators and so on. Our members are required to abide by a code of conduct and ethical training is provided as part of both the CPA Program and our CPD offering. We assess ethical and reputational risks as part of our procurement process. As such our risks in this area are considered low and the costs and time required to be able to report fully on this data would not be a meaningful investment of resources.

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 Directors receive training on the Code at their induction and when substantial changes are made thereafter. 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 the CPA Australia Whistleblower Policy, which is reviewed by the Board every two years.

Fraud and corruption risk is analysed at a corporate level through our annual risk assessment process, which covers all business units.

Key risks related to fraud and corruption include:

- Electronic fraud
- Financial misconduct
- Risks related to requests for facilitation payments in overseas markets
- Risks related to theft of intellectual property

The internal auditor regularly reviews, on a rotational basis, key areas of the business where fraud and corruption is more likely to occur and we have in place strong controls to manage these risks.

Management developed a Fraud and Corruption Policy which was adopted by the Board in December 2010. The policy reflects international regulations and covers how issues of fraud will be addressed, managed and reported.

There were no incidents reported in 2011, 2012 or 2013. In 2014, there was one reported incident of alleged minor financial misconduct related to credit card misuse. The matter was investigated and dealt with in line with CPA Australia policy, and governance and senior management informed.



BOARD OF DIRECTORS



BOARD OF DIRECTORS

GRAEME WADE FCPA

President and Chairman of the Board
BBus (Acc)

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

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

TYRONE CARLIN FCPA

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

Professor Tyrone Carlin is Deputy Vice Chancellor (Registrar) of the University of Sydney. Prior to this appointment, he served in a number of senior leadership positions within the Australian higher education sector.

Tyrone was appointed a Board Director in 2011 and is currently the Chair of the Finance Committee. Tyrone previously chaired the Policy Governance and Nomination and Remuneration Committees. 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.

PETER DOWLING AM FCPA

Deputy President
BA (Acc), FAICD

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

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

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

RICHARD ALSTON

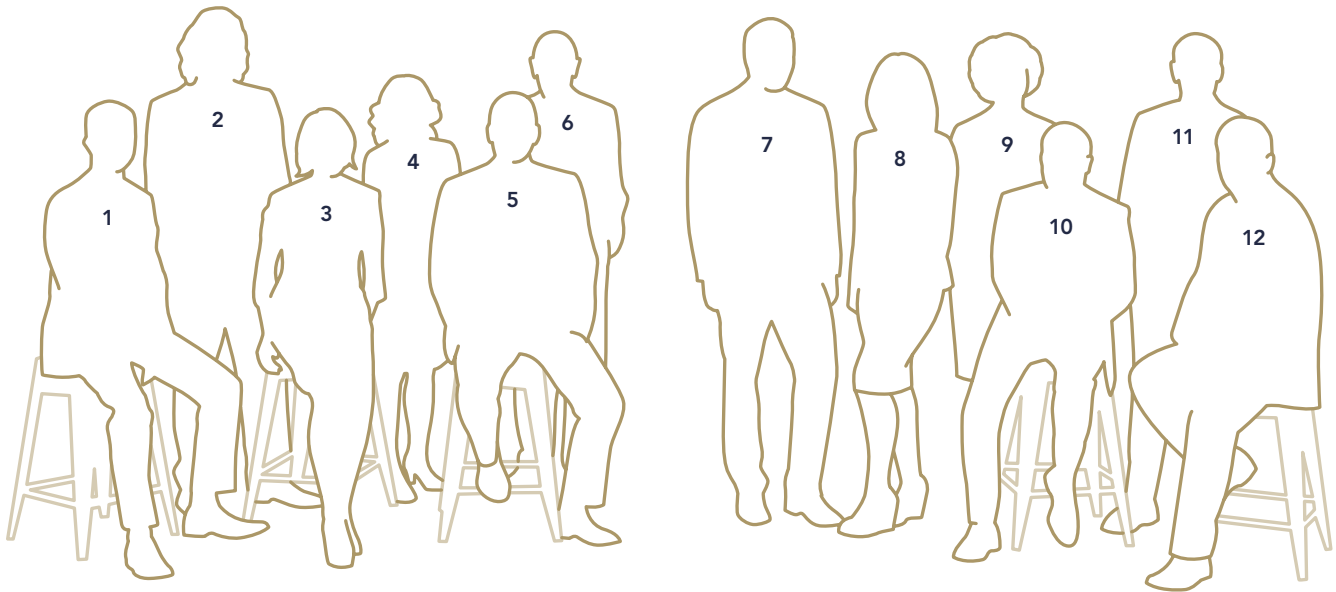
MBA, LLM, LLB, BA, BCom

Richard Alston is Chairman of AMEX Ltd, a listed Australian resources company, a member of the international advisory board of London based hedge fund CQS LLP, Chairman of the China based Waratah Group, a Director of CQS Investment Management (Australia) Pty Ltd, Nanuk Asset Management Pty Ltd, Balmoral Gardens Pty Ltd, and Chairman of the advisory board of an international alliance between Monash (Australia) and Warwick (UK) Universities.

Since 2004 he has been an Adjunct Professor in the Business School at Bond University, Queensland. His previous positions have included non-executive Chairman and Director of a number of listed public and private companies both in Australia and overseas, as well as a member of the national executive of the Australia China Business Council.

From March 1996 to October 2003 he was Minister for Communications, Information Technology and the Arts in the Australian Federal Parliament and from 2005 to 2008 he was Australian High Commissioner (Ambassador) to the United Kingdom.

Richard was appointed a Director in 2014 and serves on the Nomination and Remuneration Committee.



1. Tyrone Carlin FCPA, Deputy President 2. Peter Dowling AM FCPA, Deputy President 3. Michele Dolin FCPA 4. Deborah Ong FCPA 5. Richard Petty FCPA
6. Jim Dickson FCPA 7. Graeme Wade FCPA, President and Chairman of the Board 8. Kerry Ryan 9. Penny Egan FCPA 10. David Spong FCPA
11. Richard Alston 12. Tim Ebbeck FCPA

JIM DICKSON FCPA

GAICD

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

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

Jim was appointed a Board Director in 2010. He is currently the Chair of the Policy Governance Committee and also sits on the Nomination and Remuneration Committee. He also represents CPA Australia at the ASEAN Federation of Accountants.

MICHELE DOLIN FCPA

MBA, MA, FAICD, SF, FINSIA, FASFA, FAIM

Michele Dolin holds directorships and Chairs Audit and Risk Committees in the superannuation, insurance and university sectors. Her career has been in the finance sector and covers banking, superannuation, insurance, wealth management and funds management.

Michele was appointed a Board Director in 2014. She is a member of the Policy Governance Committee.

TIM EBBECK FCPA

B. Ec, FAIM, MAICD, MACS

Tim Ebbeck is Managing Director, Australia and New Zealand of Oracle Corporation. Prior to this role, he was Chief Commercial Officer of NBN Co and has over 30 years experience in commerce in a range of industries and roles. Tim was previously CEO of SAP in Australia and New Zealand, and between 2008 and 2012 he led the SAP business to its four largest years ever, including successes in all major industry segments, enabling some of the largest business transformations ever undertaken in Australia and New Zealand.

Tim is a member of the Business Council of Australia (BCA) and the BCA's Innovation Taskforce. He has previously served on the BCA's Sustainable Growth Taskforce and was also an inaugural BCA Women C-Suite mentor.

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

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

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

PENNY EGAN FCPA (LIFE)

BBus (Acc), GAICD

Penny Egan is the Chief Executive Officer of Cancer Council Tasmania. She is the former CFO of the Department of Health and Human Services in Tasmania and the CFO of Forestry Tasmania. She has had more than 20 years experience in industry and commerce, principally within the forestry industry.

Penny has served on the Tasmanian Divisional Council and was President of that division. Penny was appointed a Board Director in 2005 and was elected Deputy President in 2010 and held that position until 2012. Penny served as the President and Chairman of the Board from 1 October 2013 to 30 September 2014. She is a former Chair of the Audit and Risk and Finance Committees and served on the Nomination and Remuneration Committee. Penny currently sits on the Policy Governance Committee. Penny was made a life member of CPA Australia in 2014.

DEBORAH ONG FCPA

BAcc (Hons), FCA (Singapore)

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

Deborah has more than 20 years of public accounting experience providing audit and advisory services to local and US-listed, multinational companies and Singapore statutory boards. She is currently the lead partner for a portfolio of the firm's largest clients.

In Singapore, Deborah is Deputy Chairman of National Parks Board and Ngee Ann Polytechnic Council, and is Chair of their Audit Committees. As a member of the Lee Kong Chian School of Medicine Governing Board, she chairs the Audit and Risk Committee. She has also been appointed to the Singapore Accountancy Commission. Deborah was appointed a Board Director in 2013 and serves on the Audit and Risk and Nomination and Remuneration Committees. She has been a member of the Singapore Divisional Council since 2009 and was President of that division in 2011 and 2012. She has also served as a member of the Representative Council in 2011 and 2012, and was a member of the Professional Qualifications Advisory Committee from 2009 to 2013.

RICHARD PETTY FCPA (LIFE),

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

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

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

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

KERRY RYAN

LLB, BA, FAICD

Kerry Ryan is a former partner at international law firm, Norton Rose Fulbright, where she practised in the areas of corporate advisory, mergers and acquisitions, and international trade and investment. Kerry's broad ranging legal experience includes five years working in Jakarta and an in-house counsel role with Publishing and Broadcasting Limited in India.

Kerry has extensive directorship experience and has held Board roles in several other government, not-for-profit and private companies. She brings corporate governance, risk management, general commercial and international skills to the Board.

Kerry has been a Director since 2007 and sits on the Audit and Risk and Finance Committees and has previously sat on the Nomination and Remuneration Committee.

DAVID SPONG FCPA

GAICD

David is the Australia and New Zealand CFO and Director of Finance and Business Services for Ericsson, working for both the Australian subsidiary and the parent company, LM Ericsson, since 1997. David's roles have included General Manager Finance, Commercial Director, Saudi Arabia CFO and Group Business Controller for the global Ericsson organisation. David has more than 20 years corporate and SME experience and has worked in Sweden, Saudi Arabia, United Arab Emirates and Australia.

David has served on the Victorian Divisional Council and was Deputy Victorian President in 2014. David was appointed a Board Director in 2014 and serves on the Audit and Risk Committee.

COUNCILLORS AND COMMITTEES

AS AT DECEMBER 31 2014

PRESIDENT AND DEPUTY PRESIDENTS FOR 2014

Full councillor list is available at
cpaaustralia.com.au/council

AUSTRALIAN CAPITAL TERRITORY

Hawari Badri FCPA, President
Peter Kerr FCPA, Deputy President
Gaye Lindfield CPA, Deputy President

NEW SOUTH WALES

John Fara FCPA, President
Jennifer Kent FCPA, Deputy President

NORTHERN TERRITORY

Jocelyn Nathanael-Walters FCPA,
President
Belinda Howie FCPA, Deputy President
Natalie Scott CPA, Deputy President

QUEENSLAND

Simon Brodie FCPA, President
Karen Bullock FCPA, Deputy President
Stephen Maitland OAM FCPA,
Deputy President

SOUTH AUSTRALIA

Bryan Howieson FCPA, President
Andrew Johnson FCPA,
Deputy President
David Lawlor FCPA, Deputy President

TASMANIA

Rob Luciani FCPA, President
Jason Browne FCPA, Deputy President
Anne Marie Martin CPA,
Deputy President

VICTORIA

Brendan O'Connell FCPA, President
Jennifer Lang FCPA, Deputy President
David Spong FCPA, Deputy President

WESTERN AUSTRALIA

Tim Blackburn FCPA, President
Claire Bickford FCPA, Deputy
President
Tony Chong FCPA, Deputy President

CHINA – EAST AND CENTRAL CHINA

Danny Tong FCPA, President
Kenny Lam FCPA, Deputy President
Alison Wong FCPA, Deputy President

CHINA – GREATER CHINA

Ronald Yam FCPA, President
Jeffrey Chan FCPA, Deputy President
Kenneth Chen FCPA, Deputy President

CHINA – NORTH CHINA

Kevin Ng FCPA, President
Lily Chen FCPA, Deputy President
Sun Cui FCPA, Deputy President

CHINA – SOUTH CHINA

Peter Kung FCPA, President

EUROPE

Anne Cutting FCPA, President
Keith Irwin FCPA, Deputy President

MALAYSIA

Alex Ooi Thiam Poh FCPA, President
Teresa Chong Dee Shiang FCPA,
Deputy President
Wong Chin Aik FCPA, Deputy
President

NEW ZEALAND

Chandan Ohri FCPA, President
Stuart Bilbrough FCPA,
Deputy President
Andrew Dickeson FCPA,
Deputy President

SINGAPORE

Themis Suwardy FCPA, President
Philip Yuen FCPA, Deputy President

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

Peter Dowling AM FCPA, Chair
Deborah Ong FCPA
Kerry Ryan
David Spong FCPA

FINANCE COMMITTEE

Tyrone Carlin FCPA, Chair
Peter Dowling AM FCPA
Richard Petty FCPA
Kerry Ryan

NOMINATION AND REMUNERATION COMMITTEE

Richard Petty FCPA, Chair
Richard Alston
Jim Dickson FCPA
Deborah Ong FCPA

POLICY GOVERNANCE COMMITTEE

Jim Dickson FCPA, Chair
Michele Dolin FCPA
Tim Ebbeck FCPA
Penny Egan FCPA

ADVISORY COMMITTEES

INTERNATIONAL ADVISORY COMMITTEE

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

PROFESSIONAL QUALIFICATIONS ADVISORY COMMITTEE

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

PUBLIC PRACTICE ADVISORY COMMITTEE

Ian Raspin FCPA, Chair
Louise Cox FCPA
Robert Eastoe FCPA
Stephen Jones FCPA
Lawrence Lam FCPA
Lisa Liew FCPA
Arthur Tateossian FCPA
Gabriel Teo FCPA
Tanya Titman FCPA

QUALITY REVIEW ADVISORY COMMITTEE

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

REPRESENTATIVE COUNCIL

Graeme Wade FCPA, Chair
 Peter Batten FCPA
 Tim Blackburn FCPA
 Simon Brodie FCPA
 John Cahill FCPA
 Anthony Connelly FCPA
 John Corrigan FCPA
 Anne Cutting FCPA
 Ric De Santi FCPA
 Lindsay Doig FCPA
 Nigel Finch FCPA
 Albert Ho FCPA
 John Horder AM FCPA
 Chui Phing Lim CPA
 Edward Lim FCPA
 Tony Marks FCPA
 Richard Mifsud FCPA
 Julie O'Brien CPA
 Sharon Portelli FCPA
 Ian Raspin FCPA
 Michael Richards FCPA
 Themin Suwardy FCPA
 Patrick Yueng FCPA

DISCIPLINARY PANEL CHAIR

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

LIFE MEMBERS

Joseph Abraham AM FCPA
 Patrick Barrett AO FCPA
 Allan Barton FCPA
 David Baulch FCPA
 Brian Blood FCPA
 David Boymal AM FCPA
 John Cahill FCPA
 Denis Cortese FCPA
 Ronald Cotton AM FCPA
 Mark Coughlin FCPA
 Laurence Crockett FCPA

Clyde Dickens AM FCPA
 Kenneth Eastwood AM FCPA
 Penny Egan 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

ASEAN FEDERATION OF ACCOUNTANTS

Jim Dickson FCPA

CONFEDERATION OF ASIAN AND PACIFIC ACCOUNTANTS (CAPA)*

Low Weng Keong FCPA

HRH THE PRINCE OF WALES' ACCOUNTING FOR SUSTAINABILITY ADVISORY COUNCIL

Alex Malley FCPA

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC) BOARD*

Richard Petty FCPA

Rachel Grimes FCPA

IFAC INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)*

Merran Kelsall FCPA

IFAC INTERNATIONAL ACCOUNTING EDUCATION STANDARDS BOARD (IAESB)*

Peter Wolnizer FCPA

IFAC COMPLIANCE ADVISORY PANEL*

Jim Dickson FCPA

IFAC NOMINATING COMMITTEE*

Anne Loveridge

IFAC PROFESSIONAL ACCOUNTANTS IN BUSINESS COMMITTEE (PAIB)*

John Cahill FCPA

IFAC SMALL AND MEDIUM PRACTICES BOARD (SMP)*

Stuart Black FCPA

INTERNATIONAL INTEGRATED REPORTING COUNCIL

Alex Malley FCPA

IFAC INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB)*

Tim Youngberry FCPA

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

FINANCIAL REPORT

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 2014. 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 60 to 62 of the Annual Report, together with their qualifications, experience and special responsibilities. Details of meeting attendance are set out opposite and their remuneration is included in Note 17 on page 89.

COMPANY SECRETARY

The company secretary, Adam Awty, BBus (Acc), CPA was appointed on the 9th of April 2010. He is also chief operating officer – commercial and chief financial officer and is responsible for the company secretarial, finance, planning, administration, technology, legal and compliance, people and culture, business development and brand and integrated marketing 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 \$3,754,000 (2013: \$2,306,000). The consolidated surplus after tax for the year was \$3,302,000 (2013: \$2,146,000).

REVIEW OF OPERATIONS

A review of the operations of the Consolidated Entity during the financial year and the results of those operations are contained in the discussion and analysis of the financial results on pages 70 to 71.

CORPORATE GOVERNANCE

The Board of CPA Australia comprises ten independent non-executive Directors and two independent non-executive Directors who are also non-members. During 2014, it met six times, with all meetings being held in Melbourne. As at the end of 2014, there are four Board committees of Directors. Further information on the governance of the Company is included in the Corporate Governance Statement at cpaaustralia.com.au/corporategovernance

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 this report, with the Consolidated Entity working successfully towards the achievement of its objectives and maintaining a breakeven or surplus position in 2015.

ROUNDING OF AMOUNTS

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

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

AUDITOR INDEPENDENCE

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

BOARD OF DIRECTORS

	Meetings		
	Held	Eligible	Attended
Graeme Wade FCPA, Chair ⁽²⁾	6	6	6
Penny Egan FCPA, Chair ⁽¹⁾	6	6	6
Richard Alston ⁽⁶⁾	6	2	2
Tyrone Carlin FCPA	6	6	5
Jim Dickson FCPA	6	6	6
Michele Dolin FCPA ⁽⁶⁾	6	2	2
Peter Dowling AM FCPA	6	6	5
Tim Ebbeck FCPA	6	6	6
Christina Foo FCPA ⁽⁵⁾	6	4	4
Mark Grey ⁽⁵⁾	6	4	4
Deborah Ong FCPA	6	6	5
Richard Petty FCPA	6	6	6
Kerry Ryan	6	6	6
David Spong FCPA ⁽⁶⁾	6	2	2
Bruce Trebilcock FCPA ⁽⁵⁾	6	4	4
AUDIT AND RISK COMMITTEE			
Peter Dowling FCPA, Chair	4	4	4
Mark Grey ⁽⁵⁾	4	2	2
Deborah Ong FCPA	4	4	4
Kerry Ryan	4	4	4
David Spong FCPA ⁽⁶⁾	4	2	2
FINANCE COMMITTEE			
Tyrone Carlin FCPA, Chair ⁽²⁾⁽⁶⁾	5	2	2
Graeme Wade FCPA, Chair ⁽¹⁾⁽⁵⁾	5	3	3
Peter Dowling FCPA	5	5	5
Christina Foo FCPA ⁽⁵⁾	5	3	3
Mark Grey ⁽⁵⁾	5	3	3
Richard Petty FCPA ⁽⁶⁾	5	2	2
Kerry Ryan ⁽⁶⁾	5	2	2

NOMINATION AND REMUNERATION COMMITTEE

	Meetings		
	Held	Eligible	Attended
Richard Petty FCPA, Chair ⁽⁴⁾	5	2	2
Tyrone Carlin FCPA, Chair ⁽³⁾	5	3	3
Richard Alston ⁽⁶⁾	5	1	1
Jim Dickson FCPA	5	5	5
Penny Egan FCPA ⁽⁵⁾	5	4	4
Deborah Ong FCPA ⁽⁶⁾	5	1	1
Kerry Ryan ⁽⁵⁾	5	4	4
Graeme Wade FCPA ⁽⁵⁾	5	4	4
POLICY GOVERNANCE COMMITTEE			
Jim Dickson FCPA, Chair ⁽²⁾	4	4	4
Tyrone Carlin FCPA, Chair ⁽¹⁾⁽⁵⁾	4	3	3
Michele Dolin FCPA ⁽⁶⁾	4	1	1
Tim Ebbeck FCPA	4	4	3
Penny Egan FCPA ⁽⁶⁾	4	1	1
Bruce Trebilcock FCPA ⁽⁵⁾	4	3	3

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



Graeme Wade FCPA
Director



Tyrone Carlin FCPA
Director

27 February 2015

(1) Chair effective January to September 2014 (2) Chair effective from October 2014 (3) Chair and member effective April to September 2014 (4) Chair and member effective January to March, and from October 2014 (5) Ceased 30 September 2014 (6) Effective 1 October 2014



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

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

27 February 2015

Dear Board Members

CPA Australia Limited

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

As lead audit partner for the audit of the financial report of CPA Australia Limited for the financial year ended 31 December 2014, 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

A stylized, handwritten signature in dark blue ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A stylized, handwritten signature in dark blue ink, appearing to read "Peter A. Caldwell".

Peter A. Caldwell
Partner
Chartered Accountants

OVERVIEW OF FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Business segments		2014 \$'000s	2013 \$'000s
Membership and member value	Revenue	74,791	71,777
	Cost	(32,789)	(32,286)
	Result	42,002	39,491
Training and development	Revenue	17,632	17,550
	Cost	(16,483)	(16,847)
	Result	1,149	703
Education	Revenue	59,902	57,378
	Cost	(20,556)	(19,655)
	Result	39,346	37,723
Brand, ethics and the profession	Revenue	1,630	1,479
	Cost	(22,836)	(21,594)
	Result	(21,206)	(20,115)
Business development	Revenue	3,237	5,087
	Cost	(16,116)	(15,951)
	Result	(12,879)	(10,864)
Corporate services	Revenue	3,981	3,836
	Cost	(43,135)	(42,017)
	Result	(39,154)	(38,181)
Corporate governance and committees	Revenue	76	135
	Cost	(5,580)	(6,586)
	Result	(5,504)	(6,451)
Total CPA Australia	Revenue	161,249	157,242
	Cost	(157,495)	(154,936)
	Tax credit / (expense)	(452)	(160)
	Result	3,302	2,146
Other comprehensive income / (expense) for the year, net of tax		1,425	3,610
Total comprehensive income for the year		4,727	5,756

The Controlled Entity and the Company operate in seven reportable business segments which are membership and member value; training and development; education; brand, ethics and the profession; business development; corporate services; and corporate governance and committees, as shown opposite.

Membership and member value's core activities are delivery of the membership offer including administration and assessment of members' admissions and advancements; library services; INTHEBLACK and 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 including finance, legal, management, people and culture, planning, procurement, property management and technology.

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 2014

INCOME STATEMENT

The 2014 financials reflected a strong operating performance across the organisation delivering an operating surplus before tax of \$3.8m (2013: \$2.3m) and an overall comprehensive income of \$4.7m (after tax, defined benefit, FX and unrealised gain on investments) (2013: \$5.8m).

REVENUE

Overall revenue increased by \$4m or 2.5 per cent during 2014. Continued growth in membership and CPA Program sales were the key drivers behind this result, with revenue from our training and development products continuing at 2013 levels.

The organisation ended the year with more than 150,000 members. This strong result was driven by new member growth and member retention levels in excess of 2013. The increase in member numbers has resulted in higher membership revenue of \$2.3m or 3.3 per cent. Revenue from education, training and development was also higher.

EXPENDITURE

Expenditure before tax was \$2.6m or 1.7 per cent higher than 2013. The increases were driven by our investment in new initiatives such as a brand refresh, and further investment in expanding our digital communication channels. Depreciation costs were also higher in 2014 as we had the first full year depreciation expenditure for the completion of property upgrades and the implementation of our new core business systems, including membership CRM, multi-currency gateway and corporate website.

TAXATION

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

CPA Australia's tax expense for 2014 is \$0.5m. This is attributable to a taxable gain for 2014 largely due to higher non-mutual income received from the organisation's investment portfolio in the form of franking credits and the deferred tax liability in relation to the unrealised gains that currently exist at balance date in relation to the 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 reviewed and adjusted if required on a weekly basis to reflect exchange rate movements. Foreign currency cash holdings are also limited to the requirements for the funding of local operations to minimise CPA Australia's exposure to fluctuations in exchange rates. The depreciation of the Australian dollar against the currencies where substantial cash is held contributed to a foreign exchange loss of \$0.4m for the full year.

CASH FLOW

CPA Australia's cash flow and liquidity remained strong in 2014. Overall cash and cash equivalents increased by \$21m, net cash flows from operating activities for the year were \$28.4m. The net increase in cash and cash equivalents was due to an increase in our investment portfolio and capital purchases during 2014. In real terms, the operating cash balance is \$53.9m (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 \$4m in revenue and an unrealised capital gain of \$1.3m in 2014. This is directly due to the performance of the Australian equity market.

BALANCE SHEET

CPA Australia's balance sheet continues to strengthen with net assets increasing by \$4.7m or 6.8 per cent, which is attributable to the surplus delivered in 2014 and the unrealised capital gain in our investment portfolio.

Cash and cash equivalents have increased by \$21m which is due to the timing of payments by members renewing their subscriptions being ahead of last year and a reduction in investment on property, plant and equipment and intangible assets compared with 2013.

Trade and other receivables are \$1m higher. All outstanding revenue is expected to be received early in 2015.

Other current assets are \$0.2m higher than the prior year due to higher prepaid expenses.

Non-current other financial assets are higher than 2013 by \$7.6m which is directly attributable to an increase in investments expected to be held for greater than one year and unrealised gains in the portfolio during 2014.

Property, plant and equipment has decreased by \$3.5m when compared to 2013 which is attributable to the depreciation of previous years property upgrades and the removal of zero valued assets from the asset register.

Intangible assets which includes our membership CRM, multi-currency gateway and new corporate website that were completed during 2013 are lower in 2014 by \$2.5m. This is directly attributable to the amortisation charged during the year.

Other non-current assets are in line with 2013.

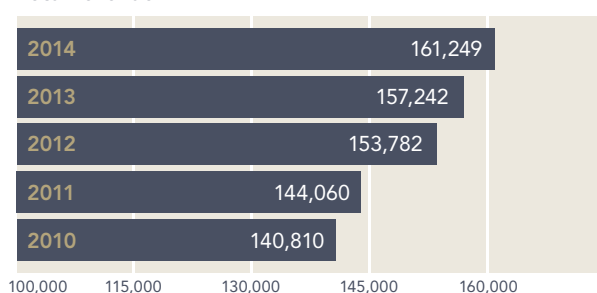
Trade and other payables were higher by \$1.7m than the previous year.

Short and long term provisions ended the year \$0.9m higher than 2013. This is the result of the higher leave provision required at year end and an increase in the make good provision for our property portfolio.

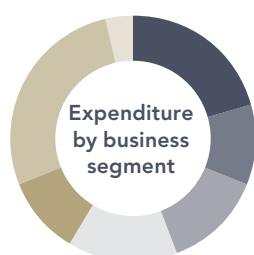
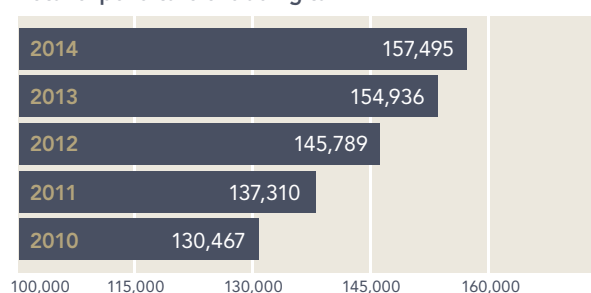
Other current liabilities were higher by \$16.4m, which is attributable to price increases associated with the CPA Program, membership and public practice paid in advance for 2015 compared to the prior year. The timing of payments by members is ahead of last year.

Other non-current liabilities have reduced when compared to 2013 as part of the lease incentive received in prior years has been amortised to the Statement of comprehensive income during 2014.

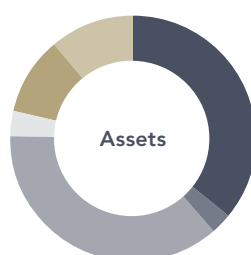
Total revenue



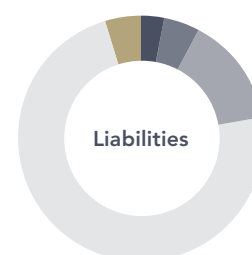
Total expenditure excluding tax



- 21% Membership and member value
- 10% Training and development
- 13% Education
- 15% Brand, ethics and the profession
- 10% Business development
- 27% Corporate services
- 4% Corporate governance and committees



- 36% Cash and cash equivalents
- 3% Trade and other receivables
- 37% Other financial assets
- 3% Other
- 10% Property, plant, equipment
- 11% Intangible assets



- 5% Current provisions
- 3% Non-current provisions
- 14% Trade and other payables
- 73% Subscriptions and fees in advance
- 5% Other

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated	
		2014 \$'000s	2013 \$'000s
Revenue	3(a)	157,279	153,640
Investment revenue	3(b)	3,970	3,602
Service expenses		(68,481)	(71,087)
Marketing, promotion and publication expenses		(30,526)	(26,375)
Occupancy expenses		(13,610)	(13,174)
Administration expenses		(43,160)	(43,182)
Finance costs		(48)	(14)
Net foreign exchange (loss)		(416)	64
Other expenses		(1,254)	(1,168)
Surplus before income tax	4	3,754	2,306
Tax expense	5(a)(b)	(452)	(160)
Surplus for the year		3,302	2,146
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) / gain on defined benefit plan	20	(37)	189
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		173	323
Net gain on available-for-sale assets		1,289	3,098
Other comprehensive income / (expense) for the year, net of tax		1,425	3,610
Total comprehensive income for the year		4,727	5,756

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Consolidated	
		2014 \$'000s	2013 \$'000s
CURRENT ASSETS			
Cash and cash equivalents	6	60,125	39,181
Trade and other receivables	7	4,457	3,427
Other financial assets	9	–	500
Other assets	8	5,120	4,921
Total current assets		69,702	48,029
NON-CURRENT ASSETS			
Deferred tax assets	5(c)	–	282
Other financial assets	9	61,538	53,952
Property, plant and equipment	10	17,096	20,615
Intangible assets	11	18,244	20,729
Other assets	8	351	350
Total non-current assets		97,229	95,928
Total assets		166,931	143,957
CURRENT LIABILITIES			
Trade and other payables	12	13,325	11,669
Provisions	13	4,278	4,081
Other liabilities	14	68,425	52,038
Total current liabilities		86,028	67,788
NON-CURRENT LIABILITIES			
Deferred tax liabilities	5(c)	63	–
Provisions	13	3,016	2,356
Other liabilities	14	3,419	4,135
Total non-current liabilities		6,498	6,491
Total liabilities		92,526	74,279
Net assets		74,405	69,678
MEMBERS' FUNDS			
Reserves		6,235	4,773
Retained surplus		68,170	64,905
Total members' funds		74,405	69,678

CPA Australia 2014 financial statements

The Statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 76 to 97.

STATEMENT OF CHANGES IN MEMBERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Total
Consolidated	\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 January 2013	1,424	(72)	62,570	63,922
Total comprehensive income for the year	3,098	323	2,335	5,756
Balance at 1 January 2014	4,522	251	64,905	69,678
Total comprehensive income for the year	1,289	173	3,265	4,727
Balance at 31 December 2014	5,811	424	68,170	74,405

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2014

		Consolidated	
	Note	2014 \$'000s	2013 \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		179,424	157,017
Payments to suppliers and employees		(151,062)	(148,009)
Net cash inflows from operating activities	22	28,362	9,008
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment and intangible assets	10 & 11	(5,639)	(15,648)
Net receipts for bank bills less than 1 year but greater than 90 days		500	—
Net (payments) / receipts from sale of investment securities		(59)	136
Purchase of investment securities		(6,132)	(7,009)
Investment interest received		3,912	3,744
Net cash outflows from investing activities		(7,418)	(18,777)
Cash flows from financing activities		—	—
Net cash flow from financing activities		—	—
Net (decrease) / increase in cash and cash equivalents held		20,944	(9,769)
Cash and cash equivalents at the beginning of the financial year		39,181	48,950
Cash and cash equivalents at the end of the financial year	6	60,125	39,181

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION

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

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

B) STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Accounting standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). 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 27 February 2015.

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 intangibles and other 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.

During the year CPA Australia reviewed its tax treatment of the investment portfolio, the result of which was to recognise a deferred tax liability arising on unrealised gains, for this year and that of the previous year.

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 net of discounts to the extent that it is probable that the economic benefits will flow to CPA Australia and that it can be reliably measured.

Member fees and subscriptions

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

Interest

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

Income from investments

Revenue is recognised when the income is earned.

Sale of non current assets

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

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

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

Grants

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

H) RECEIVABLES

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

I) PROPERTY, PLANT AND EQUIPMENT

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

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

Buildings	50 Years
Strata title	50 Years
Property, plant and equipment	3 – 13 Years
Information technology assets (computer hardware 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 periodically and were last 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 INTANGIBLES AND OTHER TANGIBLE ASSETS

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

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

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

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

K) INTANGIBLE ASSETS

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

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

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

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

L) LEASED ASSETS

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

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

Lease incentives

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

M) INVESTMENTS AND FINANCIAL ASSETS

Controlled entities

Investments in controlled entities are carried at the 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 at fair value through comprehensive income, which are initially measured at fair value.

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

N) PAYABLES

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

O) DERIVATIVE FINANCIAL INSTRUMENTS

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

P) EMPLOYEE BENEFITS

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

Annual leave

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

Long service leave

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

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

Defined benefit plan

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

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

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

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

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

Defined contribution superannuation

Contributions to defined contribution superannuation plans are expensed when paid.

Q) CASH AND CASH EQUIVALENTS

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

R) COMPARATIVE AMOUNTS

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

S) WEBSITE COSTS

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

T) CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

Employee entitlements

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

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

Intangible and other tangible assets

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

3. REVENUE

(A) REVENUE FROM OPERATING ACTIVITIES

	Consolidated	
	2014 \$'000s	2013 \$'000s
Member subscriptions	73,095	70,772
Education and CPA Program	59,142	57,233
Professional development	17,509	17,537
Other services	812	1,730
Marketing, promotion and publications	6,720	6,352
Property	1	16
	157,279	153,640

(B) OTHER REVENUE

Interest revenue on:		
AAT Loan	20	12
Bank deposits	314	250
Financial assets (held to maturity)	727	954
Dividends and distributions	2,909	2,386
	3,970	3,602
Total revenue	161,249	157,242

4. SURPLUS AND MEMBERS' FUNDS

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	48	14
--	----	----

Depreciation:

Depreciation / amortisation	11,643	8,714
-----------------------------	--------	-------

Net (gain) / loss

Net foreign exchange (gain) / loss	416	(64)
------------------------------------	-----	------

Employee benefits:

Defined contribution	3,923	3,790
Defined benefit plan	43	62
Salaries and other benefits	49,944	49,093

5. TAXATION

(A) TAX EXPENSE / (INCOME) COMPRISES:

Income tax recognised in income statement

Deferred tax expense / (income) relating to the origination and reversal of temporary differences

Tax loss not previously recognised

Refer (c) below

Tax expense overseas entities

Total tax expense / (income)

Consolidated	
2014 \$'000s	2013 \$'000s
345	71
–	–
345	71
107	89
452	160

(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

Income tax expense calculated at 30%

Surplus attributable to mutual activities and foreign branch expenditure – exempt income

Total tax expense / (income)

Consolidated	
2014 \$'000s	2013 \$'000s
3,754	2,306
1,126	692
(674)	(532)
452	160

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

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

(C) DEFERRED TAX ASSETS / (LIABILITIES) ARISE FROM THE FOLLOWING:

2014	Consolidated				
	Opening balance 2013	Charged to income	Closing balance 2013	Charged to income	Closing balance 2014
ASSETS					
Investments	(559)	(855)	(1,414)	(370)	(1,784)
Property, plant and equipment	(339)	42	(297)	15	(282)
Employee benefits	175	(24)	151	(25)	126
Provisions	265	(62)	203	(38)	165
Tax losses	832	808	1,640	95	1,735
	374	(91)	283	(323)	(40)
LIABILITIES					
Accrued income	(21)	20	(1)	(22)	(23)
	353	(71)	282	(345)	(63)

(D) OTHER COMPREHENSIVE INCOME ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME HAVE NO TAX EFFECT

6. CASH AND CASH EQUIVALENTS

CURRENT

Cash on hand, at bank and short term bank bills (90 days or less)

Consolidated	
2014 \$'000s	2013 \$'000s
60,125	39,181
60,125	39,181

7. TRADE AND OTHER RECEIVABLES

CURRENT

	Consolidated	
	2014 \$'000s	2013 \$'000s
Trade and other receivables	4,422	3,482
Less allowance for doubtful debts	(78)	(109)
	4,344	3,373
Other receivables:		
Accrued interest on bank deposits	36	50
Accrued interest on financial assets (held to maturity)	77	4
	113	54
	4,457	3,427

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

AGEING OF PAST DUE BUT NOT IMPAIRED

60 – 90 days	43	458
90 – 120 days	200	433
Total	243	891

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	109	158
Allowances taken up as doubtful	33	9
Amounts written off as uncollectible	(64)	(58)
Balance at the end of the year	78	109

8. OTHER ASSETS

CURRENT

Defined benefit plan	384	432
Prepayments	4,736	4,489
	5,120	4,921

NON CURRENT

Loan to related parties (at amortised cost)	350	350
Security deposit and other	1	–
	351	350

9. OTHER FINANCIAL ASSETS

CURRENT

Bank bills less than 1 year but greater than 90 days	–	500
	–	500

NON CURRENT

Available for sale assets carried at fair value:		
Listed non-derivative financial assets held for trading	56,445	48,922
Non-listed non-derivative financial assets held for trading	5,093	5,030
	61,538	53,952

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

10. PROPERTY, PLANT AND EQUIPMENT

GROSS CARRYING AMOUNT

	Consolidated				
	Building at cost	Plant and equipment at cost	Library books at cost	Capital work in progress	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 January 2013	3,800	27,497	269	1,738	33,304
Additions	–	2,646	22	2,823	5,491
Disposals	–	(11)	(91)	–	(102)
Transfers to / from asset class	–	1,323	–	(1,323)	–
Balance at 1 January 2014	3,800	31,455	200	3,238	38,693
Additions	–	–	13	2,269	2,282
Disposals	–	–	(96)	–	(96)
Transfers to / from asset class	–	4,620	–	(4,638)	(18)
Balance at 31 December 2014	3,800	36,075	117	869	40,861

ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT

Balance at 1 January 2013	(1,140)	(11,298)	(149)	–	(12,587)
Disposals	–	11	91	–	102
Depreciation	(76)	(5,463)	(54)	–	(5,593)
Balance at 1 January 2014	(1,216)	(16,750)	(112)	–	(18,078)
Disposals	–	–	96	–	96
Depreciation	(76)	(5,667)	(40)	–	(5,783)
Balance at 31 December 2014	(1,292)	(22,417)	(56)	–	(23,765)

NET BOOK VALUE

Property, plant and equipment as at 31 December 2013	2,584	14,705	88	3,238	20,615
Property, plant and equipment as at 31 December 2014	2,508	13,658	61	869	17,096

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

11. INTANGIBLE ASSETS

GROSS CARRYING AMOUNT

	Consolidated		
	Intangible assets at cost \$'000s	Capital work in progress – intangible assets \$'000s	Total \$'000s
Balance at 1 January 2013	3,115	11,705	14,820
Additions	8,137	2,019	10,156
Disposals	–	–	–
Transfers to / from asset class	11,703	(11,703)	–
Balance at 1 January 2014	22,955	2,021	24,976
Additions	–	3,357	3,357
Disposals	–	–	–
Transfers to / from asset class	2,857	(2,839)	18
Balance at 31 December 2014	25,812	2,539	28,351

ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT

Balance at 1 January 2013	(1,126)	–	(1,126)
Disposals	–	–	–
Depreciation	(3,121)	–	(3,121)
Balance at 1 January 2014	(4,247)	–	(4,247)
Disposals	–	–	–
Depreciation	(5,860)	–	(5,860)
Balance at 31 December 2014	(10,107)	–	(10,107)

NET BOOK VALUE

Intangible assets as at 31 December 2013	18,708	2,021	20,729
Intangible assets as at 31 December 2014	15,705	2,539	18,244

All intangible assets are held by the parent.

12. TRADE AND OTHER PAYABLES

CURRENT

	2014 \$'000s	2013 \$'000s
Trade creditors and accruals	13,325	11,669
	13,325	11,669

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

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

13. PROVISIONS

CURRENT

Employee benefits	4,278	4,081
	4,278	4,081

NON CURRENT

Employee benefits	1,439	909
Restoration of leased properties	1,577	1,447
	3,016	2,356
	7,294	6,437

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

RECONCILIATION OF RESTORATION OF LEASED PROPERTIES

	2014 \$'000s
Balance at 1 January 2014	1,447
Additional provisions recognised	119
Unwinding of discount and effect of changes in the discount rate	11
Balance as at 31 December 2014	1,577

EMPLOYEE NUMBERS

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

Consolidated

2014	2013
------	------

462 473

14. OTHER LIABILITIES

CURRENT

Subscriptions and fees received in advance	67,755	51,340
Lease incentive	670	698
	68,425	52,038

NON-CURRENT

Lease incentive	3,419	4,135
	3,419	4,135
	71,844	56,173

15. PARENT ENTITY DISCLOSURES

FINANCIAL POSITION

Assets

	2014 \$'000s	2013 \$'000s
Current assets	67,254	45,851
Non-current assets	96,729	95,629
Total assets	163,983	141,480

Liabilities

Current liabilities	85,722	67,562
Non-current liabilities	6,420	6,479
Total liabilities	92,142	74,041

Members' funds

Retained surplus	67,504	64,435
Reserves		
Investment revaluation reserve	5,811	4,522
Foreign currency translation reserve	(1,474)	(1,518)
Total members' funds	71,841	67,439

FINANCIAL PERFORMANCE

Surplus for the year	3,121	2,069
Other comprehensive (expense) / income net of tax	1,495	3,167
Total comprehensive income for the year	4,616	5,236

LEASING ARRANGEMENTS

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

COMMITMENTS FOR EXPENDITURE

(a) Non-cancellable operating lease commitments

Aggregate amounts contracted for at balance date but not recognised as liabilities:

Not later than one year	10,459	9,976
Later than one year but not later than five years	26,538	27,508
Later than five years	7,479	4,974
	44,476	42,458

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

Current:

Lease incentive	670	698
-----------------	-----	-----

Non current:

Restoration of leased properties	1,577	1,447
Lease incentive	3,419	4,135
	5,666	6,280

(b) CPA Australia will continue to support in 2015 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 2014 to IFAC in the pursuit of their objectives. The contribution for the year 2014 was \$658,676 (2013: \$538,564).

As part of the undertakings with APESB, CPA Australia, CAANZ and the Institute of Public Accountants (IPA) contribute funds necessary for the pursuit of the objectives of APESB. The contributions for the year 2014 were \$449,457 (2013: \$442,907).

16. LIMITATION OF MEMBERS' LIABILITY

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

17. RELATED PARTIES

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

NON- EXECUTIVE DIRECTORS

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

* Effective 1 October 2014

** Presidential term completed effective 30 September 2014

*** Ceased 30 September 2014

EXECUTIVES

Mr A Malley, Chief executive officer	Mr J Hughes Chief operating officer – member services
Mr A Awty, Chief operating officer – commercial / chief financial officer / company secretary	

COMPENSATION OF DIRECTORS

Directors' remuneration is approved annually by the Board in accordance with article 45 of the Constitution. All payments are deemed to be compensation for the purpose of this disclosure. At balance date, all 2014 short-term employee benefits for Directors had been paid and are recognised in the aggregate key management personnel component shown in the following column.

KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2014 \$'000s	2013 \$'000s
Short-term employee benefits	3,820	4,523
Post-employment benefits	197	267
	4,017	4,790

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 (CAANZ and IPA) 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 2014 was \$11,109. Repayment terms for the loan were extended in 2012, with the first instalment now due in 2016 and the loan to be fully paid by June 2021. Nicholas Diss, deputy CFO and Jeff Hughes, chief operating officer – member services are members of the AAT Board.

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

Adam Awty, chief operating officer – commercial and company secretary, Jeff Hughes, chief operating officer – member services and Priya Dharshini A/P Terumalay, general manager Malaysia, are Directors of CPA Australia (Malaysia) Sdn Bhd.

Robert Thomason, executive general manager – education, Jeff Hughes, chief operating officer – member services, Deborah Leung, general manager Hong Kong, and Nicholas Diss, deputy CFO 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 and officers. The insurance contract providing this cover does not allow CPA Australia to disclose either the extent of cover or the premium paid.

18. REMUNERATION OF AUDITOR

AUDIT SERVICES:

Auditor of parent entity

	2014	2013
	\$	\$
Audit of financial report	142,655	145,425
Other assurance services	35,000	28,500
Non-audit services	686,289	1,876,378

Affiliated firms

Audit of financial reports for foreign subsidiaries and branches	33,448	30,914
	897,392	2,081,217

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 annually.

During 2012 the Board, after a formal procurement process, approved the appointment of Deloitte to assist with the overall website strategy and future website development into 2014. 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 or Shanghai (where Deloitte is also the local auditor). However, offshore divisions can enter into sponsorships with their local Deloitte office where PricewaterhouseCoopers, Ernst & Young and KPMG will also be represented. Sponsorships can be raised for member awards where the member is the direct recipient of the cash benefit.

During 2014, CPA Australia received revenue in the form of sponsorship from Deloitte Hong Kong for the CPA Australia Career Expo Hong Kong and CPA Australia 2014 Congress Hong Kong; Deloitte Singapore provided sponsorship for CPA Australia Career Expo Singapore and CPA Australia 2014 Congress Singapore; Deloitte Malaysia provided sponsorship for CPA Australia 2014 Congress Malaysia; and Deloitte Vietnam provided sponsorship for the CPA Australia Talent Competition (Vietnam).

19. INVESTMENT IN CONTROLLED ENTITIES

CONTROLLED ENTITY

	Class of Share	Entity Interest		Amount of Investment	
		2014	2013	2014	2013
		%	%	\$	\$
CPA Australia (M) Sdn. Bhd.	Ordinary	100	100	160,127	160,127
CPA Australia (Shanghai) Ltd	Ordinary	100	100	1,206,987	1,206,987

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

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

20. SUPERANNUATION AND DEFINED BENEFIT PLAN

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

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

ACCOUNTING POLICY

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

FUND INFORMATION

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the fund is closed to new members. All new members receive accumulation benefits only. At 31 December 2014, the defined benefit plan had five members.

REGULATORY FRAMEWORK

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation funds operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation fund every three years, or every year if the fund pays defined benefit pensions.

GOVERNANCE OF THE FUND

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

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

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

RISK

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

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

- Legislative risk – the risk that legislative changes could be made which increase the cost of providing the defined benefits
- Timing of members leaving service – as the Fund has only a small number of members, if members with large benefits or groups of members leave, this may have an impact on the financial position of the Fund, depending on the financial position of the Fund at the time they leave. The impact may be positive or negative, depending upon the circumstances and timing of the withdrawal

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

SIGNIFICANT EVENTS

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

RECONCILIATION OF THE NET DEFINED BENEFIT LIABILITY / (ASSET)

Financial year ended	31 Dec 2014 \$'000s	31 Dec 2013 \$'000s
Net defined benefit liability / (asset) at start of year	(432)	(264)
Customer service cost	60	71
Net Interest	(17)	(9)
Actuarial return on fund assets less interest income	19	203
Actuarial (gains) / losses arising from changes in financial assumptions	107	(115)
Actuarial (gains) / losses arising from liability experience	(51)	129
Employer contributions	32	41
Net defined benefits liability / (asset) at end of year	(384)	(432)

RECONCILIATION OF THE FAIR VALUE OF FUND ASSETS

Financial year ended	31 Dec 2014 \$'000s	31 Dec 2013 \$'000s
Fair value of fund assets at beginning of the year	972	1,564
Interest income	45	42
Actuarial return on fund assets less interest income	19	203
Employer contributions	32	41
Contributions by fund participants	4	8
Benefits paid	–	(872)
Taxes, premiums and expenses paid	(31)	(14)
Fair value of fund assets at end of the year	1,041	972

RECONCILIATION OF THE DEFINED BENEFIT OBLIGATION

Financial year ended	31 Dec 2014 \$'000s	31 Dec 2013 \$'000s
Present value of defined benefit obligations at beginning of the year	540	1,300
Current service cost	60	71
Interest cost	28	33
Contributions by fund participants	4	8
Actuarial (gains) / losses arising from changes in financial assumptions	107	(115)
Actuarial (gains) / losses	(51)	129
Benefits paid	–	(872)
Taxes, premiums and expenses paid	(31)	(14)
Present value of defined benefit obligations at end of the year	657	540

RECONCILIATION OF THE EFFECT OF THE ASSET CEILING

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

Fair value of fund assets as at 31 December 2014		Quoted prices in active market for identical assets	Significant observable inputs	Unobservable inputs
Asset Category	Total \$'000s	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s
Cash and cash equivalents	–	–	–	–
Equity instruments	–	–	–	–
Debt instruments	–	–	–	–
Derivatives	–	–	–	–
Real estate	–	–	–	–
Investment funds – Legg Mason Balanced Trust	1,041	–	1,041	–
Asset-backed securities	–	–	–	–
Structured debt	–	–	–	–
Total	1,041	–	1,041	–

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

As at 31 December	2014* \$'000s	2013 \$'000s
Australian equity	35%	44%
International equity	23%	21%
Fixed income	24%	18%
Property	10%	9%
Alternatives / other	3%	5%
Cash	5%	3%

* Asset allocation as at 31 December 2014 is currently unavailable.
Asset allocation at 30 November 2014 has been used.

FAIR VALUE OF ENTITY'S OWN FINANCIAL INSTRUMENTS

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

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

SIGNIFICANT ACTUARIAL ASSUMPTIONS AT THE REPORTING DATE

Financial year ending 31 December	2014	2013
Assumptions to determine defined benefit cost		
Discount rate	4.6% p.a.	3.3% p.a.
Expected salary increase rate	4.0% p.a.	4.0% p.a.
As at 31 December	2014	2013
Assumptions to determine DBO		
Discount rate	3.4% p.a.	4.6% p.a.
Expected salary increase rate	4.0% p.a.	4.0% p.a.

SENSITIVITY ANALYSIS

The defined benefit obligation as at 31 December 2014 under several scenarios is presented on the right.

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

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

	Base Case	Scenario			
		A	B	C	D
Discount rate (% p.a.)	3.4	2.9	3.9	3.4	3.4
Salary increase rate (% p.a.)	4.0	4.0	4.0	3.5	4.5
Defined benefit obligation* (\$'000s)	657	708	610	616	701

* Includes defined benefit contributions tax provision

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

ASSET-LIABILITY MATCHING STRATEGIES

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

FUNDING ARRANGEMENTS

The financing obligations adopted at the 31 December 2013 actuarial investigation of the Fund, in a report dated 10 July 2014, is to maintain the value of the Fund's asset at least equal to:

- 100 per cent of accumulation account balances plus
- 110 per cent of vested benefits for defined benefit members

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

For defined benefit members:

- 10 per cent of salaries up to 30 June 2014 then nil from 1 July 2014

For accumulation members:

- As required to meet the employer's obligations under Superannuation Guarantee legislation or employment agreements

Plus

- Any additional employer contributions agreed between the employer and a member (e.g. additional salary sacrifice contributions)

EXPECTED CONTRIBUTIONS

Financial year ended 31 Dec 2014	\$'000s
Expected employer contributions	—

MATURITY PROFILE OF DEFINED BENEFIT OBLIGATION

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

Expected benefit payments for the financial year ending on	\$'000s
31 December 2015	—
31 December 2016	—
31 December 2017	—
31 December 2018	—
31 December 2019	—
Following 5 years	431

21. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

The purpose of the investment policy is to 'protect and grow' the capital base within a defined risk tolerance over the medium to long term and to generate an annual return that is in excess of what could be achieved through a risk adverse strategy. The policy allows CPA Australia to invest directly or via managed funds in both Australian and international equities and 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 2014, the weakening of the Australian dollar against the currencies where substantial cash is held resulted in a foreign exchange loss of \$415,803 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) MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The maturity profile of financial assets and liabilities held by the Consolidated Entity are detailed on page 95.

2014**FINANCIAL ASSETS**

	Weighted average interest rate	Floating interest rate \$'000s	1 year or less \$'000s	1-2 years \$'000s	Total \$'000s
Cash and cash equivalents	2.11%	59,625	500	–	60,125
Bank bills < 1 year	0.00%	–	–	–	–
Bank bills > 1 year	0.00%	–	–	–	–
Equities	Non-interest bearing	–	27,114	–	27,114
Property funds	Non-interest bearing	–	3,551	–	3,551
Securities	Non-interest bearing	–	10,017	–	10,017
Hybrids	Non-interest bearing	–	20,856	–	20,856
Receivables	Non-interest bearing	–	4,457	–	4,457
Loan to related parties	Interest bearing	–	–	350	350
Defined benefit plan	Interest bearing	–	–	384	384
		59,625	66,495	734	126,854

FINANCIAL LIABILITIES

Payables	Non-interest bearing	–	13,325	–	13,325
Subscriptions and fees in advance	Non-interest bearing	–	67,755	–	67,755
		–	81,080	–	81,080
Net financial assets / (liabilities)		59,625	(14,585)	734	45,774

2013**FINANCIAL ASSETS**

Cash and cash equivalents	2.13%	36,506	2,675	–	39,181
Bank bills < 1 year	4.60%	–	500	–	500
Bank bills > 1 year	0.00%	–	–	–	–
Equities	Non-interest bearing	–	25,353	–	25,353
Property funds	Non-interest bearing	–	2,599	–	2,599
Securities	Non-interest bearing	–	9,872	–	9,872
Hybrids	Non-interest bearing	–	16,128	–	16,128
Receivables	Non-interest bearing	–	3,427	–	3,427
Loan to related parties	Interest bearing	–	–	350	350
Defined Benefit Plan	Interest bearing	–	–	432	432
		36,506	60,554	782	97,842

FINANCIAL LIABILITIES

Payables	Non-interest bearing	–	11,669	–	11,669
Subscriptions and fees in advance	Non-interest bearing	–	51,340	–	51,340
		–	63,009	–	63,009
Net financial assets / (liabilities)		36,506	(2,455)	782	34,833

(E) 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.

(F) 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.

(G) MARKET RISK MANAGEMENT

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

Financial assets at fair value through statement of comprehensive income

	Level 1 \$'000s
Equities	27,114
Property funds	3,551
Securities	10,017
Hybrids	20,856
	61,538

There were no financial assets in Level 2 and 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).

(H) 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 Asia, Australia, New Zealand and the UK.

No operations of CPA Australia are subject to external imposed capital requirements.

(I) 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 2014.

Annual risk by risk type	Minimum		Average		Maximum	
	2014 \$'000s	2013 \$'000s	2014 \$'000s	2013 \$'000s	2014 \$'000s	2013 \$'000s
Foreign exchange	137	93	697	472	1,257	852
Interest rate	149	91	373	228	596	365

Interest rate analysis is based on balances of financial assets not exceeding one 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 2014. Minimum and maximum exposure is calculated at shifts of one 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 five per cent higher / lower equity reserves would have increased / decreased by \$3.08m as a result of the fair value of the available-for-sale shares.

22. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	2014 \$'000s	2013 \$'000s
Reconciliation of surplus after income tax to net cash		
Inflow from operating activities		
Surplus after income tax	3,302	2,146
Plus / (minus) non-operating items:		
Interest income received	(3,912)	(3,744)
Plus / (minus) non-cash items:		
Foreign exchange translation	7	322
Depreciation and amortisation	11,643	8,714
Realised loss / (gain)	59	(136)
Change in assets and liabilities:		
(Increase) in receivables	(1,030)	(241)
Decrease / (increase) in other assets	145	(1,789)
Increase / (decrease) in payables	1,656	(349)
Increase in subscriptions and fees in advance	16,415	3,790
(Decrease) in other liabilities	(716)	(697)
Increase in provisions	830	803
Change in items in equity		
Amounts recognised in equity relating to defined benefit plan	(37)	189
Net cash inflow from operating activities	28,362	9,008

23. SUBSEQUENT EVENTS

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

DIRECTORS' DECLARATION

The Directors declare that:

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

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

On behalf of the Directors



Graeme Wade FCPA
Director



Tyrone Carlin FCPA
Director



Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia
DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

We have audited the accompanying financial report of CPA Australia Limited, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in members funds for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 72 to 98.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

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

Deloitte.

Opinion

In our opinion:

- (a) the financial report of CPA Australia Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



Peter A. Caldwell

Partner

Chartered Accountants

Melbourne, 27 February 2015

GRI INDEX

GENERAL STANDARD DISCLOSURES

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS			
G4-1	Statement from the CEO and President	8, 11	✓
ORGANISATIONAL PROFILE			
G4-3	Name of the organisation	1	✓
G4-4	Primary brands, products and services	20	✓
G4-5	Location of the organisation's headquarters	OBC	✓
G4-6	Number of countries of operation	20	✓
G4-7	Nature of ownership and legal form	54	✓
G4-8	Markets served	20	✓
G4-9	Scale of the organisation	16, 20	✓
G4-10	Employee numbers	49	✓
G4-11	Employees covered by collective bargaining arrangements	48	✓
G4-12	Organisations supply chain	52	✓
G4-13	Changes to supply chain	1, 52	✓
G4-14	Application of the precautionary principle	19	✓
G4-15	Externally developed charters, principles or initiatives	1, 54	✓
G4-16	Membership of associations	7, 88	✓
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Reporting on entities	3	✓
G4-18	Process for defining report content and the Aspect Boundaries	3, 5	✓
G4-19	Material aspects	5	✓
G4-20	Aspect Boundaries within the organisation	5	✓
G4-21	Aspect Boundaries outside the organisation	5	✓
G4-22	Explanation of re-statements	76	✓
G4-23	Significant changes to reporting Scope and Aspect Boundaries	5	✓
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups	3	✓
G4-25	Basis for identification of stakeholders	3	✓
G4-26	Organisation's approach to stakeholder engagement	3	✓
G4-27	Key topics and concerns raised through stakeholder engagement	4, 5	✓

INDICATOR	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
REPORT PROFILE			
G4-28	Reporting period	1	✓
G4-29	Date of most recent previous report	1	✓
G4-30	Reporting cycle	1	✓
G4-31	Contact point for the report	1	✓
G4-32	GRI Index	101-104	This report has been prepared 'in accordance' with the Global Reporting Initiative G4 Sustainability Reporting Guidelines to a Core level. Refer to the Assurance Statement on page 105
G4-33	Assurance	105	✓
GOVERNANCE			
G4-34	Governance structure of the organisation	55	✓
ETHICS AND INTEGRITY			
G4-56	Describe the organisations values, principles, standards and norms of behavior	20, 57	✓

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
ECONOMIC				
ECONOMIC PERFORMANCE				
DMA	Disclosures on management approach	1, 51		✓
G4-EC1	Direct economic value generated and distributed	16, 17		✓
G4-EC3	Coverage of the organisation's defined benefit plan and obligations	90		✓
ENVIRONMENTAL				
ENERGY CONSUMPTION				
DMA	Disclosures on management approach	cpaaustralia.com.au/environment		✓

MATERIAL ASPECTS	DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
G4-EN3	Energy consumption within the organisation	cpaaustralia.com.au/environment	Complete data unavailable – Splits of electricity consumption into heating and cooling unavailable from our energy providers	✓
EMISSIONS				
DMA	Disclosures on management approach	cpaaustralia.com.au/environment		✓
G4-EN15	Direct GHG emissions (Scope 1)	cpaaustralia.com.au/environment		✓
G4-EN16	Indirect GHG emissions (Scope 2)	cpaaustralia.com.au/environment		✓
G4-EN17	Other indirect GHG emissions (Scope 3)	cpaaustralia.com.au/environment		✓
SOCIAL – LABOUR PRACTICES AND DECENT WORK				
TRAINING AND EDUCATION				
DMA	Disclosures on management approach	48, 51		✓
G4-LA9	Average hours of training per employee	48	Complete data unavailable – Average training hours per employee category	✓
G4-LA10	Programs for skills management and lifelong learning	48	Complete data unavailable – external training courses provided	✓
G4-LA11	Percentage of employees receiving regular performance and career development reviews	48	Complete data unavailable – Recorded data on percentage of employees receiving regular reviews	✓
DIVERSITY AND EQUAL OPPORTUNITY				
DMA	Disclosures on management approach	48, 50, 51		✓
G4-LA12	Composition of governance bodies and breakdown of employees per employee category	49, 50, 54	Not all data relevant – Breakdown of employees and governance bodies by minority group	✓

MATERIAL ASPECTS	DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
EQUAL REMUNERATION FOR MEN AND WOMEN				
DMA	Disclosures on management approach	48, 50, 51		✓
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category and significant locations of operation	50		✓
SOCIAL – SOCIETY				
ANTI-CORRUPTION				
DMA	Disclosures on management approach	51, 57		✓
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	57		✓
G4-S04	Communication and training on anti-corruption policies and procedures	49, 57	Complete data unavailable – Business partners undertaking anti-corruption training – Employee training location.	✓
G4-S05	Confirmed incidents of corruption and actions taken	57		✓
SOCIAL – PRODUCT RESPONSIBILITY				
PRODUCT AND SERVICE LABELLING				
DMA	Disclosures on management approach	14, 32, 51		✓
G4-PR5	Results of surveys measuring customer satisfaction	14		✓
CUSTOMER PRIVACY				
DMA	Disclosures on management approach	35, 51		✓
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	35		✓



Deloitte Touche Tohmatsu
 ABN 74 490 121 060
 Grosvenor Place
 225 George Street
 Sydney NSW 2000
 PO Box N250 Grosvenor Place
 Sydney NSW 1220 Australia
 DX 10307SSE
 Tel: +61 (0) 2 9322 7000
 Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent limited assurance statement to the Directors of CPA Australia Limited in relation to the 2014 Annual Report

We have carried out a limited assurance engagement on the subject matter detailed below (the 'Subject Matter') presented in CPA Australia Limited's ('CPA') 2014 Annual Report in order to state whether anything has come to our attention that would cause us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the reporting criteria described below ('Reporting Criteria').

Subject Matter and Reporting Criteria

The Subject Matter and Reporting Criteria for our limited assurance engagement for the year ended 31 December 2014 is as follows:

Subject Matter	Reporting Criteria
GRI G4 Sustainability Reporting Guidelines Sustainability information included in the 2014 Annual Report in accordance with the core criteria option (the 'GRI self-declaration') of the G4 Sustainability Reporting Guidelines ("GRI G4 Guidelines")	The GRI G4 Guidelines and related information, publicly available at the GRI's global website at www.globalreporting.com .
Selected indicator data The following selected sustainability performance data for FY2014 included within the specific standard disclosure requirements of the GRI G4 Guidelines ('Selected indicator data'): <ul style="list-style-type: none"> • Direct economic value generated and distributed [G4-EC1] • Coverage of the organisation's defined benefit plan obligations [G4-EC3] • Greenhouse gas emissions [G4-EN15], [G4-EN16], [G4-EN17] • Energy consumption within the organisation [G4-EN3] • Results of surveys measuring customer satisfaction [G4-PR5] • Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data [G4-PR8] • Employee data [G4-LA9], [G4-LA10], [G4-LA11], [G4-LA12], [G4-LA13] • Corruption risks and incidents [G4-SO3], [G4-SO4], [G4-SO5] 	Specific standard disclosure requirements of the GRI G4 Guidelines

CPA's responsibilities

The Directors of CPA are responsible for the preparation and presentation of the Subject Matter in the 2014 Annual Report in accordance with the Reporting Criteria. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter in the 2014 Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate reporting criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Deloitte.

Deloitte's responsibilities

Our responsibility is to express a limited assurance conclusion as to whether we have become aware of any matter causing us to believe that the Subject Matter has not been prepared, in all materials respects, in accordance with the Reporting Criteria.

We conducted our procedures to provide our limited assurance conclusion in accordance with Australian Standards on Assurance Engagements ASAE 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ASAE 3000), issued by the Australian Auditing and Assurance Standards Board. The procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Subject Matter, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to CPA's preparation and presentation of the Subject Matter in the 2014 Annual Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of CPA's internal controls.

Assurance work performed

In order to form our conclusion we undertook the following limited assurance procedures:

- Review of CPA's processes relating to stakeholder identification, engagement and responsiveness, including an assessment of stakeholder engagement outcomes and how this process and the outcomes have been presented in the 2014 Annual Report
- Review of CPA's process to identify and determine material issues to be included in the 2014 Annual Report with examination of underlying assessments and evidence on a sample basis
- Interviews with a selection of CPA executives and senior management, including CPA's sustainability management team concerning the overall governance structure, corporate sustainability strategy and policies used for managing and reporting sustainability performance across the business
- In respect of the Selected indicator data:
 - interviews with a selection of CPA management responsible for the Selected indicator data to understand the compilation and review processes
 - applying analytical and other review procedures including assessing relationships between the reported information and other financial and non-financial data
 - examination of evidence for a small number of transactions or events
 - analysing and inspecting on a sample basis, the key systems, processes and procedures and controls relating to the collation, validation, presentation and approval process of the sustainability information included in the 2014 Annual Report.
 - review underlying evidence on a sample basis to corroborate that the sustainability information is prepared and reported in line with the relevant reporting criteria.
- Comparison of the sustainability content of CPA's 2014 Annual Report against the core criteria option requirements of the G4 Sustainability Reporting Guidelines.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than undertaken for a reasonable assurance engagement. As such the level of assurance is lower than would be the case for a reasonable assurance engagement. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion..

Inherent limitations

Non-financial information, including the Subject Matter may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating and sampling or estimating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The Subject Matter should be read in the context of CPA's Reporting Criteria as set out in the 2014 Annual Report.

Use of our report

Our assurance report has been prepared solely for the directors of CPA. We disclaim any assumption of responsibility for any reliance on this report or on the Subject Matter to which it relates, to any person other than the Management of CPA or for any purpose other than that for which it was prepared.

**Independence**

In conducting our engagement, we have complied with the independence requirements of APES 110 *Code of Ethics for Professional Accountants*, issued by the Accounting Professional and Ethical Standards Board.

Matters relating to electronic presentation of information

Our limited assurance engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of the 2014 Annual Report after the date of this assurance statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the Reporting Criteria for the year ended 31 December 2014.

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

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that appears to read "PR Dobson".

PR Dobson

Partner

Sydney, 27 February 2015

ACRONYMS

AASB	Australian Accounting Standards Board	CRM	Customer relationship management
AAT	Association of Accounting Technicians, Australia	DMA	Disclosures on management approach
ACBA	Australia China Business Awards	FCPA	Fellow of CPA Australia
AFAANZ	Accounting and Finance Association of Australia and New Zealand	FoFA	Future of Financial Advice
AFA	ASEAN Federation of Accountants	GRI	Global Reporting Initiative
AFR	Australian Financial Review	GST	Goods and services tax
AFSL	Australian Financial Services Licence	HRH	His Royal Highness
A4S	Accounting for Sustainability	IAASB	International Auditing and Assurance Standards Board
A-IFRS	Australian Equivalents to International Financial Reporting Standards	IAESB	International Accounting Education Standards Board
AIR	Accounting Infrastructure Reform	ICAI	Institute of Chartered Accountants India
AM	Member of the Order of Australia	IESBA	International Ethics Standards Board for Accountants
AO	Officer of the Order of Australia	IFAC	International Federation of Accountants
APES	Accounting Professional and Ethical Standards	IFRS	International Financial Reporting Standards
APESB	Accounting Professional and Ethical Standards Board	IGAP	International Governance and Performance
ARA	Australasian Reporting Awards	IIRC	International Integrated Reporting Council
ASA	Associate member of CPA Australia	IPSASB	International Public Sector Accounting Standards Board
ASAE	Australian Standard on Assurance Engagements	IR	Integrated reporting
ASEAN	Association of South-East Asian Nations	IT	Information technology
ASIC	Australian Securities and Investments Commission	KPI	Key performance indicator
ASXCGC	Australian Stock Exchange Corporate Governance Council	MG	Medal for Gallantry
ATO	Australian Taxation Office	MIA	Malaysian Institute of Accounting
AUASB	Auditing and Assurance Standards Board	MoU	Memorandum of understanding
BCA	Business Council of Australia	MP	Member of Parliament
B-HERT	Business and Higher Education Roundtable	MRA	Mutual recognition agreement
CAANZ	Chartered Accountants Australia and New Zealand	OAM	Medal of the Order of Australia
CAPA	Confederation of Asian and Pacific Accountants	PAIB	Professional Accountants in Business
CEO	Chief executive officer	PRD	Performance review and development
CFO	Chief financial officer	REP	Recognised employer program
CGPR	Corporate Governance Principles and Recommendations	SAR	Special Administrative Region
COO	Chief operating officer	SME	Small to medium enterprise
CPA	Certified Practising Accountant	SMP	Small and medium practice
CPD	Continuing professional development	SMSF	Self-Managed Superannuation Fund
		VC	Victoria Cross for Australia
		WCOA	World Congress of Accountants



Impress Cover and Pacesetter Text which this report is printed on are FSC Certified Papers, made from mixed sources. They are manufactured by ISO 14001-certified mills.

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

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
Level 5, CPA Australia Building
10 Rudd Street
Canberra ACT 2601
GPO Box 3260
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
GPO Box 2574
Adelaide SA 5001

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 Aluvion
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
F: +44 20 7240 3452
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 2504 Tower A, GT Land Plaza
85-87 Huacheng Avenue
Zhujiang New Town Tianhe District
Guangzhou China 510623
P: +86 20 8393 0610
F: +86 20 8393 0614
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
F: +853 2857 9238
E: macau@cpaaustralia.com.au

Shanghai
Suite 4003-4004
CITIC Square
1168 Nanjing West Road
Shanghai 200041
China
P: +8621 2213 9850
F: +8261 5292 5589
E: shanghai@cpaaustralia.com.au

Hanoi
Suite 1201A, Level 12, Tower A
Handi Resco Building
521 Kim Ma Street
Ba Dinh, Vietnam
P: +84 24 6263 4320
F: +84 24 6250 0200
E: hanoi@cpaaustralia.com.au

Ho Chi Minh City
Suite 501, Level 5, Metropolitan Tower
235 Dong Khoi Street
District 1
Ho Chi Minh City, Vietnam
P: +84 28 3520 8338
F: +84 28 3250 8339
E: hociminh@cpaaustralia.com.au

Indonesia
Suite 07-01C, Level 7
Mayapada Tower
Jl. Jend. Sudirman Kav. 28
Jakarta 12920
Indonesia
P: +62 21 2964 5100
F: +62 21 2964 5115
E: id@cpaaustralia.com.au

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
Attention Neil Underhill
PO Box 1327 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 1011
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

cpaaustralia.com.au

CPA Australia Ltd ABN 64 008 392 452