



CHARTERED SECRETARIES  
AUSTRALIA

*Leaders in governance*

Chartered Secretaries Australia

# ANNUAL REPORT 2006

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# ► Highlights

- **The launch of the inaugural Governance Professional of the Year Award program**
- A near doubling of CSA's presence in the media, and the introduction of new and more contemporary advertising, following the launch of the brand and profile-raising program
- **Release of the discussion paper *Expressing the voice of shareholders: A move to direct voting***
- Launch of the third biannual survey, *Benchmarking Governance in Practice in Australia*, which reveals trends in governance practice over six years
- **Six booklets on governance now in publication with the release of *Managing Conflicts of Interests in the Not-for-Profit Sector* and *Effective Corporate Communication***



- Opening of new purpose-designed premises in Brisbane
- **Research undertaken by CSA revealed that website distribution of annual reports is in the best interests of shareholders, companies and the environment, enabling endorsement of the government's announced reforms**

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

# ► Report to members

With the first year of the profile-raising program now concluded, your National Council will soon be commissioning external market research to measure progress against the goals set at the end of 2005. 2006 has seen an emphasis on advocacy, thought leadership and streamlining membership recruitment, as these were the priorities that emerged from the 2004 market research. Early indications point to a sustained increase in awareness of what Chartered Secretaries Australia (CSA) stands for and the term 'governance professional'.

During the last few years CSA has also invested heavily in technology and premises and this investment is paying dividends as the organisation now operates as a truly national organisation with strong local representation.

## Strategic direction

We are pleased to have this opportunity once again to report to you on progress during 2006 toward achieving the goals set out in our Mission Statement.

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

In 2005, your National Council decided to devote substantial resources not only to advocacy, but also to leading the debate on important governance matters through the development of thought leadership initiatives.

The sustained contribution of CSA's two policy committees, the Legislation Review Committee and the Corporate and Legal Issues Committee, together with our staff resources, has resulted in substantial contribution to legislative policy development.

CSA made two submissions to the Corporations and Markets Advisory Committee, on long-tail personal injury claims and on corporate social responsibility. CSA continued to press federal and state governments for amendments to the Corporations Act concerning member requisitioning of

general meetings and changes to proxy voting, and also made two submissions on the Anti-Money Laundering and Counter-Terrorism Financing Bill 2005.

CSA continued with its participation as a member of a long-term working party of the ASX Corporate Governance Council, which is undertaking a comprehensive review of the corporate governance guidelines.

A major milestone in 2006 was the April release of the discussion paper: *Expressing the voice of shareholders: a move to direct voting*. As you would be aware, for a number of years CSA has been calling for changes to the Corporations Act that would remedy the problems with the current proxy system.

Finally, CSA's Annual Symposium continued the debate on shareholder rights with the topic 'Is the AGM dead?' The

combination of the direct voting discussion paper and the wide range of views expressed at the Symposium ensured a worthwhile discussion and resulted in a number of industry-led initiatives to recognise and facilitate shareholder rights.

To keep members informed of advocacy activities we have continued with the column in *Keeping good companies* listing advocacy activity. We are pleased to report that CSA's media presence in 2006 was nearly double that of 2005.

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

CSA's publications program continues to be a major initiative that is well received by members and affiliates. In June the fifth booklet in the series, *Managing Conflicts of Interest in the Not-for-Profit Sector*, was released. The sixth title, *Effective Corporate Communication*, was released in November.

All Good Governance Guides were thoroughly reviewed during the year and now comprise more than 40 guides for use by members, affiliates and the wider community, including a section of documents tailored specifically to the not-for-profit sector.

The third biannual survey, *Benchmarking Governance in Practice in Australia*, was released in late March. With six years of surveys and reporting under our belts, the comparative data on governance in the top 200 companies has been of great

By the end of 2006  
CSA has generated  
sufficient revenue to  
fund its extensive  
member services and  
advocacy program. Your  
National Council and  
board continue to  
maintain a prudent  
investment and reserves  
policy. While cash  
reserves have decreased  
as a result of the last  
three years of  
investment, they  
remain substantially  
in the positive and  
the organisation  
continues to  
be debt-free.

interest not only to our members, but also to regulatory and legislative bodies.

Finally, CSA is well down the track in planning for the introduction of a new course: the Certificate in Governance Practice and Administration. While the Graduate Diploma in Applied Corporate Governance sets the standard for governance professionals and continues to grow in enrolments, feedback from members, people attending our short training programs and employers has highlighted a gap in the market for comprehensive skills training in governance. We will keep you posted about this exciting initiative.

## Membership is attractive to the full range of governance professionals

The key initiative for the next two to three years will continue to be the profile-raising program.

As well as advocacy and thought leadership, we have been running an advertising campaign with new advertisements reflecting a contemporary look and feel in line with our brand, for various events and services.

CSA has had an advertising presence in the year to date in a number of national newspapers and journals, increasing brand exposure beyond our traditional audiences.

We are also very pleased to announce that the Governance Professional of the Year Awards have been launched. We feel strongly that the individual contribution made to the successful management of organisations by professionals in the field of governance should be recognised and rewarded. The Awards were launched in September when a Call for Entries was advertised. Judging took place in November–December 2006 and the inaugural 2007 Awards were announced at a ceremony in February 2007. This initiative has been received enthusiastically by all of our key stakeholders.

## Investment

As reported in 2005, contracts were exchanged in the middle of 2005 for the sale of the premises on Castlereagh Street, with settlement taking place in January 2006. As a consequence, CSA has been able to return to a debt-free position and finished the year with a substantial cash surplus.

On 12 September CSA officially opened its new purpose-built premises on Queen Street in Brisbane. These premises are a first for CSA in Queensland and highlight how activity has increased.

Finally, the extensive investment made in IT has largely reached an end — for the foreseeable future, that is. Late in 2005 the final stages of linking all IT systems and integrating the website was completed, providing members with full web access to their details and ability to pay subscriptions on-line or register for events.

## Financial health

By the end of 2006 CSA had generated sufficient revenue to fund its extensive member services and advocacy program. Your National Council and board continue to maintain a prudent investment and reserves policy. While cash reserves have decreased as a result of the last three years of investment, they remain substantially in the positive and the organisation continues to be debt-free.

Finally, the express strategy to reduce reliance on member subscriptions continues. About 33 per cent of total revenue came from subscriptions in 2006, substantially down from the levels in the late 1990s of greater than 60 per cent.

## Conclusion

In closing, 2006 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.

Your National Council is looking forward to increased visibility for CSA in the coming years as the profile program becomes more entrenched 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. We could not have achieved so much without you.



Ross Mallett 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

Since 2000, Chartered Secretaries Australia's (CSA) business has been driven by a three-year rolling strategic planning process that has given considerable consistency to the direction of the business. From the first year that 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 operating business is primarily one of an information provider via 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 and now comprise over 62 per cent of total revenue.

Accordingly CSA's business is dependent upon 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 growing its training and conference activities. To this end, total income from membership subscriptions has dropped significantly from 55 per cent in 2000 to 33 per cent for 2006, while total revenue over the same period has increased by 89 per cent.

Six years ago, CSA began offering half-day skills-based training programs that were aimed at a market that was not able to, or prepared to, undertake the comprehensive two-year Graduate Diploma. This business has grown from nothing to revenue of over \$600,000 and now includes 19 training programs covering everything from Accidental

Company Secretary® to Operation AGM®. Throughout 2006 we saw the next phase of this developing business, working directly with a range of organisations by providing these programs on a tailored basis to their staff alone.

To further meet market needs in skills-based training, CSA has been developing a true online delivery platform for its training programs and merging them into a vocational qualification. From the first quarter of 2007 CSA will be offering a Certificate in Governance Practice and Administration with full online registration, study, examination and course progress tracking. The online classroom will provide a webcast of lectures; all study material and multiple choice assessment that is marked in real-time.

During 2006, CSA continued with full responsibility for the development, marketing and event management of its National Conference. This has proved to be a successful decision, both financially and in conference content. Greater co-ordination of state-based conferences was also implemented, which, combined with co-ordinated marketing, has resulted in a better product with lower costs and higher participation.

Growth in enrolment numbers in the Graduate Diploma in Applied Corporate Governance in 2006 was a more moderate four per cent, well down on the sharp growth of 19 per cent in 2004 and 26 per cent in 2003. Double-digit



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growth rates were not expected to continue once the high-profile governance issues were no longer in the media. It is anticipated that as the benefits of the brand and profile-raising program begin to materialise, that enrolment growth will increase — although most likely not to the levels seen in 2004 and 2005.

Historically, the largest single source of income for CSA has been from membership subscriptions. While subscriptions from members are gradually declining, there is a corresponding increase in revenue from participants in the affiliate program. Income from the affiliate program reached \$164,000 in 2006 with over 1,000 participants, up by 90 per cent since 2003.

## Investment for future performance

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

This investment in technology has facilitated the development of the soon to be released Certificate in Governance Practice and Administration course with full online learning and administration, and has enabled the organisation to keep administrative costs to a minimum.

With the growth of CSA's training and education business, the board agreed to establish training facilities and premises in Brisbane. Late in 2005 work began to identify suitable office space and in September CSA officially opened its purpose-built facilities equivalent to Sydney and Melbourne. These new facilities on Queen Street have capacity for four staff, dedicated training facilities and ample meeting space.

## Financial condition

I am pleased to report that CSA's operating performance and balance sheet remain strong and that with the settlement of the previous premises at 70 Castlereagh Street CSA finished the year debt-free.

As stated earlier in this report, CSA's revenue has been greatly diversified over the last five years and this trend is planned to continue. Total revenue increased by nine per cent over 2005, with a seven per cent increase in income from the Graduate Diploma and a 26 per cent increase in income from training. There was no material amount of income that was dependent on special factors.

The express strategy to reduce reliance from member subscriptions continues. In 2006 only 33 per cent of total revenue came from subscriptions, substantially down from the levels in the late 1990s of greater than 60 per cent.

Expenses for 2006 were in line with expectations. Increased staff expenses will continue to be incurred due to additional staff devoted to increasing CSA's capacity to further its advocacy program and to expand its training business. In addition, with 2006 being the first year of the brand and profile program, expenses for profile increased from \$169,000 in 2005 to \$324,000 in 2006. This expenditure is part of the three-year plan and is funded out of current earnings.

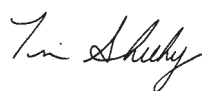
The last several years of strong growth in revenue have not been at the expense of profitability. CSA's gross trading margin has gradually increased from 63 per cent to 66.5 per cent from 2003 to 2006. Protecting, and increasing, these margins is critical as any surplus resources are needed to fund other non-cash generating activities.

Notwithstanding the substantial investment in infrastructure over the last several years, including the purchase and fit-out of new Sydney and Brisbane premises, CSA's cash reserves remain healthy. At balance date cash reserves will be just over \$800,000 with no debt.

## The future

During the end of 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

CSA's education and training business continued to experience solid growth throughout 2006. This is further evidence of the demand from the business community for quality governance education and training, as well as of CSA's high reputation for designing and delivering accredited education courses and the most practical and authoritative training and information in the governance arena.

During the year there was an increase of four per cent in the enrolment numbers for our premier educational product, the fully accredited and internationally recognised Graduate Diploma in Applied Corporate Governance. In addition, there was healthy growth in the number of students graduating from this course. A very high percentage of these graduates accepted the invitation extended to them by CSA to become members of our parent body, the international Institute of Chartered Secretaries and Administrators, using the Graduate Diploma as the educational pathway to ICSA membership.

Our students value the fact that our Graduate Diploma is a highly regarded postgraduate qualification accredited by state higher education authorities around Australia. Furthermore, CSA now has established for the benefit of its graduates advanced standing arrangements with 18 Australian universities which will grant them subject exemptions and/or advanced standing credits upon entry into related postgraduate university courses, including MBAs.

Critical to the success of our Graduate Diploma is the quality of the subject materials, which are reviewed and updated every six months in order to ensure currency and relevance. Advisory committees are constituted for each subject, comprising highly experienced practitioners and other experts in relevant fields. Their task is to keep the content of our materials under constant scrutiny to ensure this objective is achieved.

Our public training program also experienced an excellent year, with a solid growth of 15 per cent in revenue. Training programs cover the needs for governance training of a wide range of participants, from company secretarial assistants, to newly appointed Company Secretaries, through to programs

designed to provide senior managers and directors with advanced training. During the year two new programs were written, The Legal Framework of Governance and Meeting ASX Listing Rules Requirements, which will be offered in 2007. Currently, we have 19 half-day or full-day training programs scheduled throughout the year for face-to-face delivery.

In addition, we increased our in-house training business during 2006 by 50 per cent. The types of organisations which engage CSA to design and deliver tailored in-house training programs range from the board of CPA Australia to multinational companies and community-based organisations.

## Technical information and support

### Journal and publications program

CSA's journal *Keeping good companies* and publications program continue to bring practical and authoritative information on a range of governance issues to members. Members advise that the journal is the publication that is best tuned to their needs in an ever-changing environment focused on transparency, accountability and stewardship. We are delighted that our journal is the one that members can rely on consistently to keep them abreast of a multitude of legal, regulatory and attitudinal shifts in their responsibilities and roles.

In 2006, CSA published *Effective Corporate Communication*, an invaluable guide to assessing the constituent elements of a corporate communication framework. One of the most distinguishing features of the most successful companies is clarity of communication, both internally and externally. All companies need to facilitate communication with their stakeholders at both levels, and this booklet assists our members to develop these interactions.

CSA's booklets continue to sell to non-members, who appreciate these concise overviews of the principles of particular governance issues.

### Website updates

The website was restructured in 2006 to facilitate ease of access to the wealth of information it contains. The channels now in place allow members to find everything they need with minimal effort. For example,

information on member services is in one location, as is that on all courses and events offered by CSA. Any visitor to the site can easily locate the essential information on who we are, who to contact, what relationships are on offer in terms of becoming a member or joining our affiliate program and what our governance structures are. An array of technical





resources is clustered together, including access to the journal in electronic form (for members only) and governance information from within Australia and other jurisdictions. All aspects of education and training offered by CSA are in one channel, making it simple for any member or non-member interested in our services to find the course that best suits them.

### E-newsletter

CSA implemented its new e-communication system at the end of 2006, to enable publication of the e-newsletter in early 2007.

### Good Governance Guides

CSA undertook a comprehensive review of all Good Governance Guides on the website in 2006, thus ensuring that this valuable public resource remains current and serves the governance needs of the business community. We also added new Guides in the areas of board structure, financial reporting and risk management, and created a new section on ethics and responsible decision-making, adding to the reservoir of guidance on those 'grey areas' not covered by legislation.

### Useful Practitioner Document Service

The Company Secretary is often also the CFO or General Counsel. The reality for many Company Secretaries is that they report to two or more sets of 'masters'. There are the board, the chairman of the board, the CEO, committee chairmen, and possibly others, depending on how the management chain is structured in any given organisation. When it comes to evaluation of performance, things can get very tricky indeed. CSA was pleased to provide a pro forma performance evaluation questionnaire in 2006, to be used by Company Secretaries who are also the CFO, which recognises the full breadth of the role and ensures that the collective experiences of at least a few of the 'masters' are considered.

## Policy and advocacy

In 2006, CSA conducted an email-based survey of members on the core advocacy issues on which they would like to see CSA concentrate in 2007. Members were advised that their feedback would be used to formulate CSA's proactive advocacy platform and that we are keen to explore greater interactivity with our members on advocacy issues.

The top three issues of most import to our members were:

- 1 the liability and protection of officers and employees
- 2 the issues surrounding board effectiveness
- 3 the harmonisation and simplification of reporting requirements.

Also generating a strong response were the regulatory burden on SMEs and AGM issues. Work has already begun on reviewing advocacy and policy strategies on the liability and protection of officers and employees.

Also on the proactive front, CSA published a discussion paper early in 2006 titled *Expressing the voice of shareholders: a move to direct voting*. We were encouraged to proceed with this initiative, having received extensive and thoughtful responses to this paper, all of which concurred that direct voting was both desirable and feasible without legislative change. It was clear that the corporate community thought that the time had come to implement direct voting and everyone wanted to be assured that it would be done in the most effective and considered manner. Respondents raised questions concerning the practical issues of implementation of direct voting.

CSA has analysed all of the questions raised, with a view to publishing a guide on implementing direct voting.

CSA has developed good working relationships with the regulators and government. We are a member of the ASX Corporate Governance Council and were invited to sit on the Working Group that drafted the revisions to the *Principles of good corporate governance and best practice recommendations* (Principles).

### Submissions

We commented on proposed legislative and regulatory reform in 14 submissions on a variety of issues during the year, including the distribution of annual reports, access to the register of members, the Corporate and Financial Services Regulation Review, long-tail personal injury claims and anti-money laundering legislation. Our submissions have increased our profile and influence, with our submissions seen to be the product of an 'independent mind', an essential element in our leadership role in governance.

### Benchmarking Governance Practice in Australia survey

The third biannual survey was launched in March 2006, a report on governance practice in the top 200 companies in 2005. The report contains comparative data over six years, which reveals trends in governance practice. Data from this report underpinned our research on the cost and distribution of annual reports, which we were able to point to when supporting the government's proposed reforms and policy objectives in moving to an opt-in scenario for the distribution of annual reports.



## Rapid Response Surveys

Members were surveyed for their views on the future of the annual report, governance in the public sector, penalties for corporate wrongdoing, governance in mid-market enterprises and the revisions to the ASX Corporate Governance Council's Principles. Our members consistently confirm their credentials as the leaders in governance in these surveys, with responses revealing expertise in and understanding of how governance operates in practice and how it is developing.

## Professional development

### Discussion Groups

CSA's discussion groups continue to provide a valuable forum for members and affiliates to exchange information and discuss practical issues affecting their profession. The informal nature of these groups encourages sharing of knowledge 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 provide additional input on specific issues. The discussion groups can also provide important feedback to CSA on the key issues that are currently relevant for members. In addition, certain discussion groups can provide an excellent communication channel with regulators such as ASIC and the ASX, enabling members to raise practical matters affecting their roles.

During 2006 we conducted more than 100 discussion groups, with nearly 1,700 participants. Groups operate around Australia and are based on areas of common interest within a group of peers. Specific groups include international governance, public companies, the government sector, finance, tax, new members, and students of our Graduate Diploma. During 2006, we added a new group for members working in midsize organisations in New South Wales, a compliance group in Victoria and a group for Canberra members.

### Update conferences

The Update conferences are the premier state-based events on the CSA calendar and with more than 700 attendees in 2006, the Updates provide an excellent way for governance professionals to keep abreast of current issues and the latest developments in governance.

The Corporate Update focuses on key governance issues for

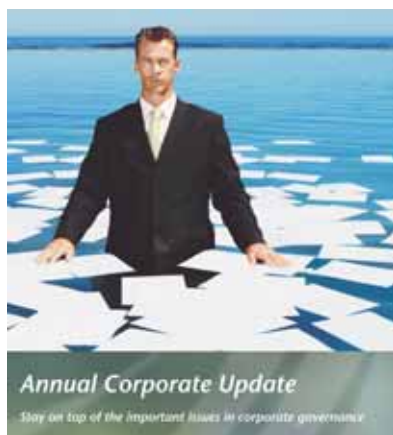
public and large proprietary companies and was held in New South Wales, Queensland and Victoria in 2006. The Public Sector Update examines the latest governance developments in the public sector and was successfully held for the first time in Tasmania and South Australia, in addition to New South Wales, Victoria and Queensland.

A key initiative in 2006 was the inaugural Midsize Enterprise Update, which was held in New South Wales and Victoria. The development of this Update was recognition of the specific governance requirements of midsize organisations. Good governance was clearly identified by a number of speakers at this Update as being necessary to achieve growth in emerging enterprises and to add value to midsize organisations. In particular, improved access to capital was considered to be a key benefit of good governance for midsize enterprises. The program also recognised the practical difficulties faced by smaller organisations that may not have the resources of large corporations. Very positive feedback was received from attendees and we will build on this success to expand this Update in 2007.

Expert presenters contributed to the topical programs of the various Updates, including governance practitioners, commentators, advisors and regulators. Key speakers in 2006 included Dick Warburton, Chairman, Caltex Australia Limited; Elizabeth Nosworthy AO, Chairman, Queensland Water Commission; Andrew Rayment, CEO, Ethan Group, the number one company in *BRW's* Fast 100 in 2005; Mike Blake, Auditor-General of Tasmania; and Wayne Cameron, Auditor-General of Victoria.

In addition to the Updates, an extensive range of professional development workshops, 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

### 23<sup>rd</sup> National Conference: Mastering the next wave of governance

Once again the Marriott Resort on Queensland's Gold Coast was the venue for CSA's national conference from 20 to 22 November 2006. This event is CSA's flagship conference and attracts delegates from a range of organisations across Australia.

The conference commenced with a poolside cocktail party, complete with Spanish guitarist and leis, courtesy of sponsor Minter Ellison. As in previous years, the format of the main conference was two days of plenary sessions followed by a half day of workshops.

The plenary sessions included a range of topical sessions designed to provide coverage of both existing and emerging issues. John Agius SC, spoke about the challenges of conducting business overseas, with particular reference to the AWB Inquiry; governance crisis as a catalyst for business transformation was explored; trends in board evaluation were presented; and the way ESG (environmental, social and corporate governance) is changing institutional investment practices was examined by a panel of highly experienced practitioners. The relationship between the board, executive team and the governance professional and how that was best managed was presented by representatives of QIC; and, for the first time, a session on the 'soft skills' required by governance professionals was included.



- the effectiveness of current shareholder voting mechanisms
- the diverse communication needs of shareholders
- where do special interest groups fit in?

John Curry, Deputy Chairman of the Australian Shareholders' Association, addressed the first issue in Sydney while Professor Geof Stapledon of ISS Australia spoke to it in Melbourne.

The regular sessions of the regulators' update (ASIC, APRA, ASIC and the Parliamentary Secretary to the Treasurer), legal update and practical ramifications of key developments (the 'Jones and Rennie' session) were all well received.

This year the private stream session dealt with shareholder reporting and voting, and was one of the sessions successfully moderated by Tony Jones, Presenter of ABC TV's *Lateline*. 'Government and business working together' was the topic of the public sector stream.

A highly successful conference concluded with Professor Michael Adams and his hypothetical 'Corporate disclosure goes wild'. Michael put the heat on a panel of Company Secretaries and commentators in an extremely entertaining session.

Four workshops were held on the final morning, covering practical topics such as producing online annual reports, effective document management, board effectiveness and the highly popular 'Solutions for everyday problems for Company Secretaries and other governance professionals'.

## 5th Annual Governance Symposium: Is the AGM dead?

The Annual Governance Symposium is designed to explore emerging issues of significance to the governance profession in Australia and to provide a forum for debate.

Held in both Sydney and Melbourne in early April 2006, the Symposium brought together a range of topics under the question 'Is the AGM dead?'

Katie Lahey, Chief Executive of the Business Council of Australia, opened the event, addressing the current and future capacity of the AGM to provide for effective shareholder engagement. There followed an examination of three key issues:

Phil Burgess, Group Managing Director, Public Policy and Communications with Telstra Corporation, addressed the second topic in a robust and entertaining fashion while Stephen Mayne, Founder of *Crikey*, was equally straightforward in addressing the third issue.

The Symposium was particularly timely because CSA released its first discussion paper on direct voting, *Expressing the voice of shareholders*, prior to the Symposium. This generated debate at the Symposium, with particular relevance to the first issue under discussion.

## 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.

For CSA members, the Resumé Register is a free and strictly confidential service, and provides yet another form of benefit of membership. Members are able to join the Register online and update their details electronically at any time. In 2006 the number of members electing to join the Register and be considered for vacancies continued to increase.

We 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.

During 2006 the Resumé Register has also been available to work alongside search and recruitment firms to supplement their own search activity for Company Secretarial roles.

The 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.



# ▶ 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

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

Deputy Company Secretary  
BHP Billiton Ltd

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

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

### **Nicholas Geddes FCIS (Vice President)**

Director  
Australian Company Secretaries Pty Ltd

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

Company Secretary  
West Australian Newspapers Holdings Ltd

### **Frank Bush FCIS**

Director  
Lisbourne Consulting

### **Sue Crook FCIS**

Company Secretary & General Counsel  
Australian Foundation Investment Company Ltd

### **Ian Gregory FCIS**

Principal  
The Company Secretariat

### **Bill Hundy FCIS**

Company Secretary  
Origin Energy Ltd

### **Paul Moni FCIS**

Director  
Moni Solutions Pty Ltd

### **Robert Moon FCIS**

Company Secretary  
News Limited

### **Philip Thomas FCIS**

Managing Director  
Oakland Group Pty Ltd

### **Peter Turnbull FCIS**

Managing Director  
Orient Energy (Indonesia) Pty Ltd

### **Paul Viney FCIS**

Chief Financial Officer/Company Secretary  
Tasmanian Perpetual Trustees Ltd

## ICSA Representatives

**Gavin Downs FCIS** (ICSA President)

**Michael Ashford 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

### **Samuel Butcher FCIS\***

Assistant Company Secretary  
BHP Billiton Ltd

### **David Cantrick-Brooks FCIS**

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  
Australian Foundation Investment Company Ltd

### **Ian Gilmour FCIS**

Director/Company Secretary  
Gilmour & Company Pty Ltd

### **Duncan Glasgow FCIS\***

Consultant

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

Company Secretary  
Telstra Corporation Ltd

### **Ian Gregory FCIS**

Principal  
The Company Secretariat

### **Deborah Hambleton FCIS**

General Counsel  
Bendigo Bank Ltd

### **John Hatton FCIS**

Company Secretary  
Commonwealth Bank of Australia

### **Michaela Healey FCIS**

Company Secretary  
National Australia Bank

### **Bill Hundy FCIS**

Company Secretary  
Origin Energy Ltd

### **Keith Irvine FCIS**

Consultant

**Richard Jones FCIS**

Consultant

**Andrew Kamm FCIS**

Chief General Manager  
Risk Management, Adelaide Bank Ltd

**Linda Kenyon FCIS**

Company Secretary  
Wesfarmers Ltd

**Frances Kernot FCIS\*\***

Company Secretary  
Woodside Energy Ltd

**Richard Kneebone FCIS\***

Consultant

**Karen Lange FCIS**

Contract Company Secretary  
Karen Lange Consulting Services

**Ross Mallett FCIS**

Deputy Company Secretary  
BHP Billiton Ltd

**Paul Moni FCIS**

Director  
Moni Solutions Pty Ltd

**Robert Moon FCIS\***

Company Secretary  
News Ltd

**Sylvie Moser-Savage ACIS\*\***

Chief Financial Officer  
Drizabone Pty Ltd

**Paul Paxton-Hall FCIS\***

Partner  
Fox & Thomas

**Peter Patterson FCIS \*\***

Company Secretary  
AWB Limited

**Simon Pordage FCIS**

Deputy Company Secretary, Australia  
and New Zealand Banking Group Ltd

**John Priestley FCIS**

Company Secretary, Australia and New  
Zealand Banking Group Ltd

**John Rennie FCIS**

Convenor  
CSA Public Company Secretaries  
Discussion Group, Victoria

**Ashley Roff FCIS\*\***

Company Secretary/Legal Counsel  
ABB Grain Ltd

**Lawrence Tutton FCIS**

Consultant

**Paul Viney FCIS**

Chief Financial Officer/Company Secretary  
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**

Legal Counsel, Markets & Technology  
ASX Group

**Greg Bateman FCIS\***

General Counsel  
Primary Health Care Ltd

**Tim Buskens ACIS\*\***

Head of Group Risk and Compliance  
Link Market Services Pty Ltd

**Alan Evans FCIS\*\***

Corporation Secretary  
Hydro Tasmania

**Anthony Evans FCIS**

Chief Executive  
Perth Diocesan Trustees

**Nick Geddes FCIS**

Director  
Australian Company Secretaries Pty Ltd

**Ian Gilmour FCIS (Chairman)**

Director/Company Secretary  
Gilmour & Company Pty Ltd

**Duncan Glasgow FCIS**

Consultant

**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\***

Consultant

**Duncan Mansfield ACIS\*\***

Project Manager  
Queensland Department of State  
Development and Trade

**Paul Moni FCIS**

Director  
Moni Solutions Pty Ltd

**Vicki Offner FCIS**

Compliance Manager  
QBE Insurance (Australia) Ltd

**William 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, Tasmania Department of  
Infrastructure, Energy & Resources

**Peter Wetzig FCIS\***

Principal Consultant  
Governance Culture

**Peter Whyntie FCIS**

Partner, Regulation & Compliance  
Audit & Risk Advisory Services  
KPMG

## Education Committee

**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

**Ross Mallett FCIS**

Deputy Company Secretary  
BHP Billiton Ltd

**John Ryan FCIS\*\***

Head, Accounting and Finance, University of Western Sydney

**Christopher Symes FCIS**

Associate Professor, School of Law, Flinders University

**Terry Walter FCIS\***

Head, School of Banking and Finance  
University of New South Wales

**Belinda Webster FCIS\*\***

Director, Governance & Legal  
University of Tasmania

## Communication Committee

**Frank Bush FCIS (Chairman)**

Director, Lisbourne Consulting

**Keith Edwards FCIS**

Consultant

**Andrew Horne FCIS**

Group Company Secretary/General Counsel  
Thakral Holdings Group Ltd

**Brett Lane FCIS**

Editor, Business Development  
West Australian Newspapers Holdings Ltd

**Ross Mallett FCIS**

Deputy Company Secretary, BHP Billiton Ltd

**Paul Moni FCIS**

Director  
Moni Solutions Pty Ltd

**Simon Pordage FCIS**

Deputy Company Secretary  
Australia and New Zealand Banking Group Ltd

**Peter Turnbull FCIS**

Managing Director, Orient Energy (Indonesia) Pty Ltd

\* Resigned from committee in 2006

\*\* Joined committee in 2006

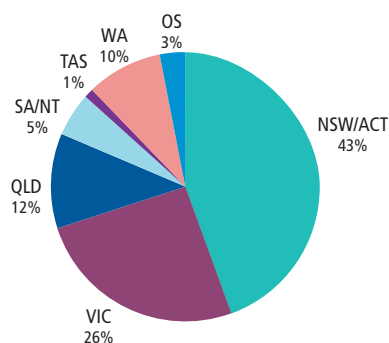
## Members advanced to Fellowship

The board congratulates members who have advanced to Fellowship.

Warren George Agg	VIC
John Bastian	NSW
Henry Joseph Beaumaris	SA
Katharine Elizabeth Brown	VIC
Anthony George Butcher	NSW
David Keith Cantrick-Brooks	VIC
Peter Kenneth Crafter	VIC
Douglas Gordon Bruce Cumming	NSW
Lorraine Marianne Dielenberg	VIC
Keith Robert Edwards	NSW
John Edward Frankcom	VIC
Thomas Gerard Ganley	NT
James Gerard Hallam	VIC
John Francis Kay	NSW
Wayne Andrew Lawes	VIC
Mark Andrew Licciardo	VIC
Hing Hung Liu	OS
Valerie Joan Maria Lyons	VIC
Jane Frances McAloon	NSW
Matthew Alan McDonald	NSW
Bruce Ninian Miller	NSW
Kara Nicholls	NSW
Adam Rhys Olding	VIC
Judith-Anne O'Sullivan	VIC
Robert Leonard Peake	SA
Geoffrey Keith Stirton	NSW
Gerard Alexander Tonks	WA
Colin Seymour Tory	NSW
Peter James Wallace-Smith	VIC
Talal Yassine	NSW

At year's end, members and affiliates totalled 8153 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 2006:

## 50 years

### **New South Wales**

Anthony Adams FCIS  
Henry Blackboro FCIS  
Ronald Bray ACIS  
Sidney Briggs OAM ACIS  
Bernard Brown FCIS  
Frederick Brown ACIS  
Reginald Brown 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  
William Newton ACIS  
Keith Power ACIS  
William Ribbans FCIS  
Graham Soper FCIS  
Alfred Springford 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 Parncutt 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  
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  
Robert Elvy FCIS  
Peter Franke ACIS  
James Graham ACIS  
Richard Harvey ACIS  
Peter Hills ACIS  
Stephen Jack ACIS  
Peter Kaye FCIS  
Lindsay Kelly FCIS

Mark Kennedy ACIS  
Tony Lewis ACIS  
David Li ACIS  
John Lovett ACIS  
Alan Mackie ACIS  
Antony Mamo FCIS  
Raymond Mathieson ACIS  
John McCrory FCIS  
Denis McEncroe ACIS  
Rory Moore ACIS  
Brian Morgan ACIS  
Timothy Moseley ACIS  
James Mulheron ACIS  
Siew Kiew Neoh ACIS  
Yut Ng Yut Hoe ACIS  
Nigel Palmer ACIS  
Graham Parks FCIS  
Alan Paterson FCIS  
Mark Patterson ACIS  
Warren Phillips FCIS  
Michael Platt-Hepworth FCIS  
Austin Rigney FCIS  
Bruce Roff ACIS  
Jeffrey Simpson FCIS  
Ronald Smith ACIS  
Wayne Smith ACIS  
Eric 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  
Margaret White ACIS  
Paul Williams ACIS  
Choong Yap Choong Lan FCIS  
Wan Yip Wan Toh ACIS  
Ronald York FCIS

### **Queensland**

Christopher Butcher ACIS  
Stuart Campbell ACIS  
James Chai ACIS  
John Chard ACIS  
Christine Edwards ACIS  
Vincent Kearney ACIS  
Peter Robb ACIS  
Evelyn Robins FCIS  
Michael Rosenthal ACIS

### **South Australia**

Christopher Matters ACIS  
Richard Mitchell ACIS

David Osgood FCIS  
Kenneth Ramsey ACIS  
David Rogers ACIS  
David Skopal FCIS  
Gary Wilson ACIS

### **Victoria**

Stephen Amos FCIS  
Richard Anderson ACIS  
David Armstrong FCIS  
Ian Bennett FCIS  
Alexander Boyd ACIS  
Robert Braby ACIS  
Bobby Brewster FCIS  
Neil Chatfield ACIS  
Peter Cochrane FCIS  
David Cook ACIS  
Rex Deeath ACIS  
Ragaie Fahmy FCIS  
Nihal Fernandopulle FCIS  
Malcolm Freeman FCIS  
Philip Gay FCIS  
Kevin Gray FCIS  
Andrew Gregory ACIS  
Marguerite Grynberg ACIS  
Victor Ho Too Kong ACIS  
Noel Johnson ACIS  
Vangelos Kaias ACIS  
Thomas Kiu ACIS  
Peter Kovac ACIS  
John Kur ACIS  
Graham Lindsay FCIS  
John Lord ACIS  
Robert Matthews FCIS  
Alan McMullen ACIS  
Larry Mitchell ACIS  
Jeffrey Morris ACIS  
Joseph O'Brien ACIS  
Cirino Orifici ACIS  
Saratchandran Rajasingham ACIS  
Graeme Tivey ACIS  
Peter Watson ACIS

### **Western Australia**

John Casey ACIS  
Albert Sim ACIS  
Gerard Tonks FCIS

### **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 2006, 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 six 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

To assist the board in discharging its responsibilities, it has established a number of board committees including an Audit Committee ...

The board liaises with the Nomination Committee of National Council in reviewing the composition and appointment of directors. ... 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.

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.

### 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. 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 Risk Management Policy framework, including a Risk Register, designed to ensure that the company's risks are identified, analysed, evaluated, treated 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 the Chief Executive's Office, Finance and Administration, Education and Training, Membership, Policy, Publishing and State Offices.

Responsibility for control and risk management is delegated to the appropriate level of management within the company with the CEO 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

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.

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 6 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 2006.

Statutory details of the directors are given in Note 6 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 \$62,185 was made for the year after providing for income tax. The profit attributable to members amounting to \$55,733 was made after allowing for a loss on disposal of asset amounting to \$6,452.

Accumulated funds at year end totalled \$3,643,716.

## Dividends

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

## Review of operations

Revenue for the year primarily came from subscriptions of \$2,204,833; education fees of \$1,849,005; training, events and publications of \$1,537,499; sponsorship of \$457,589; investments of \$68,304; and other income for services of \$85,189.

Expenditure for the year was primarily on direct costs for training, events and publications of \$925,627; direct costs for education courses of \$610,029; profile-raising activities and website maintenance of \$323,765; international activities of \$193,433; and governance and administration of \$4,087,381.

## 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, Clair Hodge FCIS, Robert McLachlan FCIS, Robert Nankervis FCIS and Adrienne Parkinson FCIS.

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## Attendance at directors' meetings

During 2006 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	5	1	1
Frank Bush*			2	2
Sue Crook	6	5	1	–
Robert McLachlan	6	6	1	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.

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## Auditor's 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 6 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 Note 6 (pages 25–26) 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.

## Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2006 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



Clair Hodge FCIS  
Director



Robert McLachlan FCIS  
Director



Adrienne Parkinson FCIS  
Director

SYDNEY 13 March 2007

# ► Financial report

## INCOME STATEMENT

for the year ended 31 December 2006

	Note	2006 \$	2005 \$
Revenue	2	6,202,420	5,683,942
Expenses			
Expenses excluding finance costs	3	(6,117,094)	(5,360,158)
Finance costs	3	(23,141)	(213,380)
Profit before income tax expense		62,185	110,404
Income tax expense	1	–	–
Net profit after income tax		62,185	110,404
(Loss) on disposal of asset	3, 10(a)	(6,452)	(27,641)
<b>Profit attributable to members</b>		<b>55,733</b>	82,763

The accompanying notes form part of these financial statements.

# BALANCE SHEET

as at 31 December 2006

	Note	2006 \$	2005 \$
<b>Current assets</b>			
Cash assets	7	811,227	2,069,697
Trade and other receivables	8	66,978	1,653,810
Other	9	150,044	53,567
<b>Total current assets</b>		<b>1,028,250</b>	3,777,074
<b>Non-current assets</b>			
Property, plant and equipment	10	4,315,947	4,327,226
<b>Total non-current assets</b>		<b>4,315,947</b>	4,327,226
<b>Total assets</b>		<b>5,344,196</b>	8,104,300
<b>Current liabilities</b>			
Trade and other payables	11	387,257	316,329
Deferred revenue	12	1,021,246	898,593
Provisions	13(a)	163,272	172,518
Tax liabilities	14	97,319	111,018
Bank loan	15	–	3,000,000
<b>Total current liabilities</b>		<b>1,669,094</b>	4,498,458
<b>Non-current liabilities</b>			
Provisions	13(b)	31,386	17,859
<b>Total non-current liabilities</b>		<b>31,386</b>	17,859
<b>Total liabilities</b>		<b>1,700,481</b>	4,516,317
<b>Net assets</b>		<b>3,643,716</b>	3,587,983
<b>Equity</b>			
Reserves	4	763,033	763,033
Retained earnings	5	2,880,683	2,824,950
<b>Total equity</b>		<b>3,643,716</b>	3,587,983

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2006

	Note	2006 \$	2005 \$
<b>OPENING BALANCE</b>		<b>3,587,983</b>	3,555,220
(Loss) on revaluation of property	4	–	(50,000)
Transfer (loss) on disposal of asset	3	<b>(6,452)</b>	(27,641)
Net (loss) recognised directly in equity		<b>(6,452)</b>	(77,641)
Net profit from ordinary activities after income tax		<b>62,185</b>	110,404
<b>Total recognised income and expenses for the period</b>		<b>55,733</b>	32,763
<b>CLOSING BALANCE</b>		<b>3,643,716</b>	3,587,983

# STATEMENT OF CASH FLOWS

for the year ended 31 December 2006

	Note	2006 \$	2005 \$
<b>Cash flows from operating activities</b>			
Subscriptions received		<b>2,550,977</b>	2,301,257
Receipts from courses and other activities		<b>4,313,038</b>	3,982,634
Payments to suppliers and employees		<b>(6,252,502)</b>	(5,769,004)
Interest received		<b>66,629</b>	117,969
GST (paid)/received		<b>(299,011)</b>	270,932
<b>Net cash provided by operating activities</b>	19(b)	<b>379,131</b>	903,788
<b>Cash flows from investing activities</b>			
Receipts/(payments) for property, plant and equipment		<b>1,360,724</b>	(438,066)
<b>Net cash provided by/(used in) investing activities</b>		<b>1,360,724</b>	(438,066)
<b>Cash flows from financing activities</b>			
Repayment of borrowing		<b>(3,000,000)</b>	–
<b>Net cash used in financing activities</b>	19(c)	<b>(3,000,000)</b>	–
Net (decrease)/increase in cash held		<b>(1,260,145)</b>	465,722
Cash at the beginning of the financial year		<b>2,071,814</b>	1,606,092
<b>Cash at end of year</b>	19(a)	<b>811,669</b>	2,071,814

The accompanying notes form part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

## 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 second financial report prepared based on AIFRS and the impact of adopting AIFRS on the total equity and profit as reported under previous Australian GAAP and the AIFRS as at 31 December 2004 were reviewed and all calculations confirm that no adjustments were required in respect of the adoption.

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 2006 there were 8,153 members and affiliates (2005: 8,092).

### (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 building, any increase in the valuation is notionally attributable to the land value. Details of revaluations are disclosed in Note 10.

### Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by CSA 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 systems, furniture and office equipment	10%–33.33%

### (c) 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*.

### (d) 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.

**(e) Cash**

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

**(f) 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 of the balance date have been measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits expected to be settled more than one year from the balance date have been measured at the present value of future payments expected to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted to their net present value using an estimate of market yields at the balance date on professional markets investments.

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

**(g) 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 on non-current asset sales is 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.

**(h) 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, subject to the approval of a *cy pres* scheme.

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 20.

**(i) Comparative figures**

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

	2006	2005
	\$	\$
<b>2 REVENUE</b>		
<b>Operating activities</b>		
Member and affiliate subscriptions	2,204,833	2,071,098
Education	1,849,005	1,726,143
Training and events	1,505,570	1,216,954
Sponsorship	457,589	399,654
Interest	68,304	122,072
Publications, journal and merchandise	31,929	48,988
Other income	85,189	99,033
	<b>6,202,420</b>	5,683,942
<b>Non-operating activities</b>	-	-
<b>Total revenue</b>	<b>6,202,420</b>	5,683,942

	2006	2005
	\$	\$
<b>3 PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit from ordinary activities is stated before income tax expense has been determined, after charging:		
<b>Expenses</b>		
Personnel	<b>2,895,726</b>	2,557,327
ICSA, UK — capitation fee	<b>133,152</b>	98,741
Depreciation of non-current assets		
Building	<b>16,877</b>	16,907
Plant and equipment	<b>184,664</b>	159,943
Amortisation of non-current assets		
Leasehold improvements	<b>33,016</b>	19,757
Rental expenses on operating leases	<b>117,982</b>	79,585
Occupancy and state facilities	<b>114,319</b>	190,015
Auditor's remuneration		
Audit	<b>24,000</b>	25,500
Other services	<b>900</b>	1,078
Other expenses from ordinary activities	<b>2,596,459</b>	2,211,305
	<b>6,117,094</b>	5,360,158
<b>Finance costs</b>		
Incurred on bank loan — refer Note 15	<b>23,141</b>	213,380
<b>Expenses from non-operating activities</b>		
Loss on sale of strata entitlement Level 9, 70 Castlereagh Street, Sydney — refer Note 10(a)	–	27,641
Loss on sale of other assets	<b>6,452</b>	–
<b>4 RESERVES</b>		
Capital profits reserve	<b>745,933</b>	745,933
Works of art revaluation reserve	<b>17,100</b>	17,100
	<b>763,033</b>	763,033
<b>Movement during the year</b>		
Asset revaluation reserve		
Opening balance	–	300,000
Revaluation decrement on strata entitlement — refer Note 10(a)	–	(50,000)
Transfer to retained earnings on sale of property	–	(250,000)
Closing balance	–	–
<b>5 RETAINED EARNINGS</b>		
Retained earnings at beginning of the year	<b>2,824,950</b>	2,492,187
Net profit for the year	<b>55,733</b>	82,763
Transfer from asset revaluation reserve	–	250,000
<b>Retained earnings at the end of the year</b>	<b>2,880,683</b>	2,824,950

## 6 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, governance and compliance. Manager, Corporate Advisory, Rees Group. 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.

**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. Past Australian Division President.

**Clair Hodge** BCom, LLB, FCIS, GAICD (appointed 6.2.07) — Experienced Company Secretary, corporate governance professional, corporate lawyer, insurance and risk manager. General Counsel and Company Secretary, Sydney Airport Group.

**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. Former Finance Director / Company Secretary, AC Nielsen Australia Pty Ltd and associated companies for 20 years. Chairman of the CSA Board of Directors 1.1.04 to 31.12.05.

**Robert Nankervis** BBus (Acc), 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 and Corporate Governance including developing and setting up corporate governance, scheme compliance and risk management programs. Company Secretary, Mirvac Funds Management, a division of Mirvac Group .

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

	2006	2005
	\$	\$
<b>Other key management personnel:</b> Judith Fox (Director, Policy); Stan Jodeikin (Director, Finance and Administration); Melissa King (Director, Business Development — resigned 3.6.2005); John Nelson (Director, Education and Training); Tim Sheehy (Chief Executive); Christine Simmons (Director, Marketing & Membership Services)		
Salary and superannuation contributions	745,506	681,158
Bonus	86,657	69,200
Long service leave	57,871	44,399
<b>Total compensation</b>	<b>890,034</b>	<b>794,757</b>
<b>7 CASH ASSETS</b>		
Cash on hand	5,400	4,900
Cash at bank	450,032	445,247
Cash on deposit	356,237	1,621,667
	<b>811,669</b>	2,071,814
Unearned interest	(442)	(2,117)
<b>Total cash assets</b>	<b>811,227</b>	<b>2,069,697</b>
<b>8 TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	66,978	69,810
Property debtor — strata entitlement Level 9, 70 Castlereagh St, Sydney — refer Note 10(a)	—	1,584,000
<b>Total trade and other receivables</b>	<b>66,978</b>	<b>1,653,810</b>
<b>9 OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	150,044	53,567
<b>10 PROPERTY PLANT AND EQUIPMENT</b>		
<b>Non-current</b>		
<b>Building</b>		
Strata entitlement at directors' valuation — Level 10, 5 Hunter Street, Sydney	3,100,000	3,100,000
Leasehold improvements	320,827	141,139
Less: accumulated depreciation and amortisation	(148,136)	(102,720)
	<b>3,272,691</b>	<b>3,138,419</b>
Computer system, furniture and office equipment at cost	1,426,125	1,498,380
Less: accumulated depreciation	(407,696)	(334,400)
	<b>1,018,429</b>	<b>1,163,980</b>
Works of art at valuation	24,827	24,827
<b>Total property, plant and equipment</b>	<b>4,315,947</b>	<b>4,327,226</b>

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 15 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 and 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 15.

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	1,163,980	3,138,419	24,827	4,327,226
Additions/(disposals)	39,112	184,166	–	223,278
Depreciation expense	(184,664)	(49,893)	–	(234,557)
<b>Carrying amount at end of the year</b>	<b>1,018,429</b>	<b>3,272,691</b>	<b>24,827</b>	<b>4,315,947</b>

	2006	2005
	\$	\$
<b>11 TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors and accruals	302,306	254,392
Net GST liability	33,053	21,771
Accrued ICSA capitation fee	51,898	40,166
	<b>387,257</b>	316,329
<b>12 DEFERRED REVENUE</b>		
Subscriptions and fees in advance	1,021,246	898,593
<b>13 PROVISIONS</b>		
<b>(a) Current</b>		
Provision for annual leave	107,830	113,063
Provision for conditional/unconditional long service leave	55,442	59,455
	<b>163,272</b>	172,518
<b>(b) Non-current</b>		
Provision for preconditional long service leave	31,386	17,859
	<b>31,386</b>	17,859
Average number of full-time employees	29.5	30
<b>14 TAX LIABILITIES</b>		
Payroll and PAYG Tax payable	88,373	99,245
Fringe Benefits Tax payable	8,946	11,773
<b>Total tax liability</b>	<b>97,319</b>	111,018

	2006	2005
	\$	\$
<b>15 LOAN</b>		
<b>Bank loan</b>		
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 was provided in the form of a short-term variable rate commercial bill facility at the rate of 5.71% per annum, plus a 1.30% per annum facility fee.		
	–	3,000,000
<b>Total loan</b>	–	3,000,000
The bank loan was reduced on 20 January 2006 on settlement by the amount received from the property debtor, per Note 8. On 6 February 2006 the remaining balance was fully paid from available cash resources. The loan was secured by a registered first mortgage over the strata entitlement as detailed per Note 10.		
<b>Financial facility</b>		
The company has a \$200,000 facility available to it to be drawn on in need in the form of a floating rate acceptance and discount bill facility, which is secured by a registered first mortgage over the strata entitlement as detailed per Note 10.		
<b>16 EXPENDITURE COMMITMENTS</b>		
<b>Operating lease commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Being for premises and equipment		
Payable:		
Not later than one year	<b>166,153</b>	129,727
Later than one but not later than five years	<b>451,763</b>	99,196
	<b>617,916</b>	228,923
<b>17 RELATED PARTY DISCLOSURES</b>		
<b>Transactions with related parties</b>		
Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.		
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	<b>133,152</b>	118,081
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 among 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)
	<b>133,152</b>	98,741
<b>18 SEGMENT REPORTING</b>		
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 2.		
<b>19 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	<b>455,431</b>	450,147
Cash on deposit	<b>356,238</b>	1,621,667
	<b>811,669</b>	2,071,814

	2006	2005
	\$	\$
<b>(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax</b>		
Profit from ordinary activities after income tax	55,733	82,763
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	234,557	196,607
Change in assets and liabilities		
Decrease in receivables	2,831	426,659
(Increase) / decrease in prepayments	(96,477)	296,813
Increase / (decrease) in accounts payable	57,229	(43,847)
(Decrease) in unearned interest	(1,675)	(4,103)
Increase / (decrease) in income in advance	122,653	(86,223)
Increase in provisions	4,280	35,119
<b>Net cash provided by / (used in) operating activities</b>	<b>379,131</b>	<b>903,788</b>
<b>(c) Financing and investing activities</b>		
During the reporting period, the strata entitlement debt, which was financed by means of a short-term variable rate commercial bill facility was repaid.	3,000,000	-

## 20 TRUST FUNDS

### Balance Sheet

Estate Late Leonard Chant	975,795	314,080
The Institute Trusts	58,911	56,245
John Goffage Fund	954	1,107
	<b>1,035,659</b>	<b>371,432</b>

### Represented by

Current assets		
Cash at bank and on deposit	1,035,659	371,432

### Income Statement

Income		
Bequest from Estate Late Leonard Chant	600,000	320,000
Interest	77,591	4,798
Expenditure		
Legal fees and charges	(13,150)	(8,222)
Prizes	(213)	(278)
<b>Available trust funds</b>	<b>664,228</b>	<b>316,298</b>
Opening balance	371,432	55,134
<b>Trust funds balance at end of year</b>	<b>1,035,659</b>	<b>371,432</b>

## 21 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:

	Weighted Average	
	2006	2005
Financial assets: Cash at bank	5.57%	5.19%

(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.

## 22 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.

## 23 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2006.

## 24 COMPANY DETAILS

The registered office and principal place of business of the company is:

Level 10, 5 Hunter Street, Sydney NSW 2000, Australia

Phone: (02) 9223 5744 Fax: (02) 9232 7174

**Company Secretary:** Stan Jodeikin BCom, Dip Bus Mgt (Hons), Grad Dip Accounting, FCIS, CPA, PNA, AFAIM — Experienced in Company Secretarial practice, corporate governance, financial management, computer systems, risk management implementation, 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 & Administrators.

# ► Directors' declaration

## Chartered Secretaries Australia Ltd

The directors of the company declare that:

- 1 The financial statements and notes, as set out on pages 20 to 30 are in accordance with the *Corporations Act 2001* and:
  - (a) comply with the Accounting Standards and are in accordance with the Corporations Regulations 2001 and
  - (b) give a true and fair view of the financial position as at 31 December 2006 and performance for the year ended on that date of the company.
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Robert Nankervis FCIS  
Director

Robert McLachlan FCIS  
Director

Dated at Sydney this  
13th day of March 2007

# ► Auditor's independence declaration

As auditor of Chartered Secretaries Australia Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been:

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

WHK Greenwood

Anthony Rose

Dated at Sydney this  
13th day of March 2007



# ► Independent audit report

## to the members of Chartered Secretaries Australia Ltd

### Report on the financial report

We have audited the accompanying financial report of Chartered Secretaries Australia Ltd, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the entity.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

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

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

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### Auditor's opinion

In our opinion the financial report of Chartered Secretaries Australia Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Dated at Sydney this  
13th day of March 2007



WHK Greenwood



Anthony Rose

# ► Detailed operating profit and loss accounts

## for the five years 2002–2006

	2006	2005	2004	2003	2002
	\$	\$	\$	\$	\$
<b>Operating revenue</b>					
Member and affiliate subscriptions	2,204,833	2,071,098	1,969,333	1,943,951	1,922,817
Education	1,849,005	1,726,143	1,532,889	1,238,911	952,990
Training and events	1,505,570	1,216,954	793,279	617,137	567,883
Sponsorship	457,589	399,654	454,220	348,947	342,229
Other income	85,189	99,033	172,119	77,418	55,454
Interest	68,304	122,072	151,517	127,228	95,832
Publications, journal and merchandise †	31,929	48,988	58,979	39,660	29,075
	<b>6,202,420</b>	<b>5,683,942</b>	<b>5,132,336</b>	<b>4,393,252</b>	<b>3,966,280</b>
<b>Operating expenses</b>					
Personnel	2,895,726	2,557,327	2,251,885	1,916,358	1,660,905
Training and events	634,147	470,542	281,289	287,914	241,364
Education	610,029	610,359	578,601	428,623	445,531
Profile and website maintenance	323,765	169,039	128,829	127,312	95,565
Publications, journal and merchandise †	291,480	282,363	334,210	300,067	295,199
Depreciation and amortisation	234,557	196,607	85,184	156,924	161,503
Occupancy and state facilities ††	232,301	269,600	332,635	187,317	199,237
Travel and meetings	186,981	186,522	162,371	145,157	147,697
Repairs and maintenance †††	141,857	106,549	234,154	107,265	44,350
ICSA, UK — capitation fee	133,152	98,741	124,502	162,043	128,403
Printing and stationery	77,889	61,474	64,393	48,594	57,087
Telephone, facsimile and email	76,707	75,006	81,135	86,428	78,780
Bank and credit card fees	74,292	68,522	65,001	64,597	61,016
International representation	60,281	49,228	52,799	37,686	62,050
Insurance	37,845	37,535	35,000	31,559	29,027
Postage and courier	36,995	46,604	44,706	30,993	30,612
Other expenses	34,289	31,339	54,821	84,584	32,966
Auditors	24,900	26,578	29,274	27,167	21,820
Borrowing costs expense	23,141	213,380	55,539	–	–
Professional services	9,902	16,224	17,887	14,958	8,465
	<b>6,140,235</b>	<b>5,573,538</b>	<b>5,014,215</b>	<b>4,245,546</b>	<b>3,801,577</b>
<b>Net profit from ordinary activities</b>	<b>62,185</b>	<b>110,404</b>	<b>118,121</b>	<b>147,706</b>	<b>164,703</b>
Loss on disposal of asset	(6,452)	(27,641)	–	–	–
<b>Net profit</b>	<b>55,733</b>	<b>82,763</b>	<b>118,121</b>	<b>147,706</b>	<b>164,703</b>

† Publications, journal and merchandise includes 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)