

# CHARTERED SECRETARIES AUSTRALIA **ANNUAL REPORT 2005**



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**CHARTERED SECRETARIES  
AUSTRALIA**

*Leaders in governance*

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# Highlights

*Significant enhancement of the advocacy effort of Chartered Secretaries Australia (CSA) with the new position of Director, Policy — a key recommendation of the 2004 market research.*



**Add a few letters. Grow in stature.**

- A doubling of submissions to 13, ranging from APRA draft prudential governance standards to corporate social responsibility and two appearances before Senate committees.
- A sixth consecutive year of growth in enrolments in the qualifying program for membership — the Graduate Diploma in Applied Corporate Governance.
- Full integration of all information systems, enabling full on-line access for members and students and a significant decrease in internal administration workloads.
- Double the number of members registered on the National Resumé Register and full on-line registration.
- Completion of the move to new Sydney premises with the sale of 70 Castlereagh Street and consolidating a strong cash reserve position.



**Add a few letters. Grow in stature.**

*Commencement of the brand/ profile program, the major recommendation of the market research, and recognition that CSA is the peak professional body delivering accredited education in governance.*

# Report to members

As this Annual Report goes to press, CSA is well into implementing its three-year brand and profile-raising program, which is designed to increase and build awareness of CSA and its strategic focus, and explain the role and value of the Chartered Secretary/governance professional.

As outlined in *Keeping good companies* (April 2005), a joint meeting of your National Council and the Board of Directors of CSA Ltd took place to review the findings and recommendations of extensive market research undertaken in November and December of 2004. The research confirmed high satisfaction with CSA's products and services, but identified a need to raise the profile of the organisation to improve its brand effectiveness.

In September of 2005, a communication strategy was agreed to that will progressively target all members, influencers in the area of governance and the wider business community. The message that needs to be reinforced is that CSA is the only professional body delivering accredited education in governance and the most practical and authoritative training and information on governance.

## Strategic direction

CSA has been operating under a Mission Statement and set of strategic objectives for over five years that focuses on the promotion and advancement of effective governance and administration in all sectors of the community. As in previous years, a weekend in July was devoted to reviewing CSA's strategy and validating these three over-arching goals and Mission Statement.

We are pleased to have this opportunity to report to you on progress during 2005 toward achieving these goals.

- **Position CSA as the authority and leading advocate of best practice in governance and administration**

Up to the middle of 2005, CSA had been relying on the excellent work of its two policy committees, the Legislation Review Committee (LRC) and the Corporate and Legal Issues Committee (CLIC), to drive its advocacy efforts — with no substantial support from internal staff. These two committees have had considerable success but were often hindered by lack of time, making it difficult for CSA to advocate on the full range of issues that affect members.

In July CSA was able to announce the appointment of a full-time Director, Policy to support the work of LRC and CLIC. The appointment of additional resources to policy was a major recommendation that emerged from the market research and it is gratifying that CSA was in a position to act on this so quickly.

To keep members informed, we have added a column in *Keeping good companies* each month, listing advocacy activity for the period.

- **Be the leading provider of technical information and support in governance and administration**

CSA's publications program continues to be a major initiative, with two new booklets going to press in 2005. In July the third booklet in the series, *Continuous Disclosure: Listed Public Companies and other Disclosing Entities*, was released and well received. The fourth booklet in the series, *Enhancing Board Performance*, was released in very early November. We are also pleased to advise that the first two titles, *Corporate Governance and the Company Secretary* and *Officers, Directors and Governance*, have already gone into their second printing.

The Useful Practitioner Document service was thoroughly reviewed during the year and now contains nearly 150 precedent documents for use by members. An energetic committee of members continues to review each document to ensure it is up to CSA standards before posting the document to our website. As always, these precedents are for members only and are a great aid in helping with day-to-day requirements.

Finally, CSA is well down the track in planning for the release of an e-newsletter in 2006. CSA sees this service as a valuable addition to the information brought to you in *Keeping good companies* and will initially be looking at an e-newsletter published on a monthly basis.

- **Membership is attractive to the full range of governance professionals**

We are pleased to again report an increase in enrolments in the Graduate Diploma in Applied Corporate Governance. Over the last five years CSA has seen enrolments double for the qualifying program for membership, with nearly three-quarters of graduates deciding to take up membership.

Part of the program to interest students in membership has been to offer participation in CSA's affiliate program and this has been particularly successful, with the number of affiliates exceeding 830 and a large proportion of them converting to membership once their studies have concluded.

With the Graduate Diploma having now been in place for two years, we are seeing people with a wider range of professional backgrounds undertaking the course. CSA was of the view that a qualifying program that focused solely on the needs of a Company Secretary, while important,

was too narrow, and accordingly endorsed a qualifying program that covered not only issues surrounding Company Secretarial practice but also insurance, superannuation, asset management and taxation.

## Brand and profile program

As outlined in the December 2005 issue of *Keeping good companies*, CSA has commenced a three-year profile-raising program which is designed to increase and build awareness of CSA and explain the role and value of the Chartered Secretary/governance professional. We would like to take this opportunity to explain what the program is about.

First, CSA will be clearly communicating its strengths and its focus. To business and community leaders and governance professionals,

*Chartered Secretaries Australia is the peak professional body delivering accredited education and the most practical and authoritative training and information on governance, as well as thought leadership in the field.*

CSA believes that organisations that retain outdated notions of the Company Secretary as a basic administrative function are missing opportunities to improve their own performance and are slowing community-wide progress in governance.

To overcome such perceptions, the program will reinforce the following as integral to the role of today's governance professional:

- Drive and advise on best practice in governance
- Champion the compliance framework to safeguard the integrity of the organisation
- Promote, and be the sounding board on, high standards of ethical and corporate behaviour
- Bridge the interests of the board or governing body, management and stakeholders.

## National office premises

As reported last year, in November 2004 the National and NSW operations of CSA moved into new, specially designed premises in 5 Hunter Street, Sydney. CSA has experienced consistent growth over the last several years and had completely outgrown the premises at 70 Castlereagh Street that it had owned for over 10 years.

Since changing premises, the New South Wales operations have experienced a significant increase in participation in nearly all activities and this is a strong endorsement of the decision to move. In addition, participation in discussion groups has increased and all members in or around the Sydney CBD are encouraged to attend these meetings.

Contracts were exchanged in the middle of the year for the sale of the previous premises, with settlement having taken place on 20 January 2006.

## Financial health

By the end of this year CSA will have generated sufficient revenue (nearly \$6 million) to fund its extensive member services and advocacy program. Most important, though, is that CSA is able to continue to invest in the infrastructure it needs to ensure its future.

As reported last year, a new customer relationship management system was installed in November 2004, which gave live access to all staff within the organisation. The end of 2005 saw the second stage of that project, which provided complete web-enablement for members to access a greater range of services, keep their details up-to-date and to pay subscriptions on-line. The investment in this technology is substantial but nevertheless is funded entirely from reserves.

CSA continues to maintain a prudent investment and reserves policy. Notwithstanding the substantial investment in infrastructure, CSA's cash reserves continue to increase.

## Conclusion

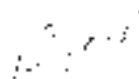
In closing, 2005 has been an excellent year for Chartered Secretaries Australia. The strong increase in enrolments in our qualifying program continues, as does the growth in affiliates and new members.

CSA is looking forward to increased visibility in the coming years as the profile program becomes more public and as CSA's advocacy and policy efforts increase.

Finally, we would like to take this opportunity to thank all the members of CSA who have assisted the organisation by teaching, serving on state councils, policy committees and other activities, as well as the professional efforts of our staff in driving the organisation forward, and sponsors for their invaluable financial support. We could not have achieved so much without you.



Bernard Yates FCIS  
President  
National Council  
Australian Division of the Institute of  
Chartered Secretaries and  
Administrators (ICSA)



Robert Nankervis FCIS  
Chairman  
Chartered Secretaries Australia Ltd



# CEO report

## Overview and strategy

CSA's business is driven by a three-year rolling strategic planning process which has given considerable consistency in direction. From the first year the plan was put in place, the over-arching goals for the operations of the business have been to:

- diversify the earnings base of the organisation away from membership subscriptions by building businesses that also underpin CSA's mission
- develop a professional qualifying program that is widely recognised and regarded
- ensure infrastructure is adequate to meet the needs of a growing business.

CSA's business is primarily that of an information provider through formal education, short-course training and the discussion of current topics via seminars and conferences. These activities are a growing part of CSA's business, comprising more than 52 per cent of total revenue, an increase from 2004 when 45 per cent of revenue was generated from these three areas. Accordingly, CSA's business depends on staying relevant, current and meeting the needs of working professionals.

## Key drivers

CSA has been actively diversifying its income base away from membership subscription income by developing its training and conference activities. To this end, the proportion of total income from membership and affiliate subscriptions has dropped significantly from 55 per cent in 2000 to 36 per cent for 2005, while total revenue over the same period has increased by 73 per cent.

Six years ago, CSA began offering half-day skills-based training programs aimed at a market that was not able or prepared to

undertake the comprehensive two-year Graduate Diploma. This business has grown from nothing to revenue of over \$500,000 and now includes more than 20 subjects covering everything from Accidental Company Secretary® to Operation AGM®. We are now moving into the next phase of business development and working directly with a range of organisations to provide these programs on a tailored basis to their staff alone.

In 2005 we saw organisations such as Bendigo Bank, JP Morgan and the Association of School Bursars and Administrators undertaking courses such as Duties of Officers and Directors or OH&S Due Diligence for Officers and Directors. When these programs are presented in-house to a single client, CSA not only generates additional revenue but also has the opportunity to demonstrate its full range of information services and key benefits of membership. During 2005, CSA hired a full-time account manager to progress these activities.

During 2005 CSA also assumed full responsibility for the development, marketing and event management of its National Conference. In previous years, the marketing and event management had been outsourced to a professional conference producer, but as internal skills and resources have been upgraded the decision was made to bring full management in-house. This proved to be a successful decision, both financially and in conference content, and will be repeated in the coming years.



**Sit down.  
Step up.**

Growth in enrolment numbers in the Graduate Diploma in 2005 was a healthy seven per cent, but not as sharp as in 2004 and 2003, when growth was 19 per cent and 26 per cent respectively. Double-digit growth rates were not expected to continue once the high profile of governance issues diminished in the media; growth rates of between seven and nine per cent can be expected to continue into the future.

Historically, the largest single source of income for CSA has been from membership subscriptions and this may continue to be the case for a number of years. However, it is intended that income diversification continue so that members can derive greater benefit from their subscription fees and the business is more sustainable due to diversification of income.

## Investment for future performance

In December of 2005, CSA completed the installation and web-enablement of its customer relationship management system to provide more seamless member access to reserved sections of the CSA website, to enable subscriptions to be paid on-line and to allow full on-line event registration.

This final step involved CSA hosting its website in-house and now enables more flexible updating of web content, faster download time and easier management of IT resources.

With the growth of CSA's training and education business, the next step will be to establish training facilities and premises in Brisbane. Late in 2005 work began to identify suitable office space. It is expected that by mid-2006 CSA will be operating from purpose-built facilities equivalent to Sydney and Melbourne.

## Financial condition

I am pleased to report that CSA's operating performance and balance sheet remain strong.

As stated above, CSA's revenue has been greatly diversified over the last five years and this trend is planned to continue. Total revenue increased by 11 per cent from 2004, with a 13 per cent increase in income from the Graduate Diploma and a 26 per cent increase in income from training. No material amount of income was dependent on special factors.

The express strategy to reduce reliance from member subscriptions continues. In 2005 only 36 per cent of total revenue came from subscriptions, substantially down from the levels in the late 1990s of over 60 per cent.

Expenses for 2005 were in line with expectations. Increased staff expenses were incurred due to additional staff devoted to increasing CSA's capacity to further its advocacy program and to expand its training business.

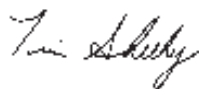
The last several years of strong growth in revenue have not occurred at the expense of profitability. CSA's gross trading margin has gradually increased from 63 per cent to 65 per cent from 2003 to 2005. Protecting and increasing these margins is critical, as any surplus resources are needed to fund other non-cash generating activities.

Notwithstanding the substantial investment in infrastructure over the last several years, including the purchase and fit-out of new Sydney premises, CSA's cash reserves remain healthy. At balance date, cash reserves will be just over \$2 million, with more than \$400,000 in additional cash reserves added during the year.

## The future

In late 2004 CSA undertook extensive qualitative and quantitative market research so that future expansion would clearly meet the needs of members and the wider community. That research has resulted in the profile campaign outlined in other sections of this annual report. The healthy turnover of CSA's operating activities has provided the financial resources to fund that campaign.

In closing, I would like to thank my staff and all of the members and practitioners who have given so much of their time and energy to CSA. I believe the successes are there for all to see and I have no doubt that there are many more to come.



Tim Sheehy  
Chief Executive  
Chartered Secretaries Australia Ltd



# Member services

## Governance education and training

2005 was a year of solid growth for CSA's education and training. This has again underscored the wide recognition by the business community of the significance of CSA's role in delivering accredited education and the most practical and authoritative training and information on corporate governance, as well as providing thought leadership in this field.

We experienced an increase of seven per cent in the enrolment numbers for our premier educational product, the fully accredited and internationally recognised Graduate Diploma in Applied Corporate Governance (GradDipACG), which was launched at the start of 2004. It is significant that we managed this healthy growth in the second year of this course after having already achieved a large spike in enrolment numbers of 20 per cent during its inaugural year.

2005 also saw a considerable expansion in the number of students graduating from this course. As the GradDipACG is now the educational pathway for entry to our parent body, ICSA, many of these graduates have taken the opportunity to utilise their new qualification to become ICSA members.

In addition, a significant number of the graduates of our previously accredited course, the Graduate Diploma in Company Secretarial Practice (GradDipCSP), were

attracted by the contents of the new subject, Corporate Administration. These earlier graduates chose to enrol in this subject with the objective of graduating in the newer GradDipACG, which they found more beneficial to their current needs. It should be noted that the GradDipCSP was phased out at the end of 2005 under the transitional arrangements that came into effect when the GradDipACG was accredited.

Among the important benefits of our course for our students is that it provides a postgraduate qualification and is accredited by state higher education authorities around Australia. This demonstrates that CSA and its course have undergone an extensive quality assurance process and established that they have met the highest educational standards. One of the achievements of 2005 was the renewal in New South Wales of CSA's accreditation as a higher education institution for a further five-year period.

Our training program also experienced an excellent year, with a considerable growth in enrolment numbers and revenue. Training programs range from practical subjects for newly appointed Company Secretaries through to subjects designed to provide senior managers and directors with advanced training. One of the new additions to the stable of more than 20 half-day and full-day training subjects we offer is a new subject on insurance essentials for governance professionals.

Our training subjects can be delivered in-house for individual organisations, and demand for this service continued to grow in 2005. In-house training is proving to be a flexible and convenient solution for a range of organisations, including public and private companies, government bodies and not-for-profit and community-based organisations.

One of the critical areas for success in training is to ensure that our subjects are regularly reviewed and

updated. 2005 saw the introduction of a more systematic approach to obtaining the participant and presenter feedback needed when we update our subject materials at frequent intervals, with an experienced editor appointed to drive and oversee this process. The aim is to provide a guarantee to participants in our training subjects that both the contents and the instruction they will receive are robust, relevant, reliable and capable of immediate application by them back in the workplace.





## Technical information and support

### Journal

CSA's journal, *Keeping good companies*, concentrates on issues of governance and risk management, focusing on practical issues and providing authoritative assessments of current practice and future directions. ICSA divisions around the world reprint articles from the CSA journal, recognising the quality and range of information and opinion available to CSA members, and the articles from our journal are referenced in a wide range of speeches, publications and reports.

We are pleased to continue to report that CSA's journal consistently received excellent feedback, formally and informally, about the focus and depth of its content.

### Publications program

CSA published two further booklets in 2006, *Continuous Disclosure: Listed Public Companies and other Disclosing Entities* and *Enhancing Board Performance*. The first title sets out the components of an effective continuous disclosure regime, and provides assistance in relation to the practical implementation of any policy in this area, including a checklist for how to assess continuous disclosure requirements. The second title, which has proved particularly popular with members, is a pragmatic guide to the question: What should I expect from a board and how can I assess its performance?

Members were surveyed for their input on what topics the program should canvass as it develops. Two further titles are under way, and the emphasis remains on practical and authoritative statements of principle in relation to governance issues.

### Website updates

A major initiative in 2005 was the provision of online member subscription renewal. Members and affiliates can manage their interaction with CSA not only by renewing their membership or affiliation online, but also by keeping their records up-to-date as appropriate. Members can also access member-only content by simply logging in with their user name and password, which provides instant system recognition of the individual. The new initiative was a detailed operation, with the website's public face largely unchanged, while behind the scenes

new coding, rigorous testing and successful implementation ensured that members enjoyed a seamless process. This very successful initiative saw 29 per cent of renewals being completed online during the first three months of operation.

### E-newsletter

With the new CMS in place, CSA began the process of planning for the introduction of an e-newsletter. Research shows that e-newsletters feel personal, as they arrive in an individual's inbox and start an ongoing relationship between sender and recipient. In contrast,

websites are things we glance at when we need to get something done or find the answer to a specific question. The aim of CSA's e-newsletter is primarily to provide substantive content to our members and work will continue toward implementation in 2006.

### Good Governance Guides

CSA concentrated on the not-for-profit sector in 2005, adding Good Governance Guides on board structure; the separation of authority between board and management; stewardship and social responsibility; volunteer management; conflicts of interest; and risk management.

### Useful Practitioner Document Service

Work was also undertaken in developing documents applicable to the not-for-profit sector in this password-protected area of the website, to underpin the general principles of the Good Governance Guides. Embedding good governance practice is as necessary in this sector as in the for-profit sector, and members can now find documents relating to setting up policies on alcohol and drug use; conflicts of interest; gifts and hospitality; intellectual property use; legal contracts; and fraud. A survey of members on the conduct of the AGM is also included.

In 2005, CSA appointed a dedicated resource in policy, to assist its national policy committees in their work and to create opportunities for proactive, as well as reactive, advocacy on behalf of our members. In creating the role of Director, Policy, CSA ensured it could channel members' views on topics that were relevant to the practice of governance in an efficacious and timely fashion.

## Policy and advocacy

In 2005, CSA appointed a dedicated resource in policy, to assist its national policy committees in their work and to create opportunities for proactive, as well as reactive, advocacy on behalf of our members. In creating the role of Director, Policy, CSA ensured it could channel members' views on topics that were relevant to the practice of governance in an efficacious and timely fashion.

### Submissions

Legislative reform, or proposals for reform, continued unabated in 2005. CSA made 13 submissions on issues as varied as extending corporate duties below board level, personal liability for corporate fault, corporate social responsibility, the APRA draft prudential governance standards, director and executive remuneration and proposals to abolish the 100 member rule for requisitioning general meetings.

The number of submissions doubled from previous years, giving CSA a strong advocacy voice on the issues relevant to its members, and providing a vehicle for CSA members to give voice to their practical experience in governance implementation.

### Rapid response surveys

Members in Australia's top-200 companies were surveyed for their views on risk readiness, continuous disclosure, and the non-binding shareholder vote on the remuneration report. On this latter issue, CSA surveyed members when preparation was first under way for the AGM season, and then again at the end of the AGM

season, providing a useful snapshot of changing opinion on how this form of shareholder participation could provide a meaningful exchange between companies and their shareholders.

## Professional development

### Discussion groups

CSA's discussion groups continue to provide a valuable forum for governance professionals to exchange information and discuss practical issues affecting their profession. During 2005 we conducted a total of 124 groups, with 1,800 participants around Australia. The informal nature of these groups encourages sharing of information and experiences, enabling members to seek opinions and advice from like-minded professionals.

A senior CSA member acts as the convenor of each group, facilitating discussion and liaising with members

to identify key topics of interest. On occasion, expert guest speakers will provide additional input on specific issues. The discussion groups also provide important feedback to CSA on the key issues that are currently relevant for members. This assists in the development of CSA's policy formulation and also identifies areas in which members may wish to receive further advice or assistance. In addition, certain discussion groups provide an excellent communication channel with regulators such as ASIC and the ASX, enabling members to raise practical matters impacting their roles.

Discussion groups operate around the country and are based on areas of common interest within a group of peers. Specific groups include corporate compliance, international governance, public companies, the government sector, not-for-profit, emerging enterprises, finance and tax. During 2005, we added a group for new members in New South Wales and a new group for students of our Graduate Diploma in South Australia. We also offer a number of groups in regional areas and our retirees' groups continue to be well attended.

### Corporate and Public Sector Updates in New South Wales, Queensland and Victoria

The Updates are the premier state-based events on the CSA calendar and are held in New South Wales, Queensland and Victoria. The Corporate Update focuses on key governance issues for public and large proprietary companies, while the Public Sector Update examines the latest governance developments in the public sector.

In 2005, the Updates were well attended, with hot topics encouraging participation from members, affiliates and interested individuals wishing to keep up-to-date with current issues and governance practice. Expert presenters contribute to the Updates, including governance practitioners, commentators, advisors and regulators. Key speakers in 2005 included Tim Costello, CEO, World Vision Australia; Peter Harmsworth, CEO, Victorian State Services Authority; Graeme Samuel, Chairman, ACCC; and Bob Sendt, Auditor-General of New South Wales.

In addition, a range of professional development seminars and briefings are conducted in all states throughout the year to ensure our members, affiliates and non-members are kept up-to-date with the latest governance and administration issues.

## Thought leadership

### 22nd National Conference: The kaleidoscope of governance

CSA's 22nd National Conference was held at the newly refurbished Hilton Sydney and attracted the highest number of delegates since 1998.



The conference comprised two days of plenary and breakout sessions, followed by a half-day of more practical workshops. This was the first year that CSA has run the conference internally and the very positive feedback indicated that the change of management was seamless.

The program was of a very high quality, with speakers taking attendees through areas such as governance regulation, corporate social responsibility, developing a risk framework, communication with investors, and occupational health and safety, amongst others. Tony Jones of ABC TV's *Lateline* moderated a number of the sessions, providing a stimulating discussion of the topics covered.

The stream sessions covered international financial reporting standards, directors and officers' insurance and public sector governance, while the workshops covered a range of topics, including the role of information technology in enabling governance, an Australian Stock Exchange perspective on disclosure, duties of officers and directors and the perennially popular practical workshop for Company Secretaries run by Richard Jones and John Rennie.

#### **4th Annual Corporate Governance Symposium**

The Annual Symposium supports CSA's positioning as a thought leader in governance. It is a forum designed to explore a critical issue related to governance, through a panel of expert speakers.

In 2005, the symposium was held in Sydney in early April and was titled *Beyond the Boardroom: Where do your business risks lie?*

Speakers included David Crawford, Chairman of Lend Lease and National Foods Ltd; Paul Lahiff, Managing Director of Mortgage Choice Limited; David White, Chairman of Vodafone Australia; and Jack Gargano, Finance Director of Hewlett-Packard South Pacific. The symposium was moderated by well-known journalist Maxine McKew.

Some of the topics the forum debated included the importance of risk management and its relationship to corporate governance; developing risk-management processes and matrices; communicating risk within the organisation; who is responsible for monitoring risk: audit or risk committee, the executive, the board?

Feedback from attendees was very positive with 97 per cent rating the symposium informative.

## **CSA's National Resumé Register**

CSA's National Resumé Register service is provided to assist members to progress their careers, and to assist clients to identify suitably qualified and experienced candidates for governance positions. We continue to receive a wide variety of search and placement requests for Company Secretariat staff and governance professionals across all industry sectors and for organisations of all sizes within Australia, as well as increasing numbers of requests from companies abroad.

In 2005 the number of CSA members electing to join the register and be considered for vacancies more than doubled, with 180 members throughout Australia now registered to keep an eye on their next potential career move. For these CSA members as potential candidates, the Resumé Register is a free and strictly confidential service, and provides yet another form of benefit of membership.

Requests for candidate searches from organisations continued to increase again in 2005, and for the first time the National Resumé Register was also engaged to work alongside search/recruitment firms to

supplement their own search activity for Company Secretarial roles. For these organisations, the Resumé Register continues to provide a unique and targeted pool of governance industry candidates, with the assurance that as members of CSA our candidates possess minimum levels of qualifications and relevant experience.

2005 also saw us further improve this service for members with better access for members to online registration and updating of details for the Resumé Register, an expanded range of search criteria to ensure optimum candidate matching, and implementation of even greater security for storage and handling of member resumé to further ensure full confidentiality for this service.



# Committees and membership

National Council and the Board of Directors of CSA Ltd gratefully acknowledge the commitment of members to policy development and our education program.

## National Council

### **Bernard Yates FCIS (President)**

Company Secretary  
West Australian Newspapers Holdings Limited

### **Ross Mallett FCIS (Vice President)**

Deputy Company Secretary  
BHP Billiton Ltd

### **Chris Wells FCIS (Vice President)**

Project Director – Motor Registry Project  
Tasmania Department of Infrastructure Energy & Resources

### **Paul Moni FCIS (Immediate Past President)**

Director  
Moni Solutions Pty Ltd

### **Frank Bush FCIS**

Director  
Lisbourne Consulting

### **Sue Crook FCIS**

Company Secretary & General Counsel  
Australian Foundation Investment Company Limited

### **Nicholas Geddes FCIS**

Director  
Australian Company Secretaries Pty Ltd

### **Ian Gregory FCIS**

Principal  
The Company Secretariat

### **Robert Moon FCIS**

Company Secretary  
News Limited

### **Phillip Thomas FCIS**

Managing Director  
Oakland Group Pty Ltd

### **Peter Turnbull FCIS**

Managing Director & Chief Executive Officer  
Orient Energy (Indonesia)

### **Paul Viney FCIS**

Chief Financial Officer/Company Secretary  
Tasmanian Perpetual Trustees Ltd

## ICSA Representatives

### **Michael Ashford FCIS**

(ICSA President)

### **Alan Theakston FCIS**

(ICSA Immediate Past President)

## Legislation Review Committee

### **Peter Abraham FCIS**

General Counsel & Company Secretary  
Rinker Group Ltd

### **Warren Baillie ACIS\*\***

Assistant Company Secretary  
Woodside Energy Ltd

### **Nick Burrows FCIS**

Company Secretary  
Tassal Group Ltd

### **Sam Butcher FCIS**

Assistant Company Secretary  
BHP Billiton Ltd

### **David Cantrick-Brooks ACIS**

Company Secretary — Subsidiaries  
Australia and New Zealand Banking Group Ltd

### **Pauline Carr FCIS**

Executive General Manager/Group Secretary  
Newmont Australia

### **Sue Crook FCIS**

Company Secretary & General Counsel  
Australia Foundation Investment Co

### **Ian Gilmour FCIS**

Consultant

### **Duncan Glasgow FCIS**

Company Secretary & General Counsel  
Ruralco Holdings Ltd

### **Douglas Gration FCIS (2006 Chairman)**

Company Secretary  
Telstra Corporation Ltd

### **Ian Gregory FCIS**

Consultant

### **Deborah Hambleton FCIS**

General Counsel  
Bendigo Bank Ltd

### **John Hatton FCIS**

Company Secretary  
Commonwealth Bank of Australia

### **Bill Hundy FCIS**

Company Secretary  
Origin Energy Ltd

**Keith Irvine** FCIS  
Consultant

**Richard Jones** FCIS (2005 Chairman)  
Manager Compliance  
Group Secretariat  
National Australia Bank Ltd

**Andrew Kamm** FCIS\*\*  
Chief General Manager, Risk  
Management  
Adelaide Bank

**Linda Kenyon** FCIS  
Company Secretary  
Wesfarmers Ltd

**Richard Kneebone** FCIS  
Consultant

**Karen Lange** FCIS  
Consultant

**Ross Mallett** FCIS  
Deputy Company Secretary  
BHP Billiton Ltd

**Paul Moni** FCIS  
Managing Director  
Moni Solutions Pty Ltd

**Robert Moon** FCIS  
Company Secretary  
News Limited

**Paul Paxton-Hall** FCIS  
Partner  
Deacons Lawyers

**Simon Pordage** FCIS\*\*  
Manager, Company Secretariat  
Australia and New Zealand Banking  
Group Ltd

**John Priestley** FCIS\*\*  
Company Secretary  
Australia and New Zealand Banking  
Group Ltd

**John Rennie** FCIS  
Consultant

**Roger Taylor** FCIS\*  
Deputy Secretary  
BHP Billiton Ltd

**Lawrence Tutton** FCIS  
Company Secretary  
GUD Holdings Ltd

**Paul Viney** FCIS\*\*  
Company Secretary/CFO  
Tasmanian Perpetual Trustees Ltd

**Karen Wood** FCIS  
Company Secretary  
BHP Billiton Ltd

**Bernard Yates** FCIS  
Company Secretary  
West Australian Newspapers Ltd

## Corporate and Legal Issues Committee

**Richard Anderson** FCIS  
Company Secretary & General Counsel  
Nestlé Australia

**Warren Baillie** ACIS\*  
Assistant Company Secretary  
Woodside Energy Ltd

**Paul Baranov** FCIS  
Senior Legal Counsel  
SFE Corporation Limited

**Greg Bateman** FCIS  
General Counsel  
Primary Health Care Ltd

**Anthony Evans** FCIS\*\*  
General Manager  
Perth Diocesan Trustees

**Nick Geddes** FCIS  
Director  
Australian Company Secretaries Pty Ltd

**Ian Gilmour** FCIS (Chairman)  
Consultant

**Duncan Glasgow** FCIS  
Company Secretary & General Counsel  
Ruralco Holdings Ltd

**Bryce Hardman** OAM, ED, FCIS  
Director  
Consultants Australia Group Pty Ltd

**Clair Hodge** FCIS\*\*  
General Counsel & Company Secretary  
Sydney Airport Corporation Ltd

**Richard Jones** FCIS  
Manager Compliance  
Group Secretariat  
National Australia Bank Ltd

**Paul Moni** FCIS  
Managing Director  
Moni Solutions Pty Ltd

**Vicki Offner** FCIS\*\*  
Compliance Manager  
QBE Insurance (Australia) Ltd

**Bill Pallister** FCIS  
Chartered Secretaries Australia Ltd

**Stephen Partington** FCIS\*\*  
Company Secretary & General Counsel  
Ten Network Holdings Ltd

**David Robinson** FCIS  
Consultant

**Kamlesh Sharma** FCIS  
Assistant General Manager &  
Company Secretary  
Aboriginal Hostels Limited

**Lisa Storrs** FCIS  
Director  
Corporate Secretariat Services Pty Ltd

**Rick Sutton** FCIS\*\*  
General Manager Finance  
National Pharmacies

**Mark Travers** FCIS\*\*  
Chief Financial Officer/  
Company Secretary  
Flinders Ports Pty Ltd

**Chris Wells** FCIS  
Project Director — Motor  
Registry Project  
Department of Infrastructure,  
Energy & Resources

**Peter Wetzig** FCIS  
Corporate and Business Consultant

**Peter Whyntie** FCIS\*\*  
Head of Risk Management &  
Compliance  
Zurich Financial Services  
Australia Limited

## Education Committee

**Michael Adams** FCIS  
Perpetual Trustees Australia Professor  
of Financial Services Law, Faculty of  
Law, University of Technology, Sydney

**Anthony Bailey** FCIS  
Director  
VIS Nominees

**Bradley Bowes** FCIS  
Company Secretary  
Brisbane Airport Corporation Ltd

**Laurie Factor** FCIS (Chairman)  
Senior Lecturer  
School of Business Law  
Curtin University of Technology

## COMMITTEES AND MEMBERSHIP *continued*

**Ross Mallett** FCIS  
Deputy Company Secretary  
BHP Billiton Ltd

**Desmond Moores** FCIS  
Senior Executive Officer  
Corporate Services Division  
Tasmania Department of Infrastructure, Energy & Resources

**Christopher Symes** FCIS  
Senior Lecturer  
School of Law  
Flinders University

**Terry Walter** FCIS  
Head, School of Banking and Finance  
University of New South Wales

### Communication Committee

**Frank Bush** FCIS (Chairman)  
Consultant

**Keith Edwards** FCIS\*\*  
Chief Financial Officer  
EDI Rail

**Andrew Horne** FCIS\*\*  
Group Company Secretary/General Counsel  
Thakral Holdings Group Ltd

**Brett Lane** FCIS\*\*  
Editor, Business Development  
WA Newspapers Ltd

**Ross Mallett** FCIS  
Deputy Company Secretary  
BHP Billiton Ltd

**Mr Paul Moni** FCIS  
Director  
Moni Solutions Pty Ltd

**Simon Pordage** FCIS\*\*  
Manager, Company Secretariat  
Australia and New Zealand Banking Group Ltd

**Peter Turnbull** FCIS\*\*  
Managing Director and CEO  
Orient Energy (Indonesia)

\* Resigned from committee in 2005

\*\* Joined committee in 2005

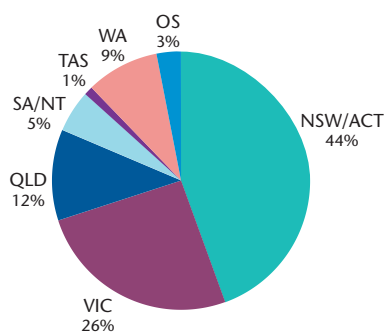
### Members advanced to Fellowship

The board congratulates members who have advanced to Fellowship.

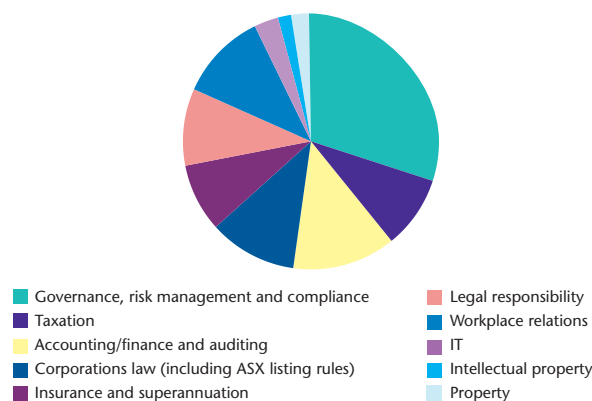
Richard Grant Barnard	TAS
Anthony Maurice Cannon	NSW
Glen Dewing	NSW
Heymala Eardley	NSW
John Fadian	QLD
Maurice Fannelli	NSW
James Laycock Grainger	NSW
John Francis Greenhalgh	NSW
Amanda Jane Harkness	NSW
Fiona Catherine Heckler	WA
Basil John Hills	TAS
Glen Kerr Laslett	NSW
Emma Catherine Lawler	NSW
Margot Christine Maasackers	NSW
Robert John Nicholls	NSW
Jevena O'Brien	QLD
Anna Mareo O'Connell	NSW
David Charles Purdue	NSW
John Schaub	NSW
Elaine Elodie Stewart	VIC
Iain Herbert Thompson	NSW
Stuart White	NSW

At year's end, members and affiliates totalled 8092 as follows:

#### Members and affiliates by state



#### Diversity of professional responsibilities of members and affiliates



# Membership milestones

CSA congratulates the following members who achieved milestones in membership in 2005:

## 50 years

### **New South Wales**

Anthony Adam FCIS  
Henry Blackboro FCIS  
Ronald Bray ACIS  
Sidney Briggs OAM ACIS  
Frederick Brown ACIS  
Reginald Brown ACIS  
Bernard Brown FCIS  
Frank Burgess ACIS  
Maxwell Butler-Nixon FCIS  
Angelo Casella FCIS  
John Ferguson ACIS  
Erwin Hayman ACIS  
Alexander Hill ACIS  
Bruce Hopper FCIS  
John Inverarity ACIS  
William Loewenthal ACIS  
Colin Luxford ACIS  
Joseph Magno FCIS  
Thomas Maxwell FCIS  
William McBurney FCIS  
Walter McGeechan ACIS  
Bryan Mortlock ACIS  
Reverend William Newton ACIS  
Keith Power ACIS  
Bill Ribbans FCIS  
Graham Soper FCIS  
Alfred Springford FCIS  
Robert Strauss MBE FCIS  
Donald Watson ACIS

### **Queensland**

Denton Butcher ACIS  
Gordon Chenery OBE FCIS  
David Greig ACIS  
Desmond Kill FCIS  
Stuart Moon ACIS  
Philip Oram ACIS  
Lee Rogers ACIS  
Geoffrey Sattler FCIS

### **South Australia**

Basil Bowden FCIS  
Geoffrey Levett ACIS  
Colin Millard ACIS  
Peter Murphy ACIS

### **Tasmania**

Ronald Harvey ACIS  
Terrence Pinkard FCIS

### **Victoria**

Malcolm Anderson ACIS  
William Anderson ACIS  
Stanton Archer FCIS  
Alan Cowen FCIS

John Curtain ACIS  
Ronald Dixon FCIS  
William Hosking ACIS  
John Lewis ACIS  
Hugh McCaig ACIS  
David McNair ACIS  
Cameron McNaughton FCIS  
John Morey ACIS  
John Nicholson FCIS  
Donald Pamcutt ACIS  
David Short FCIS  
Barrie Smith ACIS  
John Walsh ACIS  
Howard Webb FCIS

### **Western Australia**

Donald Fowler FCIS  
Lionel Richards ACIS  
Ross Wilton ACIS

## 25 years

### **ACT**

Bruce Pittard ACIS

### **New South Wales**

Peter Anderson FCIS  
John Appleton ACIS  
Robert Archer FCIS  
Colin Bailey ACIS  
Stephen Bardwell FCIS  
Terry Bishop ACIS  
Peter Brennan ACIS  
Ronald Brown ACIS  
Peter Buchanan ACIS  
Henri Chan Chi Hang FCIS  
Wai Chan Wai Keung ACIS  
John Chandler ACIS  
John Chin Yow Foo ACIS  
Becky Chiu Lau Suk Kuen ACIS  
Gary Crase ACIS  
Dwarka Dass ACIS  
Ivor David ACIS

Richard De Mestre ACIS  
Glenn Desmond ACIS  
Peter Dubauskas FCIS  
Owen Dullea ACIS  
Bob Elvy FCIS  
Peter Franke ACIS  
Jeff Graham ACIS  
Richard Harvey ACIS  
Peter Hills ACIS  
Stephen Jack ACIS  
Peter Kaye FCIS  
Lindsay Kelly FCIS  
Mark Kennedy ACIS  
Henry Lee FCIS

Tony Lewis ACIS  
David Li ACIS  
John Lovett ACIS  
Alan Mackie ACIS  
Antony Mamo ACIS  
Raymond Mathieson ACIS  
John McCrory FCIS  
Denis McEncroe ACIS  
Larry Mitchell ACIS  
Rory Moore ACIS  
Brian Morgan ACIS  
Timothy Moseley ACIS  
James Mulheron ACIS  
Kiew Neoh ACIS  
Yut Ng Yut Hoe ACIS  
Poh Ong Poh Kheng ACIS  
Nigel Palmer ACIS  
Graham Parks FCIS  
Alan Paterson FCIS  
Mark Patterson ACIS  
Warren Phillips FCIS  
Michael Platt-Hepworth FCIS  
Brian Rigney FCIS  
Bruce Roff ACIS  
Jeffrey Simpson FCIS  
Ronald Smith ACIS  
Wayne Smith ACIS  
John Southwood ACIS  
Mark Spurr FCIS  
Brian Staniland ACIS  
Graham Stephenson ACIS  
Shane Stewart ACIS  
Peter Stonham ACIS  
Sen Teng Sen Choi ACIS  
Robert Thorpe FCIS  
Keith Verner ACIS  
Ralph Wearne ACIS  
Maggie White ACIS  
Paul Williams ACIS  
Helen Yap Choong Lan FCIS  
Wan Yip Wan Toh ACIS  
Bruce York FCIS

### **Queensland**

Robert Armstrong FCIS  
Chris Butcher ACIS  
Stuart Campbell ACIS  
James Chai ACIS  
John Chard ACIS  
Vincent Kearney ACIS  
Peter Robb ACIS  
Evelyn Robins FCIS  
Michael Rosenthal ACIS

### **South Australia**

Chris Matters ACIS  
Richard Mitchell ACIS  
David Osgood FCIS

Kenneth Ramsey ACIS  
David Rogers ACIS  
David Skopal FCIS  
Edward Staunton ACIS  
Gary Wilson ACIS

### **Tasmania**

Christine Edwards ACIS

### **Victoria**

Stephen Amos FCIS  
Richard Anderson ACIS  
David Armstrong FCIS  
Ian Bennett FCIS  
Alexander Boyd ACIS  
Robert Braby ACIS  
Bobby Brewster FCIS  
Lea Campbell ACIS  
Neil Chatfield ACIS  
Peter Cochrane FCIS  
David Cook ACIS  
Rex Deearth ACIS  
Ragaie Fahmy FCIS  
Nihal Fernandopulle FCIS  
Malcolm Freeman FCIS  
Phil Gay FCIS  
Kevin Gray FCIS  
Andrew Gregory ACIS  
Marguerite Grynberg ACIS  
Victor Ho Too Kong ACIS  
Noel Johnson ACIS  
Van Kaias ACIS  
Thomas Kiu ACIS  
Peter Kovac ACIS  
John Kur ACIS  
Graham Lindsay FCIS  
John Lord ACIS  
John Matthews FCIS  
Alan McMullen ACIS  
Keith Miller ACIS  
Jeffrey Morris ACIS  
Joe O'Brien ACIS  
Rino Orifici ACIS  
Saratchand Rajasingham ACIS  
Theng Tay Theng Swee ACIS  
Graeme Tivey ACIS  
Noel Ward ACIS  
Peter Watson ACIS

### **Western Australia**

John Casey ACIS  
Albert Sim ACIS  
Gerard Tonks ACIS

### **Overseas**

Sushila Gangeswaran ACIS  
William Raper ACIS  
Stephen Yiu Lai-Suen ACIS

# Corporate Governance Statement

The 10 core principles of the ASX Corporate Governance Council's (ASXCGC) guidelines are recommendations and apply to listed companies. Although CSA Ltd is not a listed company and does not have any obligations to report on these principles, as the leading education and membership organisation committed to advancing good corporate governance, it is committed to report against these principles.

As at 31 December 2005, the position of CSA Ltd is as follows:

## Principle 1: Lay solid foundations for management and oversight

The CSA board is required to report to the Committee for Australia, which we refer to as our National Council, on the company's overall corporate governance. National Council represents the Australian resident members of ICSA. This responsibility includes determining and reviewing the company's strategic direction and operational policies, establishing goals for management and monitoring the achievement of these goals, reviewing and approving the company's annual business plan, appointing, monitoring and rewarding the chief executive officer (CEO), recommending the appointment of the auditor to members, approving the appointment and remuneration of all senior executive staff, approving all significant business transactions including acquisitions, divestments and capital expenditure, monitoring business-risk exposures and risk-management systems, approving and monitoring financial and other reporting and reporting to its members in the form required by the Commonwealth of Australia *Corporations Act 2001* (the Act).

A strategic balance is maintained between the responsibilities of the board, the CEO and the Director, Finance and Administration (DFA).

The CEO is accountable to the board for the management of the company within the policy and authority levels prescribed in the company's business plan, which is reviewed and approved by the board each year.

The CEO has the authority to approve capital expenditure and business transactions within predetermined limits set by the board.

The CEO's specific responsibilities include ensuring business development activities are in accordance with

the company's overall business strategy, ensuring the company conducts its affairs within the law and abides by the company's Code of Business Conduct and Ethics (a copy of which can be found on the CSA website at [www.CSAust.com](http://www.CSAust.com)) while keeping the board informed of all major business proposals and developments by way of specific reports and, within limits set by the board, approving the remuneration levels and bonus payments of all personnel.

The DFA is responsible for maintaining financial control across the company. In this role the DFA is responsible for overall company management reporting, statutory accounting, compliance, auditing, treasury, taxation and insurance with specific responsibilities including the monitoring of financial performance and planning against the financial control guidelines which govern the allocation and management of financial resources throughout the company, ensuring that appropriate financial reporting is provided to the board on a monthly, quarterly and annual basis, and monitoring the company's risk-management framework to ensure that established policies, guidelines and controls are implemented through a scheduled program of audits and reviews, the statutory compliance obligations are met and the investment policy strategy is implemented and maintained.

## Principle 2: Structure the board to add value

The company presently has five independent non-executive directors. The names of the directors of the company in office at the date of this statement are set out on pages 18–19. There are no executive directors.

In addition the board has adopted a number of measures to ensure that independent judgment is achieved and maintained. Directors are entitled to seek independent professional advice at the company's expense, subject to the prior approval of the chairman and the company policy. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion on the topic. The board confers on a scheduled or regular basis without management in attendance.

The board is balanced in its composition with each current director bringing a range of complementary skills and experience to the company as indicated on pages 25–26.

To assist the board in discharging its responsibilities, it has established a number of board committees including an Audit Committee and a Remuneration and Appointments Committee. The board liaises with the Nomination Committee of National Council in reviewing the composition and appointment of



directors. Each of these committees has mandated operating procedures that are governed by their respective terms of reference.

It is the board's policy that board committees should be chaired by a non-executive director who is not the same person as the chairman of the board and, in the case of the Audit Committee, by an independent person not necessarily a director. It is also comprised solely of independent non-executive directors, who are entitled to obtain independent professional or other advice at the cost of the company as per the directors' access to professional advice policy and are entitled to obtain such resources and information from the company, including direct access to employees of and advisers to the company, as they may require.

The company's chairman is considered by the board to be independent in terms of the ASXCGC's definition of independent director.

The company's chairman and CEO have separate roles. The chairman is responsible for leading the board in the discharge of its duties.

An independent Nomination Committee has been established by National Council and liaises with and makes recommendations to the board regarding the membership of the board, including proposed new appointments.

### Principle 3: Promote ethical and responsible decision making

It is the policy of CSA Ltd to conduct business according to the highest standards of honesty, integrity, respect and fairness when dealing with all its customers and employees. Employees are also required to meet these high standards.

The company takes seriously its obligations to comply with all federal, state and local government laws and regulations, as well as common law obligations, and again requires all employees to do the same as per the company's Code of Business Conduct and Ethics (see the CSA website at [www.CSAust.com](http://www.CSAust.com)).

The company is a non-listed, not-for-profit company limited by guarantee under the Act and as such there is no trading in company securities.

## Principle 4: Safeguard integrity in financial reporting

CSA Ltd's CEO and DFA report in writing to the directors, the Audit Committee and the auditors that the financial statements of CSA Ltd for the full financial year present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with the Australian Accounting Standards, applicable approved accounting standards and the appropriate disclosures of all information required by statute.

The board established an Audit Committee in 1999. The membership of the committee consists of independent non-executive directors plus the chairman who is an independent non-director. Details of their attendance at committee meetings are set out at page 18.

The principal functions of the Audit Committee are governed by their terms of reference. The objectives are to assist the board in the discharge of its responsibilities in respect of the preparation of the company's financial statements and the company's internal financial controls, recommend to the board nominees for appointment as external auditors, review the scope of the audit, the level of audit fees and the performance of the external auditors, provide a line of communication between the board and the external auditors and examine the external auditors' evaluation of internal controls and management's response.

It is the policy of  
CSA Ltd to conduct  
business according  
to the highest  
standards of honesty,  
integrity, respect  
and fairness when  
dealing with all  
its customers  
and employees.

## Principle 5: Make timely and balanced disclosure

The company is not a listed company and is not subject to ASX listing rule disclosure requirements. The company does, however, report to its members in the form required by the Act and discloses significant information on a continuous basis as detailed in Principle 6 below.

## Principle 6: Respect the rights of shareholders

The company does not have shareholders but has members. The company's member communication policy advocates communication with members and other stakeholders in an open, regular and timely manner so that members have sufficient information to make informed decisions on the operations and results of the company. The policy provides for the use of systems involving communiqués and technologies that ensure a regular and timely release of information about the company to members. Mechanisms employed include:

- regular member communications such as the monthly journal, *Keeping good companies*, incorporating the President's Commentary, CEO comments in the column 'Acting for You', the ICSA International report and relevant State Focus reports
- the Annual and Full Financial Report, circulated to all members prior to the company's Annual General Meeting (AGM)
- member access to communications through the use of information technology such as the CSA website at [www.CSAust.com](http://www.CSAust.com).

The board encourages full participation of members at the company's AGM to ensure a high level of accountability and understanding of the company's strategy and goals. Important issues are presented to members as single resolutions. Members are encouraged to appoint proxies to express their views at the AGM by directing their proxies by marking the appropriate boxes on the Best Practice Proxy Form.

The board also presents an annual Year in Review Report to the members at the AGM of National Council, held at the National Conference.

CSA Ltd's practice is to ensure the company's external auditor attends the AGM and is available to answer members' questions.

## Principle 7: Recognise and manage risk

The board is responsible for the oversight of the company's risk management and control framework. The Audit Committee assists the board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the company's risk management and control framework. Major exposures for the company stem from CSA Ltd's business-risk profile, which covers areas including operational, reputation, regulatory, contractual, financial, information and strategic risk.

The company has implemented a policy framework designed to ensure that the company's risks are identified and that controls are adequate, in place and functioning effectively. This framework incorporates the

maintenance of comprehensive policies, procedures and guidelines. It covers areas such as occupational health and safety, environmental management, trade practices, interest rate and investment policies and exposures, ethical conduct, crisis management and IT disaster recovery and business continuity planning.

The board believes that its corporate governance practices should be indicative of best practice for an organisation of its type ... The board, therefore, keeps all areas of CSA Ltd's governance under ongoing review, in order to provide leadership by example in this crucial area of corporate responsibility and management.

Responsibility for control and risk management is delegated to the appropriate level of management within the company with the CEO and DFA having ultimate responsibility to the board for the risk management and control framework.

Arrangements put in place by the board to monitor risk management include regular reporting to the board in respect of operations and the financial position of the company, reports by the chairman of the Audit Committee and circulation to the board of the minutes of each meeting held by the Audit Committee, attendance and reports by the internal directors of the company's main business units at board meetings on at least an annual basis and presentations made to the board or committees of the board throughout the year by appropriate members of the company's management team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk.

CSA Ltd's CEO and DFA report in writing to the directors and the external auditors that the statement given in accordance with the ASXCGC's best practice recommendation under Principle 4 is founded on a sound system of risk management and internal compliance and control which implements

the policies adopted by the board and the company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

## Principle 8: Encourage enhanced performance

The board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. An annual review is presented to the members at the AGM of National Council and National Council reviews the performance of its Service Agreement, as well as the composition and skills mix of the directors of CSA Ltd.

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 Ltd'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. Induction days designed for newly appointed directors are held as required.

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

Arrangements put in place by the board to monitor the performance of the company's key executives include a review by the board of the company's financial performance and revised forecast results on a quarterly, half-yearly and annual basis. Detailed presentations are also made by the CEO and his direct reports during business planning/strategy review meetings, which are convened annually and held over a two- to three-day period in July each year. Compilation, agreement and regular performance management reviews between the CEO, direct reports and all other staff against job description and key performance indicators are established on an annual basis and are assessed at least biannually.

## Principle 9: Remunerate fairly and responsibly

A program of regular performance appraisals and objective setting for senior management and other staff is in place.

The board established a Remuneration and Appointments Committee in 1999. At the present time all board members serve on this committee, whose principal functions include reviewing and approving the remuneration of senior executives of the company, reviewing and making recommendations to the board regarding the remuneration policies and practices for the company generally, including participation in the incentive plan and other benefits.

Directors do not receive remuneration, but a director is entitled to be paid all travelling and other expenses properly incurred by that director in connection with the affairs of the company, including attending and returning from general meetings, meetings of the directors or of committees of directors or other committees of the company, meetings of National Council and of ICSA, or any of its committees, bodies or activities. The company may advance money to a director for any such purpose, which must be appropriately accounted for, and any balance refunded.

No other directors of CSA Ltd, during or since the end of the financial year, received or has become entitled to receive a benefit by reason of a contract made by CSA

Ltd 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.

CSA Ltd being limited by guarantee, none of the directors holds an interest but each, as a member of CSA Ltd, is liable to the extent of their undertaking under CSA Ltd's constitution.

CSA Ltd pays 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 Ltd other than conduct involving a wilful breach of duty in relation to CSA Ltd.

Premiums were paid for each of the directors as per Note 7 to the Financial Statements on pages 25–26. The insurance contract entered into by CSA Ltd prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

The CSA Ltd constitution allows for the inclusion of indemnities in favour of persons who are or have been a director or officer of CSA Ltd. To the extent permitted by law, CSA Ltd 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.

## Principle 10: Recognise the legitimate interests of stakeholders

CSA's objective is 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.

To ensure this occurs, the company conducts its business within the Code of Business Conduct and Ethics, documented and outlined in Principle 3 of this statement and the company's core values, which are to:

- act with integrity and fairness
- recognise the needs of the members
- protect the environment
- be commercially competitive
- foster a performance-driven culture
- encourage innovation and technological leadership.

# Directors' report

Your directors present this report on the company for the financial year ended 31 December 2005.

Statutory details of the directors are given in Note 7 to the financial statements on pages 25–26.

## Activities

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

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

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the company's financial report has been prepared in accordance with those standards.

## Financial results

An operating profit from ordinary activities of \$110,404 was made for the year after providing for income tax. The profit attributable to members amounting to \$82,763 was made after allowing for a loss on disposal of asset amounting to \$27,641.

Accumulated funds at year end totalled \$3,587,983.

## Dividends

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

## Review of operations

Revenue for the year primarily came from subscriptions of \$2,071,098; course fees of \$1,726,143; member services and publications of \$1,265,942; sponsorship of \$399,654; investments of \$122,072 and other income for services of \$99,033.

Expenditure for the year was primarily on direct costs for member services and publications of \$752,905; direct costs for courses of \$610,359; profile-raising activities and website maintenance of \$169,039; international activities of \$147,969; and governance and administration of \$3,893,266.

## Likely developments

Likely developments in the operations of CSA Ltd and the expected results of those operations in future financial years have not been included in this report but are disclosed in the 'Report to members' on pages 2–3.

## Environmental regulations

CSA Ltd'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 Ltd are Russell Barnier FCIS, Sue Crook FCIS, Robert McLachlan FCIS, Robert Nankervis FCIS and Adrienne Parkinson FCIS, who thank Helen Conway for her contribution.

## Attendance at directors' meetings

During 2005 attendance by individual directors (including when represented by alternates) at meetings they were entitled to attend, was as follows:

	Board		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Russell Barnier	6	4	2	1
Frank Bush*			2	1
Helen Conway**	6	6	2	1
Sue Crook	6	6	2	2
Robert McLachlan	6	6	2	1
Robert Nankervis	6	6	2	2
Adrienne Parkinson	6	6	2	2

\* As permitted under the constitution, a non-director was appointed as chairman of the Audit Committee. \*\* Resigned 10 January 2006

## Auditors' indemnification

CSA Ltd has not, during or since the financial year, in respect of any person who is or has been an auditor of CSA Ltd 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 Ltd being limited by guarantee, none of the directors holds an interest but each, as a member of CSA Ltd, is liable to the extent of their undertaking under CSA Ltd's constitution.

During or since the financial year, CSA Ltd 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 Ltd other than conduct involving a wilful breach of duty in relation to CSA Ltd.

Premiums were paid for each of the directors as per Note 7 to the Financial Statements on pages 25–26. The insurance contract entered into by CSA Ltd prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

The CSA Ltd constitution allows for the inclusion of indemnities in favour of persons who are or have been a director or officer of CSA Ltd. To the extent permitted by law, CSA Ltd 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 are disclosed in Notes 7 (pages 25–26) and 18 (ii) (page 28) to the Financial Statements.

No other directors of CSA Ltd, 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 Ltd or of a related body corporate) by reason of a contract made by CSA Ltd 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.

## Proceedings on behalf of the company

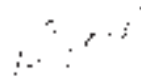
No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

## Auditors' independence declaration

The auditors' independence declaration for the year ended 31 December 2005 has been received and can be found on page 30.

On behalf of the board by resolution of the directors:



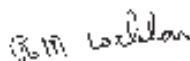
Robert Nankervis FCIS  
Chairman



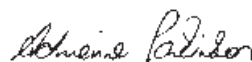
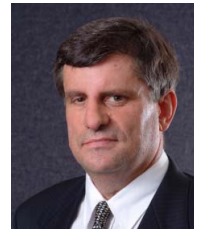
Russell Barnier FCIS  
Director



Sue Crook FCIS  
Director



Robert McLachlan FCIS  
Director



Adrienne Parkinson FCIS  
Director



SYDNEY 14 March 2006

# Financial report

## INCOME STATEMENT

for the year ended 31 December 2005

	Note	2005 \$	2004 \$
<b>Revenue from ordinary activities</b>	3	5,683,942	5,132,336
<b>Expenses</b>			
Expenses excluding finance costs	4	(5,360,158)	(4,958,676)
Finance costs	4	(213,380)	(55,539)
<b>Profit from ordinary activities before income tax expense</b>		110,404	118,121
Income tax expense relating to ordinary activities	1	–	–
<b>Net profit from ordinary activities after income tax</b>		110,404	118,121
<b>(Loss) on disposal of asset</b>	4, 11(a)	(27,641)	–
<b>Profit attributable to members</b>		82,763	118,121

The accompanying notes form part of these financial statements.

# BALANCE SHEET

as at 31 December 2005

	Note	2005 \$	2004 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	8	2,069,697	1,599,872
Trade and other receivables	9	1,644,174	486,833
Other	10	53,567	350,380
Property	11(a)	–	1,755,000
<b>Total current assets</b>		<b>3,767,438</b>	<b>4,192,085</b>
<b>Non-current assets</b>			
Property, plant and equipment	11(b)	4,327,226	3,964,768
<b>Total non-current assets</b>		<b>4,327,226</b>	<b>3,964,768</b>
<b>Total assets</b>		<b>8,094,664</b>	<b>8,156,853</b>
<b>Current liabilities</b>			
Trade and other payables	12	316,329	372,497
Deferred revenue	13	888,957	975,180
Provisions	14(a)	172,518	145,950
Tax liabilities	15	111,018	98,697
Bank loan	16	3,000,000	3,000,000
<b>Total current liabilities</b>		<b>4,488,822</b>	<b>4,592,324</b>
<b>Non-current liabilities</b>			
Provisions	14(b)	17,859	9,309
<b>Total non-current liabilities</b>		<b>17,859</b>	<b>9,309</b>
<b>Total liabilities</b>		<b>4,506,681</b>	<b>4,601,633</b>
<b>Net assets</b>		<b>3,587,983</b>	<b>3,555,220</b>
<b>Equity</b>			
Reserves	5	763,033	1,063,033
Retained earnings	2, 6	2,824,950	2,492,187
<b>Total equity</b>		<b>3,587,983</b>	<b>3,555,220</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2005

	Note	2005 \$	2004 \$
<b>OPENING BALANCE</b>		3,555,220	3,837,099
(Loss) on revaluation of property Level 9, 70 Castlereagh Street	5	(50,000)	(400,000)
Transfer (loss) on disposal of asset	4, 11(a)	(27,641)	–
<b>Net (loss) recognised directly in equity</b>		(77,641)	(400,000)
<b>Net profit from ordinary activities after income tax</b>		110,404	118,121
<b>Net recognised income (loss) and expenses for the period</b>		32,763	(281,879)
<b>CLOSING BALANCE</b>		3,587,983	3,555,220

# STATEMENT OF CASH FLOWS

for the year ended 31 December 2005

	Note	2005 \$	2004 \$
<b>Cash flows from operating activities</b>			
Subscriptions received		2,301,257	2,285,007
Receipts from courses and other activities		3,982,634	2,766,807
Payments to suppliers and employees		(5,769,004)	(5,182,419)
Interest received		117,969	140,441
GST paid		270,932	(115,860)
<b>Net cash provided by / (used in) operating activities</b>	20(b)	903,788	(106,024)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(438,066)	(3,856,652)
<b>Net cash used in investing activities</b>		(438,066)	(3,856,652)
<b>Cash flows from financing activities</b>			
Proceeds from borrowing		–	3,000,000
<b>Net cash provided by financing activities</b>	20(c)	–	3,000,000
Net increase/(decrease) in cash held		465,722	(962,676)
Cash at the beginning of the financial year		1,606,092	2,568,768
<b>Cash at end of year</b>	20(a)	2,071,814	1,606,092

The accompanying notes form part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2005

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards, the 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.

### Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). A statement of compliance with International Financial Reporting Standards cannot be made due to CSA Ltd applying the not-for-profit sector specific requirements contained in AIFRS.

This is the first financial report prepared based on AIFRS and the figures for 31 December 2004 have not been restated due to no changes from previously reported figures. Reconciliations of AIFRS equity and profit for 31 December 2004 to the balances reported in the 31 December 2004 financial report prepared under previous Generally Accepted Accounting Principles (GAAP) are provided in Note 2.

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 Ltd is an incorporated company limited by guarantee. In the event of CSA Ltd being wound up, the liability of each member, or each former member who ceased to be a member within a year of CSA Ltd being wound up, is limited to an amount not exceeding one hundred dollars. As CSA Ltd is limited by guarantee, there is no reference in the Statement of Financial Position to share capital or shareholders' equity. As at 31 December 2005 there were 8,092 members and affiliates (2004: 8,173).

#### (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 and any impairment in value.

##### Impairment

The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstance indicate the carrying value may not be recoverable.

If such an indication exists and where the carrying values exceed the recoverable amount, the asset is written down to the recoverable amount.

##### Property

The strata entitlement to Level 10, 5 Hunter 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 values of the strata entitlement are depreciated in accordance with this policy and AASB 116. 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 buildings, any increase in the valuation is notionally attributable to the land value. Details of revaluations are disclosed in Note 11.

##### Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by CSA Ltd 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 Ltd, 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:

Class of Fixed Asset	Depreciation Rate
Building — strata entitlement	1.33%
Strata and leasehold improvements	20.00%
Computer system, furniture and office equipment	10%–33.33%

#### (c) Website development costs

Website development costs, being the costs incurred developing the website 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 website are expensed. Website 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 Ltd 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*.

#### (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 Balance Sheet. 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.

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (f) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions.

### (g) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. 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 with a future probability rating of the estimated future cash outflow to be made for these benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

### (h) Revenue recognition

Revenue represents income earned from membership subscriptions and the provision of related services. Membership subscription revenue is recognised as and when received. 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.

#### *Sale of non-current assets*

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

The 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. These gains or losses are included in the Income Statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Assets which satisfy the criteria in AASB 5 as assets held for sale are transferred to current assets and separately disclosed as assets held for sale on the Balance Sheet. 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 which they satisfy the held for sale criteria.

### (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 State Council.

Estate Late Leonard Chant:

In terms of the will of Leonard Chant, following the death of the last life tenant, a one-fifth share of the estate has been left to CSA Ltd to set up a trust to pay scholarships tenable overseas for advancement of training in secretarial and administrative knowledge to immediate post-graduate candidates of the Institute's examination.

The appropriate trust is in the process of being formed.

The financial statements of trust funds are not consolidated with those of CSA Ltd because the company does not have direct control over them, but are shown in Note 21.

### (j) Comparative figures

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

## 2 IMPACT OF FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

The impacts of adopting AIFRS on the total equity and profit as reported under previous Australian GAAP and the AIFRS as at 31 December 2004 have been reviewed and all calculations confirm that no adjustments are required.

	2005	2004
	\$	\$
<b>3 REVENUE</b>		
<b>Operating activities</b>		
Member and student subscriptions	2,071,098	1,969,333
Course fees	1,726,143	1,532,889
Members' activities	1,216,954	793,279
Sponsorship	399,654	454,220
Interest	122,072	151,517
Journal	41,832	57,246
Publications	7,156	1,733
Other income	99,033	172,119
	5,683,942	5,132,336
<b>Non-operating activities</b>	-	-
<b>Total revenue</b>	5,683,942	5,132,336

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>4 PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit from ordinary activities is stated before income tax expense has been determined, after charging:		
<b>Expenses</b>		
Personnel	2,557,327	2,251,885
ICSA, UK — capitation fee	98,741	124,502
Depreciation of non-current assets		
Buildings	16,907	13,742
Plant and equipment	159,943	51,483
Amortisation of non-current assets		
Leasehold improvements	19,757	19,959
Rental expenses on operating leases	79,585	74,871
Occupancy and state facilities	190,015	257,764
Auditors' remuneration		
Audit	25,500	24,011
Other services	1,078	5,263
Other expenses from ordinary activities	2,211,305	2,135,196
	<b>5,360,158</b>	<b>4,958,676</b>
<b>Finance costs</b>		
Incurred on bank loan as per Note 16	213,380	55,539
<b>Expenses from non-operating activities</b>		
Loss on sale of strata entitlement Level 9, 70 Castlereagh Street — refer Note 11(a)		27,641
		–
<b>5 RESERVES</b>		
Capital profits reserve	745,933	745,933
Works of art revaluation reserve	17,100	17,100
Asset revaluation reserve	–	300,000
	<b>763,033</b>	<b>1,063,033</b>
<b>Movement during the year</b>		
Asset revaluation reserve		
Opening balance	300,000	700,000
Revaluation decrement on strata entitlement — refer Note 11(a)	(50,000)	(400,000)
Transfer to retained earnings on sale of property	(250,000)	–
Closing balance	–	300,000
<b>6 RETAINED EARNINGS</b>		
Retained earnings at beginning of the year	2,492,187	2,374,066
Net profit for the year	82,763	118,121
Transfer from asset revaluation reserve	250,000	–
<b>Retained earnings at the end of the year</b>	<b>2,824,950</b>	<b>2,492,187</b>

## 7 KEY MANAGEMENT PERSONNEL COMPENSATION

### Key management personnel

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

**Russell Barnier** BJuris, LLB, FCIS (appointed 1.1.95) — Experienced in business and office management, secretaryship, corporate law. Corporate Secretary and Legal Counsel, Melbourne Health. Australian Division President from 1.1.99 to 31.12.00. ICSA Council from 1.1.95 to 31.12.95 and since 1.1.97. Appointed Vice President of ICSA Council for 2001 and 2002 and International President for 2003.

**Helen Conway** BA, LLB, FCIS (appointed 1.1.04) — Experienced Company Secretary, corporate governance professional, corporate lawyer and executive manager. Company Secretary and General Counsel, Caltex Australia Group. Resigned 10.1.06.

**Sue Crook** BA, LLB, MBA, FCIS, FSIA, MAICD (appointed 1.1.05) — Experienced in Company Secretarial practice and corporate governance, corporate law, compliance and risk management in the financial services sector. Company Secretary and General Counsel, Australian Foundation Investment Company Ltd. Immediate past Australian Division President.

**Robert McLachlan** FCIS, MRSA (appointed 12.3.01) — Experienced in Company Secretarial practice, financial and general management, acquisitions, strategic planning and corporate governance including Sarbanes-Oxley compliance. Finance Director/Company Secretary, AC Nielsen Australia Pty Ltd and associated companies since 1987. Chairman of the Board of Directors 1.1.04 to 31.12.05.

## 7 KEY MANAGEMENT PERSONNEL COMPENSATION *continued*

**Robert 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. Appointed Chairman of the Board of Directors 1.1.06.

**Adrienne Parkinson** BBus (Acc), MLS, DipCM, DipFP, FCIS, FCPA (appointed 1.1.04) — Experienced in Company Secretaryship including setting up corporate and scheme compliance programs and risk management. Company Secretary, James Fielding Funds Management, a division of Mirvac Group.

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

	2005	2004
	\$	\$
<b>Other key management personnel:</b> Howard Cook (Director, Training, resigned 12.11.2004); Judith Fox (Director, Policy); Stan Jodeikin (Director, Finance and Administration); John Nelson (Director, Education and Training); Tim Sheehy (Chief Executive); Christine Simmons (Director, Marketing & Membership Services)		
Salary and superannuation contributions	681,158	672,870
Bonus	69,200	73,338
Long service leave provisions	44,399	31,921
<b>Total compensation</b>	<b>794,757</b>	<b>778,129</b>
<b>8 CASH ASSETS</b>		
Cash on hand	4,900	900
Cash at bank	445,247	99,863
Cash on deposit	1,621,667	1,505,329
	2,071,814	1,606,092
Unearned interest	(2,117)	(6,220)
<b>Total cash assets</b>	<b>2,069,697</b>	<b>1,599,872</b>
<b>9 TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	60,174	136,855
Property debtor — strata entitlement Level 9, 70 Castlereagh Street — refer Note 11(a)	1,584,000	–
Net GST — input tax credit	–	349,978
<b>Total trade and other receivables</b>	<b>1,644,174</b>	<b>486,833</b>
<b>10 OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	53,567	350,380
<b>11 PROPERTY PLANT AND EQUIPMENT</b>		
<b>Current</b>		
Building		
(a) Strata entitlement at directors' valuation — Castlereagh Street	–	1,800,000
Less: accumulated depreciation	–	(45,000)
	–	1,755,000
<b>Non-current</b>		
Building		
(b) Strata entitlement at directors' valuation — Hunter Street	3,100,000	3,100,000
Leasehold improvements	141,139	137,699
Less: accumulated depreciation and amortisation	(102,720)	(66,056)
	3,138,419	3,171,643
Computer system, furniture and office equipment at cost	1,498,380	979,524
Less: accumulated depreciation	(334,400)	(211,226)
	1,163,980	768,298
Works of art at valuation	24,827	24,827
<b>Total property, plant and equipment</b>	<b>4,327,226</b>	<b>3,964,768</b>

## 11 PROPERTY PLANT AND EQUIPMENT *continued*

For the strata entitlements, 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 that:

- (a) Strata entitlement at Level 9, 70 Castlereagh Street, Sydney: the property was placed on the market for sale on 27 February 2004 and transferred from the fixed to current asset category. The directors determined in July 2005 that a value of \$1,750,000 (\$1,800,000 as at 31 December 2004), based upon the then current market opinion, be adopted. The property was sold in 2005 with a settlement date of 20 January 2006, for \$1,760,000. An amount of \$27,641 has been recorded as the loss on disposal of the asset after allowing for all selling and make good expenses. The strata entitlement was originally purchased in 1991 for \$1,587,899.

The strata entitlement was encumbered by a registered first mortgage as detailed per Note 16 until the date of settlement.

- (b) Strata entitlement at Level 10, 5 Hunter Street, Sydney: purchased on 12 October 2004, the directors have determined that the value of \$3,100,000 which was the cost of purchase be retained, as the difference between the cost and current valuation is not regarded as material. This is supported by a valuation prepared by George Paton FAPI, FRICS, FREI, AIAMA, Certified Practising Valuer, Registered Valuer No 1212, Director of Chesterton International (NSW) Pty Ltd, for an amount of \$3,250,000.

The strata entitlement is encumbered by a registered first mortgage as detailed per Note 16.

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Computer systems, furniture and office equipment	Property and leasehold improvements	Works of art	Total
	\$	\$	\$	\$
Balance at beginning of year	768,298	3,171,643	24,827	3,964,768
Additions	555,625	3,440	–	559,065
Depreciation expense	(159,943)	(36,664)	–	(196,607)
	1,163,980	3,138,419	24,827	4,327,226
<b>Shown as follows</b>				
Current	–	1,755,000	–	1,755,000
Disposal of Level 9, 70 Castlereagh Street		(1,705,000)		(1,705,000)
Revaluation decrement of Level 9, 70 Castlereagh Street		(50,000)		(50,000)
	–	–	–	–
Non-current	1,163,980	3,138,419	24,827	4,327,226
<b>Carrying amount at end of the year</b>	<b>1,163,980</b>	<b>3,138,419</b>	<b>24,827</b>	<b>4,327,226</b>

	2005	2004
	\$	\$
<b>12 TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors and accruals	254,392	296,225
Net GST liability	21,771	–
Accrued ICSA capitation fee	40,166	76,272
	316,329	372,497
<b>13 DEFERRED REVENUE</b>		
Subscriptions and fees in advance	888,957	975,180
<b>14 PROVISIONS</b>		
(a) <b>Current</b>		
Provision for annual leave	113,063	97,612
Provision for conditional/unconditional long service leave	59,455	48,338
	172,518	145,950
(b) <b>Non-current</b>		
Provision for preconditional long service leave	17,859	9,309
	17,859	9,309
Average number of full-time employees	30	27

	2005	2004
	\$	\$
<b>15 TAX LIABILITIES</b>		
Payroll and PAYG Tax payable	99,245	98,854
Fringe Benefits Tax payable	11,773	(157)
<b>Total tax liability</b>	<b>111,018</b>	<b>98,697</b>

## 16 LOAN

### Bank loan

To assist in financing the purchase on 12 October 2004 of the strata entitlement, which the company occupies as its National Office, at Level 10, 5 Hunter Street, Sydney, \$3,000,000 was borrowed. The funding is provided in the form of a short-term variable rate commercial bill facility currently at the rate of 5.71% per annum, plus a 1.30% per annum facility fee. The bank loan is secured by a registered first mortgage over the strata entitlement as detailed per Note 11(b).

	3,000,000	3,000,000
<b>Total loan</b>	<b>3,000,000</b>	<b>3,000,000</b>

The bank loan was reduced on 20 January 2006 on settlement by the amount received from the property debtor, per Note 9. On 6 February 2006 the remaining balance was fully paid from available cash resources.

## 17 EXPENDITURE COMMITMENTS

### Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements  
Being for premises

Payable:	Not later than one year	129,727	72,421
	Later than one but not later than five years	99,196	149,691
		<b>228,923</b>	<b>222,112</b>

## 18 RELATED PARTY DISCLOSURES

### 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 Ltd remits an administration fee based on the number of Australian members and students registered with ICSA as at 31 July each year to meet the expenses of the International Institute.

These payments amounted to

118,081	137,800
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Additional contribution, previously made, by the Australian Division to the International Institute to meet the shortfall caused by the Zimbabwe Division's inability to make its 2004 contribution due to exchange controls. The Institute's annual international expenses are allocated amongst the nine international ICSA divisions according to size of division (by membership), but in this instance is being allocated on the same basis to the remaining eight divisions. During 2004, this was partially recovered. Final recovery of this expense was received on 4 February 2005.

(19,340)	13,298
<b>98,741</b>	<b>124,502</b>

- (ii) During 2003 and following a tender process, an agreement was reached with SMS Consulting Group Ltd, a company under which Robert Nankervis may benefit by remuneration paid. Payments to that company for the supply of services by that company for the scoping of a new database.

-	1,989
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## 19 SEGMENT REPORTING

CSA Ltd 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 3.

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>20 CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank and on hand	450,147	100,763
Cash on deposit	1,621,667	1,505,329
	<b>2,071,814</b>	<b>1,606,092</b>
<b>(b) Reconciliation of cash flow from operations with profit from ordinary activities after Income Tax</b>		
Profit from ordinary activities after Income Tax	82,763	118,121
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	196,607	85,184
Change in assets and liabilities		
Decrease / (increase) in receivables	426,659	(442,607)
Decrease / (increase) in prepayments	296,813	(227,475)
(Decrease) / increase in accounts payable	(43,847)	212,119
(Decrease) in unearned interest	(4,103)	(11,075)
(Decrease) / increase in income in advance	(86,223)	147,254
Increase in provisions	35,119	12,455
<b>Net cash provided by / (used in) operating activities</b>	<b>903,788</b>	<b>(106,024)</b>
<b>(c) Financing and investing activities</b>		
During the reporting period, the new strata entitlement was purchased and fitted out, part of which was financed by means of a short-term variable rate commercial bill facility.		
	–	3,000,000
<b>21 TRUST FUNDS</b>		
<b>Balance Sheet</b>		
Estate Late Leonard Chant	314,080	–
The Institute Trusts	56,245	53,817
John Goffage Fund	1,107	1,317
	<b>371,432</b>	<b>55,134</b>
Represented by		
Current assets		
Cash at bank and on deposit	371,432	55,134
<b>Income Statement</b>		
Income		
Bequest from Estate Late Leonard Chant	320,000	–
Interest	4,798	2,427
Expenditure		
Legal fees and charges	(8,222)	–
Prizes	(278)	(175)
<b>Available trust funds</b>	<b>316,298</b>	<b>2,252</b>
Opening balance	55,134	52,882
<b>Trust funds balance at end of year</b>	<b>371,432</b>	<b>55,134</b>

## 22 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 Balance Sheet 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:

	<b>Weighted Average</b>	
	<b>2005</b>	<b>2004</b>
<b>Financial assets:</b> Cash at bank	5.19%	5.20%

(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 Balance Sheet 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.

**23 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.

**24 CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 December 2005.

**25 COMPANY DETAILS**

The registered office and principal place of business of the company is: Level 10, 5 Hunter Street, Sydney NSW 2000, Australia.

**Company Secretary:** Stan Jodeikin BCom, Dip Bus Mgt (Hons), Grad Dip Accounting, FCIS, CPA, PNA, AFAIM — Experienced in Company Secretarial practice, financial management, computer systems, office and business management in manufacturing, wholesale and retail industries. Appointed Company Secretary of CSA Ltd on 7.10.2000. Also Australian Secretary of the Australian Division of the Institute of Chartered Secretaries and Administrators.

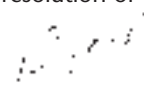
## Directors' declaration Chartered Secretaries Australia Ltd

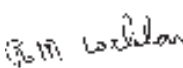
The directors of the company declare that:

- The financial statements and notes, as set out on pages 20 to 30 are in accordance with the *Corporations Act 2001* and:
  - comply with the Accounting Standards and are in accordance with the Corporations Regulations 2001 and
  - give a true and fair view of the financial position as at 31 December 2005 and performance for the year ended on that date of the company.
- 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  
14th day of March 2006

  
Robert Nankervis FCIS  
Director

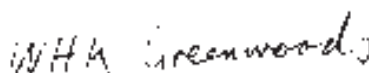
  
Robert McLachlan FCIS  
Director

## Auditors' independence declaration

As auditor of Chartered Secretaries Australia Limited for the year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney this  
14th day of March 2006

  
WHK Greenwoods

  
David Sinclair



# Independent audit report

## to the members of Chartered Secretaries Australia Ltd

### Scope

The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Chartered Secretaries Australia Limited, for the year ended 31 December 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with the Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with the Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

### Audit opinion

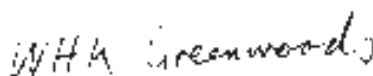
In our opinion, the financial report of Chartered Secretaries Australia Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the year ended on that date, and
- (ii) complying with the Accounting Standards in Australia and the Corporations Regulations 2001, and

(b) other mandatory financial reporting requirements in Australia.

Signed at Sydney this  
14th day of March 2006



WHK Greenwoods



David Sinclair  
Principal

# Detailed operating profit and loss accounts

for the five years 2001–2005

	2005	2004	2003	2002	2001
	\$	\$	\$	\$	\$
<b>Operating revenue</b>					
Member and student subscriptions	2,071,098	1,969,333	1,943,951	1,922,817	1,934,065
Course fees	1,726,143	1,532,889	1,238,911	952,990	887,323
Members' activities	1,216,954	793,279	617,137	567,883	454,909
Sponsorship	399,654	454,220	348,947	342,229	324,471
Interest	122,072	151,517	127,228	95,832	107,164
Other income	99,033	172,119	77,418	55,454	–
Journal	41,832	57,246	39,442	29,075	29,821
Publications and merchandise †	7,156	1,733	218	–	–
	<b>5,683,942</b>	<b>5,132,336</b>	<b>4,393,252</b>	<b>3,966,280</b>	<b>3,737,753</b>
<b>Operating expenses</b>					
Personnel	2,557,327	2,251,885	1,916,358	1,660,905	1,565,526
Courses	610,359	578,601	428,623	445,531	395,217
Members' activities	470,542	281,289	287,914	241,364	185,844
Occupancy and state facilities ††	269,600	332,635	187,317	199,237	204,947
Journal	243,809	312,874	289,747	295,199	284,324
Borrowing costs expense	213,380	55,539	–	–	–
Depreciation and amortisation	196,607	85,184	156,924	161,503	130,017
Travel and meetings	186,522	162,371	145,157	147,697	137,449
Profile and website maintenance	169,039	128,829	127,312	95,565	160,438
Repairs and maintenance †††	106,549	234,154	107,265	44,350	51,797
ICSA, UK — capitation fee	98,741	124,502	162,043	128,403	121,174
Telephone, facsimile and email	75,006	81,135	86,428	78,780	87,633
Bank and credit card fees	68,522	65,001	64,597	61,016	49,956
Printing and stationery	61,474	64,393	48,594	57,087	55,257
International representation	49,228	52,799	37,686	62,050	36,921
Postage and courier	46,604	44,706	30,993	30,612	41,727
Publications and merchandise †	38,553	21,336	10,320	–	–
Insurance	37,535	35,000	31,559	29,027	25,063
Other expenses	31,339	54,821	84,584	32,966	8,315
Auditors	26,578	29,274	27,167	21,820	30,620
Professional services	16,224	17,887	14,958	8,465	16,914
	<b>5,573,538</b>	<b>5,014,215</b>	<b>4,245,546</b>	<b>3,801,577</b>	<b>3,589,139</b>
<b>Operating profit</b>	<b>110,404</b>	<b>118,121</b>	<b>147,706</b>	<b>164,703</b>	<b>148,614</b>
Loss on disposal of asset	(27,641)	–	–	–	–
<b>Net profit</b>	<b>82,763</b>	<b>118,121</b>	<b>147,706</b>	<b>164,703</b>	<b>148,614</b>

† Publications and merchandise includes the publication and sale of technical booklets.

†† Relocation and running costs incurred in moving to new premises are included in 2004.

††† Installation and implementation costs incurred in respect of new database are included in 2004.

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

# Members' Code of Ethics\*

Chartered Secretaries Australia (CSA) requires its members to observe the highest standards of professional conduct and ethical behaviour in all of their activities. By maintaining such standards, members enhance their own standing as corporate managers and increase public confidence in the management and administration of corporations.

- Members shall uphold the objectives of CSA and abide by the regulations.
- As the conduct of an individual member can reflect upon the wider profession of corporate management and upon CSA's membership as a whole, the Code sets out what are deemed to be appropriate standards of professional conduct.
- Members shall refrain from conduct or action which detracts from the reputation of CSA.
- Members are required to exercise complete probity, honesty and diligence in carrying out their duties and responsibilities.
- Members shall at all times safeguard the interests of their employers or clients provided that members shall not knowingly be party to any illegal or unethical activity.
- Members shall not enter into any agreement or undertake any activity which may be in conflict with the interests of their employers or clients or which would prejudice the performance of their professional duties.
- Members shall not use confidential information gained in the performance of their duties for any personal gain nor in a manner which would be detrimental to their employer or client.
- Members shall exercise due care and diligence in performing their duties and ensure the currency of their knowledge, skills and technical competencies.
- Members acknowledge that this Code is to be adhered to both in spirit and to the letter, so that members' conduct is governed by the highest standards of professionalism and ethical behaviour.

\* Forms part of CSA's Code of Business Conduct and Ethics

SYDNEY

MELBOURNE

BRISBANE

ADELAIDE

PERTH

HOBART

[www.CSAust.com](http://www.CSAust.com)