
Australian Institute of Company Directors

Financial Report

for the year ended 30 June 2014

ABN 11 008 484 197

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Financial Report for the year ended 30 June 2014

Directors' Report

The Board of the Australian Institute of Company Directors (Company Directors) present their report together with the financial statements for the financial year ended 30 June 2014.

Directors

The names of directors in office during the financial year and until the date of this report are as follows:

Director	Title	Appointed/Retired
Mr John H.C. Colvin FAICD	Chief Executive Officer and Managing Director	Appointed 7 September 2008
Mr Michael Smith FAICD	Appointed Director Appointed Chairman	Appointed 9 November 2011 Appointed 7 May 2013
Ms Yasmin Allen FAICD	National Director	Appointed 5 November 2010
Ms Kathleen Conlon FAICD	President, NSW	Appointed 8 November 2012
Ms Patricia Cross FAICD	National Director	Retired 25 November 2013
Dr Vince Fitzgerald FAICD	President, VIC	Retired 31 December 2013
Mr Derris Gillam FAICD	President, TAS	Retired 6 November 2013
Mr Peter Hay FAICD	National Director	Appointed 8 November 2012
Mr Keith De Lacy AM FAICD	President, QLD	Appointed 9 November 2011
Mr Bruce Linn FAICD	President, SA and NT	Retired 6 November 2013
Ms Anne O'Donnell FAICD	President, ACT	Appointed 9 November 2011
Mr Gene Tilbrook FAICD	President, WA	Appointed 2 July 2013
Mr Roderick Roberts FAICD	President, TAS	Appointed 7 November 2013
Mr Kevin Osborn FAICD	President, SA and NT	Appointed 7 November 2013
Mr William Scales AO FAICD	President, VIC	Appointed 1 January 2014
Ms Elizabeth Proust AO FAICD	National Director	Appointed 4 March 2014

Principal Activities

Company Directors is a national, member-based, not-for-profit organisation for directors providing leadership on director issues and promoting excellence in governance. As of 30 June 2014, there were 35,212 members including over 1,000 members based outside Australia.

Our membership includes directors from organisations as diverse as ASX-listed companies, government bodies, not-for-profit organisations (e.g. charities and arts organisations) and family owned/private companies and entrepreneurial ventures.

We have offices in every Australian state as well as in the Australian Capital Territory, representation in Northern Territory and a national office in Sydney. Our 216 employees around the country are committed to serving our members in CBDs and regional areas.

Our principal activities include conducting professional development programs and events for boards and directors; producing publications on director and governance issues (including books, Company Director Magazine and The Boardroom Report), and developing and promoting policies on issues of interest to directors.

Our role and aim guide everything that we do.

During the financial year there was no significant change in the nature of those activities.

Financial Report for the year ended 30 June 2014

Directors' Report

Financial Results

The net amount of Company Directors' surplus for the financial year ended 30 June 2014 was \$3,276,207 (2013: surplus \$3,077,748).

The operating result before investment income for the financial year was a surplus of \$621,198 (2013: surplus \$413,187).

The net investment result for the year was a surplus of \$2,655,010 (2013: surplus \$2,664,560).

Company Directors' financial policy is to budget for a minimal surplus from operations and to target a reasonable return from its investments. This allows Company Directors' to satisfy two objectives:

- to maximise the value provided to members, either by minimising the cost of membership and other services provided, or by maximising the re-investment in long-term initiatives of benefit to the membership; and
- to ensure that sufficient financial reserves exist to sustain the organisation through economic cycles.

Company Directors is a company limited by guarantee and no dividends are payable.

Review of Operations

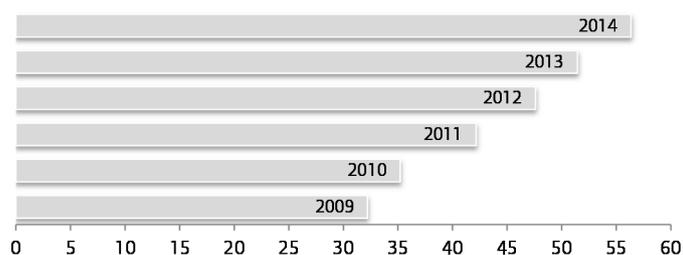
During the 2014 financial year Company Directors experienced strong growth in operating performance that allowed an investment of \$3.5m; \$1.8m was spent on strategic initiatives and a further \$1.7m in capital. The capital investment supported the upgrade and modification to the organisation's CRM software and the installation of other key software. Strategic initiatives are key projects approved by the Board to further the aims of the organisation. The initiatives enable Company Directors' to:

- Develop key set of practice statements for directors and boards;
- Develop services and offerings for boards;
- Develop services and offerings for members;
- Support international members;
- Develop and enhance courses; and
- Take a leadership role in reform of the not-for-profit sector.

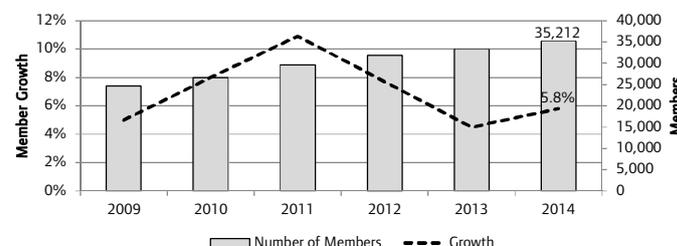
Revenue (\$m)

Overall revenue increased by 9.5% over the 2014 financial year to \$56.4m. (Total operating revenue excludes investment income).

Total Operating Revenue (\$m)



Membership number net growth increased to 5.8% in 2014 compared to 4.5% in 2013. Membership at 30 June 2014 was 35,212.



Director and Board Development revenue grew at 15.8% for the year with 13,363 course attendees.

Event and Conference activity decreased from last year with 33,872 attendees and a 13.4% decline in revenue.

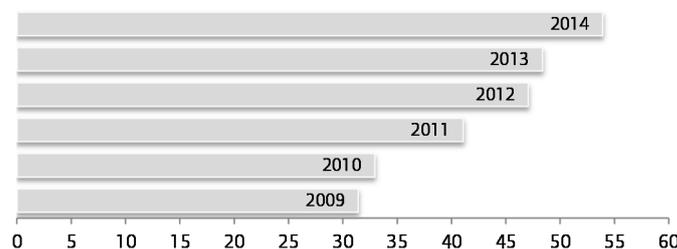
Overall there were 1,118 courses and events scheduled for the year with 47,235 attendees.

Expenses (\$m)

Operating expenses exclude investment costs and strategic initiative funding. Total operating expenses increased 11.5% from 2013. Staff numbers for the year increased from 203 to 216, a 6% increase and the largest expense area of the business.

Strategic initiatives are a discretionary item and therefore excluded when analysing the performance of the company. In 2014 expenses increased with the operationalisation of key strategic initiatives and the increase in capacity to deliver 9.5% growth in revenue.

Total Operating Expenses excluding strategic investments (\$m)



Financial Report for the year ended 30 June 2014

Directors' Report

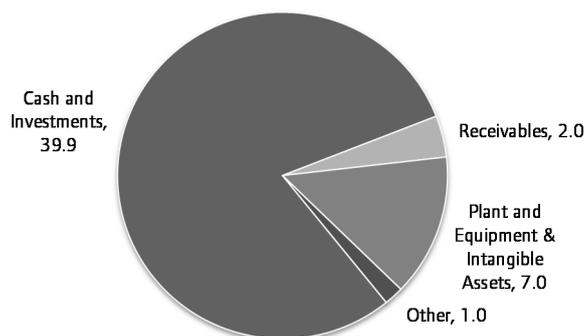
Review of Financial Condition

Members' Funds increased from \$15.5m to \$18.7m during the year ended 30 June 2014.

Financial assets and cash total \$39.9m (2013: \$32.3m) of which \$29.4m is invested with the aim of producing investment income in accordance with the portfolio investment objectives set by the Board. \$11.0m of the \$29.4m investment portfolio is held for self-insurance purposes tied to key risks identified in Company Directors' strategic risk assessment program, being those risks for which formal insurance cover cannot be obtained. The remainder is held for operational cash requirements and strategic investment.

Over the course of the investment cycle, income from these assets is re-invested in projects of strategic importance to the membership.

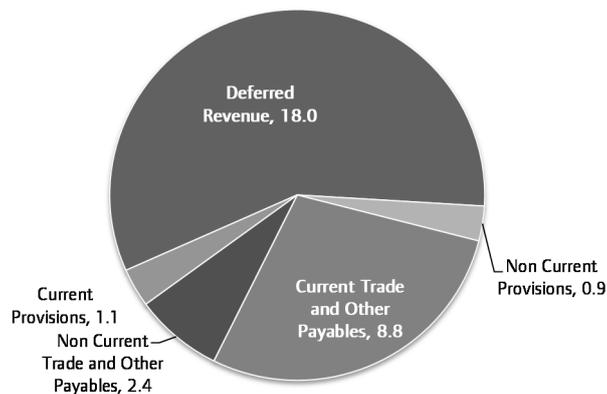
Assets (\$m)



Plant and Equipment and intangible assets decreased by \$0.9m (reflective of the depreciation on the national office fit-out and amortisation of key information technology software). Additions for the year of \$1.7m were largely for software.

Receivables decreased by \$0.5m with no changes to payment terms.

Liabilities (\$m)



Deferred Revenue has increased \$1.2m as a result of the 9.5% revenue growth achieved this financial year. Deferred revenue represents membership fees aligned to the financial year and pre-booked courses and events.

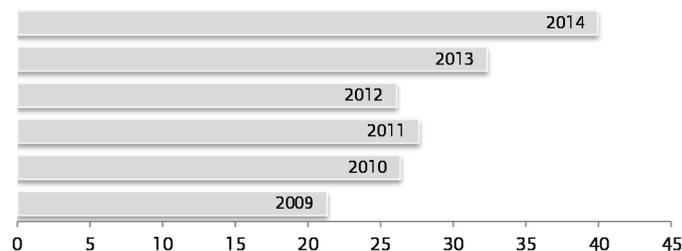
Current Provisions have increased as a result of long service leave.

Non-Current Provisions have increased as a result of long service leave.

Current Trade and Other Payables have increased as trade creditors and staff accruals are higher than last year.

Non-Current Trade and Other Payables have increased due to the recognition of rent free provisions on property which are recorded on a straight line basis and expensed over the term of the lease.

Cash and Investments (\$m)



Cash holdings decreased \$7.8m and *investments* (unit fund) increased \$15.4m.

The decrease in cash was due to the transfer of a majority of short-term deposits into an investment fund.

The increase in investments represents the mark-to-market investment movement as at 30 June 2014 which is in line with market conditions and the transfer of a majority of the short-term deposits into an investment fund.

The \$29.4m investment portfolio returned \$2.0m in interest, dividends, distributions and franking credits and the value of the portfolio increased by \$0.7m for the year ended 30 June 2014.

Financial Report for the year ended 30 June 2014

Directors' Report

Rounding

All values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Significant Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the company.

Significant Events After Year End

There has not been any matter or circumstance that has arisen in the interval between the end of the financial year and the date of this report that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Likely Developments and Future Results

There are no likely developments in the operations of the company which would affect the results of future operations.

Indemnification and Insurance of Directors and Officers

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Meeting Attendances

The meeting attendance of directors during the year 1 July 2013 to 30 June 2014 is noted below.

Director	Board	Audit, Risk and Compliance Committee	Human Resources and Remuneration Committee	Nomination Committee
Mr John H. C. Colvin FAICD	6 of 6	2 of 3	5 of 7	5 of 5
Mr Michael Smith FAICD	6 of 6		7 of 7	5 of 5
Ms Yasmin Allen FAICD	3 of 6	1 of 1	3 of 6	
Ms Kathleen Conlon FAICD	5 of 6	2 of 2		
Ms Patricia Cross FAICD	1 of 3		4 of 4	
Dr Vince Fitzgerald FAICD	3 of 3			4 of 4
Mr Derris Gillam FAICD	3 of 3	2 of 2		
Mr Peter Hay FAICD	2 of 6		6 of 7	
Mr Keith De Lacy AM FAICD	6 of 6			5 of 5
Mr Bruce Linn FAICD	3 of 3	1 of 2		
Ms Anne O'Donnell FAICD	6 of 6	3 of 3	2 of 2	
Mr Gene Tilbrook FAICD	6 of 6			
Mr Rod Roberts FAICD	4 of 4	1 of 1		
Mr Kevin Osborn FAICD	4 of 4	1 of 1		
Mr William Scales FAICD	2 of 3			
Ms Elizabeth Proust FAICD	2 of 2		2 of 2	

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify, an officer or auditor of the company, or of any related body corporate, against a liability incurred as such an officer or auditor.

Directors' and Officers' Remuneration

The non-executive directors of the company are appointed on an honorary basis and as a result do not receive any remuneration, either directly or indirectly, in their capacity as a director from the company or any related party. The Chief Executive Officer has been appointed by the Board as an executive director and was remunerated as an employee of the company as set out in Note 16 to the Financial Statements.

No director can hold an interest in the company as it is a company limited by guarantee. Each director, being a member, is liable to the extent of the guarantee given under the company's Constitution. No director of the company has received or become entitled to receive a benefit during or since the end of the financial year because of a contract that the director or a firm of which the director is a member, or an entity in which the director has a substantial financial interest made with the company, or an entity that the company controlled, or a body corporate that was related to the company when the contract was made or when the director received or became entitled to receive a benefit.

The policy governing staff and senior executive remuneration is reviewed and approved by Company Directors' Human Resources and Remuneration Committee. Remuneration is determined as part of an annual performance review, having regard to market factors, a performance evaluation process and independent remuneration advice. For executive officers, remuneration packages generally comprise salary, a performance-based bonus and superannuation.

Financial Report for the year ended 30 June 2014

Directors' Report

Auditor's Independence Declaration

The directors received the independence declaration from Company Directors' auditor. The independence declaration forms part of the Directors' Report for the year ended 30 June 2014 and is located on the page following the Directors' Report.

Non-Audit Services

Company Directors received revenue from sponsorship of events from KPMG of \$137,500. Company Directors' auditor, KPMG, provided non-audit services in relation to internal audit and project governance services, which totalled \$516,169 during the current financial year. The directors are satisfied that the receipt of sponsorship and the provision of non-audit services is compatible with the general standard of independence for auditors and auditor independence requirements imposed by the Australian Charities and Not-for-Profits Commission Act 2012.

Signed in accordance with a resolution of the directors.



J.H.C Colvin FAICD
Chief Executive Officer and Managing Director

Sydney
10 September 2014



M.Smith FAICD
Chairman

Financial Report for the year ended 30 June 2014

Auditor's Independence Declaration

Auditor's Independence Declaration to the Directors of Australian Institute of Company Directors

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-Profits Commission Act 2012

To: the directors of the Australian Institute of Company Directors

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-Profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Mark Epper
Partner

Sydney
10 September 2014

Financial Report for the year ended 30 June 2014
Corporate Governance Statement

Governance of the Australian Institute of Company Directors is based on Company Directors' Constitution, By-laws and Charters.

The Board

The Board is responsible for the overall corporate governance of Company Directors. Its powers are referred to in Company Directors' Constitution. The objectives and responsibilities are set out in the Board Charter. The Board Charter is regularly reviewed by the Board. The adoption of any proposed changes to the Constitution is subject to the approval of the membership at a general meeting. The Constitution and the Board Charter are available on Company Directors' website: companydirectors.com.au

Composition of the Board

The Board is to consist of not less than three and not more than twelve Directors, comprised of not less than two and not more than four National Directors, seven Division Representatives, and a Chief Executive Officer ("CEO") who may be appointed as a Director by the Board. The Board currently consists of four National Directors, seven Division Representatives and the CEO, who was previously appointed Managing Director by the Board. Each Division Council is entitled to nominate a person to be its Division Representative on the Board. The Board appoints the National Directors. The Board also elects the Chair of the Board. Further detail on the process for appointment of Directors can be found in the Constitution and the Board Charter. The skills, experience and expertise relevant to the position of director held by each Director in office at the date of this report is available on Company Directors' website:

companydirectors.com.au

Non-executive Board Remuneration and Tenure

National Directors and Division Representatives must be Members of Company Directors and do not receive any remuneration for their services to Company Directors. National Directors may serve for two terms each of up to three years, and each Director (other than the CEO if applicable) may serve up to six years in total, unless elected as Chair, in which case they may serve up to nine years in total.

No Director (except for the CEO) has received or became entitled to receive a benefit from Company Directors during or since the end of the financial year as a result of a contract with the director, a firm of which he or she is a member, an entity in which he or she has a substantial financial interest, or an entity related to or controlled by Company Directors.

Role of the Board

The Board's role includes setting and periodically reviewing the strategic direction, and monitoring organisational and financial performance. Six meetings of the board were held during the financial year.

The Board and the Chief Executive Officer

The Board is responsible for the appointment and regular assessment of the performance of the CEO. The CEO's role is to lead the organisation. The CEO develops a business strategy in collaboration with the senior management team and implements it

once it is approved by the Board. The CEO is also responsible for the culture of the organisation, for the employment of staff and for financial management and control.

The Board determines the CEO's performance goals and remuneration on advice from the Human Resources and Remuneration Committee. The CEO's remuneration consists of a salary and an at-risk component. The amount of the latter is set by the Board on advice from the Human Resources and Remuneration Committee, which assesses the CEO's performance against predetermined goals.

Board Committees

To improve its efficiency and effectiveness, the Board has established an Audit, Risk and Compliance Committee, a Human Resources and Remuneration Committee, and a Nomination Committee. During the financial year the Board established a Strategy Committee, whose objective is to assist the Board with oversight of responsibilities for the development and effective implementation of the Company Directors' strategy. This Committee will first meet in September of next financial year. The Committee will comprise no fewer than three members of the Board, at least one of whom is to be a National Director. In addition, Company Directors is advised on policy matters by three committees of senior practising directors and technical experts—Corporate Governance, Law and Reporting—and is advised on matters of importance to the office of Chairman of Australian companies by the Chairman's Forum. The Board reviews and ratifies the Terms of Reference of these committees and their membership annually.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee reviews and monitors the compliance program and the financial systems operating within Company Directors. It provides a link between the Board, the external auditors, and management.

The Committee ensures procedures are in place to safeguard Company Directors' assets and interests, including accounting and financial reporting, in compliance with applicable laws, regulations, standards, and best practice guidelines. It oversees the continuing independence of the external auditor.

During the financial year, as part of the company induction, all new staff members are briefed in Company Directors' Compliance Policies. The briefing covers risk oversight and management policies on contracting, trade practices, intellectual property, privacy, workplace health and safety, and anti-discrimination. Online learning compliance modules for staff are currently being developed for roll out during next financial year.

The Audit, Risk and Compliance Committee comprises at least two Directors and such other parties as nominated by the Board. As at the date of this Report there are four Directors on this Committee - refer to 'Meeting Attendances' in the Directors' Report.

Financial Report for the year ended 30 June 2014

Corporate Governance Statement

Human Resources and Remuneration Committee

The objectives of the Human Resources and Remuneration Committee are to assist the Board to discharge its corporate governance responsibilities to exercise due care and diligence and skill in determining:

- human resources strategies to foster quality of management practices;
- the setting of key performance areas for the CEO and the regular review of CEO's performance;
- executive and staff remuneration and benefits to recognise contributions to the business by staff and to reward these appropriately;
- staff policies and procedures, including workplace health and safety and superannuation; and
- compliance with laws and regulations.

The Human Resources and Remuneration Committee comprises four members appointed by the Board - refer to 'Meeting Attendances' in the Directors' Report. It was chaired by the Chair of the Board, Michael Smith, until March 2014. Since that date this Committee has been chaired by Elizabeth Proust and Michael Smith has remained on the Committee.

Nomination Committee

The objectives of the Nomination Committee are to: determine the pipeline of director nominees for election to the National Board of Directors; to identify and recommend candidates to fill vacancies occurring at the end of National Directors' tenure, Division President tenure and casual vacancies between annual general meetings; and to review, evaluate and recommend changes to Company Directors' Corporate Governance Guidelines.

The Nomination Committee comprises up to four members appointed by the Board, which includes the Chair of the Board, who chairs this Committee - refer to the Directors' Report.

Policy Committees

Company Directors' policy committees consist of senior practising directors and technical experts who give their time free of charge. The role of each policy committee is to develop policies, guidelines, issues papers and submissions on key director-related issues. Management provides their secretariats. Their annual work plans and their most significant policy initiatives are reviewed and ratified by the Board annually.

The policy committees focus on policy areas that are most important to directors: Corporate Governance, Law and Reporting. A National Director and the CEO are on the Corporate Governance Committee. The CEO is on each of the Reporting Committee and Law Committee, but no National Director is on either of them, as these positions are vacant. Committee meetings are generally held monthly or bi-monthly. The Chair of each policy committee is appointed by the Board annually.

Company Directors' Chairman's Forum also performs an advisory function to the Board. The Chairman's Forum comprises up to 20 members drawn largely from ASX 50 companies.

The Forum meets twice a year unless otherwise agreed between the Forum Chairman and Company Directors' CEO. The objective of the Forum is to promote discussion on issues of importance to the office of Chairman of major Australian listed companies, and in doing so, provide input and feedback to Company Directors' Board and management on its activities.

Division Councils

Each Division Council has between five and ten Councillors. In the year to 30 June 2014, these consisted of up to five Councillors elected by Company Directors' Members in their state or territory and up to five Councillors appointed by the elected Councillors. Each Council elects a President. The rules for election and retirement of Division Councillors are set out in the Constitution and Division Council Charter and By-laws, available on Company Directors' website: companydirectors.com.au

The Division Councils advise the Board and the relevant Division on the conduct of activities and give effect to powers delegated to them by the Board. The Division Councils:

- 1) Advise the Board and CEO on:
 - a) Policy matters affecting the role of directors;
 - b) Membership matters; and
 - c) The strategy and policies of Company Directors and management issues that may arise from time to time.
- 2) Administer the Membership of the Division, approving new members and membership class upgrades.
- 3) Represent the views and aspirations of Company Directors in the Division's territory and develop relationships with leaders in directorship, regulation and politics who reside, or are active in these territories.
- 4) Support the Division Manager with regard to:
 - a) Events;
 - b) Member service, member recruitment and retention and member grade matters; and
 - c) The general conduct of the Division, including Director and Board Development programs.

The Division Managers report through the Chief Financial Officer to the CEO. The Division Council Charter is available on Company Directors' website: companydirectors.com.au

Adherence to Ethical Standards

All of Company Directors' Members agree to be bound by the principles contained in the Code of Conduct. A copy of the Code is provided to all members. The principles call for honesty, due care and diligence, and adherence to the spirit, as well as the letter, of the law.

All of Company Directors' staff agree to adhere to the approved organisational values to guide their decisions. The values are:

- True Professionalism
- Positive Influence
- Powerful Together
- Dynamic Performance
- Lasting Impact

Financial Report for the year ended 30 June 2014

Comparison of Company Directors' Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 2nd Edition

Principle/recommendation	Description/reference of disclosure/ compliance	
Principle 1	Lay solid foundations for management and oversight	
Recommendation 1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Contained in the Board Charter.
Recommendation 1.2	Companies should disclose the process for evaluating the performance of senior executives.	Senior Executives are evaluated by the CEO through the Performance Management Process, which is a process approved, overseen and monitored by the Human Resources and Remuneration Committee.
Recommendation 1.3	Companies should disclose: <ul style="list-style-type: none"> a) an explanation of any departure from Recommendations 1.1, 1.2 or 1.3; b) whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed; c) A statement of matters reserved for the board, or the board charter, or the statement of areas of delegated authority to senior executives. 	No departures applicable. The CEO has undertaken an evaluation of the performance of senior executives through the Performance Management Process, which is a process approved, overseen and monitored by the Human Resource and Remuneration Committee. Board and Committee Charters are located on Company Directors' website: companydirectors.com.au/About us/Corporate Governance
Principle 2	Structure the board to add value	
Recommendation 2.1	A majority of the board should be independent directors.	All of the directors are non-executive independent directors with the exception of the CEO.
Recommendation 2.2	The chair should be an independent director.	The chair is an independent director.
Recommendation 2.3	The roles of chair and CEO should not be exercised by the same individual.	The role of the chair and the CEO are not exercised by the same individual.
Recommendation 2.4	The board should establish a nomination committee.	The Board has established a Nomination Committee. Refer to Corporate Governance Statement.
Recommendation 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	A formal board performance review was undertaken during the year. The Board utilised the Governance Assessment Tool ("GAT") to undertake the review. It is currently implementing a number of the recommendations arising from the review.
Recommendation 2.6	Companies should disclose: <ul style="list-style-type: none"> • the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; • the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds; 	Biographical details of directors are available on Company Directors' website: companydirectors.com.au/General/Header/About-Us/Who-we-are-what-we-do/Board-profiles All of the directors are independent with the exception of the CEO.

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Comparison of Company Directors' Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 2nd Edition

Principle/recommendation		Description/reference of disclosure/compliance
Recommendation 2.6 (continued)	<ul style="list-style-type: none"> • the existence of any of the relationships listed in 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships; • a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company; • a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board; • the period of office held by each director in office at the date of the annual report; • the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; • an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6. 	<p>Not applicable.</p> <p>Each Board Sub-Committee is entitled to seek professional advice for the purposes of the respective Committee. This is not available to individual directors.</p> <p>The Nomination Committee oversees the process to ensure that the Board is appropriately comprised. The Nomination Committee Charter and the Diversity Policy is available on Company Directors' website, available at: companydirectors.com.au</p> <p>Company Directors continues to review its director selection criteria and process, including the application of its Diversity Policy. Refer Directors' Report.</p> <p>Refer Directors' Report.</p> <p>Refer Directors' Report.</p> <p>No departures applicable.</p>
Principle 3	Promote ethical and responsible decision-making	
Recommendation 3.1	<p>Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>Company Directors has a Members' Code of Conduct, By-Laws, Constitution and Division Council Charter which covers the governance of Company Directors and principles of membership.</p> <p>companydirectors.com.au/About us/Corporate Governance</p>
Recommendation 3.2	<p>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p>	<p>The Diversity Policy is available on Company Directors' website: companydirectors.com.au</p>

Financial Report for the year ended 30 June 2014

Comparison of Company Directors' Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 2nd Edition

Principle/recommendation		Description/reference of disclosure/compliance
Recommendation 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Company Directors has set the following measurable objectives for gender diversity: <ul style="list-style-type: none"> • Board: increase proportion to 30% female representation; • Executive: Increase proportion to 30% representation; • Division Councillors: Maintain or exceed 30% female representation; • Whole organisation: Annual Review of gender diversity profile by 30 November 2014; • Our progress towards these objectives is noted at 3.4 below.
Recommendation 3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The proportion of women as at the date of this report. <ul style="list-style-type: none"> • Board members: 33%; • Executive: 12.5%; • Division Councillors: 43%; • Senior Management: 62.5%; • Whole organisation: 75%.
Recommendation 3.5	Companies should provide the following information: <ul style="list-style-type: none"> • an explanation of any departures from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5; • Any diversity policy or summary. 	No departures applicable. Diversity Policy is available on Company Directors' website, available at: companydirectors.com.au
Principle 4	Safeguard integrity in financial reporting	
Recommendation 4.1	The board should establish an audit committee.	The Board has established an Audit, Risk and Compliance Committee.
Recommendation 4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • has at least three members. 	The Audit, Risk and Compliance Committee is structured so that it: <ul style="list-style-type: none"> • consists of only non-executive directors; • consists of only independent directors; • is chaired by an independent chair who is not chair of the board; and • consists of at least three members of the Board.
Recommendation 4.3	The audit committee should have a formal charter.	The Charter of this Committee is available on Company Directors' website: companydirectors.com.au/About us/Corporate Governance

Financial Report for the year ended 30 June 2014

Comparison of Company Directors' Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 2nd Edition

Principle/recommendation		Description/reference of disclosure/compliance
Recommendation 4.4	<p>The following material should be included in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out; the number of meetings of the audit committee; explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4. 	<p>The names and qualifications of the members of this Committee are available. For the names refer to the Directors' Report. For qualifications refer to Company Directors' website: companydirectors.com.au/General/Header/About-Us/Who-we-are-what-we-do/Board-profiles</p> <p>Refer to the Directors' Report for meeting attendances.</p> <p>No departures applicable.</p>
	<p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> the Audit Committee Charter; information on procedures for the selection and appointment of the external auditor; and the rotation of external audit engagement partners. 	<p>The Audit, Risk and Compliance Committee Charter is available on Company Directors' website. The Charter sets out the objectives, duties and responsibilities and administration of the Committee.</p> <p>Audit, Risk and Compliance Committee Charter: companydirectors.com.au/About-us/Corporate-Governance</p> <p>The selection and appointment of the external auditor is governed by the Audit, Risk and Compliance Committee.</p> <p>The rotation of the external audit engagement partner is aligned to the incumbent external auditor internal policy.</p>
Principle 5	Make timely and balanced disclosure	
Recommendation 5.1	<p>Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.</p>	<p>Company Directors is not an ASX disclosing entity but does report annually to members on its operations and financial results.</p>
Recommendation 5.2	<p>An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report.</p>	<p>No departures applicable.</p>
Principle 6	Respect the rights of shareholders	
Recommendation 6.1	<p>Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p>	<p>Company Directors does not have shareholders but has members. Communication with members includes regular email newsletters, <i>Company Director</i> magazine, an annual financial report, information published on Company Directors' website companydirectors.com.au, posts shared on social media platforms and conversation in face-to-face meetings.</p>

Financial Report for the year ended 30 June 2014

Comparison of Company Directors' Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 2nd Edition

Principle/recommendation		Description/reference of disclosure/compliance
Recommendation 6.2	<p>An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.</p> <p>The company should describe how it will communicate with its shareholders (members) publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section.</p>	<p>No departures applicable.</p> <p>Company Directors' communication materials are described on the Membership section of the website and in the Corporate Profile.</p>
Principle 7	Recognise and manage risk	
Recommendation 7.1	<p>Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	<p>The Board has established a policy for the oversight and management of material business risks.</p> <p>The risk management policy is available at: companydirectors.com.au/About us/Corporate Governance</p>
Recommendation 7.2	<p>The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p>	<p>Management reports a minimum of three times a year to the Audit, Risk and Compliance Committee in respect of risk management and internal control review. A formal review of the risk management policy, risk register and framework is undertaken annually by the Board.</p> <p>The Audit, Risk and Compliance Committee Charter sets out the objectives, duties and responsibilities and administration of the Committee, and is available on Company Directors' website. companydirectors.com.au/About us/Corporate Governance</p>
Recommendation 7.3	<p>The board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>The Board has received assurance from the CEO and the CFO.</p>
Recommendation 7.4	<p>The following material should be included in the corporate governance statement:</p> <ul style="list-style-type: none"> • An explanation of any departure from Recommendations 7.1, 7.2, 7.3 or 7.4; • whether the board has received the report from management under Recommendation 7.2; • whether the board has received assurance from the CEO (or equivalent) and the CFO (or equivalent) under Recommendation 7.3. 	<p>No departures applicable.</p> <p>The Board has received a report from management as described at 7.2 above.</p> <p>The Board has received assurance from the CEO and the CFO as described at 7.3 above.</p>

Financial Report for the year ended 30 June 2014

Comparison of Company Directors' Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 2nd Edition

Principle/recommendation	Description/reference of disclosure/compliance
Principle 8	Remunerate fairly and responsibly
Recommendation 8.1	<p>The board should establish a remuneration committee.</p> <p>The Board has established a Human Resources and Remuneration Committee. The Charter of this Committee is available at: companydirectors.com.au/About us/Corporate Governance</p>
Recommendation 8.2	<p>The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent director; • has at least three members. <p>The Committee consists of 4 independent directors and is chaired by an independent Director.</p>
Recommendation 8.3	<p>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p> <p>Refer Directors' Report, section titled "Directors' and Officers' Remuneration".</p>
Recommendation 8.4	<p>The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> • the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out; • the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; • an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4. <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> • the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee; • a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes. <p>Refer Directors' Report.</p> <p>None.</p> <p>No departures applicable.</p> <p>The Human Resources and Remuneration Committee Charter is available at: companydirectors.com.au/About us/Corporate Governance</p> <p>No such policy as Company Directors does not have an equity based remuneration scheme.</p>

Financial Report for the year ended 30 June 2014
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014	Note	2014 \$'000	2013 \$'000
Revenue	4(a)	56,374	51,471
Expenses			
Director and Board Development and Events		(23,311)	(19,985)
Membership		(10,009)	(9,045)
Publishing		(2,100)	(2,019)
Administration		(18,505)	(17,334)
Strategic initiatives		(1,828)	(2,675)
Total expenses	4(b)	(55,753)	(51,058)
Results from operating activities		621	413
Finance income	5	2,689	2,665
Finance costs	5	(34)	-
Net finance income	5	2,655	2,665
Surplus for the year		3,276	3,078
Total comprehensive income for the year		3,276	3,078

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2014
Statement of Financial Position

As at 30 June 2014	Note	2014 \$'000	2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	11,529	19,311
Trade and other receivables	7	2,048	2,502
Prepayments		935	695
Financial assets	10	11,000	-
Total current assets		25,512	22,508
Non-current assets			
Plant and equipment	8	4,146	5,140
Intangible assets	9	2,889	2,767
Financial assets	10	17,399	13,018
Total non-current assets		24,434	20,925
Total assets		49,946	43,433
Liabilities			
Current liabilities			
Trade and other payables	11	8,840	7,570
Provisions	12	1,050	910
Deferred revenue	13	17,977	16,795
Total current liabilities		27,867	25,275
Non-current liabilities			
Trade and other payables	11	2,382	1,857
Provisions	12	948	828
Total non-current liabilities		3,330	2,685
Total liabilities		31,197	27,960
Net assets		18,749	15,473
Members' funds			
Retained surpluses		18,749	15,473
Total members' funds		18,749	15,473

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2014
Statement of Changes in Equity

For the year ended 30 June 2014	Note	2014 \$'000	2013 \$'000
Opening members' funds		15,473	12,395
Total comprehensive income for the year		3,276	3,078
Members' funds		18,749	15,473

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2014
Statement of Cash Flows

For the year ended 30 June 2014	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts from customers and sponsors		61,093	55,148
Payments to suppliers and employees		(54,501)	(50,128)
Net cash flows from operating activities	6(b)	6,592	5,020
Cash flows from investing activities			
Interest received		751	375
Dividends received		416	440
Distribution received		734	-
Franking credits received		96	209
Sale of other financial assets		13,665	257
Purchase of other financial assets		(28,337)	(400)
Payment for plant and equipment		(500)	(898)
Payment for intangible assets		(1,181)	(647)
Net cash flows used in investing activities		(14,356)	(664)
Net (decrease) / increase in cash and cash equivalents		(7,764)	4,356
Cash and cash equivalents at the beginning of the period		19,311	14,906
Effect of exchange rate fluctuations on cash held		(18)	49
Cash and cash equivalents at the end of the period	6(a)	11,529	19,311

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

1. Corporate Information

The financial report of the Australian Institute of Company Directors Limited (Company Directors) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 10 September 2014.

The Australian Institute of Company Directors is a company limited by guarantee incorporated in Australia and by licence ("ASIC Licence") that was in force immediately before 1 July 1998 and is allowed to omit "Limited" from its name.

Company Directors is incorporated and domiciled in Australia.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-Profits Commission Act 2012*. The financial report complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

A number of new Standards, amendments to Standards and interpretations are effective for annual periods beginning after 1 July 2013 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the company, except for AASB 9 Financial Instruments. AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009) financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting. AASB 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2015, with early adoption permitted.

(b) Basis of measurement

The financial report has also been prepared on a historical cost basis, except for financial assets, which have been measured at fair value through profit or loss.

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is Company Directors' functional currency. Comparative information is reclassified where appropriate to enhance comparability.

(d) Use of estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 12 - Provisions, in relation to property "make-good" provisions.

3. Summary of significant accounting policies

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Company Directors and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Director and Board Development and Events

Revenue from Director and Board Development and Event activities is recognised when the function or course is held. Where an event is held over a period of time, the revenue is recognised as the service is provided over the timeframe that the event is held.

(ii) Membership

Annual membership subscriptions are recognised as revenue pro rata over the period of the membership. The date of payment of the initial annual membership subscription becomes the renewal date. Subscriptions are not refundable. Subscriptions received in advance of the provision of membership services are recognised as deferred revenue.

(iii) Publishing

Revenue from the sale of advertising space in *Company Director Magazine* is recognised in the period when the advertising space is to appear in the magazine.

(iv) Financial income and costs

Financial income includes dividend, interest and other financial income. Dividend income is recognised in the Statement of Profit or Loss and Other Comprehensive Income, when Company Directors' right to receive payment is established. Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income, as it accrues in the surplus or deficit, using the effective interest rate method. Other financial income includes changes in the fair value of financial assets held at fair value. These are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

(b) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an integral part of the total lease expense.

(c) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of twelve months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(d) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Receivable balances for courses and events are not considered collectible until after the course or event has occurred.

An allowance for doubtful debts is made when there is objective evidence that Company Directors will not be able to collect the debts. Bad debts are written off when identified.

(e) Income tax

Section 50 of the Income Tax Assessment Act 1997 provides that certain institutions will be exempt from income tax. Company Directors falls specifically under Section 50-B of the Act.

(f) Other taxes

(i) GST

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

GST exemption on public education courses was approved by Private Ruling on the 13 July 2007.

GST exemption on public events was applied from 1 January 2009 pursuant to *section 38-250 Goods and Services Tax Act 1999*.

(ii) Payroll Tax

Company Directors is exempt from payroll tax in Queensland and New South Wales.

(g) Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Life	Method
Office plant and equipment	2-6 years	Straight Line
Leasehold improvements	4-10 years	Straight Line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to Company Directors.

(h) Financial assets

Recognition

Financial instruments are designated at fair value through profit or loss in accordance with Company Directors documented investment strategy. Upon initial recognition, directly attributable transaction costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- Company Directors retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- Company Directors has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

(i) Impairment

Financial assets

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, Company Directors' has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Company Directors first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individual assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the surplus or deficit, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Non-financial assets other than goodwill

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Non-financial assets, other than goodwill, that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have been reversed.

(j) Intangible assets

Intangible assets consist of development activities and those acquired by Company Directors. Those acquired are initially measured at cost.

Expenditure on research activities for website and software related projects, are not capitalised and expenditure is charged against the profit or loss in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses ongoing.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Company Directors intends to and has sufficient resources to complete development and use or sell the asset. The expenditure capitalised includes professional service fees, direct labour and licence fees that are directly attributable to preparing the asset for its intended use. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

The useful life of the website and software intangible assets has been assessed to be finite. The website and software is amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the website and software intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense is recognised in the profit or loss as an amortised expenditure.

A summary of the policies applied to Company Directors' intangible assets is as follows:

Development costs - website

Useful life	Finite (2013: Finite)
Amortisation method used	Amortised over the period of expected future sales (as recorded through the website) on a straight-line basis (2 to 5 years).
Impairment testing	Is conducted annually, with the volume of sales activity used as a measure of useful life. The amortisation method is reviewed at each financial year-end.

Development costs - software

Useful life	Finite (2013: Finite)
Amortisation method used	Amortised over the period of expected time in which the software will be upgraded (2 to 5 years) on a straight-line basis.
Impairment testing	Is conducted annually, with the upgrade of software as a measure of useful life. The amortisation method is reviewed at each financial year-end.

Financial Report for the year ended 30 June 2014*Notes to the Financial Statements*

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the surplus or deficit when the asset is derecognised.

(k) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to Company Directors prior to the end of the financial year that are unpaid and arise when Company Directors becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Provisions

Provisions are recognised when Company Directors has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(m) Employee leave benefits

Wages, salaries, annual leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date on an undiscounted basis. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Going Concern

Current Liabilities exceed Current Assets due to deferred revenue for education, events and membership. These are classified as Current Liabilities under deferred revenue. These amounts represent a liability for services not yet performed as distinct from a liability for unpaid amounts.

There is a national policy applied uniformly across each state governing the refund of any education and event. Membership fees are not refunded. Management believes the accountability surrounding the application of the policy, specifically refunds, is such that any future financial obligation is mitigated.

The consistent achievement of positive operating cash flows is representative of solid operating performance and the ability to pay debts when they fall due.

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

4. Revenues and expenses

	2014	2013
	\$'000	\$'000
(a) Revenue		
Director and Board Development	32,769	28,290
Events and Conferences	5,779	6,676
Membership	17,061	15,611
Publishing	706	825
Other income	59	69
	56,374	51,471
(b) Expenses		
Depreciation and amortisation:		
Plant and equipment - depreciation	564	526
Leasehold improvements - depreciation	924	858
Intangible assets - amortisation	1,059	1,053
	2,547	2,437
Lease payments and other expenses included in administrative expenses:		
Operating lease rental expense	3,534	3,282
Employee benefits expense:		
Salary and wages	21,075	18,549
Superannuation	1,639	1,424
Long service leave	376	287
Annual leave	48	268
	23,138	20,528
Bad and doubtful debts expense	26	48
Finance costs relating to lease accounting	36	(29)
Net loss on sale or disposal of plant and equipment	6	19

Financial Report for the year ended 30 June 2014
Notes to the Financial Statements

5. Finance income and finance costs

	2014	2013
	\$'000	\$'000
Finance income		
Interest	751	375
Dividends	416	440
Distribution	734	-
Franking credits	96	104
Fair value movements of financial assets held at fair value	(647)	1,697
Fair value movements of financial assets sold	1,357	-
Foreign exchange (loss) / gain	(18)	49
	2,689	2,665
Finance costs		
Finance costs	(34)	-
	(34)	-
Net finance income recognised in surplus	2,655	2,665

6. Cash and cash equivalents

	2014	2013
	\$'000	\$'000
Cash at bank and on hand	6,221	5,640
Short-term deposits	1,015	10,378
Short-term deposits – foreign currency	-	791
Secured term deposit	4,293	2,502
	11,529	19,311

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of Company Directors, and earn interest at the respective short-term deposit rates.

Short-term deposits – foreign currency relates to a holding of United States Dollars for off-shore course and event activity.

Short-term deposits are part of a strategic investment fund. In 2014 a majority of the short-term deposits were transferred to an investment fund (refer Note 10).

Secured term deposit is a fixed term bank deposit with an annual roll over that is used as security for the bank guarantees in respect of the leased properties. In 2014 the secured term deposit was increased to include security for merchant forward risk.

(a) Reconciliation to cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June:

Cash at bank and on hand	6,221	5,640
Short-term deposits	1,015	11,169
Secured term deposit	4,293	2,502
	11,529	19,311

Financial Report for the year ended 30 June 2014
Notes to the Financial Statements

6. Cash and cash equivalents (continued)

	2014 \$'000	2013 \$'000
(b) Reconciliation of net surplus to net cash flows from operations		
Net income	3,276	3,078
Adjustments for:		
Fair value movements of financial assets held at fair value	647	(1,697)
Fair value movements of financial assets sold	(1,357)	-
Depreciation/amortisation of non-current assets	2,547	2,437
Loss on disposal of plant and equipment	6	19
Property make-good provision	40	(70)
Interest received	(751)	(375)
Dividends received	(416)	(440)
Distribution received	(734)	-
Franking credits received	(96)	(103)
Foreign exchange loss / (gain)	18	(49)
Net cash provided by operating activities before changes in net assets and liabilities	3,180	2,800
Changes in assets and liabilities		
(Increase)/Decrease in:		
Trade and other receivables	454	(94)
Prepayments	(240)	413
Changes in provisions:		
Provision for employee benefits	221	256
Onerous lease provision	-	(281)
Lease incentive	-	1,082
Increase/(Decrease) in:		
Trade and other payables	1,795	(447)
Deferred revenue	1,182	1,291
Net cash from operating activities	6,592	5,020

Company Directors has bank guarantees in respect of leased properties to the amount of \$2,367,332 (2013: \$2,501,752) at year-end. The bank guarantees are secured through the use of the secured term deposit which restricts the use of this facility.

Company Directors' exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 10.

Financial Report for the year ended 30 June 2014
Notes to the Financial Statements

7. Trade and other receivables

	2014 \$'000	2013 \$'000
Current		
Trade receivables	1,190	1,660
Less allowance for doubtful debts	(83)	(60)
	1,107	1,600
Other receivables	874	715
Accrued income	67	187
	2,048	2,502

(a) Past due but not impaired

Not past due or impaired	701	527
30 to 60 days	184	774
61 to 90 days	69	115
Over 90 days	236	244
Total trade receivables	1,190	1,660

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

(b) Credit risk

Credit risk is the risk of financial loss if a customer fails to meet their contractual obligations, and arises principally from the Company Director's receivables from customers. Company Directors' Membership, Events and Conferences, Sponsorship and Director and Board Development courses are paid in advance and therefore mitigate the exposure to credit risk. Receivable balances for courses and events are not considered collectible until after the course or event has occurred.

Receivable balances are monitored on an ongoing basis with the result that exposure to bad debts is minimal.

The carrying amount of financial assets and liabilities as shown on the face of the Statement of Financial Position represents the maximum credit risk to which Company Directors is exposed.

Financial Report for the year ended 30 June 2014
Notes to the Financial Statements

8. Plant and equipment

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2014			
At 1 July 2013, net of accumulated depreciation and impairment	1,422	3,718	5,140
Additions	419	81	500
Disposals	(6)	-	(6)
Depreciation charge for the year	(564)	(924)	(1,488)
At 30 June 2014, net of accumulated depreciation and impairment	1,271	2,875	4,146
At 30 June 2014			
Cost	2,953	6,105	9,058
Accumulated depreciation and impairment	(1,682)	(3,230)	(4,912)
Net carrying amount	1,271	2,875	4,146

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2013			
At 1 July 2012, net of accumulated depreciation and impairment	1,505	4,140	5,645
Additions	462	436	898
Disposals	(19)	-	(19)
Depreciation charge for the year	(526)	(858)	(1,384)
At 30 June 2013, net of accumulated depreciation and impairment	1,422	3,718	5,140
At 30 June 2013			
Cost	2,864	6,025	8,889
Accumulated depreciation and impairment	(1,442)	(2,307)	(3,749)
Net carrying amount	1,422	3,718	5,140

Financial Report for the year ended 30 June 2014
Notes to the Financial Statements

9. Intangible Assets

	Development costs (website) \$'000	Software \$'000	Total \$'000
Year ended 30 June 2014			
At 1 July 2013, net of accumulated amortisation and impairment	387	2,380	2,767
Additions	39	1,142	1,181
Disposals	-	-	-
Amortisation charge for the year	(221)	(838)	(1,059)
At 30 June 2014, net of accumulated amortisation and impairment	205	2,684	2,889
At 30 June 2014			
Cost (gross carrying amount)	1,014	5,175	6,189
Accumulated amortisation and impairment	(809)	(2,491)	(3,300)
Net carrying amount	205	2,684	2,889

	Development costs (website) \$'000	Software \$'000	Total \$'000
Year ended 30 June 2013			
At 1 July 2012, net of accumulated amortisation and impairment	500	2,673	3,173
Additions	155	492	647
Disposals	-	-	-
Amortisation charge for the year	(268)	(785)	(1,053)
At 30 June 2013, net of accumulated amortisation and impairment	387	2,380	2,767
At 30 June 2013			
Cost (gross carrying amount)	974	4,412	5,386
Accumulated amortisation and impairment	(587)	(2,032)	(2,619)
Net carrying amount	387	2,380	2,767

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

10. Financial assets

	2014 \$'000	2013 \$'000
Current		
Financial assets at fair value through profit or loss	11,000	-
	11,000	-
Non-current		
Financial assets at fair value through profit or loss	17,399	13,018
	17,399	13,018

These financial assets are part of a short term strategic investment fund. As the intent is to hold these assets for business interruption and working capital reserve purposes, they have been classified as current. In 2014 a majority of Company Directors' short-term deposits (refer Note 6) were transferred to an investment fund.

These assets are part of a medium to long-term strategic investment fund. As the intent is to hold these assets for strategic wealth creation purposes for a period greater than 12 months, they have been classified as non-current.

(a) Risk management, objectives and policies

Company Directors' principal financial instruments comprise of listed equity investments in unit funds. In 2013, Company Directors' principal financial instruments comprised of cash, listed equity investments and short-term deposits. Company Directors has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from Company Directors' financial instruments are credit risk, market risk and currency risk. Company Directors has no borrowings and as such there are no exposures to cash flow interest rate risk and liquidity risk. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

(b) Investment policy

Company Directors holds listed equity investments consisting of investments in unit funds. Company Directors does not hold any direct investments in equities.

The objective of Company Directors' investment policy is to target a reasonable return from its investments. This allows Company Directors to satisfy two competing objectives:

- To maximise the value provided to members, either by minimising the cost of membership and other services provided, or by maximising the re-investment in long-term initiatives of benefit to the membership; and
- To ensure that sufficient financial reserves exist to sustain the organisation through economic cycles.

The overall expected long-term average return of the investment is CPI + 3.0% pa. This takes into consideration currency and market fluctuations.

Financial Report for the year ended 30 June 2014
Notes to the Financial Statements

10. Financial assets (continued)

(c) Measurement of Fair values

A number of Company Directors' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, Company Directors uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used to the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Year ended 30 June 2014				
Unit funds	-	28,399	-	28,399
Listed securities and trusts	-	-	-	-
Wholesale funds	-	-	-	-
Floating rate note	-	-	-	-
Total	-	28,399	-	28,399

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Year ended 30 June 2013				
Listed securities and trusts	2,701	-	-	2,701
Wholesale funds	-	9,810	-	9,810
Floating rate note	-	507	-	507
Total	2,701	10,317	-	13,018

(d) Market risk

Changes in equity prices for investments held in unit funds will affect income and the value of its holdings.

Unit funds, listed securities and trusts and wholesale funds

A 1% change in equity prices at reporting date would have increased/decreased the surplus and equity by approximately \$283,990. A proportion of this investment is held in international funds and equities. Exposure to foreign currency risk is not considered to be a significant risk given the low proportion of the investment held in international funds. The most significant risk to the value of this investment is equity price risk.

(e) Foreign currency risk

Company Directors' investments in unit funds are subject to foreign currency risk to the extent that the fund managers invest in international funds and shares. Foreign currency exposure is not considered to be a significant risk given the proportion of the investment held in international funds.

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

10. Financial assets (continued)

(f) Liquidity and interest risk

	1 year or less \$'000	1 - 2 years \$'000	2 - 5 years \$'000	Non- interest bearing \$'000	Total \$'000	Weighted average effective interest rate %
Year ended 30 June 2014						
Financial assets						
<i>Fixed rate</i>						
Fixed Term Deposit	4,293	-	-	-	4,293	3.52%
<i>Floating rate</i>						
Cash	6,221	-	-	-	6,221	2.40%
Short-term money market investments	1,015	-	-	-	1,015	4.68%
Unit funds	-	-	-	28,399	28,399	
Listed equity investments	-	-	-	-	-	
Floating rate note	-	-	-	-	-	
Trade and other receivables	-	-	-	2,048	2,048	
Foreign Exchange	-	-	-	-	-	
	11,529	-	-	30,447	41,976	

Financial liabilities

Floating rate

Trade and other payables	-	-	-	8,840	8,840	
Subscriptions and fees in advance	-	-	-	17,977	17,977	
	-	-	-	26,817	26,817	

	1 year or less \$'000	1 - 2 years \$'000	2 - 5 years \$'000	Non- interest bearing \$'000	Total \$'000	Weighted average effective interest rate %
Year ended 30 June 2013						
Financial assets						
<i>Fixed rate</i>						
Fixed Term Deposit						
<i>Floating rate</i>						
Cash	2,502	-	-	-	2,502	3.04%
Short-term money market investments	5,640	-	-	-	5,640	2.50%
Short-term money market investments	10,378	-	-	-	10,378	4.34%
Listed equity investments	-	-	-	12,511	12,511	
Floating rate note	-	-	507	-	507	4.79%
Trade and other receivables	-	-	-	2,502	2,502	
Foreign Exchange	791	-	-	-	791	
	19,311	-	507	15,013	34,831	

Financial liabilities

Floating rate

Trade and other payables	-	-	-	7,570	7,570	
Subscriptions and fees in advance	-	-	-	16,795	16,795	
	-	-	-	24,365	24,365	

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

11. Trade and other payables

	2014 \$'000	2013 \$'000
Current		
Trade payables and accruals	6,412	5,052
Annual leave	1,469	1,420
Lease accrual	959	1,098
	8,840	7,570
Non-current		
Lease accrual	2,382	1,857
	2,382	1,857

Trade payables are non-interest bearing and are normally settled on 30-day terms.

12. Provisions

	Make good provision \$'000	Long service leave \$'000	Total \$'000
Year ended 30 June 2014			
Current	-	1,050	1,050
Non-current	690	258	948
	690	1,308	1,998
Year ended 30 June 2013			
Current	-	910	910
Non-current	651	177	828
	651	1,087	1,738

(a) Make good provision

In accordance with the lease agreements for Sydney, Brisbane, Melbourne, Canberra and Perth, Company Directors must restore the leased premises to their original condition at the termination of the leases being 2018 and 2014 for the two Sydney offices, 2017, 2015, 2017 and 2014 respectively. Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred.

	Make good provision \$'000		Make good provision \$'000
At 1 July 2013	651	At 1 July 2012	651
Arising during the year	3	Arising during the year	40
Utilised	-	Utilised	(69)
Discount rate adjustment	36	Discount rate adjustment	29
At 30 June 2014	690	At 30 June 2013	651

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

13. Deferred revenue

	2014	2013
	\$'000	\$'000
Current		
Courses and events	8,103	7,416
Membership	9,142	8,379
Sponsorship and publications	732	1,000
	17,977	16,795

14. Commitments for expenditure

	2014	2013
	\$'000	\$'000
Commitments under non-cancellable operating leases		
Not later than 1 year	3,435	2,832
Later than 1 year but not later than 5 years	10,435	12,436
Later than 5 years	-	1,325
	13,870	16,593

Operating leases are in respect of office premises in: Sydney, Melbourne, Brisbane, Perth, Canberra, Hobart and Adelaide; and equipment rental (office equipment). Operating leases for premises are for fixed periods with generally fixed rental payments and have fixed escalation clauses. There are no restrictions placed on the lessee by entering into these leases. The weighted average interest rate implicit in the leases is 4% (2013: 4%).

Financial Report for the year ended 30 June 2014
Notes to the Financial Statements

15. Remuneration of auditors

KPMG is the external auditor of the company. The amounts below were paid during the year or remain payable to KPMG.

	2014	2013
	\$	\$
Audit of the financial report	62,600	60,200
Audit related services	9,400	9,000
Non audit services	516,169	19,910
Total non-audit services	525,569	28,910

Audit related services provided by KPMG in relation to internal audit totalled \$9,400 during the current financial year (2013: \$9,000). Non-audit services provided by KPMG in relation to project governance services totalled \$516,169 during the current financial year (2013: \$19,910). A majority of the current year non-audit services provided by KPMG related to the privacy, process mapping and document retention project. This engagement was on normal commercial terms and subject to a full tender process.

Company Directors received revenue from sponsorship of events from KPMG of \$137,500 (2013: \$129,400).

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

16. Related party disclosures

(a) Key management personnel

(i) Directors

Director	Title	Appointed/Retired
Mr John H.C. Colvin FAICD	Chief Executive Officer and Managing Director	Appointed 7 September 2008
Mr Michael Smith FAICD	Appointed Director Appointed Chairman	Appointed 9 November 2011 Appointed 7 May 2013
Ms Yasmin Allen FAICD	National Director	Appointed 5 November 2010
Ms Kathleen Conlon FAICD	President, NSW	Appointed 8 November 2012
Ms Patricia Cross FAICD	National Director	Retired 25 November 2013
Dr Vince Fitzgerald FAICD	President, VIC	Retired 31 December 2013
Mr Derris Gillam FAICD	President, TAS	Retired 6 November 2013
Mr Peter Hay FAICD	National Director	Appointed 8 November 2012
Mr Keith De Lacy AM FAICD	President, QLD	Appointed 9 November 2011
Mr Bruce Linn FAICD	President, SA and NT	Retired 6 November 2013
Ms Anne O'Donnell FAICD	President, ACT	Appointed 9 November 2011
Mr Gene Tilbrook FAICD	President, WA	Appointed 2 July 2013
Mr Roderick Roberts FAICD	President, TAS	Appointed 7 November 2013
Mr Kevin Osborn FAICD	President, SA and NT	Appointed 7 November 2013
Mr William Scales AO FAICD	President, VIC	Appointed 1 January 2014
Ms Elizabeth Proust AO FAICD	National Director	Appointed 4 March 2014

(ii) Executives

Executive	Title
Mr Andrew Madry GAICD	Chief Operating Officer and Company Secretary
Mr Steve Burrell MAICD	General Manager, Communications and Public Affairs
Mr Rob Elliott FAICD	General Manager, Policy and Advocacy and General Counsel (until 16 June 2014) and Company Secretary
Ms Maureen Monckton MAICD	General Manager, Director and Board Development (departed 25 October 2013)
Mr Marcel Mol	General Manager, Director and Board Development (appointed 7 April 2014)
Mr Iggy Pintado MAICD	General Manager, Member and Marketing Services
Mr Bradley Sherringham MAICD	Chief Financial Officer and General Manager, State and Territory Divisions
Ms Kate Thomas	General Manager, Human Resources

(b) Compensation of key management personnel

Company Directors recognises and rewards performance and behaviour that support our core values and strategic themes. Company Directors values employee contribution through our Remuneration and Benefits Philosophy. The philosophy is based on four principles:

- Share information of business achievements and financials to show how people can make a difference;
- Reward results with variable pay to motivate top performing team members;
- Create a positive experience through our reward mechanisms; and
- Align our rewards with business goals to create a winning partnership.

Rewards and benefits are made up of base salary and a variable pay component.

Financial Report for the year ended 30 June 2014

Notes to the Financial Statements

16. Related party disclosures (continued)

(i) Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee ("the Committee") is responsible for reviewing compensation arrangements for the CEO and all other key management personnel and making recommendations to the Board.

The Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions and information.

(ii) Director Compensation

The non-executive directors of Company Directors are appointed on an honorary basis and as a result do not receive any remuneration either directly or indirectly in their capacity as a director of the company or any related party. Non-executive directors are reimbursed for travel and accommodation expenses incurred for performing their duties as a director. The CEO was appointed by the Board as an executive director and was remunerated as an employee of Company Directors.

Transactions with directors and their related parties have been under Company Directors' normal terms and conditions of trading.

(iii) Executive Compensation

Fixed Compensation

Company Directors aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities so as to:

- reward executives for Company Directors, business unit and individual performance against targets set to appropriate benchmarks;
- link rewards with the strategic goals and performance of Company Directors; and
- ensure total compensation is competitive by market standards.

Variable Compensation

Company Directors has in place a Short-term Incentive Plan (SIP) that creates a pool of funds, a certain proportion of which is distributed to staff on the basis of achievement of pre-determined corporate goals. The distribution is determined by individual performance assessment and adherence to organisational values. The objective of the SIP is to reward high performers and key talent as well as to motivate and encourage staff members who have performed beyond the core requirements of their specific role during the past 12 months.

Compensation of key management personnel

	2014	2013
	\$'000	\$'000
Compensation by category		
Short-term employee benefits	3,449	3,053
Post-employment benefits	136	118
Other long-term employee benefits	641	626
Termination benefits	-	110
	4,226	3,907

The table above includes short-term incentive payments allocated in accordance with Company Directors' policy.

Income of executives comprises amounts paid or payable to executive officers domiciled in Australia, directly or indirectly, by Company Directors or any related party in connection with the management of the affairs of the entity or economic entity, whether as executive officers or otherwise.

Financial Report for the year ended 30 June 2014

Directors' Declaration

In the opinion of the directors of the Australian Institute of Company Directors:

- (a) the financial statements and notes that are set out on pages 18 to 39 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
 - (i) giving a true and fair view in all material respects of Company Directors' financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Australian Charities and Not-for-Profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that Company Directors will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.



J.H.C Colvin FAICD
Chief Executive Officer and Managing Director



M. Smith FAICD
Chairman

Sydney
10 September 2014

Financial Report for the year ended 30 June 2014

Independent Auditor's report to the members of the Australian Institute of Company Directors

Report on the financial report

We have audited the accompanying financial report of the Australian Institute of Company Directors (the "Company"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company. This audit report has also been prepared for the members of the Company in pursuant to the *Australian Charities and Not-for-Profits Commission Act 2012* (ACNC).

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards and the ACNC, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*.

Auditor's opinion

In our opinion, the financial report of the Australian Institute of Company Directors is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date;
- (b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and
- (c) the financial report complies with International Financial Reporting Standards as disclosed in Note 2(a).

KPMG

Mark Epper

Partner

Sydney
10 September 2014

Financial Report for the year ended 30 June 2014

Division Councillors

Australia Capital Territory

Ms Anne O'Donnell FAICD President
Mr Dale Budd OBE FAICD*
Mr Hugh Chalmers FAICD
Mr Eric Leape FAICD*
Mr Peter McGrath FAICD^
Mr Nigel Phair GAICD
Mr Hena Power GAICD
Ms Fran Raymond FAICD
Dr Michael Schaper MAICD^
Mr David Trebeck FAICD
Dr Vivienne Thom FAICD
Ms Liesel Wett GAICD

South Australia

Mr Kevin Osborn FAICD President
Mrs Vanessa Bouilly JP FAICD
Ms Alexandra Cannon FAICD
Mr Brett Cowell FAICD
Mr James Dickson MAICD
Mr Brenton Ellery GAICD
Mr Richard Giles FAICD~ *NT Committee Chair*
Mr Bruce Linn FAICD*
Ms Courtney Morcombe GAICD^
Dr Roger Sexton AM FAICD^
Mr Chris Stewart GAICD
Ms Heather Webster FAICD

Western Australia

Mr Gene Tilbrook FAICD President
Ms Kellie Benda FAICD*
Mr Rick Crabb FAICD
Mr David Craig FAICD
Mr David Flanagan FAICD
Ms Alison Gaines FAICD
Ms Shirley In't Veld FAICD
Ms Gaye McMath FAICD*
Mr Craig Readhead FAICD
Mrs Kerry Sanderson AO FAICD^
Mr Steve Scudamore FAICD

New South Wales

Ms Kathleen Conlon FAICD President
Mr Peter Achterstraat AM FAICD ^
Mr Andrew Amer FAICD
Mrs Anne Brennan FAICD
Prof Ann Brewer GAICD *
Mr Phillip Cenere GAICD
Mr Michael Coleman FAICD ^
Dr Eileen Doyle FAICD
Mr Peter Hamilton FAICD *
Mr Ewoud Kulk FAICD *
Ms Nancy Milne OAM MAICD ^
Ms Jennifer Tait FAICD *
Mr Lindsay Yelland FAICD
Dr Katherine Woodthorpe FAICD ^

Tasmania

Mr Rod Roberts FAICD President
Ms Jo Archer FAICD
Mrs Heather Chong FAICD
Mrs Ann Cunningham FAICD
Mr John Gilbert FAICD
Mr Derris Gillam FAICD
Mr James Groom GAICD
Ms Janine Healey MAICD
Mr Colin Jackson FAICD
Mrs Diane Tompson FAICD

Northern Territory

(Regional Committee)

Mr Richard Giles FAICD Committee Chair
Mr Peter Carew AM FAICD
Mrs Lorraine Corowa GAICD
Ms Linda Fazldeen FAICD
Mr Tom Ganley FAICD
Mrs Julie Ross MAICD
Mr Francis Thomas GAICD*
Mr Denys Stedman GAICD
Mr Alastair King FAICD
Mrs Vicki O'Halloran AM FAICD

Queensland

Mr Keith De Lacy AM FAICD President
Dr Sally Pitkin FAICD Vice President
Mr Bruce Cowley FAICD
Mr Peter Forbes FAICD
Mr Richard Haire FAICD *
Dr Cherrell Hirst AO FAICD *
Dr Doug McTaggart FAICD
Ms Bronwyn Morris FAICD
Ms Annabelle Chaplain FAICD ^
Ms Rosemary Vilgan FAICD ^
Mr Grant Murdoch FAICD ^

Victoria

Mr William Scales AO FAICD President
Mr David Bayes FAICD
Ms Melinda Cilento MAICD
Ms Jane Harvey FAICD
Mr Peter Kronborg FAICD*
Mr Graeme Liebelt FAICD
Ms Susan Oliver FAICD
Ms Elana Rubin FAICD
Mr Felix Wong GAICD
Dr Vince Fitzgerald FAICD*

Key

^ denotes began during year

* denotes resigned/retired during or at end of year

~ ex officio members of committee

Financial Report for the year ended 30 June 2014
Chairman's Forum and Committees

Chairman's Forum

Mr David Crawford AO FAICD *Chairman*
 Ms Elizabeth Bryan FAICD
 Mr Malcolm Broomhead FAICD^
 Mr Russell Caplan FAICD^
 Mr Michael Chaney AO FAICD
 Mr R. Leigh Clifford AO FAICD
 Mr Peter Coates AO FAICD*
 Mr John H C Colvin FAICD
 Mr Peter Duncan FAICD*
 Mr David Gonksi AC FAICD*Life*
 Mr Rick Holliday-Smith FAICD
 Ms Belinda Hutchinson AM FAICD
 Mr Richard Lee FAICD
 Ms Catherine Livingstone AO FAICD
 Mr Peter Mason AM FAICD
 Mr Lindsay Maxsted FAICD
 Mr Kevin McCann AM FAICD
 Mr Don Mercer FAICD
 Mr John Morschel FAICD
 Mr Jacques Nasser AO FAICD
 Mr John Prescott AC FAICD^
 Mr Brian Schwartz AM FAICD
 Mr Michael Smith FAICD^
 Dr Zygmunt Switkowski AO FAICD^
 Mr David Turner FAICD

Ms Gemma Morgan
 Senior Policy Advisor/ Legal Counsel

Corporate Governance Committee

Mr Anthony Berg AM FAICD *Chairman*
 Ms Yasmin Allen FAICD National Director
 Mr Graham Bradley AM FAICD
 Mr Alan Cameron AO FAICD
 Mr Steven Cole FAICD
 Mr John HC Colvin FAICD
 Dr Eileen Doyle FAICD
 Mr Colin Galbraith FAICD
 Mr Stephen Gerlach AM FAICD
 Mr John Green FAICD
 Mr Peter Hay FAICD
 Mr Graham Kraehe AO FAICD
 Mr Martin Kriewaldt FAICD
 Dr Simon Longstaff AO
 Mr Charles Macek FAICD
 Mr Jeremy Maycock FAICD
 Mr Kevin McCann AM FAICD
 Mr John O'Sullivan FAICD
 Mr Peter Warne FAICD

Ms Gemma Morgan
 Senior Policy Advisor/ Legal Counsel

Law Committee

Professor Bob Baxt AO FAICD *Life Chairman*
 Mr Andrew Amer FAICD
 Mr Maurice Baroni
 Mr Miles Bastick MAICD
 Mr Tim Bednall
 Mr Bill Beerworth FAICD
 Mr Tom Bostock FAICD
 Ms Priscilla Bryans MAICD
 Mr Hugh Chalmers FAICD
 Mr John HC Colvin FAICD
 Mr Brett Cowell FAICD
 Mr Bruce Cowley MAICD
 Mr Ewen Crouch FAICD
 Mr Vijay Cugati
 Mrs Ann Cunningham FAICD
 Ms Sarah Dulhunty MAICD
 Ms Jane Eccleston~
 Mr Rob Elliott FAICD
 Mr David Friedlander
 Ms Alix Gallo*~
 Ms Kirsten Gray
 Mr Tony Hulett (deceased)
 Mr Aaron Jenkinson^~
 Mr David Landy
 Mr Ben McLaughlin MAICD
 Ms Julie McPherson MAICD
 Mr Craig Readhead FAICD
 Mr Brian Salter MAICD
 Mr Peter Shaw MAICD
 Mr Philip Stern

Ms Leah Watterson GAICD
 Senior Policy Advisor/ Legal Counsel

Financial Report for the year ended 30 June 2014

Chairman's Forum and Committees

Reporting Committee

Mr Michael Coleman FAICD *Chairman*
Mr James Beecher FAICD *Deputy Chairman*
Ms Dianne Azoor Hughes MAICD
Mr Peter Cadwallader FAICD
Mr John HC Colvin FAICD
Ms Judith Downes FAICD
Mr Brenton Ellery GAICD
Mr Rob Elliott FAICD
Mr Peter Forbes FAICD
Mr Amir Ghandar
Mr Scott Hadfield
Mr Chris Hall
Ms Fiona Harris FAICD
Ms Jane Harvey FAICD
Ms Kerry Hicks
Mr Peter Housden FAICD
Mr Aaron Jenkinson[^]
Ms Sam Lewis
Mr Gary Lennon
Ms Caitlin McCabe[^]
Mr Keith Reilly FAICD
Mr Antony Robb FAICD
Mr Rod Roberts FAICD
Mr Scott Rogers^{*~}
Mr Steve Scudamore FAICD
Ms Lynda Tomkins

Ms Nicola Steele MAICD
Senior Policy Advisor

National Education Advisory Committee

Mr William Scales AO FAICD *Chairman*
Mr Dale Budd OBE FAICD
Mr Steven Cole FAICD
Ms Rebecca Davies FAICD
Mr Brand Hoff AM FAICD [^]
Mr Bruce Linn FAICD
Ms Penny Morris AM FAICD
Mr Paul Murnane FAICD
Dr Ian Pollard FAICD
Ms Judy Vulker FAICD

Key

[^] denotes began during year
^{*} denotes resigned/retired during or at end of year
[~] ex officio members of committee

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