annual report 2002
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Front cover: Gavin Pringle, Accidental Company Secretary Training Program attendee

CHARTERED SECRETARIES AUSTRALIA LTD
ACN 008 615 950  ABN 49 008 615 950
“Our **challenge** is to make our **mark** as a permanent player in the debate on **corporate governance**. We can only do this through the **quality** of our output and the ability to **communicate** that output where it matters most.”

Frank Bush FCIS, President, Committee for Australia
Propelling the Plan was the theme for 2002 and your board is pleased to report that substantial achievements were made in implementing the strategies of the 2002–2004 Strategic Plan. These achievements have succeeded in raising the profile of Chartered Secretaries around Australia and have had a positive influence on the business community’s view of the importance of the role of the Company Secretary.

Propelling the plan
Considerable effort in 2001 was devoted to developing a comprehensive three-year plan for Chartered Secretaries Australia (CSA) in order to set the direction for the future. The Mission Statement was broadened and four goals established to underpin achieving our mission of:

The promotion and advancement of effective governance and administration of organisations in the private and public sectors through the continued development and application of corporate governance and administrative best practice.

During 2002 progress against each of the four goals was significant.

1 Position CSA as the authority and leading advocate of best practice in corporate governance and administration
We held two significant events that enhanced CSA’s profile as an important ideas-leader in corporate governance.

The first was our Corporate Governance Symposium on Continuous Disclosure, held in Sydney in April at the Westin Hotel. Attendance was terrific and the format encouraged in-depth discussion and debate from all sides of the issue: the regulator, the business community and investors. Hosted by the ABC’s Kerry O’Brien, the symposium finished with a panel discussion on continuous disclosure.

The Chartered Secretaries Australia’s Centenary Event was our second undertaking. We hosted a lecture by Professor the Hon. Andrew Rogers QC on The evolution of directors’ duties — AWA to HIH. The lecture was followed by a gala dinner in the Victorian Club attended by over 150 members, guests and friends.

2 Ensure members are at the forefront of their profession
In cooperation with a number of our members, CSA published an inaugural benchmarking survey designed to understand the current standards and practices for Company Secretariat functions in Australian companies.

The study was designed to be a baseline for future benchmarking exercises so that members could aim toward best practice in their own organisations.

During 2002 there was further development of CSA’s telephone-based technical advisory service. Staff of CSA will usually refer an inquiry to another member for advice and a response is received usually within a day. Often the inquiries require professional legal advice, but often they can be easily answered in a very short time.

3 Be the leading provider of technical information and support in corporate governance and administration
During 2002, CSA allocated considerable expenditure to developing technical resources for members with the capacity to deliver these using www.CSA.com. Web-based delivery ensures easy access for all members, enables instant updating and keeps costs to a minimum.

Members can now access their journal online, download Useful Practitioner Documents online and access best-practice resources such as our recommended Best Practice Proxy Form.

4 Broaden CSA’s professional relevance
In 2002 we devoted more of our training and professional development activities toward the government and not-for-profit sectors. The Queensland Branch conducted a half-day update specifically for the public sector, focusing on corporate governance audits and the Company Secretary’s role with a public sector board.

In New South Wales we provided in-house training to a number of government departments, in corporate governance and on board induction for new directors. We anticipate further work with other government departments in the future.

We have also adapted our successful Accidental Company Secretary™ to the not-for-profit sector and are experiencing high demand.

Advocacy
This year was particularly satisfying for CSA in terms of advocacy and heightened media profile. Most important was CSA’s membership of the ASIC Corporate Governance Roundtable and the ASX Corporate Governance Council. CSA has been, and will continue to be, a vocal advocate for sensible continuous disclosure and improving shareholder participation and will be making a major contribution to these two policy areas.
The release of CLERP 9 midway through 2002 once again put corporate governance in the spotlight. In particular, CSA is keenly interested in the proposals for continuous disclosure, shareholder participation and the independence of auditors.

Membership success

Your board is pleased to report a 24 per cent increase in new members from 2001 to 2002. Substantial attention over the last three years had been devoted to streamlining the pathway to membership, improving our Graduate Diploma in Company Secretarial Practice qualifying program and increasing the general profile of CSA.

It is gratifying also to note the substantial increase in participation in our Affiliate program. We commenced this program in late 1999 and now have over 500 Affiliates. This program enables CSA to reach a greater number of people, many of whom eventually progress to full membership as Associates and then eventually as Fellows.

Financial health

The 2002 year was another strong financial year for CSA with gross revenue growing by six per cent and ending with a full-year net profit of $164,000.

Diversification of revenue away from a reliance on subscription income is continuing with membership income representing 47 per cent of total income, down from 50 per cent in 2001. This is a positive result as we continue to generate additional income from non-subscription related activities, thereby reducing reliance on subscriptions. This strategy will continue over the coming years.

In addition, cash reserves have been substantially increased. Your board is conscious of the need to ensure that CSA has the resources necessary to fund future capital expenditure for the provision of additional member services.

Thanks

In closing, 2002 has been an excellent year for CSA. Our profile has gained significant prominence and our contribution to the corporate governance debate has been substantial. With the increase in our profile comes a better recognition of our members in the corporate arena.

Our success had been as a result of the substantial time and effort given to us by many of our members and we are grateful for their contribution. Organisations such as CSA depend upon member input and it is gratifying to see the results of so much hard work. Thanks are due to the directors, members and staff who have made 2002 so successful and laid the foundation for more success to come.

Frank Bush FCIS
President
Committee for Australia

Ashley Moir FCIS
Chairman
Chartered Secretaries Australia Ltd

Tim Sheehy
Chief Executive

Highlights...

- a 24 per cent increase in new members from 2001 to 2002 and growth in the Affiliate program to 500 members
- a pivotal membership of the ASX Corporate Governance Council contributing substantially in the area of shareholder participation
- development and wide acceptance of the recommended Best Practice Proxy Form
- the successful introduction of online learning as an additional option for study for membership
- a 71 per cent increase in traffic to www.CSAust.com from 2001 to 2002
- five Rapid Response Surveys during 2002 that put the views of Chartered Secretaries in the public arena
- the introduction of web-based access to the new Useful Practitioner Document service and our journal Keeping good companies
One of CSA’s main objectives is to be a leading provider of technical information and support. Making progress toward this objective means that members are better able to stay at the forefront of their profession and be kept up-to-date with the plethora of changes that are always occurring.

Major achievements were put in place to underpin this objective during 2002. Some of the highlights are discussed below.

**Technical support**

The commencement of the Useful Practitioner Document service on our web site in June of 2002 was an important step in providing members with relevant and current technical support. The service is free to members and provides topical and current precedents and templates for the numerous documents a Chartered Secretary uses every day.

Documents are available in Microsoft Word™ format so that you can download a document to your desktop and customise it immediately to suit your requirements.

The service is designed to save members time and money when the need arises to draft a document that might be a little out of the ordinary. The service also has the facility for members to donate documents they use so that others can also benefit. Documents that are donated identify neither the person nor the company from which the document originated.

Please familiarise yourself with this important service on our web site and watch out for a new initiative for next year: Good Governance Guides. These will be a series of small, concise guides on a number of practices and procedures that will assist you in your work.

In response to an overwhelming request from our journal survey conducted last year we are pleased to confirm that you can now access your journal online. In addition, you can search for past articles going back to October 2000 with a dedicated, customised search engine.

We will continue to post each month’s articles from the journal to the web site, making it easy for you to access your journal anywhere and at any time, and to research past articles as required. And we will continue to publish a hard copy of the journal as we do now.

We have also commenced a Résumé Register service where members looking for employment can lodge their résumé with us on a confidential basis. We are regularly contacted by employers or recruiters looking for qualified Company Secretaries and this puts us in a position to match their requirements to many of our members.

We run this service out of CSA’s Melbourne office and encourage all members to make use of it when they need to. Please contact us if you would like further details.

**Advocacy**

With the community’s focus on corporate governance in 2002, CSA was able to make significant contributions to the advocacy and policy debate in Australia.

CSA has featured consistently in the press this year, partly due to the increased awareness of corporate governance, but also because of the Rapid Response Surveys conducted over the months added to the consistent work of the Legislation Review Committee and the Corporate and Legal Issues Committee.

Some of the major areas the two committees were involved in were:

- **Rapid Response Surveys**

  The Rapid Response Survey program continued in 2002, with five surveys conducted on topics ranging from continuous disclosure to CLERP 9. These surveys have assisted CSA in developing policy responses as well as highlighting the views of Chartered Secretaries to the wider business community.

  At present the survey includes members employed by the ASX Top 200 companies, however, this will be expanded in 2003 to include members in the ASX Top 500 companies.

- **Corporations Panel**

  In September of 2002, CSA issued an industry position paper documenting a proposal for the establishment of a Corporations Panel. As part of CSA’s drive to promote industry self-regulation, the proposed panel would constitute a form of alternative dispute resolution for alleged breaches of the Corporations Act.

  The first round of consultation was in the second half of 2002 and produced some useful feedback. We view this, together with the progressive launch of a series of Good Governance Guides on corporate governance, to be the cornerstones of our activities during 2003.

- **ASX Corporate Governance Council**

  CSA was an early invitee to the ASX’s Corporate Governance Council and has made substantial contribution to the work of the council in the areas of improving shareholder participation and board structure.
As the Company Secretary is often the officer responsible for implementing many of an organisation’s corporate governance policies, CSA is able to influence the outcomes of the council to ensure what is being recommended is appropriate and will achieve the outcomes that are intended.

**CLERP 9**

Late in 2002, the government released its discussion paper CLERP 9: Corporate disclosure — strengthening the financial reporting framework. Key areas of interest for CSA were continuous disclosure, enforcement issues and shareholder participation. CSA has had a clear and visible position on continuous disclosure in particular, and argued strongly for disclosure requirements that keep the market informed while at the same time maintaining confidentiality. We look forward to the release of the draft legislation.

**Education and training**

The commencement of the new Online Learning Centre in the first semester of 2002 was an exciting step forward in making the Graduate Diploma in Company Secretarial Practice accessible to everyone, regardless of where they live or what constraints they have on their time.

Students who study through the Learning Centre are able to access all of their subject material online, access reference material, participate in scheduled online tutorials, post questions to threaded chats and receive updates on current events from their course directors.

We regard online learning as a major growth area for the future as we attempt to cater to the diverse needs of our students, most of whom are studying part-time and working full-time. The Learning Centre has been a great success with increasing numbers of students selecting this study option and providing excellent feedback on how the service can be improved.

It is also worth pointing out that in 2002 we again had record enrolments in the Graduate Diploma with over 700 subject enrolments and 130 graduates for the year.

CSA’s short-course training business has also been successful in providing training to well over 1000 people in the essentials of Company Secretarial practice. Many people are not in a position to become full members of CSA but still need training in running meetings, conducting an AGM or taking minutes. This form of training is a great alternative to the more demanding study that our Graduate Diploma involves, with participants often deciding to increase their career prospects and progress to membership.
committees and membership

The Board of CSA gratefully acknowledges the commitment of members to policy development and our education program.

Committee for Australia

Mr Frank Bush FCIS (President)
Company Secretary/General Manager Legal & Compliance
Aristocrat Leisure Ltd

Ms Sue Crook FCIS (Vice President)
Head of Australian Secretariat
National Australia Bank Ltd

Mr Paul Moni FCIS (Vice President)
Moni Solutions Pty Ltd

Mr Nick Burrows FCIS (Immediate Past President)
Company Secretary
Tassal Limited

Professor Michael Adams FCIS
Professor Corporate Law
University of Technology Sydney

Mr Russell Barnier FCIS
Corporate Secretary & Legal Counsel
Melbourne Health

Mr Duncan Glasgow FCIS
Company Secretary, Manager
Commercial & Legal
Australian Oil & Gas Corp Ltd

Mr Ross Mallett FCIS
Assistant Company Secretary
WMC Resources Ltd

Mr Paul Paxton-Hall FCIS
Partner
Deacons Lawyers

Mr Chris Wells FCIS
Deputy Secretary (Infrastructure)
Tasmania Department of Infrastructure, Energy & Resources

Mr Roger Sanderson FCIS
Principal
Roger Sanderson & Associates

Mr Bernard Yates FCIS
Company Secretary
West Australian Newspapers Holdings Ltd

Legislation Review Committee

Mr Richard Jones FCIS (Chairman)
Manager, Compliance
Group Secretariat
National Australia Bank Ltd

Mr Peter Abraham FCIS
Company Secretary
CSR Ltd

Mr Nick Burrows FCIS
Company Secretary
Tassal Limited

Ms Pauline Carr FCIS
Group Company Secretary
Newmont Mining Ltd

Ms Sue Crook FCIS
Head of Australian Secretariat
National Australia Bank Ltd

Mr Kevin Elkington FCIS
Company Secretary
Coles Myer Ltd

Mr Duncan Glasgow FCIS
Company Secretary, Manager
Commercial & Legal
Australian Oil & Gas Corp Ltd

Mr Doug Gratton FCIS
Company Secretary
Telstra Corporation Ltd

Mr Ian Gregory FCIS
Company Secretary
Iluka Resources Ltd

Mr John Hatton FCIS
Company Secretary
Commonwealth Bank Ltd

Ms Michaeda Healey
Company Secretary
Orica Ltd

Mr Bill Hundy FCIS
Company Secretary
Origin Energy Ltd

Mr Keith Irvine FCIS
Consultant

Mr Trevor Jacobs FCIS (deceased)

Ms Linda Kenyon FCIS
Company Secretary
Wesfarmers Ltd

Mr Richard Kneebone FCIS
Consultant
BHP Billiton Ltd

Ms Karen Lange FCIS
Company Secretary
Woodside Energy Ltd

Mr Bill Lyne FCIS
Managing Director
Australian Company Secretary Service

Mr Ross Mallett FCIS
Assistant Company Secretary
WMC Resources Ltd

Mr Peter Matthews FCIS (deceased)

Mr Robert Moon FCIS
Company Secretary
Advertiser Newspapers Ltd

Mr John Rennie FCIS
Company Secretary
Pacific Dunlop Ltd

Mr Roger Taylor FCIS
Assistant Company Secretary
BHP Billiton Ltd

Mr Lawrence Tutton FCIS
Company Secretary
GUD Holdings Ltd

Ms Karen Wood FCIS
Company Secretary
BHP Billiton Ltd

Mr Bernard Yates FCIS
Company Secretary
West Australian Newspapers Holdings Ltd

Corporate and Legal Issues Committee

Mr Duncan Glasgow FCIS (Chairman)
Company Secretary, Manager
Commercial & Legal
Australian Oil & Gas Corp Ltd

Mr Richard Anderson FCIS
Company Secretary & General Counsel
Nestlé Australia

Mr Greg Bateman FCIS
Partner
Abbott Tout

Mr Paul Baranov FCIS
Senior Legal Counsel
Sydney Futures Exchange

Mr Nick Geddes FCIS
Director
Australian Company Secretaries Pty Ltd

Mr Bryce Hardman Ed, FCIS
Director
Consultants Australia Group Pty Ltd

Mr Richard Jones FCIS
Manager, Compliance
Group Secretariat
National Australia Bank Ltd

Mr Bill Pallister FCIS
Chartered Secretaries Australia Ltd
At year’s end, total membership was 7851 as follows:

**Membership by branch**

<table>
<thead>
<tr>
<th>Branch</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>3430</td>
</tr>
<tr>
<td>QLD</td>
<td>872</td>
</tr>
<tr>
<td>VIC</td>
<td>2058</td>
</tr>
<tr>
<td>WA</td>
<td>689</td>
</tr>
<tr>
<td>TAS</td>
<td>98</td>
</tr>
<tr>
<td>OS</td>
<td>265</td>
</tr>
</tbody>
</table>

**Membership by age**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>50–59</td>
<td>2436</td>
</tr>
<tr>
<td>40–49</td>
<td>1699</td>
</tr>
<tr>
<td>30–39</td>
<td>1484</td>
</tr>
<tr>
<td>20–29</td>
<td>1814</td>
</tr>
<tr>
<td>70+</td>
<td>316</td>
</tr>
</tbody>
</table>

**Members advanced to Fellowship**

The board congratulates members who have advanced to Fellowship.

Mr John Clyde Behm NSW
Mr Jarod Glenn Benson WA
Dr Bradley Donald Bowes QLD
Mr Samuel Andrew Butcher VIC
The Hon. Samuel George Cash WA
Mr Robert Edmond Coghill NSW
Mrs Janelle Eleanor Couell NSW
Mr John David Edwards NSW
Mr Peter James Glynn VIC
Mr Maxwell James Haworth NSW
Mr Ian Philip Hayton NSW
Mr Norman John Hollis NSW
Mr Alan Bruce Hooper QLD
Ms Angela Liane Hurst NSW
Mr Nigel Taeman Jones WA
Mr Stephen Kantek NSW
Mr Michael Lim Kheng Boon Malaysia
Mr William Andrew Nuttall Singapore
Mr Michael John Olive SA
Mr Alan Oliver WA
Mr Michael Anthony Oxenham NSW
Mr Colin Clement Parks WA
Mr lan Charles Paterson QLD
Mr Allan Edward Philpott VIC
Mr Steven James Riley NSW
Mr Damien John Smith VIC
Mr David Allan Tambyah QLD
The board

The success of the governance structure and method of operating to serve the needs of our members (Chartered Secretaries) in Australia continues. The structure positions CSA as the service vehicle to the local governance body for members, the Committee for Australia (CFA), representing the Australian Division of The Institute of Chartered Secretaries and Administrators (ICSA). It was designed to meet your needs more effectively and efficiently while developing and promoting our services and good corporate governance goals to the wider corporate community.

The intent was for CSA to have clearer financial and non-financial accountability to the board.

Thus your board focuses on the commercial aspects of running CSA, including improvements to premises, provision of head office and branch infrastructure, the development of professional products and administration of the Graduate Diploma course. The CFA, representing the interests of members, focuses on strategic direction, services to members and policy and advocacy work and, from 1 January 2001, the Branch Councils became sub-committees of CFA.

Continuing members of the Board of Directors of CSA for 2002 were:

R J Barnier FCIS, R J McLachlan FCIS, A J Moir FCIS and R J Nankervis FCIS.

J E Couell FCIS was appointed a director on 24 April 2002.

Details of directors’ experience and qualifications are given at page 20.

In accordance with the Constitution, all directors are members of ICSA and CSA and are resident within the Australian division.

Directors do not receive remuneration for serving as directors. They are, however, entitled to reimbursement of expenses incurred in carrying out their duties, in particular travel, accommodation and out-of-pocket expenses in connection with

Directors’ meetings

During 2002 the following meetings were held and attendances by directors were:

<table>
<thead>
<tr>
<th>Directors’ meetings</th>
<th>Board</th>
<th>Audit and Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number eligible to attend</td>
<td>Number attended</td>
</tr>
<tr>
<td>R J Barnier</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>F W E Bush*</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>J E Couell</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>R J McLachlan</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>A J Moir</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>R J Nankervis</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

* As permitted under the Constitution, a non-director was appointed as chairman of Audit & Compliance Committee.
attendance at meetings of directors, committees or members of the company or of the institute, or in respect of special services performed for or at the request of the company not being the ordinary services of a director.

Directors, however, may also carry out other roles for CSA such as lecturing in the education subjects. They are then remunerated on the same basis as other lecturers, independently from their role as directors.

**Accountability of the board**

The board is accountable to the members of CSA. All directors of the board must adhere to the requirements of the Australian Corporations Law and the provisions set out in the company’s Constitution.

**Board responsibilities**

The board has adopted policies that define the respective roles and responsibilities of:

- the board
- the chairman
- directors.

The board also has adopted policies covering its own operation and certain key aspects of CSA’s administration, including EEO issues, investments and database confidentiality.

CSA respects privacy and is committed to complying with the National Privacy Principles as contained in the Privacy Act 1988. As a result, CSA has implemented its Privacy Policy from 21 December 2001.

**Committees**

In assisting the board in meeting its governance responsibilities, the Audit and Compliance Committee exercises prudential oversight of CSA’s operations generally, especially its financial control and reporting, risk management and compliance with statute, regulation and ethical standards. CSA’s external auditor attends meetings of this committee.

In addition, as permitted under the Constitution, a non-director was appointed as chairman of the Audit and Compliance Committee.

Remuneration and appointment matters are dealt with by the full board.

**Communication**

The board communicates directly with members whenever necessary via CSA’s national journal Keeping good companies. The journal is published 11 times a year and is sent to every member who wishes to receive it.

**Ethical standards**

CSA has a comprehensive code of professional ethics to which all directors and those in senior management subscribe. All other members of staff are also encouraged to abide by this code.

**Advisory committees**

In addition to directors’ meetings, individual directors may serve in a personal capacity on one or more advisory committees.

These committees are established to oversee and advise the board on different aspects of CSA’s activities on behalf of members. In 2002 these committees were:

- Legislation Review Committee
- Corporate and Legal Issues Committee
- Education Committee
- Journal Advisory Committee.

The board receives regular reports and recommendations, as appropriate, from each of these committees.

**Environmental issues**

The nature of CSA and its activities means that environmental issues have not arisen. The board, however, is sensitive to its responsibilities in this regard and will take appropriate action should such matters arise.

**Board performance and management appraisal**

The board believes that its corporate governance practices should be indicative of best practice for an organisation of its type and, as far as possible, for corporations generally.

The board, therefore, keeps all areas of CSA’s governance under ongoing review, in order to provide leadership by example in this crucial area of corporate responsibility and management. It particularly monitors any area of business risk that is identified and ensures appropriate control strategies are in place and properly managed.

Providing leadership to management is a priority of the board and is a key strategy within CSA’s governance.

Senior management attend relevant portions of each board meeting. A program of regular performance appraisals and objective setting for senior management and other staff is in place.

Management remuneration is set and reviewed in the context, among other criteria, of these appraisals.
Your directors present this report on the company for the financial year ended 31 December 2002.

Statutory details of the directors are given in Note 16 to the financial statements on page 20.

Activities
The principal activities of CSA during the year were to promote and advance the efficient governance, management and administration of commerce, industry and public affairs by continued development of the study and practice of governance, management, administration and secretariats of companies and other bodies in the regulated environment.

There was no significant change in the nature of those activities during the year.

Financial results
An operating profit of $164,703 was made for the year after providing for income tax.

Accumulated funds at year end totalled $3,689,393.

Dividends
Being limited by guarantee, CSA does not pay dividends.

Review of operations
Revenue for the year primarily came from subscriptions of $1,922,817; course fees of $952,990; member services and publications of $596,958; sponsorship of $342,229; investments of $95,832 and other income for services of $55,454.

Expenditure for the year was primarily on direct costs for member services and publications of $536,563; direct costs for courses of $445,531; profile raising activities and web site maintenance of $95,565; international activities of $190,453; and governance and administration of $2,533,465.

Likely developments
Likely developments in the operations of CSA and the expected results of those operations in future financial years have not been included in this report and are disclosed in the highlights report.

Environmental regulations
CSA’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Events subsequent to balance date
There are no matters or circumstances that have arisen since the end of the financial year which would significantly affect the operations of the entity in subsequent financial years.

Continuing members of the Board of CSA are:
R J Barnier FCIS, J E Couell FCIS (appointed 24 February 2002), R J McLachlan FCIS, A J Moir FCIS, and R J Nankervis FCIS.

Auditors’ indemnification
CSA has not, during or since the financial year, in respect of any person who is or has been an auditor of CSA or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an auditor for the costs or expenses to defend legal proceedings.

Directors’ interests and benefits
CSA being limited by guarantee, none of the directors holds an interest but each, as a member of CSA, is liable to the extent of their undertaking under CSA’s Constitution.

During or since the financial year, CSA has paid premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of CSA other than conduct involving a wilful breach of duty in relation to CSA.

Premiums were paid for each of the directors as per Note 16 to the Financial Statements on page 20. The insurance contract entered into by CSA prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

The CSA Constitution allows for the inclusion of indemnities in favour of persons who are or have been a director or officer of CSA. To the extent permitted by law, CSA indemnifies every person who is or has been a director or officer against any liability to any person incurred while acting in that capacity in good faith, and against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy.
Payments to the directors and to entities from which the directors may benefit for services by the directors or entities to the Company Secretaries’ education programs are disclosed in Note 16 to the Financial Statements on page 20.

No other directors of CSA, during or since the end of the financial year, received or has become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial report or the fixed salary of a full-time employee of CSA or of a related body corporate) by reason of a contract made by CSA or of a related body corporate with one of the directors or with a firm of which they are a member or with a company in which they have a substantial financial interest.

**Attendance at directors’ meetings**

Attendance by individual directors (including when represented by an alternate) at meetings they were entitled to attend is given on page 8.

**Proceedings on behalf of the company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

On behalf of the Board by resolution of the Directors:

A J Moir FCIS  
Chairman

J E Couell FCIS  
Director

R J Barnier FCIS  
Director

R J Nankervis FCIS  
Director

R J McLachlan FCIS  
Director

SYDNEY 13 March 2003
## financial report

### statement of financial performance

for the year ended 31 December 2002

<table>
<thead>
<tr>
<th>Note</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue from ordinary activities</td>
<td>2</td>
<td>3,966,280</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs</td>
<td>1,660,905</td>
<td>1,565,526</td>
</tr>
<tr>
<td>Courses</td>
<td>445,531</td>
<td>395,217</td>
</tr>
<tr>
<td>Journal</td>
<td>295,199</td>
<td>284,324</td>
</tr>
<tr>
<td>Occupancy and Branch facilities</td>
<td>199,237</td>
<td>204,947</td>
</tr>
<tr>
<td>Profile</td>
<td>95,565</td>
<td>160,438</td>
</tr>
<tr>
<td>Members’ activities</td>
<td>241,364</td>
<td>185,844</td>
</tr>
<tr>
<td>ICSA, UK — capitation fee</td>
<td>128,403</td>
<td>121,174</td>
</tr>
<tr>
<td>Travel and meetings</td>
<td>147,697</td>
<td>137,449</td>
</tr>
<tr>
<td>Depreciation and amortisation expenses</td>
<td>161,503</td>
<td>130,017</td>
</tr>
<tr>
<td>Other expenses from ordinary activities</td>
<td>426,173</td>
<td>404,203</td>
</tr>
<tr>
<td>Profit from ordinary activities before income tax expense</td>
<td>3</td>
<td>164,703</td>
</tr>
<tr>
<td>Income tax expenses relating to ordinary activities</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>Net profit from ordinary activities after income tax</td>
<td></td>
<td>164,703</td>
</tr>
<tr>
<td>Total revenues, expenses and valuation adjustments recognised in equity</td>
<td>4</td>
<td>400,000</td>
</tr>
<tr>
<td>Total changes in equity</td>
<td></td>
<td>564,703</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
**Statement of financial position**

as at 31 December 2002

<table>
<thead>
<tr>
<th>Note</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets</td>
<td>7</td>
<td>2,013,268</td>
</tr>
<tr>
<td>Receivables</td>
<td>8</td>
<td>56,894</td>
</tr>
<tr>
<td>Other</td>
<td>9(a)</td>
<td>137,292</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,207,454</td>
<td>1,567,972</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>10</td>
<td>2,432,056</td>
</tr>
<tr>
<td>Other</td>
<td>9(b)</td>
<td>24,003</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>2,456,059</td>
<td>2,118,387</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>4,663,513</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>11</td>
<td>71,107</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>12</td>
<td>726,049</td>
</tr>
<tr>
<td>Provisions</td>
<td>13(a)</td>
<td>108,510</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td>14</td>
<td>66,287</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>971,953</td>
<td>559,538</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>13(b)</td>
<td>2,167</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>2,167</td>
<td>2,131</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>974,120</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>3,689,393</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>4</td>
<td>1,463,033</td>
</tr>
<tr>
<td>Retained profits</td>
<td>5</td>
<td>2,226,360</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>3,689,393</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
statement of cash flows
for the year ended 31 December 2002

<table>
<thead>
<tr>
<th>Note</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscriptions received</td>
<td>2,431,996</td>
<td>1,976,490</td>
</tr>
<tr>
<td>Receipts from courses and other activities</td>
<td>2,182,068</td>
<td>1,953,393</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(3,855,806)</td>
<td>(3,659,605)</td>
</tr>
<tr>
<td>Interest received</td>
<td>101,952</td>
<td>99,550</td>
</tr>
<tr>
<td>GST paid</td>
<td>(82,092)</td>
<td>(88,239)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>18(b)</td>
<td>778,118</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(99,175)</td>
<td>(222,235)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(99,175)</td>
<td>(222,235)</td>
</tr>
<tr>
<td>Net increase in cash held</td>
<td>678,943</td>
<td>59,354</td>
</tr>
<tr>
<td>Cash at the beginning of the financial year</td>
<td>1,342,814</td>
<td>1,283,460</td>
</tr>
<tr>
<td>Cash at end of year</td>
<td>18(a)</td>
<td>2,021,757</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
notes to the financial statements
for the year ended 31 December 2002

NOTE 1 — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historic 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 following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Company structure
CSA is an incorporated company limited by guarantee. In the event of CSA being wound up, the liability of each member, or each former member who ceased to be a member within a year of CSA being wound up, is limited to an amount not exceeding One Hundred Dollars. As CSA is limited by guarantee, there is no reference in the Statement of Financial Position to share capital or shareholders' equity. As at 31 December 2002 there were 7,851 members (2001: 8,036).

(b) Property, plant and equipment
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property
The strata entitlement to Level 9, 70 Castlereagh Street, Sydney, is revalued on an annual basis to market value as this accurately reflects the future economic benefits embodied in the asset. The carrying value of the strata entitlement is depreciated in accordance with this policy and AASB 1021. During the current period, the directors re-assessed the likely residual value and are of the opinion that depreciation should be charged over the useful life of the asset. The estimated useful life is 75 years. For the purpose of determining the depreciation of the building, any increase in the valuation is notionally attributable to the land value. Details of the revaluation are disclosed in Note 10.

Plant and equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by CSA to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight line basis over the useful lives of the assets to CSA, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

<table>
<thead>
<tr>
<th>Class of Fixed Asset</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building — strata entitlement</td>
<td>1.33%</td>
</tr>
<tr>
<td>Strata and leasehold improvements</td>
<td>20.00%</td>
</tr>
<tr>
<td>Computer system, furniture and office equipment</td>
<td>33.33%</td>
</tr>
</tbody>
</table>

(c) Web site development costs
Web site development costs, being the costs incurred developing the web site to the operational stage, are recognised as a non-current asset where it is probable that future economic benefits will arise. Costs associated with the subsequent maintenance of the web site are expensed. Web site development costs are amortised over the shorter of the periods in which the related benefits are expected to be realised, or three years.

(d) Income tax
CSA is for income tax purposes a charitable and educational institution. Its income is therefore exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997.
NOTE 1 — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position. Cash flows in the Statement of Cash Flows are included on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

(f) Cash
For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit.

(g) Employee benefits
Compensated absences are accrued at balance date in accordance with applicable awards and is calculated in respect of all employees from their date of employment. The basis of calculation is in accordance with AASB 1028 and AAS 30.

(h) Revenue recognition
Revenue represents income earned from membership subscriptions and the provision of related services. Membership subscription revenue is recognised progressively over the subscription period. Revenue from the provision of other services is recognised upon the delivery of the service to members/customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(i) Trusts
The Institute Trust and The Institute No. 2 Trust were established in 1993 to accept gifts and bequests from members and others. The John Goffage Fund is separate from these two trusts and is administered under the direction of the Queensland Branch Council. The financial statements of trust funds are not consolidated with those of CSA but are shown in Note 19.

(j) Comparative figures
Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current year.

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

NOTE 2 — REVENUE

Operating activities
Member and student subscriptions 1,922,817 1,934,065
Course fees 952,990 887,323
Members’ activities 567,883 454,909
Sponsorship 342,229 324,471
Journal 29,075 29,821
Interest 95,832 107,164
Other income 55,454 –

Non-operating activities – –

Total revenue 3,966,280 3,737,753

NOTE 3 — PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax expense has been determined after

Expenses
Depreciation of non-current assets
Buildings 12,000 11,000
Plant and equipment 96,050 80,466
Amortisation of non-current assets
Leasehold improvements 19,620 4,718
Web site developments 33,833 33,833
### NOTE 3 — PROFIT FROM ORDINARY ACTIVITIES (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental expenses on operating leases</td>
<td>$65,665</td>
<td>$54,025</td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit</td>
<td>$19,500</td>
<td>$22,000</td>
</tr>
<tr>
<td>Other services</td>
<td>$2,105</td>
<td>$8,620</td>
</tr>
</tbody>
</table>

### NOTE 4 — RESERVES

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital profits reserves</td>
<td>$745,933</td>
<td>$745,933</td>
</tr>
<tr>
<td>Works of art revaluation reserve</td>
<td>$17,100</td>
<td>$17,100</td>
</tr>
<tr>
<td>Asset revaluation reserve</td>
<td>$700,000</td>
<td>$300,000</td>
</tr>
<tr>
<td></td>
<td>$1,463,033</td>
<td>$1,063,033</td>
</tr>
</tbody>
</table>

**Movement during the year**

**Asset revaluation reserve**

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>$300,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Revaluation increment on strata entitlement — refer Note 10</td>
<td>$400,000</td>
<td>$150,000</td>
</tr>
<tr>
<td></td>
<td>$700,000</td>
<td>$300,000</td>
</tr>
</tbody>
</table>

### NOTE 5 — RETAINED PROFITS

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained profits at beginning of the year</td>
<td>$2,061,657</td>
<td>$1,913,043</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>$164,703</td>
<td>$148,614</td>
</tr>
<tr>
<td>Retained profits at the end of the year</td>
<td>$2,226,360</td>
<td>$2,061,657</td>
</tr>
</tbody>
</table>

### NOTE 6 — REMUNERATION

**Directors’ remuneration**

Directors do not receive any income from the entity for their services as directors.

**Income received or due and receivable by directors of CSA**

<table>
<thead>
<tr>
<th>Income received or due and receivable by directors of CSA</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of directors whose income from CSA was within the range</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$0 – $10,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>$10,000 – $25,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>$25,000 – $35,000</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>1</td>
</tr>
</tbody>
</table>

### NOTE 7 — CASH ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>$800</td>
<td>$700</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>$342,630</td>
<td>$41,774</td>
</tr>
<tr>
<td>Cash on deposit</td>
<td>$1,678,327</td>
<td>$1,300,340</td>
</tr>
<tr>
<td></td>
<td>$2,021,757</td>
<td>$1,342,814</td>
</tr>
<tr>
<td>Unearned interest</td>
<td>($8,489)</td>
<td>($2,369)</td>
</tr>
<tr>
<td></td>
<td>$2,013,268</td>
<td>$1,340,445</td>
</tr>
</tbody>
</table>

### NOTE 8 — RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>$56,894</td>
<td>$42,170</td>
</tr>
<tr>
<td>Net GST — input tax credit</td>
<td>–</td>
<td>$9,760</td>
</tr>
<tr>
<td></td>
<td>$56,894</td>
<td>$51,930</td>
</tr>
</tbody>
</table>

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NOTE 9 — OTHER ASSETS

(a) Current
- Prepayments: $61,146, $96,274
- Merchandise: $2,250, $7,048
- Prepaid ICSA capitation fee: $73,896, $72,275

Total: $137,292, $175,597

(b) Non-current
- Web site development costs: $101,500, $101,500
- Deduct provision for amortisation: $(77,497), $(43,663)

Total: $24,003, $57,837

NOTE 10 — PROPERTY PLANT AND EQUIPMENT

Building
- Strata property at directors’ valuation: $2,200,000, $1,800,000
- Leasehold improvements: $152,070, $150,176
- Less: accumulated depreciation and amortisation: $(63,215), $(29,527)

Total: $2,288,855, $1,920,649

Computer system, furniture and office equipment at cost
- $861,194, $761,844
- Less: accumulated depreciation
  - $735,093, $(639,043)

Total: $126,101, $122,801

Works of art at valuation
- $17,100, $17,100

Total property, plant & equipment
- $2,432,056, $2,060,550

For the strata unit, Level 9, 70 Castlereagh Street, Sydney, the board policy, recognising statutory requirements for balance sheet valuations, is that a valuation at current market value be obtained from a registered valuer at three-yearly intervals, an opinion based on that valuation be obtained for each intervening year and, based on the most recent valuation or opinion, that directors determine a value as at 31 December each year.

The directors have determined a revised value of $2,200,000 as at 31 December 2002 ($1,800,000 as at 31 December 2001) based upon current market opinion.

Valuer: Troy Griffiths, Director, Chesterton International (NSW) Pty Ltd
Qualification: MCom, Fellow of the Australian Property Institute, Certified Practising Valuer

Movement in the carrying amounts for each class of property.

<table>
<thead>
<tr>
<th></th>
<th>Computer systems, furniture and office equipment</th>
<th>Property and leasehold improvements</th>
<th>Works of art</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$122,801</td>
<td>$1,920,649</td>
<td>$17,100</td>
<td>$2,060,550</td>
</tr>
<tr>
<td>Additions</td>
<td>$100,538</td>
<td>$3,630</td>
<td></td>
<td>$104,168</td>
</tr>
<tr>
<td>Disposals/scrap</td>
<td>$(1,188)</td>
<td>$(3,804)</td>
<td></td>
<td>$(4,992)</td>
</tr>
<tr>
<td>Revaluation increment</td>
<td>$400,000</td>
<td>$400,000</td>
<td></td>
<td>$400,000</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$(96,050)</td>
<td>$(31,620)</td>
<td></td>
<td>$(127,670)</td>
</tr>
<tr>
<td><strong>Carrying amount at end of the year</strong></td>
<td><strong>$126,101</strong></td>
<td><strong>$2,288,855</strong></td>
<td><strong>$17,100</strong></td>
<td><strong>$2,432,056</strong></td>
</tr>
</tbody>
</table>
NOTE 11 — PAYABLES

Current
- Trade creditors and accruals: $19,144 (2002) and $97,642 (2001)

Total current payables: $71,107 (2002) and $97,642 (2001)

NOTE 12 — DEFERRED REVENUE

Subscriptions and fees in advance: $726,049 (2002) and $314,529 (2001)

NOTE 13 — PROVISIONS

(a) Current
- Provision for conditional/unconditional long service leave: $33,404 (2002) and $27,253 (2001)


(b) Non-current
- Provision for preconditional long service leave: $2,167 (2002) and $2,131 (2001)

Average number of full-time employees: 22 (2002) and 22 (2001)

NOTE 14 — TAX LIABILITIES

- Fringe Benefits tax payable: $3,879 (2002) and $9,618 (2001)

Total tax liability: $66,287 (2002) and $52,993 (2001)

NOTE 15 — EXPENDITURE COMMITMENTS

Operating lease commitments
Non-cancellable operating leases contracted for but not capitalised in the financial statements

Being for premises

<table>
<thead>
<tr>
<th>Payable:</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>not later than one year</td>
<td>$64,815</td>
<td>$58,407</td>
</tr>
<tr>
<td>later than one but not later than five years</td>
<td>$211,342</td>
<td>$207,103</td>
</tr>
<tr>
<td>later than five years</td>
<td>$33,122</td>
<td>$84,707</td>
</tr>
<tr>
<td>Total</td>
<td>$309,279</td>
<td>$350,217</td>
</tr>
</tbody>
</table>

There are capital expenditure commitments
- capital expenditure commitments contracted for at balance date but not recognised as liabilities, payable not later than one year: $— (2002) and $35,186 (2001)
NOTE 16 — RELATED PARTY DISCLOSURES

(a) Names of related parties

The names of the directors who held office during the year are:

**R J Barnier Bjuris LLB FCIS** (appointed 1.1.95)

**J E Couell FCIS AAMI** (appointed 24.4.02)
Experienced in Company Secretaryship, accounting, business management & marketing. Marketing Manager, Staedtler (Pacific) Pty Ltd.

**R J McLachlan FCIS MRSA** (appointed 12.3.01)
Experienced in Company Secretarial practice, financial and general management, acquisitions and strategic planning. Finance Director/Company Secretary, AC Nielsen Australia Pty Ltd and associated companies since 1987.

**A J Moir FCIS FCPA MAICD** (appointed 21.1.98)
Experienced in secretarialship, administration and financial management. Company Secretary, Leighton Holdings Ltd. Vice President from 1.1.99 to 31.12.00. Appointed Chairman of the Board of Directors 1.1.03.

**R J Nankervis BBus Grad Dip Bus Mgt FCIS CPA** (appointed 1.3.01)
Experienced in financial systems, accounting and management. Manager, Consulting Services, SMS Management & Technology Ltd.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

(i) ICSA, United Kingdom. Under the terms of an operating agreement with ICSA, CSA remits a capitation fee based on the number of Australian members and students registered with ICSA as at 31 July each year. These payments amounted to 128,403 in 2002 and 121,174 in 2001.

(ii) During 2001 an agreement was continued with Adams Gunn Consulting Pty Ltd, a company under which Professor M A Adams may benefit by remuneration paid. Payments to that company for the supply of services by that company to the education program amounted to 33,633 in 2002.

NOTE 17 — SEGMENT REPORTING

CSA operates predominantly as a professional association providing education and promotion of the advancement of effective governance and administration of organisations in the private and public sectors. These operations are in Australia and the revenue from operations is as disclosed per Note 2.

NOTE 18 — CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>343,430</td>
<td>42,474</td>
</tr>
<tr>
<td>Cash on deposit</td>
<td>1,678,327</td>
<td>1,300,340</td>
</tr>
<tr>
<td>Total</td>
<td>2,021,757</td>
<td>1,342,814</td>
</tr>
</tbody>
</table>

NOTE 18 — CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit from ordinary activities after income tax</td>
<td>164,703</td>
<td>148,614</td>
</tr>
<tr>
<td>Non-cash flows in profit from ordinary activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>108,050</td>
<td>91,466</td>
</tr>
<tr>
<td>Amortisation</td>
<td>53,453</td>
<td>38,551</td>
</tr>
<tr>
<td>Change in assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decreases in receivables</td>
<td>(4,964)</td>
<td>139,012</td>
</tr>
<tr>
<td>Decrease/(increase) in merchandise for sale</td>
<td>4,798</td>
<td>(5,520)</td>
</tr>
<tr>
<td>Decrease/(increase) in prepayments</td>
<td>33,507</td>
<td>(52,549)</td>
</tr>
<tr>
<td>(Decrease) in accounts payable</td>
<td>(13,241)</td>
<td>(13,470)</td>
</tr>
<tr>
<td>Increase/(decrease) in unearned interest</td>
<td>6,120</td>
<td>(7,614)</td>
</tr>
<tr>
<td>Increase /(decrease) in income in advance</td>
<td>411,520</td>
<td>(89,347)</td>
</tr>
<tr>
<td>Increase in provisions</td>
<td>14,172</td>
<td>32,446</td>
</tr>
</tbody>
</table>

Net cash provided by operating activities | 778,118 | 281,589 |

NOTE 19 — TRUST FUNDS

Statement of financial position

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Institute Trust</td>
<td>49,312</td>
<td>47,464</td>
</tr>
<tr>
<td>John Goffage Fund</td>
<td>1,532</td>
<td>1,640</td>
</tr>
</tbody>
</table>

Represented by

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and on deposit</td>
<td>50,844</td>
<td>49,104</td>
</tr>
</tbody>
</table>

Statement of financial performance

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>2,027</td>
<td>1,900</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prizes</td>
<td>(182)</td>
<td>(175)</td>
</tr>
</tbody>
</table>

Surplus for the year | 1,845  | 1,725  |

NOTE 20 — FINANCIAL INSTRUMENTS

(a) Net fair values

The carrying amount of bank deposits, prepayments, accounts payable and accounts receivable approximate fair value. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

(b) Interest rate risk

The company’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities is as follows

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>4.53</td>
<td>4.88</td>
</tr>
</tbody>
</table>
(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

NOTE 21 — EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in subsequent financial years other than, on 3 March 2003, the company was informed by its database software support provider that they were experiencing disruption of their business operations in supporting their customers’ present needs.

The financial effect of the matter has not been recorded in the financial statements, as the directors do not believe that there will be a disruption to the operations of CSA nor any material financial effect.

NOTE 22 — CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2002.

NOTE 23 — COMPANY DETAILS

The principal place of business of the company is
Level 9, 70 Castlereagh Street
Sydney NSW 2000 Australia

Company Secretary
Stan Jodeikin BCom, Dip Bus Mgt (Hons), CFA (SA), Grad Dip Accounting, FCIS, ASA, AFAIM
directors’ declaration

CHARTERED SECRETARIES AUSTRALIA LTD

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 22:
   (a) comply with Accounting Standards and the Corporations Act 2001 and
   (b) give a true and fair view of the financial position as at 31 December 2002 and performance for the year ended on that date of the company.

2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Sydney this 13th day of March 2003.

A J Moir FCIS
Director

R J Barnier FCIS
Director

independent audit report

to the members of Chartered Secretaries Australia Ltd

Scope

We have audited the attached financial report of Chartered Secretaries Australia Ltd for the year ended 31 December 2002 as set out in the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to the Financial Statements and Directors’ Declaration per pages 12 to 23. The company’s directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company’s financial position and performance as represented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Chartered Secretaries Australia Ltd is in accordance with:

(a) the Corporations Act 2001, including:
   (i) giving a true and fair view of the company’s financial position as at 31 December 2002 and of its performance for the year ended on that date and
   (ii) complying with Accounting Standards and the Corporations Regulations 2001 and
(b) other mandatory professional reporting requirements.

Dated at Sydney this 13th day of March 2003.

WILLIAMS HAILHMAN & KEAN
Chartered Accountants

DAVID SINCLAIR
Partner


# Detailed Operating Profit and Loss Accounts

For the five years 1998–2002

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Operating revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member and student subscriptions</td>
<td>1,922,817</td>
<td>1,934,065</td>
<td>1,797,739</td>
<td>1,886,238</td>
<td>1,947,471</td>
</tr>
<tr>
<td>Course fees</td>
<td>952,990</td>
<td>887,323</td>
<td>776,652</td>
<td>720,640</td>
<td>768,040</td>
</tr>
<tr>
<td>Members’ activities</td>
<td>567,883</td>
<td>454,909</td>
<td>323,081</td>
<td>313,432</td>
<td>259,647</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>342,229</td>
<td>324,471</td>
<td>225,223</td>
<td>271,317</td>
<td>159,068</td>
</tr>
<tr>
<td>Interest</td>
<td>95,832</td>
<td>107,164</td>
<td>125,918</td>
<td>106,433</td>
<td>103,980</td>
</tr>
<tr>
<td>Journal</td>
<td>29,075</td>
<td>29,821</td>
<td>29,460</td>
<td>31,291</td>
<td>34,248</td>
</tr>
<tr>
<td>Publications and merchandise †</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6,683</td>
<td>1,878</td>
</tr>
<tr>
<td>Other income</td>
<td>55,454</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,966,280</td>
<td>3,737,753</td>
<td>3,278,073</td>
<td>3,336,034</td>
<td>3,274,332</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courses</td>
<td>445,531</td>
<td>395,217</td>
<td>353,206</td>
<td>339,256</td>
<td>443,102</td>
</tr>
<tr>
<td>Personnel</td>
<td>1,660,905</td>
<td>1,565,526</td>
<td>1,332,454</td>
<td>1,290,715</td>
<td>1,175,816</td>
</tr>
<tr>
<td>Travel and meetings</td>
<td>147,697</td>
<td>137,449</td>
<td>107,243</td>
<td>122,914</td>
<td>94,798</td>
</tr>
<tr>
<td>Journal</td>
<td>295,199</td>
<td>284,324</td>
<td>311,398</td>
<td>237,095</td>
<td>235,976</td>
</tr>
<tr>
<td>Occupancy and branch facilities</td>
<td>199,237</td>
<td>204,947</td>
<td>237,891</td>
<td>272,100</td>
<td>286,072</td>
</tr>
<tr>
<td>ICSA, UK — capitation fee</td>
<td>128,403</td>
<td>121,174</td>
<td>112,421</td>
<td>105,362</td>
<td>110,119</td>
</tr>
<tr>
<td>International representation</td>
<td>62,050</td>
<td>36,921</td>
<td>40,024</td>
<td>51,781</td>
<td>35,962</td>
</tr>
<tr>
<td>Publications and merchandise †</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>101,978</td>
<td>119,890</td>
</tr>
<tr>
<td>Members’ activities</td>
<td>241,364</td>
<td>185,844</td>
<td>155,160</td>
<td>184,045</td>
<td>209,130</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>57,087</td>
<td>55,257</td>
<td>94,189</td>
<td>89,244</td>
<td>81,229</td>
</tr>
<tr>
<td>Telephone, facsimile and e-mail</td>
<td>78,780</td>
<td>87,633</td>
<td>62,635</td>
<td>40,030</td>
<td>41,984</td>
</tr>
<tr>
<td>Profile and web site maintenance ‡</td>
<td>95,565</td>
<td>160,438</td>
<td>200,112</td>
<td>279,212</td>
<td>200,583</td>
</tr>
<tr>
<td>Postage and courier</td>
<td>30,612</td>
<td>41,727</td>
<td>45,169</td>
<td>35,411</td>
<td>31,511</td>
</tr>
<tr>
<td>Bank and credit card fees</td>
<td>61,016</td>
<td>49,956</td>
<td>60,915</td>
<td>52,391</td>
<td>46,658</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>161,503</td>
<td>130,017</td>
<td>140,555</td>
<td>116,536</td>
<td>78,534</td>
</tr>
<tr>
<td>Auditors</td>
<td>21,820</td>
<td>30,620</td>
<td>53,614</td>
<td>27,600</td>
<td>27,600</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>44,350</td>
<td>51,797</td>
<td>65,186</td>
<td>55,297</td>
<td>59,983</td>
</tr>
<tr>
<td>Insurance</td>
<td>29,027</td>
<td>25,063</td>
<td>28,144</td>
<td>25,966</td>
<td>23,575</td>
</tr>
<tr>
<td>Professional services</td>
<td>21,890</td>
<td>25,229</td>
<td>14,256</td>
<td>82,505</td>
<td>18,124</td>
</tr>
<tr>
<td>Other expenses</td>
<td>19,541</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,801,577</td>
<td>3,589,139</td>
<td>3,414,572</td>
<td>3,509,438</td>
<td>3,320,286</td>
</tr>
<tr>
<td><strong>Operating (loss)/profit</strong></td>
<td>164,703</td>
<td>148,614</td>
<td>(136,499)</td>
<td>(173,404)</td>
<td>(45,954)</td>
</tr>
</tbody>
</table>

† From 1 January 2000 publications of the state newsletters were included with journal expenses.

‡ Includes amounts devoted to the three-year campaign to raise the company’s profile, reported in the 1997–2000 Annual Reports.

This statement does not form part of the Audited Accounts but is presented for additional information.
Keeping good companies