



CHARTERED SECRETARIES
AUSTRALIA

Leaders in governance

Chartered Secretaries Australia

Annual Report 2007



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Highlights

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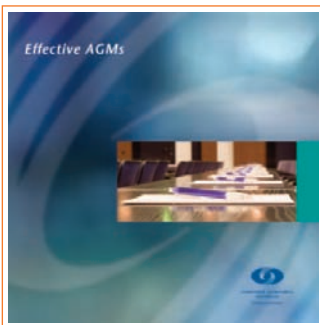
Annual Report 2007



■ Launch of the *Certificate in Governance Practice and Administration* with the ability to study completely online with webcasts of the presentation and online assessment

■ Release of the *CSA's Guide to implementing direct voting* with changes to the constitution at Westpac, Orica, ING, ANZ, Woolworths, Wesfarmers and Tassal to provide for direct voting during the year

■ The first Governance Professional of the Year Award night with winners announced in all categories



■ A tripling of awareness levels of CSA following on from the second year of the brand and profile-raising program

■ Release of the seventh booklet in CSA's series on important governance issues, *Effective AGMs*



More doors open when you study governance.

■ Research undertaken by CSA revealed that more attention needs to be paid to deeds of indemnity and access and who they cover as well as to whether protection is in place in the event of shareholder class actions

■ An increase in enrolments for the *Graduate Diploma in Applied Corporate Governance* for the eighth year in a row



Chris Wells FCIS
President, National Council
Australian Division of the Institute
of Chartered Secretaries and
Administrators (ICSA)



Adrienne Parkinson FCIS
Chairman
Chartered Secretaries Australia Ltd

Report to members

With the second year of the profile-raising program ending, your National Council is pleased to be able to report on the results of external market research that has measured progress against the goals set at the end of 2005. This second year has seen a continued emphasis on advocacy, thought leadership and streamlining membership recruitment as these were the priorities that emerged from the 2004 market research. The market research showed the increase in awareness of CSA is dramatic and gratifying. See below for more.

The profile-raising program is designed to increase awareness of the unique position that CSA occupies — *the only professional body delivering accredited education in governance and the most practical and authoritative training and information on governance*. As a result of the strong contribution from members from a wide variety of professional roles and industry sectors, CSA is able to contribute to the debate and development of all important governance policy initiatives, can provide training and education in governance for professionals in all stages of their careers and can support governance professionals with technical resources of a quality that no other organisation is able to match.

During the last few years, CSA has also invested heavily in technology and premises. This investment is paying dividends as the organisation now operates as a truly national organisation with strong local representation. A major outcome of the investment was the ability to fully integrate all back-office systems that then enabled CSA to launch its fully online *Certificate in Governance*

Practice and Administration.

Participants can inquire online, enrol online, study online with the latest audio and video recordings and complete their assessment online.

Strategic direction

Since 2001, CSA has been operating under a mission statement and set of three overarching goals that focus on the promotion and advancement of effective governance and administration in all sectors of the community. The outward looking mission statement has influenced the provision of most of CSA's intellectual property to the general public and driven the development of a comprehensive training program that caters to all sectors of the community.

We are pleased to have this opportunity once again to report to you on progress during 2007 toward achieving these goals.

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

In terms of advocacy, the sustained contribution of CSA's two policy committees, the Legislation Review Committee (LRC) and the Corporate and Legal Issues Committee (CLIC), has continued and resulted in substantial contribution to legislative policy development. CSA has again been able to contribute to all issues involving the Corporations Act or the Australian Stock Exchange (ASX), but has also been able to enter the debate on a wider range of issues such as reporting by smaller unlisted companies and the much anticipated review of the infringement notice regime.

CSA has continued with its participation as a member of a long-term working party of the ASX Corporate Governance Council. CSA advocated strongly for a reasoned approach to risk management and for voluntary reporting on corporate responsibility; both of which were ultimately adopted. The revised guidelines were released in August and took effect from 1 January 2008.

Following on from last year's release of the discussion paper: *Expressing the voice of shareholders: a move to direct voting*, CSA released a *Guide to Implementing Direct Voting* in February and supplied it to all ASX-listed entities. The guide contains sample voting forms, recommended changes to a company's constitution, how to deal with the lodging and counting of votes, show of hands and recording of votes. CSA calls on all listed companies to consider implementing direct voting in the next annual general meeting (AGM) season.

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

CSA has again asserted its leadership in governance training with the launch in late May of a new course, the *Certificate in Governance Practice and Administration*. The Certificate course is an open-entry, vocational-style qualification, suitable for a wide range of people with different levels of responsibilities. Complementing our well-established and high-profile accredited postgraduate qualification, the *Graduate Diploma in Applied Corporate Governance*, CSA can now provide quality governance education

and training on a whole-of-organisation basis.

The Certificate course has been designed to accommodate the schedules of busy people. Each program can be studied by attending a half-day, face-to-face tutorial at convenient city locations, presented by governance professionals with established expertise. Students also have the option of online study in their own time without being constrained by attending a class scheduled during work hours. Online students receive an electronic copy of the study materials and can access through our learning centre a webcast recording of the latest tutorial presentation, which they can view multiple times.

In addition to the Certificate course, CSA's *Graduate Diploma in Applied Corporate Governance* continues to grow. Enrolments increased again in 2007 as they have consistently for the last eight years in a row. In addition, the range of backgrounds of students continues to widen to well beyond the traditional company secretary role.

Membership is attractive to the full range of governance professionals

As first reported to you in the December 2005 issue of *Keeping good companies*, and subsequently in December 2006, CSA commenced a major communications campaign to address the perceived lack of awareness of the organisation, its role and the role of the governance professional in the general business community. This was a response to feedback and research with both our members and with non-members.

A campaign was therefore designed to raise the profile of CSA, and in particular to promote the linkage between the organisation and the promotion of governance.

To ensure the campaign's results could be measured, a benchmark survey of awareness of CSA was undertaken in late 2005; this provided base measures of awareness prior to the campaign's commencement and compared CSA to other major bodies. In March/April of 2007 we went back out to the market to measure whether our efforts had had any effect.

In 2007, respondents' unprompted awareness had risen 190 per cent above the corresponding level for 2005. Also, CSA was the second most mentioned body, compared to sixth in 2005. Respondents were also asked which professional bodies or associations actively promote and advance effective governance. Again, for CSA, this measure grew by 66 per cent over just two years.

The campaign has been very effective in lifting the profile of CSA in the general business community. While there is further work to be done, the results demonstrate that your National Council's decision to embark on the awareness raising campaign was a good one.

Finally, in recognition of the increasing role that the governance professional is playing in overall organisational performance, CSA created the Governance Professional of the Year Awards. These Awards aim to recognise practitioners who, according to criteria determined by CSA and in the opinion of the Judging Committee, represent the attributes and achievements that

are the hallmark of best practice in the field of governance.

Sydney put on a fabulous lightshow for the inaugural Governance Professional of the Year Awards Night, held at Watersedge in Sydney.

Financial health

At the end of the year CSA generated sufficient revenue (nearly \$7 million) 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 decreased during 2003, 2004 and 2005 to fund capital expenditure the last two years has seen cash reserves increase substantially, particularly this year with an increase of over \$700,000 in cash. Overall, the organisation continues to be debt-free.

Conclusion

In closing, 2007 was an excellent year for CSA. 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 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 of the members of CSA that have assisted the organisation by teaching, serving on State Councils, policy committees and other activities. We could not have achieved so much without you. ■



Tim Sheehy

Tim Sheehy
Chief Executive
Chartered Secretaries Australia Ltd

CEO report

CSA

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 the plan was put in place, the over-arching goals for the organisation from a business perspective 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 the majority 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 31 per cent for 2007, while total revenue over the same period has increased by 105 per cent.

The launch in May of the fully automated online *Certificate in Governance Practice and Administration* has put in place a future income stream for the organisation that will incur relatively low operating costs and will not add to the already heavy burden placed on practitioners for

Six years ago, CSA began offering half-day skills-based training programs that were aimed at a market that was not able, or prepared to, undertake the comprehensive two-year Graduate Diploma. This business has grown from nothing to revenue of over \$740,000 and now includes 19 training programs covering everything from Accidental Company Secretary® to Operation AGM®.

During 2007, 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. Registrations for 2007 were up by 40 per cent above the level for 2006. Greater coordination of state-based conferences was also continued, and when combined with coordinated marketing, has resulted in a better product with lower costs and higher participation.

Growth in enrolment numbers in the Graduate Diploma in 2007 continued with a moderate four per cent increase. For the first time, substantial increases were evident in Perth and this is expected to continue into the

foreseeable future. In its current form, the Graduate Diploma operates in a relatively mature market and hence double-digit growth rates are not expected to return in the near term.

Historically, the largest single source of income for CSA has been from membership subscriptions. While subscriptions from members are gradually declining in percentage

Build your team's governance skills step by step.

Certificate in Governance Practice and Administration

presenting and marking of assessment. In conjunction with Janison Solutions, the provider of our learning platform, CSA is now a leader in online training with both the Graduate Diploma and Certificate having an online option. With only seven months of operation in 2007, revenue from the online option exceeded all establishment costs.

terms, there is a corresponding increase in revenue from participants in the affiliate program. Income from the affiliate program reached \$185,000 in 2007 with over 1,100 participants, up by 11 per cent above 2006.

Investment for future performance

As reported in earlier years, CSA's decision to install a state of the art and web-enabled customer relationship management system has paid substantial dividends in reducing costs and making it easier for members and customers to interact with CSA. As reported above, this investment in technology facilitated the development of the fully automated Certificate course but has also substantially reduced operating costs. For example, 29 per cent of members chose to pay their subscriptions electronically in 2007, in only the third year of this facility being offered.

With the growth of CSA's training and education business late in the year the board agreed to establish training facilities and premises in Perth. The extremely tight rental market is acknowledged, although work is progressing to try to make this happen in 2008. When this is finished, CSA will have state of the art facilities in Perth, Melbourne, Sydney and Brisbane.

Financial condition

I am pleased to report that CSA's operating performance continues to improve, that the balance sheet remains strong and that cash reserves have nearly doubled from 2006 to 2007.

As stated earlier in this report CSA's revenue has been greatly diversified over the last six years and this trend is planned to continue. Total revenue increased by 8.5 per cent above 2006, with an eight per cent increase in income from the Graduate Diploma, 37 per cent growth in training income and a 24 per cent increase in income from event management. Net surplus for the year increased fourfold from \$56,000 to \$219,000. There was no material amount of income that was dependent on special factors.

The explicit strategy to reduce reliance from member subscriptions continues. In 2007 only 31 per cent of total

CSA is now a leader in online training with both the Graduate Diploma and Certificate having an online option.

revenue came from subscriptions, substantially down from the levels in the late 1990s of greater than 60 per cent.

Expenses for 2007 were slightly below expectations. Staff expenses were lower during the year, partly because of the decision to not continue with a business development position in training with the move to online delivery and partly because of unforeseen vacancies. It is anticipated that staff expenses will rise in 2008. Nevertheless, with 2007 being the second year of the brand and profile program, expenses for profile increased from \$169,000 in 2005 to

\$338,000 in 2006 and to \$436,000 in 2007. This expenditure is part of the National Council's 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 continually increased each year since from 63 per cent in 2003 to 67.5 per cent in 2007. Protecting, and growing, 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 development of the online Certificate course, CSA's cash reserves increased by over \$730,000 and at balance date cash reserves will be \$1,548,000 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 that 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. ■

Member services

Governance education and training

In 2007 CSA's education and training business built upon its reputation for excellence in post-graduate education with the launch in May of a second course in governance, the *Certificate in Governance Practice and Administration*. And, for the eighth year in a row enrolments in the *Graduate Diploma in Applied Corporate Governance* continued to experience solid growth. These two developments demonstrate the demand from the business community for quality governance education and training, as well as CSA's high reputation for designing and delivering accredited education courses and the most practical and authoritative training and information in the governance arena.

In developing the Certificate course, CSA was aware of the time demands faced by those that are working and also want to further their skills and knowledge. So we put in place a flexible delivery model that allows students to fulfil their study requirements face-to-face in all capital cities or online or a combination of both. Both forms of delivery provide access to the same expert presenters, the same study materials and an online assessment. By linking our customer relationship management system with our learning platform, participants are able to enrol in the course, register for an individual program, study, and be assessed entirely online if they wish to. By the end of the year we had already had 21 people complete the course and over 500 multiple-choice exams passed.

During 2007 there was again 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. Eighty-five per cent of graduates in 2007 then went on to become members of CSA and our parent body, the international Institute of Chartered Secretaries and Administrators. This was the highest rate of conversion to members in over ten years.

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. We are grateful for the work that the members of the Advisory Committees contribute to the development of the materials and to our course directors in Brisbane, Sydney, Melbourne and Perth and for our online option.

In addition, we increased our range of in-house training clients during 2007. The types of organisations which engage CSA to design and deliver tailored in-house training programs range from the board of CPA Australia to the NSW Aboriginal Land Council to a number of local councils.

Technical information and support

Communications

In 2007, members were surveyed to assess whether the journal was meeting their needs for up-to-the-minute information on governance, risk management and corporate administration. In a resounding vote of approval for *Keeping good companies* as a respected provider of practical and authoritative articles, members noted that 80 per cent always read it; 57 per cent keep it for further reference, with another 11 per cent passing the journal to other readers; 82 per cent think the articles are sufficiently practical and 88 per cent find the length of articles works for them.

While members appreciate the journal for its substantive content, it was clear that bringing issues to members' attention on topical issues as they arise would complement the in-depth coverage to be found in the journal. In February 2007, CSA commenced publishing a monthly e-newsletter, giving details of recent changes to legislation, regulations and case law; changes in governance practices; findings from local and overseas governance surveys; and information about CSA events. Linked to our website, it also gives members,

affiliates and others interested in good corporate governance the opportunity to become familiar with the range of services and information that CSA provides. The e-newsletter has been a success, with much higher than industry-standard open and click-through rates, and increased traffic on the website via its stories.

CSA realised that if we were seeking to increase traffic on the website, we needed to also assist visitors to find their way around it. In the latter part of the year, the CSA website underwent a redesign. The new look brings a fresher, contemporary style to the website and provides an improved navigation framework, making it more user-friendly.

In its publications program, CSA now offers seven titles on various issues, ranging from continuous disclosure to enhancing board performance. The newest title to publish in 2007 is *Effective AGMs*. The AGM is an event whose nature has been changing somewhat in recent years. At its heart, however, the matters for consideration at AGMs have not changed substantially, even though the context for AGMs may be different. The publication suggests various ways in which companies, and those responsible for organising AGMs, can facilitate the engagement of their shareholders, while providing a useful overview of the statutory and procedural requirements that must be met.

Technical resources

While preparing for the redesign of the website, CSA became aware that many members were unaware of the wealth of technical resources available to them on the website in both the Useful Practitioner Document service



and the Good Governance Guides. CSA emailed members listing all the documents available in the Useful Practitioner Document service, and this generated a very strong response, with 43 per cent of recipients clicking through to the service. New documents in the area of board evaluation and not-for-profit board and committee charters were donated throughout the year.

The comprehensive review of the Good Governance Guides that had begun in 2006 was completed. The Guides cover the grey areas not covered by the legislation and point the way to sound practice.

Policy and advocacy

Throughout 2007, CSA worked to shape regulatory and legislative landscapes to reflect the extensive skills held by our members on governance issues. A key undertaking was strong representation on the ASX Corporate Governance Council to ensure that our members' day-to-day knowledge of governance frameworks and implementation could assist in the development of the *Corporate Governance Principles and*

Recommendations, 2nd edition. We were very pleased to see that the final version of the Principles reflected much of the input provided by CSA members — recognition from all of the stakeholders on the Council of the depth and breadth of expertise of governance professionals.

The year also saw reforms introduced relating to the distribution of annual reports, an issue on which CSA had been advocating change for some time. Research supplied by CSA on declining shareholder take-up of the annual report, environmental cost savings and significant cost reductions for shareholders assisted the introduction of the *Simpler Regulatory System Act 2007*, which included amendments to facilitate distribution of annual reports over the internet.

Other submissions from CSA canvassed a range of issues, including insider trading; financial reporting by public unlisted companies; shareholder privacy and protection; long-tail liabilities; and sanctions in corporate law. On the latter issue, CSA was invited to participate in Roundtables convened by Treasury to examine the implications of introducing a consistent defence covering a range of provisions. In all, CSA lodged 19 submissions in 2007, and we would like to thank the members of our policy committees who have assisted in our advocacy efforts.

In developing policy and strong advocacy, CSA has developed sound working relationship with regulators, including ASIC, ASX and APRA, as well as with the Department of Treasury. Our working relationships with other professional associations also ensure

an exchange of information and ideas. We have also been able to have our members' views on significant issues brought to wide attention, with well over 100 stories featuring CSA's views on significant issues published in the mainstream press.

Surveys

CSA had identified the liability and protection of officers as a key issue requiring attention. In 2007 we surveyed members on D&O insurance, which revealed that further education and the provision of intellectual property is required. Two issues of concern are that less than 40 per cent of organisations enter into deeds of indemnity and access, and the majority of members (working in companies) have not considered a shareholder class action as possibly affecting their companies. Work is under way to assist members on these important issues.

Rapid Response Surveys were conducted throughout the year on the review of the operation of the infringement notice regime for continuous disclosure; rethinking the AGM; and the *Sons of Gwalia* decision and its implications for shareholder and creditor rights. CSA surveys members working in both the top 300 listed companies and small-to-medium-sized companies, to ensure a broad representation of views is garnered.

Professional development

Update conferences

The annual updates are the key state-based conferences held each year and

are designed to provide a forum for topical information as well as updating attendees on developments that have taken place through the year.

In 2007 there were three sets of updates.

Corporate Updates were held in NSW, Victoria, Queensland and for the first time in Western Australia. It was very gratifying to see the event receive such a positive response in the west with over 90 delegates attending in this first year. These updates focus on the key governance issues for public and large proprietary companies.

Topics covered included shareholder communication, governance of private equity structures, the revised ASX Corporate Governance Guidelines and risk management among others. The inclusion of both a legal and economic update was well-received.

Catering to the middle market were the Midsize Enterprise Updates held in NSW, Victoria and Queensland.

Response to these updates was less than anticipated; feedback indicates that midsize enterprise governance professionals wish to hear about the 'big end of town' as this is where key developments and practices are occurring which eventually filter down. Hence for 2008, this event will be merged into the Corporate Updates, incorporating optional streams for attendance.

Public Sector Updates were held in NSW, Victoria, Queensland, South Australia and Tasmania with total attendance up by 19 per cent. In most states the Auditor-General opened the update with observations about public

sector governance, touching on current developments.

Other sessions explored issues such as developing an ethically sound governance culture, balancing commercial needs with regulatory responsibilities and risk management in the public sector, among others.

Discussion groups

CSA's discussion groups remain a key member benefit. They are a unique opportunity for the open discussion of current topics and issues within a receptive environment. Members can share their knowledge and experiences and this provides a stimulating forum for learning, in a very practical sense.

Over 90 discussion groups were held around the country during 2007, focusing on the common interests within a group of peers. These now include public companies, midsize organisations, corporate finance, tax, financial planning, compliance, government and retirees.

Annual Governance Masterclass

This event is held in Sydney and Melbourne and is designed to be an advanced one-day program for experienced governance professionals. It provides the forum to workshop challenging governance issues using real-life case studies. In 2007, the Masterclass featured winners and finalists from the 2007 Governance Professional of the Year Awards so that participants could learn from their experience. There were four topics — Developing a progressive reporting framework, Achieving an effective approach to board oversight, Managing the complex and

challenging governance issues that arise ... when a stranger calls and Developing a compliance program for international business dealings.

Both Sydney and Melbourne Masterclasses were quickly sold out due to the calibre of the presenters and the topics covered.

Leadership

On the leadership front, CSA published its *Guide to Implementing Direct Voting*, and the 2007 AGM season saw a number of companies including Woolworths, ANZ, Westpac, Orica and Wesfarmers, amend their constitutions to provide for direct voting. On the shareholder participation front, the survey, *2006 AGMs: Review and Results*, published in 2007 by Blake Dawson (formerly Blake Dawson Waldron) in conjunction with CSA and the Business Council of Australia, identified the range of practices and procedures used by Australian listed companies at their AGMs and provided a detailed assessment of the practices used, including an assessment of the practical elements of shareholder engagement.

24th National Conference: Achieving first-grade governance

CSA's 2007 National Conference was the biggest in over ten years, attracting a wide range of delegates from across the country. It was held at the Park Hyatt in Melbourne with the conference dinner at the MCG, following the overall sporting theme of the conference.

This is CSA's flagship event and in keeping with the desire to stimulate

discussion, the keynote address was on the business risks and opportunities presented by climate change. The address was given by Nick Rowley, Climate Change Strategist and formerly Senior Adviser to Tony Blair.

The regulators' session was as usual greatly appreciated by the audience with Tony D'Aloisio (Chairman, ASIC), Graeme Samuel AO (Chairman, ACCC), Eric Mayne (Chief Supervision Officer, ASX) and John Trowbridge (APRA) participating.



Mark Standen, Partner with Minter Ellison Lawyers gave a comprehensive update of the latest legal issues for governance professionals and Mark Rodrigues, Senior Economist from the ANZ gave the economic update. Both these sessions rated highly for their practicality.

An external perspective on Australia's governance practices was given by Sharon Ditchburn of the Cragus Group in Dubai and there were a number of optional streams allowing delegates to tailor the conference to

their particular interests. These included practical governance solutions for small to mid cap companies, governance and risk issues arising in alliance contracts and public-private partnerships, financial reporting for unlisted public companies and staying on top of the changing investor communication environment.

Governance Professional of the Year Awards

2007 saw the inaugural Awards Night for CSA's Governance Professional of the Year Awards. The Awards aim to recognise practitioners who, in the opinion of the Judging Committee and the National Council of CSA, represent the attributes and achievements that are the hallmark of best practice in the field of governance.

The Awards program supports CSA's mission to promote and advance effective governance and administration of organisations in the private and public sectors through the continued development and application of governance and administrative best practice.

The Awards were launched successfully in September 2006 with a Call for Entries and culminated with the conferring of the awards on Tuesday, 19 February 2007.

Don Argus AO, Chairman of the Judging Committee gave the keynote address and spoke about the importance of leadership in the governance profession. The support for the Awards was very pleasing and was reflected in the high calibre of the entries received. ■

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

Chris Wells FCIS (President)

Project Director, MRProject
Tasmanian Department of
Infrastructure, Energy & Resources

Nicholas Geddes FCIS (Vice President)

Director, Australian Company
Secretaries Pty Ltd

Peter Turnbull FCIS (Vice President)

Director, B&C Advisory Group Pty Ltd

Ross Mallett FCIS (Immediate Past President)

Consultant

Frank Bush FCIS

Director, Lisbourne Consulting

Douglas Gration FCIS

Director, Clarendon Lawyers

Bill Hundy FCIS

Company Secretary, Origin Energy Ltd

Conley Manifis FCIS

Partner — Corporate Services
PKF Chartered Accountants

Paul Moni FCIS

Managing Director
Moni Solutions Pty Ltd

Robert Moon FCIS

Company Secretary
Advertiser Newspapers

Sarah Morris FCIS

Chief Financial Officer/
Company Secretary
Teachers' Union Health

Paul Viney FCIS

Chief Financial Officer/
Company Secretary
Tasmanian Perpetual Trustees Ltd

Bernard Yates FCIS

Company Secretary
West Australian Newspapers
Holdings Ltd

ICSA Representatives

Chris Kane FCIS (President)

Gavin Downs FCIS (ICSA Immediate Past President)

Legislation Review Committee

Peter Abraham FCIS

Consultant

Warren Baillie ACIS

Assistant Company Secretary
Woodside Energy Ltd

Nick Burrows FCIS

Company Secretary
Tassal Group 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

Ian Gilmour FCIS*

Director/Company Secretary
Gilmour & Company Pty Ltd

Douglas Gration FCIS (Chairman)

Director
Clarendon Lawyers

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

Consulting Company Secretary

Andrew Kamm*

Chief General Manager, Risk
Management, Adelaide Bank

Linda Kenyon FCIS

Company Secretary, Wesfarmers Ltd

Frances Kernot FCIS

Company Secretary
Woodside Petroleum Ltd

Karen Lange FCIS

Contract Company Secretary

Ross Mallett FCIS

Consultant

Jane McAloon FCIS**

Company Secretary, BHP Billiton

Sylvie Moser-Savage ACIS

Corporate Finance Manager –
Financial Reporting
Anglo Coal Australia Pty Ltd

Anna O'Connell FCIS**

Head of Group Secretariat
Westpac Banking Corporation Ltd

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, Public Company Secretaries Discussion Group CSA

Ashley Roff FCIS

Company Secretary/Legal Counsel
ABB Grain Ltd

Lawrence Tutton FCIS

Consulting Company Secretary

Paul Viney

Company Secretary/CFO
Tasmanian Perpetual Trustees Ltd

Bernard Yates FCIS

Company Secretary
West Australian Newspapers Holdings Ltd

Corporate and Legal Issues Committee

Paul Baranov FCIS

Legal Counsel, Markets & Technology
ASX Group

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

Nicholas Geddes FCIS

Director
Australian Company Secretaries Pty Ltd

Ian Gilmour FCIS (Chairman)

Director/Company Secretary
Gilmour & Company Pty Ltd

Duncan Glasgow FCIS

Regional General Counsel & Corporate Secretary, Boart Longyear Ltd

Clair Hodge FCIS

General Counsel & Company Secretary
Sydney Airport Corporation Ltd

Duncan Mansfield ACIS

Lawyer, Department of State Development, Trade and Innovation
Government of Queensland

Paul Moni FCIS*

Managing 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

Consulting Company Secretary

Lisa Storrs FCIS

Director
Corporate Secretariat Services Pty Ltd

Rick Sutton FCIS

General Manager Finance
National Pharmacies

Mark Travers

Chief Financial Officer/
Company Secretary
Flinders Ports Pty Ltd

Chris Wells FCIS

Project Director, MRProject
Tasmanian Department of Infrastructure, Energy & Resources

Peter Whyntie FCIS

Partner, Regulation & Compliance
Audit & Risk Advisory Services, KPMG

Education Committee

Anthony Bailey FCIS

Director (Voluntary)
VIS Nominees Pty Ltd

Brad Bowes FCIS

Group Company Secretary
Brisbane Airport Corporation Pty Limited

Laurie Factor FCIS (Chairman)

Senior Lecturer
Curtin University of Technology

Clair Hodge FCIS**

General Counsel & Company Secretary
Sydney Airport Corporation Ltd

John Ryan FCIS

Associate Professor, Accounting
University of Western Sydney

Christopher Symes FCIS

Associate Professor, School of Law
Flinders University

Belinda Webster FCIS

Director, Governance & Legal
University of Tasmania

Communication Committee

Frank Bush FCIS (Chairman)

Director, Lisbourne Consulting

Keith Edwards FCIS

Associate Director Corporate and Chief Finance Officer
Powerhouse Museum

Andrew Horne FCIS

Group Company Secretary/General Counsel, Thakral Holdings Group Ltd

Brett Lane FCIS

Editor, Business Development
West Australian Newspapers Ltd

Ross Mallett FCIS

Consultant

Paul Moni FCIS*

Managing Director
Moni Solutions Pty Ltd

Simon Pordage FCIS

Deputy Company Secretary
Australia and New Zealand Banking Group Ltd

Peter Turnbull FCIS

Director, B&C Advisory Group Pty Ltd

* Resigned from committee in 2007

** Joined committee in 2007

Committees and membership

continued

Members Advanced to Fellowship in 2007

The board congratulates members who have advanced to Fellowship.

| | |
|-----------------------------|-----|
| Warren Martin Baillie | WA |
| Christopher Ian Brooke | SA |
| Brendan Thomas Case | VIC |
| Michael Carroll | VIC |
| Fiona Catherine Davis Smith | VIC |
| Adrian Ross Diggelmann | NSW |
| Cassandra Jane Hamlin | NSW |
| Conley Michael Manifis | WA |
| Sarah Jane Morris | QLD |
| Pang Hing Ong | WA |
| Graham John Patrick | WA |
| Glenn Anthony Pedler | NSW |
| Kathryn Anne Presser | SA |
| Philip Rees | WA |
| Chan Fung Shan | VIC |
| Kristine Jean Trott | QLD |
| Peter Denis Wyrer | NSW |

Membership milestones

CSA congratulates the following members who achieved milestones in membership in 2007:

50 years

Australian Capital Territory

Brian Beasley ACIS

New South Wales

Alexander Bell ACIS
 Kenneth Bradley ACIS
 Terence Clarke ACIS
 Walter Clinton FCIS
 Roy Daley FCIS
 Alwyn Ellem ACIS
 Clifton Felton FCIS
 Walter Fisher FCIS
 Arthur Foote ACIS
 Ronald Fraser FCIS
 John Fry ACIS

Nola Hancock ACIS
 Colin Harmer ACIS
 Gordon Hulme FCIS
 Eric March ACIS
 Kenneth Millar ACIS
 Mirco Plos ACIS
 Richard Tiley ACIS
 Kenneth Tisdell FCIS
 Alan Walton ACIS
 Gregory Weakley ACIS

Queensland

Geoffrey Hammond ACIS
 Mervyn Kidd ACIS
 Walter Lovett FCIS
 Desmond Martin ACIS
 Kevin Morrison ACIS
 Garth Price ACIS

South Australia

Colin Bainger FCIS
 Bruce Barton FCIS
 Lloyd Marsh ACIS

Victoria

David Barnard ACIS
 John Burrows ACIS
 James Dunstan ACIS
 Geoffrey Edmunds ACIS
 Leslie Edwards FCIS
 Paul Fraser FCIS
 Edward Hayes ACIS
 Alan Hooley ACIS
 William Hornby ACIS
 Harry Kruse FCIS
 Maxwell Latham ACIS
 Allan McAlister ACIS
 Donald McLennan ACIS
 Alan Merrett ACIS
 Samuel Miller ACIS
 Graeme Moir ACIS
 Geoffrey Peck ACIS
 Geoffrey Peters ACIS
 John Spain FCIS
 Leo Sprague ACIS
 Thomas Stevenson FCIS
 Norman Wright FCIS

Western Australia

Leslie Johnston FCIS
 Kevin Martin FCIS
 John Smithson ACIS

25 years

New South Wales

Darrell Anderson ACIS
 William Andrade FCIS
 Teresa Baldari ACIS
 Salvatore Barbagallo ACIS
 David Barker FCIS
 Janette Bastick ACIS
 Geoffrey Brandon ACIS
 Michael Brown ACIS
 Christopher Charlton ACIS
 Gregory Chase ACIS
 Kim Cheong Kim Wah ACIS
 Andrew Chung Ching Yat FCIS
 Grahame Clegg ACIS
 Gary Conway ACIS
 Kevin Cottee ACIS
 Timothy Crawshaw ACIS
 Mark Cruickshank FCIS
 John Davis ACIS
 Alexandre D'Azevedo FCIS
 Sarah Donovan FCIS
 Bernard Egan ACIS
 Peter Evans ACIS
 Robert Farrell ACIS
 Patricia Feodosiu ACIS
 Geoffrey Garside FCIS
 Peter George ACIS
 Nicholas Gill ACIS
 Peter Hansard ACIS
 Evdoxia Hatzis ACIS
 George Huntley ACIS
 Douglas Jiear ACIS
 Ian Johnston FCIS
 Stephen Jordan ACIS
 Michael Kersch ACIS
 John Krenich FCIS
 Andrew Kwong Kam Chan FCIS
 Ian Locke ACIS
 John Madden ACIS

Saverio Mandarano ACIS
 Damian McAdam ACIS
 Brian McCabe ACIS
 Bruce McKay ACIS
 Robert McLachlan FCIS
 Peter McLean ACIS
 Ronald Mewburn FCIS
 Arthur Minshall ACIS
 Peter Moloney FCIS
 Harry Monty FCIS
 Peter Nicholl ACIS
 Michael O'Mara ACIS
 Alan Pandelis ACIS
 Gregory Petty ACIS
 David Quinton ACIS
 Bradford Read ACIS
 Peter Ricketts FCIS
 Henry Rindfleish ACIS
 Ashley Selwood ACIS
 Irene Siu Fung Ping Pang ACIS
 Barry Smith FCIS
 Colin Stibbs ACIS
 Rodney Stribley ACIS
 William Taylor ACIS
 George Tsekouras FCIS
 John Tung ACIS
 Shirley Unthank ACIS
 David Vernon ACIS

Geoffrey White ACIS
 Sun Wong ACIS
 Mei Wong Mei Jee ACIS

Queensland

Robert Ashley ACIS
 Gregory Davis FCIS
 Anthony Haines FCIS
 Paul Lemmon ACIS
 Byron Makin ACIS
 Hamish Martin ACIS
 Frederick Powers ACIS
 Russell Purchase ACIS
 Colin Rich ACIS
 Philp Stewart ACIS
 William te Kloot FCIS
 Grahame Thompson FCIS
 William Turner FCIS
 Ian Vagg ACIS
 Neal Weston FCIS
 Brian Wilson FCIS
 Wallace Yuen Wai Leung ACIS

South Australia

Lawrence Camilleri ACIS
 Peter Kaye ACIS
 Rodney Miller ACIS
 Nicholas Prescott FCIS
 Leslie Sobieraj ACIS

Tasmania

Glenn Hardwick ACIS
 Christopher Wells FCIS

Victoria

Alan Baker ACIS
 Paul Barker ACIS
 Michael Beer ACIS
 James Broe ACIS
 Marcus Chapman FCIS
 Ian Constable FCIS
 Robert Cook ACIS
 Timothy Dean ACIS
 Milton Dickins ACIS
 Kevin Esmore ACIS
 Peter Fry ACIS
 John Garamszegi FCIS
 Russell Gregory ACIS
 Keith Irvine FCIS
 Alan Jackson ACIS
 Tony Jacob FCIS
 Allan Khaw Peng Hoe ACIS
 Margaret Matheson ACIS
 Gary McSwain ACIS
 John Mehan FCIS
 Lakshman Piyadasa ACIS
 Peter Richards ACIS
 Mark Robbins ACIS

Sam Salcman ACIS
 Yuk Szeto ACIS
 Stirling Warren ACIS

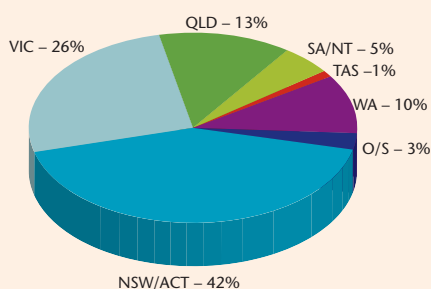
Western Australia

Alfons Baggen ACIS
 Douglas Bailey ACIS
 Ian Baker ACIS
 Siew Cheng Siew Kheng ACIS
 Michael Coleman ACIS
 Robin Eng Ngiang Jiang FCIS
 Helen Goldfinch ACIS
 Marlene Goonewardene ACIS
 Francis Hoare ACIS
 Jessie Lim ACIS
 Ian Mawson ACIS
 Cyril Quek Seng Wah ACIS
 Murray Rzepecki ACIS
 Adrian Seow Meng Chee ACIS
 Michael Van Drunen ACIS

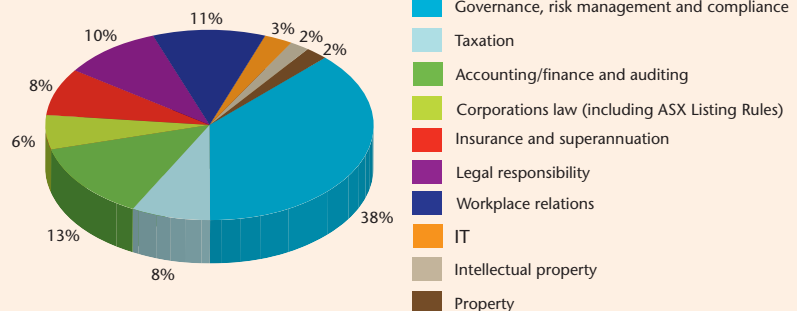
Overseas

Soke Chan Soke Ching ACIS
 Trentley Coligan FCIS
 Sea Kwong Sea Hung ACIS
 Kwai Ma ACIS
 Grace Tam ACIS

At year's end, members and affiliates totalled 8,105 as follows:



Members and affiliates by state



Diversity of professional responsibilities of members and affiliates

Corporate Governance Statement

The ten 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.

On 2 August 2007, the ASXCGC released the Second Edition of the Principles and Recommendations, with the change in the reporting requirement applying to the company's first financial year commencing on or after 1 January 2008.

As CSA Ltd is committed to adopt and report against the principles, the revision and transition of them has commenced and will be disclosed in relation to the financial year 1 January 2008 to 31 December 2008, in the next annual report.

As at 31 December 2007, 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) 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 seven 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, Education 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.*

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.

The President of National Council is invited to attend board meetings to improve communication between National Council and the board.

Principle 3: Promote ethical and responsible decision making

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

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

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 19.

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 ICSCA International report, CSA Members' Benefits column and Professional Development calendar

Responsibility for control and risk management is delegated to the appropriate level of management.

- the Annual and Full Financial Report, circulated to all members prior to the company's Annual General Meeting (AGM) according to their choice, and notice given of its availability on the CSA website
- member access to communications through the use of information technology such as the monthly e-newsletter, *CSA News Update*, and CSA website at 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 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. ■



Adrienne Parkinson
Adrienne Parkinson FCIS
Chairman



Russell Barnier
Russell Barnier FCIS
Director



Clair Hodge
Clair Hodge FCIS
Director

Directors' report

Your directors present this report on the company for the financial year ended 31 December 2007.

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.

The company's financial report has been prepared in accordance with Australian Accounting Standards which include Australian equivalent to International Financial Reporting Standards (AIFRS).

Financial results

An operating surplus from ordinary activities of \$214,705 was made for the year after providing for income tax. The surplus attributable to members amounting to \$218,669 was made after allowing for a net gain on disposal of asset amounting to \$3,964.

Accumulated funds at year end totalled \$3,862,385.

Dividends

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

Review of operations

Revenue for the year primarily came from subscriptions of \$2,290,072; education fees of \$1,995,676; training, events and publications of \$1,808,918; sponsorship of \$479,603; investment income of \$82,970; and other income for services of \$72,152.

Expenditure for the year was primarily on direct costs for training, events and publications of \$931,430; direct costs for education courses of \$660,008; profile-raising activities and website maintenance of \$435,938; international activities of \$207,992; and governance and administration of \$4,279,318.

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, Clair Hodge FCIS, Ross Mallett FCIS, Robert McLachlan FCIS, Robert Nankervis FCIS, Adrienne Parkinson FCIS and Bernard Yates FCIS.

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.



R Mallett
Ross Mallett FCIS
Director



R M McLachlan
Robert McLachlan FCIS
Director



R Nankervis
Robert Nankervis FCIS
Director



B Yates
Bernard Yates FCIS
Director

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 2007 has been received and can be found on page 30.

On behalf of the board by resolution of the directors, as signed above.

SYDNEY 13 March 2008 ■

Attendance at directors' meetings

During 2007 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 | 7 | 6 | | |
| Frank Bush* | | | 4 | 4 |
| Sue Crook** | 7 | 6 | | |
| Clair Hodge | 7 | 5 | | |
| Robert McLachlan | 7 | 7 | | |
| Robert Nankervis | 7 | 7 | 4 | 4 |
| Adrienne Parkinson | 7 | 7 | 4 | 4 |

* As permitted under the constitution, a non-director was appointed as chairman of the Audit Committee.

** Resigned 31 December 2007

Financial report

INCOME STATEMENT

for the year ended 31 December 2007

| | Note | 2007 \$ | 2006 \$ |
|---|------|-------------|-------------|
| Revenue | 2 | 6,729,391 | 6,202,420 |
| Expenses | | | |
| Expenses excluding finance costs | 3 | (6,514,204) | (6,117,094) |
| Finance costs | 3 | (482) | (23,141) |
| Surplus before income tax expense | | 214,705 | 62,185 |
| Income tax expense | 1(c) | – | – |
| Surplus after income tax | | 214,705 | 62,185 |
| Net gain/(loss) on disposal of asset | 3 | 3,964 | (6,452) |
| Surplus attributable to members | | 218,669 | 55,733 |

The accompanying notes form part of these financial statements.

BALANCE SHEET

as at 31 December 2007

| | Note | 2007 \$ | 2006 \$ |
|--------------------------------------|-------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 7 | 1,542,174 | 811,227 |
| Trade and other receivables | 8 | 90,075 | 66,978 |
| Other | 9 | 142,261 | 150,044 |
| Total current assets | | 1,774,510 | 1,028,249 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 3,977,948 | 4,315,947 |
| Total non-current assets | | 3,977,948 | 4,315,947 |
| Total assets | | 5,752,458 | 5,344,196 |
| Current liabilities | | | |
| Trade and other payables | 11 | 522,356 | 484,576 |
| Deferred revenue | 12 | 1,183,791 | 1,021,246 |
| Provisions | 13(a) | 134,509 | 163,272 |
| Total current liabilities | | 1,840,656 | 1,669,094 |
| Non-current liabilities | | | |
| Provisions | 13(b) | 49,418 | 31,386 |
| Total non-current liabilities | | 49,418 | 31,386 |
| Total liabilities | | 1,890,074 | 1,700,480 |
| Net assets | | 3,862,385 | 3,643,716 |
| Members' funds | | | |
| Reserves | 4 | 763,033 | 763,033 |
| Retained earnings | 5 | 3,099,352 | 2,880,683 |
| Total Members' funds | | 3,862,385 | 3,643,716 |

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' FUNDS

for the year ended 31 December 2007

| | Note | 2007 \$ | 2006 \$ |
|--|------|------------------|------------------|
| OPENING BALANCE | | 3,643,716 | 3,587,983 |
| Transfer net gain/(loss) on disposal of asset | 3 | 3,964 | (6,452) |
| Surplus/(deficit) recognised directly in members funds | | 3,964 | (6,452) |
| Surplus from ordinary activities | | 214,705 | 62,185 |
| Total recognised income and expenses for the year attributable to the Members | 5 | 218,669 | 55,733 |
| CLOSING BALANCE | | 3,862,385 | 3,643,716 |

22

CSA

STATEMENT OF CASH FLOWS

for the year ended 31 December 2007

| | Note | 2007 \$ | 2006 \$ |
|--|--------------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Subscriptions received | | 2,459,877 | 2,550,977 |
| Receipts from courses and other activities | | 4,764,133 | 4,313,038 |
| Payments to suppliers and employees | | (6,381,295) | (6,252,502) |
| Interest received | | 88,222 | 66,629 |
| GST paid | | (156,812) | (299,011) |
| Net cash provided by operating activities | 17(b) | 774,125 | 379,131 |
| Cash flows from investing activities | | | |
| (Payments)/receipts for property, plant and equipment | | (37,926) | 1,360,724 |
| Net cash (used in)/provided by investing activities | | (37,926) | 1,360,724 |
| Cash flows from financing activities | | | |
| Repayment of borrowing | | – | (3,000,000) |
| Net cash used in financing activities | 17(c), 19(d) | – | (3,000,000) |
| Net increase/(decrease) in cash held | | 736,199 | (1,260,145) |
| Cash and cash equivalents at the beginning of the financial year | | 811,669 | 2,071,814 |
| Cash and cash equivalents at end of year | 17(a) | 1,547,868 | 811,669 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

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, including Australian Accounting Interpretations, 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) applicable for not-for-profit entities. 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.

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 2007 there were 8,105 members and affiliates (2006: 8,153).

(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 assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. At 1 January 2007 the directors determined that the useful life of certain sub-classes of fixed assets should be adjusted and several fixed assets carrying values are written down. These have resulted in an increase of depreciation expenses by \$130,925 for the year ended 31 December 2007.

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 public education institution. Its income is therefore exempt from Income Tax under s 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 and cash equivalents

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.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the

related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(i) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) 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 18.

(l) Comparative figures

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

Critical accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

| | 2007 \$ | 2006 \$ |
|---------------------------------------|------------------|------------------|
| 2 REVENUE | | |
| Operating activities | | |
| Member and affiliate subscriptions | 2,290,072 | 2,204,833 |
| Education | 1,995,676 | 1,849,005 |
| Training and events | 1,785,568 | 1,505,570 |
| Sponsorship | 479,603 | 457,589 |
| Interest | 82,970 | 68,304 |
| Other income | 72,152 | 85,189 |
| Publications, journal and merchandise | 23,350 | 31,930 |
| | 6,729,391 | 6,202,420 |
| Non-operating activities | - | - |
| Total revenue | 6,729,391 | 6,202,420 |

| | 2007 \$ | 2006 \$ |
|---|------------------|------------------|
| 3 SURPLUS FROM ORDINARY ACTIVITIES | | |
| Surplus from ordinary activities is stated before income tax expense has been determined, after charging: | | |
| Expenses | | |
| Personnel | 2,807,998 | 2,895,726 |
| ICSA, UK — capitation fee | 140,606 | 133,152 |
| Depreciation of non-current assets | | |
| Building | 16,864 | 16,877 |
| Plant and equipment | 311,123 | 184,664 |
| Amortisation of non-current assets | | |
| Leasehold improvements | 47,939 | 33,016 |
| Rental expenses on operating leases | 166,639 | 117,982 |
| Occupancy and state facilities | 112,734 | 114,319 |
| Auditor's remuneration | | |
| Audit | 11,750 | 24,000 |
| Other services | 3,320 | 900 |
| Other expenses from ordinary activities | 2,895,231 | 2,596,458 |
| | 6,514,204 | 6,117,094 |
| Finance costs | | |
| Incurred on bank loan as per Note 19(d) | 482 | 23,141 |
| Expenses from non-operating activities | | |
| Net gain / (loss) on sales of other assets | 3,964 | (6,452) |
| 4 RESERVES | | |
| Capital surplus reserve | 745,933 | 745,933 |
| Works of art revaluation reserve | 17,100 | 17,100 |
| | 763,033 | 763,033 |
| 5 RETAINED EARNINGS | | |
| Retained earnings at beginning of the year | 2,880,683 | 2,824,950 |
| Surplus for the year | 218,669 | 55,733 |
| Retained earnings at the end of the year | 3,099,352 | 2,880,683 |
| 6 KEY MANAGEMENT PERSONNEL COMPENSATION | | |
| Key management personnel | | |
| The names of the Directors who held office during the year, or since the year end, are: | | |
| <p>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.</p> | | |
| <p>Sue Crook BA, LLB, MBA, FCIS, FSIA, MAICD (appointed 1.1.05 – 31.12.07) — 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, Djerriwarrh Investments Ltd, Mirrabooka Investments Ltd and AMCIL Ltd. Past Australian Division President.</p> | | |
| <p>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.</p> | | |
| <p>Ross Mallett BBus, JD, FCIS, FCPA (appointed 15.1.08) — Experienced in Company Secretarial practice and corporate governance, corporate law, compliance and risk management in the resources sector. Former Deputy Company Secretary BHP Billiton Ltd and WMC Resources Ltd. Past Australian Division President.</p> | | |
| <p>Robert McLachlan FCIS, MRSa (appointed 12.3.01) — Experienced in Company Secretarial practice, financial and general management, acquisitions, strategic planning, risk management and corporate governance including Sarbanes-Oxley Compliance. CFO of Specialist Communication Group of Companies within STW Ltd, Chairman of the CSA Board of Directors 1.1.04 – 31.12.05.</p> | | |
| <p>Robert Nankervis BBus (Acc), Grad Dip (Bus Mgt), FCIS, CPA, FAICD (appointed 1.3.01) — Experienced in financial systems, accounting and management. Principal Consultant, Oppus Pty Ltd. Appointed Chairman of the Board of Directors 1.1.06 – 31.12.07.</p> | | |

6 KEY MANAGEMENT PERSONNEL COMPENSATION continued

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. General Manager, Governance Mirvac Funds Management, a division of Mirvac Group. Appointed Chairman of the Board of Directors 1.1.08.

Bernard Yates BCom, FCIS, FCA (appointed 15.1.08) — The Company Secretary and Corporate Governance Compliance Officer of West Australian Newspapers Holdings Limited for 14 years, he has previous experience in auditing, financial management, investment banking and project management.

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

Other key management personnel

Judith Fox (Director, Policy); Stan Jodeikin (Director, Finance and Administration); John Nelson (Director, Education and Training); Tim Sheehy (Chief Executive); Christine Simmons (Director, Marketing & Membership Services)

| | 2007 | 2006 |
|---|----------------|----------------|
| | \$ | \$ |
| Salary and superannuation contributions | 785,275 | 745,506 |
| Bonus | 102,348 | 86,657 |
| Long service leave | 61,521 | 57,871 |
| Total compensation | 949,144 | 890,034 |

7 CASH AND CASH EQUIVALENTS

| | | |
|--|------------------|----------------|
| Cash on hand | 5,940 | 5,400 |
| Cash at bank | 411,463 | 450,032 |
| Cash on deposit | 1,130,465 | 356,237 |
| | 1,547,868 | 811,669 |
| Unearned interest | (5,694) | (442) |
| Total cash and cash equivalents | 1,542,174 | 811,227 |

8 TRADE AND OTHER RECEIVABLES

| | | |
|--|---------------|---------------|
| Trade debtors | 90,075 | 66,978 |
| Total trade and other receivables | 90,075 | 66,978 |

9 OTHER ASSETS

| | | |
|----------------|---------|---------|
| Current | | |
| Prepayments | 142,261 | 150,044 |

10 PROPERTY PLANT AND EQUIPMENT

| | | |
|--|------------------|------------------|
| Non-current | | |
| Building | | |
| Strata entitlement at directors' valuation — Hunter Street, Sydney | 3,100,000 | 3,100,000 |
| Leasehold improvements | 326,739 | 320,827 |
| Less: accumulated depreciation and amortisation | (212,940) | (148,136) |
| | 3,213,799 | 3,272,691 |
| Computer system, furniture and office equipment at cost | 1,444,178 | 1,426,125 |
| Less: accumulated depreciation | (704,856) | (407,696) |
| | 739,322 | 1,018,429 |
| Works of art at valuation | 24,827 | 24,827 |
| Total property, plant and equipment | 3,977,948 | 4,315,947 |

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.

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 report dated 22 February 2006 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 directors believe that there was no indication of impairment of the asset carrying value as at 31 December 2007.

The strata entitlement is encumbered by a registered first mortgage as detailed per Note 19(d).

10 PROPERTY PLANT AND EQUIPMENT continued

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

| | Property and leasehold improvements | Computer systems, furniture and office equipment | Works of art | Total |
|---|-------------------------------------|--|---------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at beginning of year | 3,272,691 | 1,018,429 | 24,827 | 4,315,947 |
| Additions/(disposals) | 5,912 | 32,015 | – | 37,927 |
| Depreciation expense | (67,804) | (311,122) | – | (375,926) |
| Carrying amount at end of the year | 3,213,799 | 736,322 | 24,827 | 3,977,948 |

| | 2007 | 2006 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| 11 TRADE AND OTHER PAYABLES | | |
| Current | | |
| Trade creditors and accruals | 342,324 | 302,306 |
| Net GST liability | 55,609 | 33,053 |
| Accrued ICSA capitation fee | 42,912 | 51,898 |
| Payroll and PAYG Tax payable | 74,909 | 88,373 |
| Fringe Benefits Tax payable | 6,602 | 8,946 |
| | 522,356 | 484,576 |

12 DEFERRED REVENUE

| | | |
|-----------------------------------|-----------|-----------|
| Subscriptions and fees in advance | 1,183,791 | 1,021,246 |
|-----------------------------------|-----------|-----------|

13 PROVISIONS

(a) Current

| | | |
|--|----------------|----------------|
| Provision for annual leave | 81,656 | 107,830 |
| Provision for conditional/unconditional long service leave | 52,853 | 55,442 |
| | 134,509 | 163,272 |

(b) Non-current

| | | |
|---|---------------|---------------|
| Provision for preconditional long service leave | 49,418 | 31,386 |
| | 49,418 | 31,386 |

| | | |
|---------------------------------------|------|------|
| Average number of full-time employees | 31.2 | 29.5 |
|---------------------------------------|------|------|

14 EXPENDITURE COMMITMENTS

Operating lease commitment

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

Being for premises

| | | | |
|----------|--|------------------|----------------|
| Payable: | Not later than one year | 195,138 | 166,153 |
| | Later than one but not later than five years | 815,589 | 451,763 |
| | | 1,010,727 | 617,916 |

15 RELATED PARTY DISCLOSURES

Transactions with related parties

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 | 140,606 | 133,152 |
| | 140,606 | 133,152 |

16 SEGMENT REPORTING

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

| | Note | 2007 \$ | 2006 \$ |
|--|-------|------------------|----------------|
| 17 CASH FLOW INFORMATION | | | |
| (a) Reconciliation of cash | | | |
| Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows | | | |
| Cash at bank and on hand | | 417,403 | 455,431 |
| Cash on deposit | | 1,130,465 | 356,238 |
| | | 1,547,868 | 811,669 |
| (b) Reconciliation of cash flow from operations with surplus from ordinary activities after income tax | | | |
| Net surplus from ordinary activities after income tax | | | |
| | | 218,669 | 55,733 |
| Non-cash flows in surplus from ordinary activities | | | |
| Depreciation and amortisation | | 375,926 | 234,557 |
| Change in assets and liabilities | | | |
| (Increase) / decrease in trade and other receivables | | (23,097) | 2,831 |
| Decrease / (increase) in other current assets | | 7,782 | (96,477) |
| Increase in trade and other payables | | 37,779 | 57,229 |
| Increase / (decrease) in unearned interest | | 5,252 | (1,675) |
| Increase in deferred revenue | | 162,545 | 122,653 |
| (Decrease) / increase in provisions | | (10,731) | 4,280 |
| Net cash provided by operating activities | | 774,125 | 379,131 |
| (c) Financing and investing activities | | | |
| During the reporting period, the strata entitlement debt, which was financed by means of a short term variable rate commercial bill facility was repaid. | | | |
| | 19(d) | – | 3,000,000 |

18 TRUST FUNDS**Balance Sheet**

| | | |
|---------------------------|------------------|------------------|
| Estate Late Leonard Chant | 1,035,516 | 975,795 |
| The Institute Trusts | 62,064 | 58,911 |
| John Goffage Fund | 721 | 954 |
| | 1,098,301 | 1,035,660 |

Represented by

Current assets

| | | |
|-----------------------------|-----------|-----------|
| Cash at bank and on deposit | 1,098,301 | 1,035,659 |
|-----------------------------|-----------|-----------|

Income Statement

| | | |
|---|------------------|------------------|
| Income | | |
| Bequest from Estate Late Leonard Chant | | 600,000 |
| Interest | 79,489 | 77,591 |
| Expenditure | | |
| Legal fees and charges | (16,725) | (13,150) |
| Prizes | (122) | (213) |
| Available trust funds | 62,642 | 664,228 |
| Opening balance | 1,035,660 | 371,432 |
| Trust funds balance at end of year | 1,098,302 | 1,035,660 |

19 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 | |
|--------------------------|------------------|-------|
| | 2007 | 2006 |
| Financial assets: | | |
| Cash at bank | 6.29% | 5.57% |

(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.

(d) Financial facility

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.

The bank loan was reduced on 20 January 2006 on settlement by the amount from the property debtor. 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 per Note 10.

20 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.

21 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2007.

22 CHANGE IN ACCOUNTING POLICY

A number of Australian Accounting Standards have been issued or amended which are not yet effective and have not yet been adopted in preparation of the financial statements at the reporting date. They are not expected to have significant effects on the company in the next year.

23 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 29 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001* and
 - (b) give a true and fair view of the financial position as at 31 December 2007 and of the 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.

Adrienne Parkinson FCIS
Chairman

Robert Nankervis FCIS
Director

**Dated at Sydney this
13th day of March 2008 ■**

Auditor's independence declaration

Under Section 307C of the *Corporations Act 2001* to the Members of Chartered Secretaries Australia Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2007 there have been:

- (a) no contraventions of the auditor independence requirements as set out in 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 Horwath Sydney

Anthony Rose
Principal

**Dated at Sydney this
13th day of March 2008 ■**

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 2007, 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 at the year's end or from time to time during the financial year.

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 establishing 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 judgment, 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.

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Chartered Secretaries Australia Ltd for the year ended 31 December 2007 included or will be included on the company's website. We have not been engaged to report on the integrity of this website. This audit report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this website.

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Chartered Secretaries Australia Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) The financial report also complies with International Financial Reporting Standards applicable for not-for-profit entities as disclosed in Note 1.



WHK Horwath Sydney



Anthony Rose
Principal

**Dated at Sydney this
13th day of March 2008 ■**

Detailed operating surplus and deficit accounts

for the five years 2003–2007

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CSA


| | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|------------------|------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Operating revenue | | | | | |
| Member and Affiliate subscriptions | 2,290,072 | 2,204,833 | 2,071,098 | 1,969,333 | 1,943,951 |
| Education | 1,995,676 | 1,849,005 | 1,726,143 | 1,532,889 | 1,238,911 |
| Training and events | 1,785,568 | 1,505,570 | 1,216,954 | 793,279 | 617,137 |
| Sponsorship | 479,603 | 457,589 | 399,654 | 454,220 | 348,947 |
| Interest | 82,970 | 68,304 | 122,072 | 151,517 | 127,228 |
| Other income | 72,152 | 85,189 | 99,033 | 172,119 | 77,418 |
| Publications, Journal and merchandise † | 23,350 | 31,930 | 48,988 | 58,979 | 39,660 |
| | 6,729,391 | 6,202,420 | 5,683,942 | 5,132,336 | 4,393,252 |
| Operating expenses | | | | | |
| Personnel | 2,807,998 | 2,895,726 | 2,557,327 | 2,251,885 | 1,916,358 |
| Education | 660,008 | 610,029 | 610,359 | 578,601 | 428,623 |
| Training and events | 653,577 | 634,147 | 470,542 | 281,289 | 287,914 |
| Profile and website maintenance | 435,938 | 323,765 | 169,039 | 128,829 | 127,312 |
| Depreciation and amortisation | 375,926 | 234,557 | 196,607 | 85,184 | 156,924 |
| Occupancy and state facilities †† | 279,374 | 232,301 | 269,600 | 332,635 | 187,317 |
| Publications, journal and merchandise † | 277,853 | 291,480 | 282,363 | 334,210 | 300,067 |
| Repairs and maintenance ††† | 228,803 | 141,857 | 106,549 | 234,154 | 107,265 |
| Travel and meetings | 214,926 | 186,981 | 186,522 | 162,371 | 145,157 |
| ICSA, UK — capitation fee | 140,606 | 133,152 | 98,741 | 124,502 | 162,043 |
| Telephone, facsimile and email | 102,632 | 76,707 | 75,006 | 81,135 | 86,428 |
| Bank and credit card fees | 88,987 | 74,292 | 68,522 | 65,001 | 64,597 |
| Printing and stationery | 77,217 | 77,889 | 61,474 | 64,393 | 48,594 |
| International representation | 67,386 | 60,281 | 49,228 | 52,799 | 37,686 |
| Insurance | 37,790 | 37,845 | 37,535 | 35,000 | 31,559 |
| Other expenses | 24,382 | 34,289 | 31,339 | 54,821 | 84,584 |
| Postage and courier | 20,115 | 36,995 | 46,604 | 44,706 | 30,993 |
| Auditors | 11,750 | 24,900 | 26,578 | 29,274 | 27,167 |
| Professional services | 8,936 | 9,901 | 16,223 | 17,886 | 14,958 |
| Borrowing costs expense | 482 | 23,141 | 213,380 | 55,539 | – |
| | 6,514,686 | 6,140,235 | 5,573,538 | 5,014,215 | 4,245,546 |
| Surplus from ordinary activities | 214,705 | 62,185 | 110,404 | 118,121 | 147,706 |
| Net gain/(loss) on disposal of asset | 3,964 | (6,452) | (27,641) | – | – |
| Total surplus for the year | 218,669 | 55,733 | 82,763 | 118,121 | 147,706 |

† 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.



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.

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