

Australian Institute of Company Directors

Financial Report

Financial Report for the year ended 30 June 2015*Contents*

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Financial Report for the year ended 30 June 2015

Directors' Report

The Board of the Australian Institute of Company Directors (AICD) present their report together with the financial statements for the financial year ended 30 June 2015.

Directors

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

Director	Title	Appointed/Retired
Mr Michael Smith FAICD	President, WA National Director and Chairman	Appointed 9 November 2011 Appointed 7 May 2013
Ms Yasmin Allen FAICD	National Director	Appointed 5 November 2010
Mr David Bayes FAICD	President, VIC	Appointed 7 November 2014
Ms Kathleen Conlon FAICD	Division Councillor, NSW	Appointed 8 November 2012
Mr Peter Hay FAICD	National Director	Appointed 8 November 2012
Ms Anne O'Donnell FAICD	President, ACT	Appointed 9 November 2011
Mr Kevin Osborn FAICD	President, SA and NT	Appointed 7 November 2013
Dr Sally Pitkin FAICD	President, QLD	Appointed 7 November 2014
Ms Elizabeth Proust AO FAICD	National Director	Appointed 4 March 2014
Mr Roderick Roberts FAICD	President, TAS	Appointed 7 November 2013
Mr Gene Tilbrook FAICD	President, WA	Appointed 2 July 2013
Mr John Brogden AM FAICD	Managing Director & Chief Executive Officer	Appointed 19 January 2015
Mr John Colvin FAICD	Managing Director & Chief Executive Officer	Appointed 7 September 2008 Retired 16 January 2015
The Hon Keith De Lacy AM FAICD	President, QLD	Appointed 9 November 2011 Retired 6 November 2014
Mr William Scales AO FAICD	President, VIC	Appointed 1 January 2014 Retired 6 November 2014

Principal Activities

The AICD is a national, member-based, not-for-profit organisation whose mission is the pursuit of excellence in governance. As of 30 June 2015, there were 36,779 members including over 1,000 members based outside Australia.

Our members come from organisations as diverse as ASX-listed companies, government bodies, not-for-profit organisations and private companies.

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 238 employees around the country are committed to serving our members across Australia and internationally.

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.

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

Financial Report for the year ended 30 June 2015

Directors' Report

Financial Results

The net amount of the AICD's surplus for the financial year ended 30 June 2015 was \$0.2m (2014: surplus \$3.3m). The surplus before restructuring costs for the financial year was \$2.9m.

The operating result before restructuring costs and investment income for the financial year was a deficit of \$0.3m (2014: surplus \$0.6m).

The net investment result for the year was a surplus of \$3.1m (2014: surplus \$2.7m).

The AICD's financial policy is to budget for a minimal surplus from operations and to target a reasonable return from its investments. This allows the AICD 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.

The AICD is a company limited by guarantee and no dividends are payable.

Review of Operations

During the 2015 financial year, the AICD experienced strong growth in operating performance that allowed an investment of \$8.2m (2014: \$3.5m); \$2.6m was spent on strategic initiatives (2014: \$1.8m) and a further \$5.6m in capital expenditure (2014: \$1.7m). The capital investment supported the refurbishment of the new WA and VIC offices (with the inclusion of Business Centres and Member Lounges) and the installation of key software improvements. Strategic initiatives are key projects approved by the Board to further the aims of the organisation. The initiatives enable the AICD to:

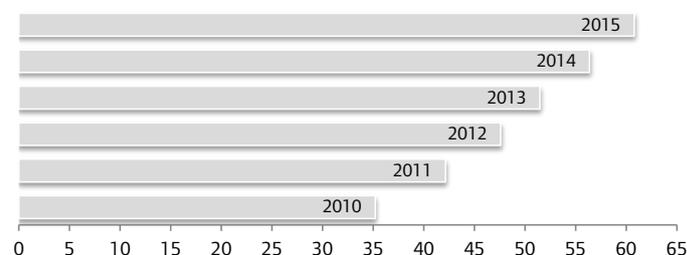
- Develop key set of practice statements for directors and boards;
- Develop services and offerings for boards;
- Develop services and offerings for members;
- Support international members;
- Develop and enhance courses; and
- Take a leadership role in reform of the not-for-profit sector.

In the latter half of the 2015 financial year, the AICD underwent a significant organisational restructure, resulting in staff redundancies and associated restructure costs. Part of the restructure occurred after the end of the 2015 financial year and provisions were recognised as at 30 June 2015 such that the full cost of the restructure, totalling \$2.7m was recognised in the statement of profit or loss and other comprehensive income during the 2015 financial year.

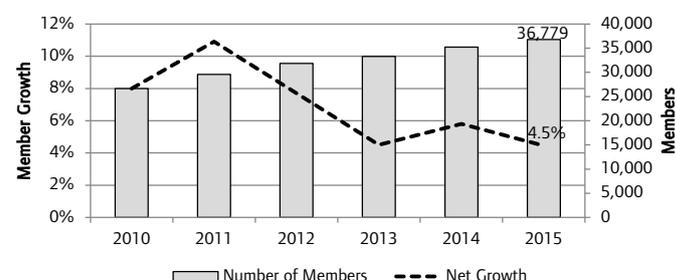
Revenue (\$m)

Overall revenue increased by 7.8% (2014: 9.5%) over the 2015 financial year to \$60.8m (2014: \$56.4m). Total operating revenue excludes investment income.

Total Operating Revenue (\$m)



Membership net growth increased to 4.5% in 2015 compared to 5.8% in 2014. Membership at 30 June 2015 was 36,779 (2014: 35,212).



Education revenue grew at 6.0% (2014: 15.8%) for the year with 13,869 course attendees (2014: 13,363). Event and Conference activity increased from last year with 35,119 attendees (2014: 33,872) and a 2.9% growth in revenue (2014: decline 13.4%).

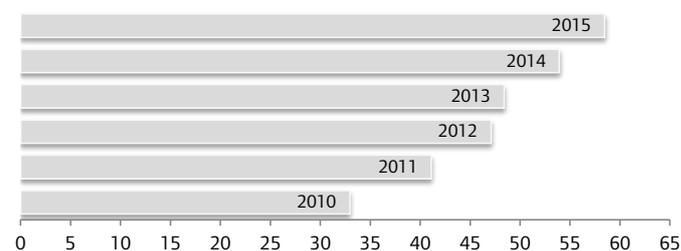
Overall there were 1,188 courses and events (2014: 1,118) held during the year with 48,988 attendees (2014: 47,235).

Expenses (\$m)

Operating expenses exclude restructuring costs and strategic initiative funding. Total operating expenses increased 8.4% from last financial year (2014: increase 11.5%). Staff numbers for the year increased from 216 to 238, a 10.2% increase (2014: increase 6.4%) 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 2015 expenses increased with the operationalisation of key strategic initiatives and the increase in capacity to deliver 7.8% growth in revenue.

Total Operating Expenses excluding restructuring costs and strategic initiatives (\$m)



Financial Report for the year ended 30 June 2015

Directors' Report

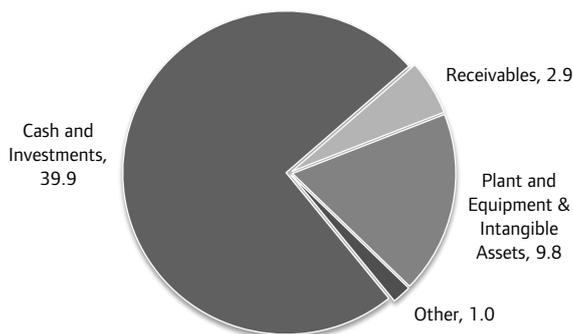
Review of Financial Condition

Members' Funds increased from \$18.7m to \$18.9m during the year ended 30 June 2015.

Financial assets and cash total \$39.9m (2014: \$39.9m) of which \$32.0m (2014: \$29.4m) is invested with the aim of producing investment income in accordance with the portfolio investment objectives set by the Board. \$11.3m of the \$32.0m investment portfolio is held for self-insurance purposes tied to key risks identified in the AICD's 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.

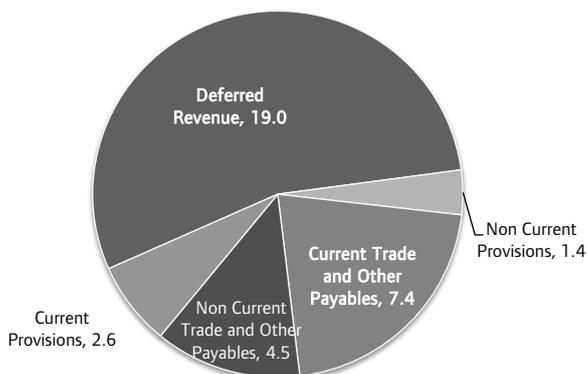
Assets (\$m)



Plant and Equipment and Intangible Assets increased by \$2.8m (reflective of the cost of the WA and VIC office fit-outs and the cost of key information technology software). Additions for the year of \$5.6m.

Receivables increased by \$0.9m with no changes to payment terms.

Liabilities (\$m)



Deferred Revenue has increased \$1.0m as a result of the 7.8% revenue growth achieved this financial year. Deferred revenue represents membership fees aligned to the financial year and pre-booked courses and events.

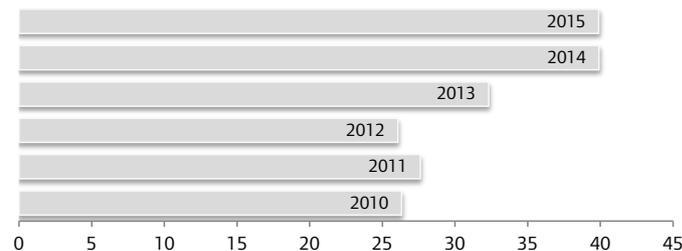
Current Provisions have increased \$1.5m as a result of restructuring costs and long service leave.

Non-Current Provisions have increased \$0.4m as a result of lease make good and long service leave.

Current Trade and Other Payables have decreased largely due to the recognition of rent free provisions on property.

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 \$3.6m and *investments* (unit fund) increased \$3.6m.

The decrease in cash was mainly due to payments for capital investments, restructuring costs and the transfer of the remaining short-term deposit into the investment fund.

The increase in investments represents the mark-to-market investment movement as at 30 June 2015 which is in line with market conditions and the transfer of the remaining the short-term deposit into the investment fund.

The \$32.0m investment portfolio returned \$1.8m in interest, distributions and franking credits and the value of the portfolio increased by \$1.3m for the year ended 30 June 2015.

Financial Report for the year ended 30 June 2015

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 by 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. 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 Managing Director & 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 the AICD's Human Resources and Remuneration Committee and the Board. 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.

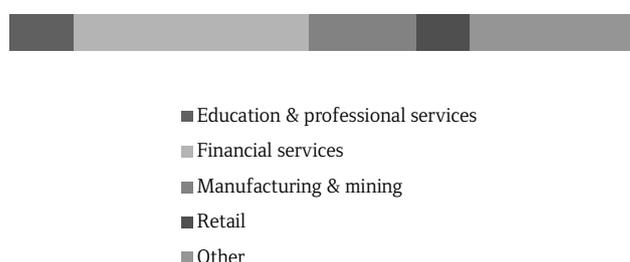
Board Skills Matrix

The graphs below illustrate the balance achieved with the current Board composition. The AICD recognises the value of diversity.

Professional Skills (one per director)



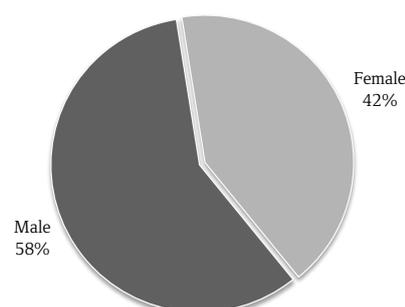
Industry Experience (more than one per director)



Sector (more than one per director)



Gender Diversity



Financial Report for the year ended 30 June 2015

Directors' Report

Meeting Attendances

The meeting attendance by directors during the year 1 July 2014 to 30 June 2015 is noted below.

Director	Board	Strategy Committee	Audit, Risk and Compliance Committee	Human Resources and Remuneration Committee	Nominations Committee
Mr Michael Smith FAICD	5 of 5*	2 of 2		2 of 2	3 of 3*
Ms Yasmin Allen FAICD	2 of 5		1 of 2		3 of 3
Mr David Bayes FAICD	2 of 2		3 of 3		
Ms Kathleen Conlon FAICD	4 of 5	4 of 4			
Mr Peter Hay FAICD	2 of 5			1 of 2	
Ms Anne O'Donnell FAICD	4 of 5		4 of 5	2 of 2	
Mr Kevin Osborn FAICD	5 of 5		5 of 5*		3 of 3
Dr Sally Pitkin FAICD	1 of 2 [^]	2 of 3 [^]			
Ms Elizabeth Proust AO FAICD	5 of 5	4 of 4		2 of 2*	
Mr Roderick Roberts FAICD	4 of 5		3 of 5		
Mr Gene Tilbrook FAICD	3 of 5	4 of 4*			**
Mr John Brogden AM FAICD	2 of 2				
Mr John Colvin FAICD	3 of 3				
The Hon Keith De Lacy AM FAICD	3 of 3				3 of 3
Mr William Scales AO FAICD	3 of 3	1 of 1			

*Denotes the Chairman of the Board or relevant Committee as the case may be.

**Appointed 7 November 2014. No scheduled meetings prior to 30 June 2015.

[^]A leave of absence was granted during the period.

Auditor's Independence Declaration

The directors received the independence declaration from the AICD's auditor. The independence declaration forms part of the Directors' Report for the year ended 30 June 2015 and is located on the page following the Directors' Report.

Non-Audit Services

The AICD received revenue from sponsorship of events from KPMG of \$342,900. The AICD's auditor, KPMG, provided non-audit services in relation to internal audit and project governance services, which totalled \$132,500 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.



John Brogden AM FAICD
Managing Director & Chief Executive Officer



Michael Smith FAICD
Chairman

Canberra
9 September 2015

Financial Report for the year ended 30 June 2015

Auditor's Independence Declaration



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 2015 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
KPMG

Anthony Travers
Partner

Sydney
9 September 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Report for the year ended 30 June 2015

Corporate Governance Statement

Governance of the Australian Institute of Company Directors (AICD) is founded on the AICD's Constitution, By-laws and Charters.

The Board

The Board is responsible for the overall corporate governance of the AICD. Its powers are referred to in the AICD's Constitution. The objectives and responsibilities of the Board 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 the AICD's 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 appointed Managing Director by the Board ("MD & CEO"). Each Division Council is entitled to nominate a person to be its Division Representative on the Board. The Board appoints the Directors. The Board also elects the Chairman 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 the AICD's website: companydirectors.com.au

Non-executive Board Remuneration and Tenure

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

No Director (except for the MD & CEO) has received or become entitled to receive a benefit from the AICD 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 the AICD.

Role of the Board

The Board's role includes setting and periodically reviewing the strategic direction, and monitoring organisational and financial performance. Five meetings of the Board were held during the financial year with the Board's annual strategy day occurring in early July 2015.

The Board and the Chief Executive Officer

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

Board. The MD & CEO is also responsible for the culture of the AICD and for financial management and control.

The Board determines the MD & CEO's performance goals and remuneration on advice from the Human Resources and Remuneration Committee. The MD & 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 MD & CEO's performance against predetermined goals.

Board Committees

To improve its efficiency and effectiveness, the Board has established a Strategy Committee, an Audit, Risk and Compliance Committee, a Human Resources and Remuneration Committee and a Nominations Committee. In addition, the AICD 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 regularly.

Strategy Committee

The Board is responsible for setting the strategic objectives of the AICD and overseeing management's implementation of the AICD's strategic objectives. The Strategy Committee's role is to assist the Board by contributing to the development of the AICD's strategic objectives, in conjunction with management, and the appropriate monitoring of their implementation.

The Strategy Committee comprises no less than three Directors, at least one of whom shall be a National Director. As at the date of this Report there five Directors on this Committee - refer to 'Meeting Attendances' in the Directors' Report.

Audit, Risk and Compliance Committee

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

The Committee ensures procedures are in place to safeguard the AICD's 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 undertake online training in the AICD's Compliance Policies. The training covers privacy, competition and consumer law, workplace health and safety, IT security and dignity at work.

The Audit, Risk and Compliance Committee comprises the Chairman of the Committee and at least two other 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.

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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 relation to:

- Oversight of human resources strategies to foster quality of management practices;
- The setting of key performance areas for the MD & CEO and the regular review of the MD & CEO's performance;
- Oversight of executive and staff remuneration and benefits to recognise contributions to the business by staff and to reward these appropriately;
- Oversight of staff policies and procedures, including superannuation, diversity and a code of conduct; and
- Oversight of compliance with applicable laws and regulations.

The Human Resources and Remuneration Committee comprises the Chairman of the Committee and at least three other Directors in each case as appointed 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.

Nominations Committee

The objectives of the Nominations Committee are to:

- Determine the pipeline of director nominees for election to the National Board of Directors;
- Identify and recommend candidates to fill vacancies occurring at the end of National Directors' tenure;
- Consult with Division Councils on nominees for the role of Division Board Representative and their tenure; and
- Manage casual vacancies.

The Nominations Committee comprises the Chairman of the Board who acts as Chairman of the Committee and at least two other Directors appointed 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.

Division Councils

There are seven Division Councils. Each Division Council has between five and ten Councillors. Each Council elects a President. The rules for election and retirement of Division Councillors are set out in the By-laws, available on the AICD's website: companydirectors.com.au

The Division Councils are advisory in nature and perform the following functions as delegated to them by the Board:

- 1) Advise the Board and MD & CEO on:
 - a) Policy matters affecting the role of directors;
 - b) Membership matters; and
 - c) The strategy and policies of the AICD 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 the AICD in the Division's territory and develop relationships with leaders in directorship, regulation and politics who reside, or are active in the relevant State or Territory; and
- 4) Support the Division Manager with regard to:
 - a) Events;
 - b) Member services, member recruitment and retention and member grade matters; and
 - c) The general conduct of the Division, including Director and Board Development programs and Director Professional Development.

The Division Managers reporting line is through the General Manager Commercial to the MD & CEO. The Division Council Charter is available on the AICD's website: companydirectors.com.au

Adherence to Ethical Standards

The AICD's 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.

The AICD's employees agree to adhere to the AICD's values to guide their decisions. The values are:

- True Professionalism;
- Positive Influence;
- Powerful Together;
- Dynamic Performance; and
- Lasting Impact.

Financial Report for the year ended 30 June 2015

Comparison of AICD Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle/recommendation		Description/reference of disclosure/ compliance
Principle 1	Lay solid foundations for management and oversight	
Recommendation 1.1	A listed entity should disclose: (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management.	Refer to Articles 3(a) and 5.2 of the Board Charter. The AICD's Board Charter is disclosed on the 'About our governance' page on the AICD's website: http://www.companydirectors.com.au/General/Header/About-Us/About-our-governance Refer to Articles 3(a) and 5.2 of the Board Charter.
Recommendation 1.2	A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Prospective directors are evaluated against a skills matrix prior to appointment. Prospective directors also undergo checks in the process of becoming a member of the AICD. Directors are appointed by the board.
Recommendation 1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Each director is appointed pursuant to a written agreement setting out the terms of appointment of the director.
Recommendation 1.4	The company secretary of a listed entity should be accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board.	The AICD's company secretary is accountable to the board, through its chairman, in relation to the proper functioning of the board.
Recommendation 1.5	A listed entity should: (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) Disclose that policy or a summary of it; and	The AICD has a diversity policy which states that the Board will establish measurable objectives for achieving diversity and assess annually the progress in achieving them. The AICD's diversity policy is disclosed on the 'About our governance' page on the AICD's website: http://www.companydirectors.com.au/General/Header/About-Us/About-our-governance

Financial Report for the year ended 30 June 2015

Comparison of AICD Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle/recommendation		Description/reference of disclosure/ compliance
Recommendation 1.5 (continued)	<p>(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined 'senior executive' for these purposes); or</p> <p>(2) If the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators' as defined in and published under that Act.</p>	<p>The AICD has set the following measurable objectives for gender diversity:</p> <ul style="list-style-type: none"> • Board: Maintain or exceed 30% female representation; • Executive: Increase proportion to 30% female representation; and • Division Councillors: Maintain or exceed 30% female representation. <p>The proportion of women as most recently reported by the AICD to the Workplace Gender Equality Agency is as follows:</p> <ul style="list-style-type: none"> • Board members: 42%; • Key management personnel: 14%; • Senior management: 79%; • Other management: 60%; • Non-management: 80%; and • Whole organisation: 77%.
Recommendation 1.6	<p>A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Nominations Committee is responsible for annually evaluating and reporting to the Board on the performance and effectiveness of the Board, its Committees and individual Directors. The Committee is authorised to obtain professional advice in relation to the scope of its responsibilities. The Committee seeks appropriate professional advice in undertaking the annual performance evaluation.</p> <p>A performance evaluation was undertaken in accordance with this process in the financial year to June 2015.</p> <p>The Board implemented a number of recommendations arising from the evaluation.</p>
Recommendation 1.7	<p>A listed entity should:</p> <p>(a) Have and disclose a process of periodically evaluating the performance of its senior executives; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The MD & 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 Resources and Remuneration Committee.</p> <p>Details of this process are disclosed on the 'About our governance' page on the AICD's website: http://www.companydirectors.com.au/General/Head er/About-Us/About-our-governance</p> <p>A performance evaluation was undertaken in accordance with the process described above in the financial year to June 2015.</p>

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Comparison of AICD Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle/recommendation		Description/reference of disclosure/ compliance
Principle 2	Structure the board to add value	
Recommendation 2.1	<p>The board of a listed entity should:</p> <p>(a) have a Nominations Committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a Nominations Committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board has a Nominations Committee which comprises four members.</p> <p>All members are non-executive independent directors.</p> <p>The Nominations Committee is chaired by the Chairman of the board, who is an independent director.</p> <p>The charter of the Committee is disclosed on the 'About our governance' page on AICD's website: http://www.companydirectors.com.au/General/Header/About-Us/About-our-governance</p> <p>The members of the Committee as at the date of this report are:</p> <ul style="list-style-type: none"> • Michael Smith (Chairman); • Yasmin Allen; • Kevin Osborn; and • Gene Tilbrook. <p>The Nominations Committee meetings and individual attendances of the members at those meetings are shown in the Directors' Report.</p> <p>The Nominations Committee oversees the board selection process and succession planning.</p>
Recommendation 2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The AICD uses a board skills matrix to assess the skills and diversity of the board. This is disclosed in the Director's Report.</p> <p>Biographical details of each director are available on the AICD's website: http://www.companydirectors.com.au/General/Header/About-Us/Who-we-are-what-we-do/Board-profiles</p>
Recommendation 2.3	<p>A listed entity should disclose:</p> <ol style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. 	<p>The AICD is a membership organisation comprising seven membership divisions with each division having a division council which acts as an advisory body. A member of each division council is appointed to the board.</p> <p>The board is of the opinion that holding the position of division councillor provides the respective directors with specific insights to their local divisions which is valuable to the board's deliberations but does not compromise the independence of the director.</p> <p>Therefore, other than the MD & CEO, John Brogden, the remainder of the board members are considered by the board to be independent directors.</p> <p>The length of service of each of the directors as at 30 June 2015 is shown in the Directors Report.</p>

Financial Report for the year ended 30 June 2015

Comparison of AICD Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle/recommendation		Description/reference of disclosure/compliance
Recommendation 2.4	A majority of the board of a listed entity should be independent directors.	With the exception of the MD & CEO, the board is comprised of independent directors.
Recommendation 2.5	The chairman of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The chairman of the board is an independent director and is not the same person as the MD & CEO.
Recommendation 2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Directors take part in an induction program on commencement as a director of the AICD.
Principle 3	Act ethically and responsibly	
Recommendation 3.1	A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	<p>The code of conduct for directors is contained within their letter of appointment and also within specific protocols approved by the Board from time to time. Together these documents explain the standard of behaviour and approach in relation to the directors' legal requirements including confidentiality and conflicts of interest.</p> <p>The code of conduct for senior executives and employees is contained within the Standards of Conduct Policy disclosed internally on the AICD's intranet. The Standards of Conduct Policy sets out obligations of duty of care to ensure that the highest standards of professional and personal conduct are maintained at all times. This includes standards of personal and professional conduct, proper use of resources and property, measures to avoid or deal appropriately with conflicts of interest and protection of confidentiality. The policy also specifies the process and consequences concerning non-compliance.</p>

Financial Report for the year ended 30 June 2015

Comparison of AICD Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle/recommendation	Description/reference of disclosure/compliance
Principle 4	Safeguard integrity in corporate reporting
Recommendation 4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chairman of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>
Recommendation 4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
Recommendation 4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
Principle 5	Make timely and balanced disclosure
Recommendation 5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>

Financial Report for the year ended 30 June 2015

Comparison of AICD Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle/recommendation		Description/reference of disclosure/compliance
Principle 6	Respect the rights of security holders	
Recommendation 6.1	A listed entity should provide information about itself and its governance to investors via its website.	The AICD provides information about it and its governance on its website, in particular the 'About our governance' page on the AICD's website: http://www.companydirectors.com.au/General/Header/About-Us/About-our-governance .
Recommendation 6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The AICD is a membership organisation. Communication with members includes regular email newsletters, <i>Company Director</i> magazine, an annual financial report, information published on the AICD's website http://www.companydirectors.com.au/ , posts shared on social media platforms and conversation in face-to-face meetings.
Recommendation 6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The AICD's members are invited to the AICD's Annual General Meeting (AGM). In accordance with the AICD's constitution the chairman of the AGM (which is the chairman of the board) is responsible for the general conduct of the meeting and for the procedures to be adopted at the meeting. Time is designated during the meeting for questions by members and the chairman or a delegate will encourage and coordinate questions from members.
Recommendation 6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The AICD provides members the option to receive communications from, and send communications to, the AICD electronically.
Principle 7	Recognise and manage risk	
Recommendation 7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The board has an Audit, Risk and Compliance Committee whose responsibilities include oversight for risk management. The Committee comprises at least three members all of whom are non-executive directors and all of whom are independent directors. The chairman of the Committee is an independent director and is not the chairman of the board. The charter of the Committee is disclosed on the 'About our governance' page on the AICD's website: http://www.companydirectors.com.au/General/Header/About-Us/About-our-governance . The members of the Committee as at the date of this report are: <ul style="list-style-type: none"> • Kevin Osborn (Chairman); • David Bayes; • Anne O'Donnell; and • Roderick Roberts. The Committee meetings and individual attendances of the members at those meetings are shown in the Directors' Report.

Financial Report for the year ended 30 June 2015

Comparison of AICD Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle/recommendation		Description/reference of disclosure/compliance
Recommendation 7.2	<p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. 	<p>The Audit, Risk and Compliance Committee has responsibility for reviewing the AICD's risk management framework at least annually to satisfy itself that it continues to be sound.</p> <p>The Committee has undertaken this review in the year to June 2015.</p> <p>The AICD risk management policy is available at: companydirectors.com.au/Aboutus/Corporate Governance.</p>
Recommendation 7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	<p>The AICD has an internal control review function which is considered appropriate for the scale and complexity of the AICD's operations. The AICD assesses this position from time to time.</p>
Recommendation 7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Audit, Risk and Compliance Committee has responsibility to monitor the practice and effectiveness of the AICD's risk management process including material exposure to and management of economic, environmental & social sustainability risks.</p> <p>The AICD considers that it does not have a material exposure to such risks, i.e. that there is not a real possibility that economic, environmental or social risks could substantively impact the AICD's ability to create or preserve value for members over the short, medium or long term.</p> <p>There is a risk that broader economic factors or a prolonged economic downturn may affect membership subscription numbers and Company Directors Course revenue. However the AICD does not consider at the time of this report that this risk is likely in the short term to materially affect the provision of services to its members.</p>

Financial Report for the year ended 30 June 2015

Comparison of AICD Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations 3rd Edition

Principle/recommendation		Description/reference of disclosure/compliance
Principle 8	Remunerate fairly and responsibly	
Recommendation 8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board has a Human Resources and Remuneration Committee.</p> <p>The Committee comprises at least three members all of whom are non-executive directors and all of whom are independent directors.</p> <p>The chairman of the Committee is an independent director and is not the chairman of the Board.</p> <p>The charter of the Committee is disclosed on the 'About our governance' page on the AICD's website: http://www.companydirectors.com.au/General/Header/About-Us/About-our-governance.</p> <p>The members of the Committee as at the date of this report are:</p> <ul style="list-style-type: none"> • Elizabeth Proust (Chair); • Peter Hay; • Anne O'Donnell; and • Michael Smith. <p>The Committee meetings and individual attendances of the members at those meetings are shown in the Directors' Report.</p>
Recommendation 8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Refer to the section entitled "Directors' and Officers' Remuneration" in the Directors' Report.</p>
Recommendation 8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The AICD does not have an equity-based remuneration scheme.</p>

Financial Report for the year ended 30 June 2015
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015	Note	2015 \$'000	2014 \$'000
Revenue	4(a)	60,794	56,374
Expenses			
Education and Events		(25,735)	(23,311)
Membership		(10,044)	(10,009)
Publishing		(2,113)	(2,100)
Administration		(20,565)	(18,505)
Strategic initiatives		(2,593)	(1,828)
Restructuring costs		(2,703)	-
Total expenses	4(b)	(63,753)	(55,753)
Results from operating activities		(2,959)	621
Finance income	5	3,117	2,689
Finance costs	5	-	(34)
Net finance income	5	3,117	2,655
Surplus for the year		158	3,276
Total comprehensive income for the year		158	3,276

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2015
Statement of Financial Position

As at 30 June 2015	Note	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	7,953	11,529
Trade and other receivables	7	2,947	2,048
Prepayments		1,012	935
Financial assets	10	11,294	11,000
Total current assets		23,206	25,512
Non-current assets			
Plant and equipment	8	6,154	4,146
Intangible assets	9	3,633	2,889
Financial assets	10	20,662	17,399
Total non-current assets		30,449	24,434
Total assets		53,655	49,946
Liabilities			
Current liabilities			
Trade and other payables	11	7,395	8,840
Provisions	12	2,575	1,050
Deferred revenue	13	18,951	17,977
Total current liabilities		28,921	27,867
Non-current liabilities			
Trade and other payables	11	4,459	2,382
Provisions	12	1,368	948
Total non-current liabilities		5,827	3,330
Total liabilities		34,748	31,197
Net assets		18,907	18,749
Members' funds			
Retained surpluses		18,907	18,749
Total members' funds		18,907	18,749

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2015

Statement of Changes in Equity

For the year ended 30 June 2015	Note	2015	2014
		\$'000	\$'000
Opening members' funds		18,749	15,473
Total comprehensive income for the year		158	3,276
Members' funds		18,907	18,749

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2015
Statement of Cash Flows

For the year ended 30 June 2015	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers and sponsors		64,041	61,093
Payments to suppliers and employees		(61,580)	(54,501)
Net cash flows from operating activities	6(b)	2,461	6,592
Cash flows from investing activities			
Interest received		220	751
Dividends received		-	416
Distribution received		1,394	734
Franking credits received		146	96
Sale of other financial assets		-	13,665
Purchase of other financial assets		(2,217)	(28,337)
Payment for plant and equipment		(3,651)	(500)
Payment for intangible assets		(1,946)	(1,181)
Net cash flows used in investing activities		(6,054)	(14,356)
Net (decrease) / increase in cash and cash equivalents		(3,593)	(7,764)
Cash and cash equivalents at the beginning of the period		11,529	19,311
Effect of exchange rate fluctuations on cash held		17	(18)
Cash and cash equivalents at the end of the period	6(a)	7,953	11,529

The Notes are an integral part of these financial statements.

Financial Report for the year ended 30 June 2015

Notes to the Financial Statements

1. Corporate Information

The financial report of the Australian Institute of Company Directors (AICD) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 9 September 2015.

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.

The AICD 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 2014 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 additional requirements 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 the AICD's 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 judgments, 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 judgments 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 and restructuring costs 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 the AICD and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Education and Events

Revenue from Education and Event activities is recognised when the course or function 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 distribution, interest and other financial income. Distribution income is recognised in the Statement of Profit or Loss and Other Comprehensive Income, when the AICD's 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 2015

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 the AICD 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. The AICD 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

The AICD 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 the Statement of Profit or Loss and Other Comprehensive Income.

Subsequent expenditure

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

(h) Financial assets

Recognition

Financial instruments are designated at fair value through profit or loss in accordance with the AICD 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 distribution 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;
- The AICD 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
- The AICD 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 2015

Notes to the Financial Statements

(h) Financial assets (continued)

Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the AICD 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.

(i) Impairment

Financial assets

The AICD 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 intangible assets acquired by the AICD. 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 ongoing accumulated impairment losses.

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 the AICD 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 Statement of Profit or Loss and Other Comprehensive Income as an amortised expenditure.

A summary of the policies applied to the AICD's intangible assets is as follows:

Development costs - website

Useful life	Finite (2014: 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 (2014: 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 2015

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 the AICD prior to the end of the financial year that are unpaid and arise when the AICD becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Provisions

Provisions are recognised when the AICD 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.

Restructuring

A restructuring provision is recognised when the AICD has developed a detailed formal plan for the restructure and has raised a valid expectation in those affected that it will carry out the restructure by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructure, which are those amounts that are both necessarily entailed by the restructure and not associated with the ongoing activities of the AICD.

(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 Milliman corporate discount rates 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 2015

Notes to the Financial Statements

4. Revenues and expenses

	2015	2014
	\$'000	\$'000
(a) Revenue		
Education	35,713	32,769
Events and Conferences	5,935	5,779
Membership	18,261	17,061
Publishing	691	706
Other income	194	59
	60,794	56,374
(b) Expenses		
Depreciation and amortisation:		
Plant and equipment - depreciation	573	564
Leasehold improvements - depreciation	1,012	924
Intangible assets - amortisation	1,202	1,059
	2,787	2,547
Lease payments and other expenses included in administrative expenses:		
Operating lease rental expense	3,550	3,534
Employee benefits expense:		
Salary and wages	24,303	21,075
Superannuation	1,897	1,639
Long service leave	420	376
Annual leave	(142)	48
	26,478	23,138
Bad and doubtful debts expense	(64)	26
Finance costs relating to lease accounting	40	36
Net loss on sale or disposal of plant and equipment	58	6

Financial Report for the year ended 30 June 2015
Notes to the Financial Statements

5. Finance income and finance costs

	2015 \$'000	2014 \$'000
Finance income		
Interest	220	751
Dividends	-	416
Distribution	1,394	734
Franking credits	146	96
Fair value movements of financial assets held at fair value	1,340	(647)
Fair value movements of financial assets sold	-	1,357
Foreign exchange (loss) / gain	17	(18)
	3,117	2,689
Finance costs		
Finance costs	-	(34)
	-	(34)
Net finance income recognised in surplus	3,117	2,655

6. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash at bank and on hand	4,063	6,221
Short-term deposits	-	1,015
Secured term deposit	3,890	4,293
	7,953	11,529

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 the AICD, and earn interest at the respective short-term deposit rates. Short-term deposits are part of a strategic investment fund. In 2015 the remaining short-term deposits were transferred to the investment fund (refer Note 10).

Secured term deposit is a fixed term bank deposit with a term ranging from one month and three months that is used as security for the leased properties bank guarantee facility, merchant forward delivery facility and corporate credit card facility. In 2015 the secured term deposit was reduced due to the merchant forward delivery facility limit being reduced by the AICD's bank.

(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	4,063	6,221
Short-term deposits	-	1,015
Secured term deposit	3,890	4,293
	7,953	11,529

Financial Report for the year ended 30 June 2015

Notes to the Financial Statements

6. Cash and cash equivalents (continued)

	2015 \$'000	2014 \$'000
(b) Reconciliation of net surplus to net cash flows from operations		
Net income	158	3,276
Adjustments for:		
Fair value movements of financial assets held at fair value	(1,340)	647
Fair value movements of financial assets sold	-	(1,357)
Depreciation/amortisation of non-current assets	2,787	2,547
Loss on disposal of plant and equipment	58	6
Interest received	(220)	(751)
Dividends received	-	(416)
Distribution received	(1,394)	(734)
Franking credits received	(146)	(96)
Foreign exchange (gain) / loss	(17)	18
Net cash provided by operating activities before changes in net assets and liabilities	(114)	3,140
Changes in assets and liabilities		
(Increase)/Decrease in:		
Trade and other receivables	(899)	454
Prepayments	(77)	(240)
Changes in provisions:		
Provision for employee benefits	195	221
Property make-good provision	399	40
Provision for restructuring costs	1,351	-
Increase in:		
Trade and other payables	632	1,795
Deferred revenue	974	1,182
Net cash from operating activities	2,461	6,592

The AICD has bank guarantees in respect of leased properties to the amount of \$2,671,377 (2014: \$2,367,332) at year-end. The bank guarantees are secured through the use of the secured term deposit which restricts the use of this facility.

The AICD's 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 2015
Notes to the Financial Statements

7. Trade and other receivables

	2015 \$'000	2014 \$'000
Current		
Trade receivables	1,450	1,190
Less allowance for doubtful debts	-	(83)
	1,450	1,107
Other receivables	1,452	874
Accrued income	45	67
	2,947	2,048
(a) Past due but not impaired		
Not past due or impaired	893	701
30 to 60 days	322	184
61 to 90 days	135	69
Over 90 days	100	236
Total trade receivables	1,450	1,190

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 AICD's receivables from customers. The AICD's Membership, Events and Conferences, Sponsorship and Education 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 the AICD is exposed.

Financial Report for the year ended 30 June 2015

Notes to the Financial Statements

8. Plant and equipment

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2015			
At 1 July 2014, net of accumulated depreciation and impairment	1,271	2,875	4,146
Additions	840	2,811	3,651
Disposals	(34)	(24)	(58)
Depreciation charge for the year	(573)	(1,012)	(1,585)
At 30 June 2015, net of accumulated depreciation and impairment	1,504	4,650	6,154
At 30 June 2015			
Cost	3,416	7,297	10,713
Accumulated depreciation and impairment	(1,912)	(2,647)	(4,559)
Net carrying amount	1,504	4,650	6,154

	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

Financial Report for the year ended 30 June 2015
Notes to the Financial Statements

9. Intangible assets

	Development costs (website) \$'000	Software \$'000	Total \$'000
Year ended 30 June 2015			
At 1 July 2014, net of accumulated amortisation and impairment	205	2,684	2,889
Additions	657	1,289	1,946
Disposals	-	-	-
Amortisation charge for the year	(121)	(1,081)	(1,202)
At 30 June 2015, net of accumulated amortisation and impairment	741	2,892	3,633
At 30 June 2015			
Cost (gross carrying amount)	1,671	6,294	7,965
Accumulated amortisation and impairment	(930)	(3,402)	(4,332)
Net carrying amount	741	2,892	3,633

	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

Financial Report for the year ended 30 June 2015

Notes to the Financial Statements

10. Financial assets

	2015 \$'000	2014 \$'000
Current		
Financial assets at fair value through profit or loss	11,294	11,000
	11,294	11,000
Non-current		
Financial assets at fair value through profit or loss	20,662	17,399
	20,662	17,399

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 the AICD's short-term deposits (refer Note 6) were transferred to the investment fund. In 2015 the remainder of the AICD's short-term deposits (refer Note 6) were transferred to the 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

The AICD's principal financial instruments comprise of listed equity investments in unit funds. In 2014, the AICD's principal financial instruments comprised of listed equity investments in unit funds and short-term deposits. The AICD 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 the AICD's financial instruments are credit risk, market risk and currency risk. The AICD 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

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

The objective of the AICD's investment policy is to target a reasonable return from its investments. This allows the AICD 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 2015
Notes to the Financial Statements

10. Financial assets (continued)

(c) Measurement of fair values

A number of the AICD's 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, the AICD 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 2015				
Unit funds	-	31,956	-	31,956
Total	-	31,956	-	31,956

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Year ended 30 June 2014				
Unit funds	-	28,399	-	28,399
Total	-	28,399	-	28,399

(d) Market risk

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

Unit funds

A 1% change in equity prices at reporting date would have increased/decreased the surplus and equity by approximately \$319,181. 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

The AICD's 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 2015

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 2015						
Financial assets						
<i>Fixed rate</i>						
Fixed Term Deposit	3,890	-	-	-	3,890	2.71%
<i>Floating rate</i>						
Cash	4,063	-	-	-	4,063	1.40%
Short-term money market investments	-	-	-	-	-	-
Unit funds	-	-	-	31,956	31,956	-
Trade and other receivables	-	-	-	2,947	2,947	-
	7,953	-	-	34,903	42,856	
Financial liabilities						
<i>Floating rate</i>						
Trade and other payables	-	-	-	7,395	7,395	-
Subscriptions and fees in advance	-	-	-	18,951	18,951	-
	-	-	-	26,346	26,346	
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	-
Trade and other receivables	-	-	-	2,048	2,048	-
	11,529	-	-	30,447	41,976	
Financial liabilities						
<i>Floating rate</i>						
Trade and other payables	-	-	-	8,840	8,840	-
Subscriptions and fees in advance	-	-	-	17,977	17,977	-
	-	-	-	26,817	26,817	

Financial Report for the year ended 30 June 2015

Notes to the Financial Statements

11. Trade and other payables

	2015 \$'000	2014 \$'000
Current		
Trade payables and accruals	7,263	6,412
Annual leave	1,327	1,469
Lease accrual	(1,195)	959
	7,395	8,840
Non-current		
Lease accrual	4,459	2,382
	4,459	2,382

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

12. Provisions

	Make good provision \$'000	Restructuring costs \$'000	Long service leave \$'000	Total \$'000
Year ended 30 June 2015				
Current	32	1,351	1,192	2,575
Non-current	1,057	-	311	1,368
	1,089	1,351	1,503	3,943
Year ended 30 June 2014				
Current	-	-	1,050	1,050
Non-current	690	-	258	948
	690	-	1,308	1,998

(a) Make good provision

In accordance with the lease agreements for Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra, the AICD must restore the leased premises to their original condition at the termination of the leases being 2018, 2022, 2017, 2015, 2021 and 2017 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 2014	690	At 1 July 2013	651
Arising during the year	393	Arising during the year	3
Utilised	(34)	Utilised	-
Discount rate adjustment	40	Discount rate adjustment	36
At 30 June 2015	1,089	At 30 June 2014	690

Financial Report for the year ended 30 June 2015

Notes to the Financial Statements

12. Provisions (continued)

(b) Restructuring costs provision

During the 2015 financial year, the AICD committed to a plan to restructure the organisation. In March 2015 the plan was announced to all employees and all affected employees were notified of their redundancy prior to 30 June 2015. As part of the restructure was still ongoing as at 30 June 2015, the AICD recognised a provision of \$1,350,772 for expected restructuring costs, including employee redundancy benefits, consulting fees, legal fees and recruitment costs (specifically relating to newly created roles).

13. Deferred revenue

	2015 \$'000	2014 \$'000
Current		
Courses and events	8,384	8,103
Membership	9,771	9,142
Sponsorship and publications	796	732
	18,951	17,977

14. Commitments for expenditure

	2015 \$'000	2014 \$'000
Commitments under non-cancellable operating leases		
Not later than 1 year	3,040	3,435
Later than 1 year but not later than 5 years	13,744	10,435
Later than 5 years	1,393	-
	18,177	13,870

Operating leases are in respect of office premises in: Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart and Canberra; 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% (2014: 4%).

Financial Report for the year ended 30 June 2015
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.

	2015	2014
	\$	\$
Audit of the financial report	65,200	62,600
Audit related services	9,800	9,400
Non audit services	132,500	516,169
Total non-audit services	142,300	525,569

Audit related services provided by KPMG in relation to internal audit totalled \$9,800 during the current financial year (2014: \$9,400). Non-audit services provided by KPMG in relation to project governance services totalled \$132,500 during the current financial year (2014: \$516,169). A majority of the current year non-audit services provided by KPMG related to the design new strategic incentive plans. This engagement was on normal commercial terms and subject to a full tender process.

The AICD received revenue from sponsorship of events from KPMG of \$342,900 (2014: \$137,500).

Financial Report for the year ended 30 June 2015

Notes to the Financial Statements

16. Related party disclosures

(a) Key management personnel

(i) Directors

Director	Title	Appointed/Retired
Mr Michael Smith FAICD	President, WA National Director and Chairman	Appointed 9 November 2011 Appointed 7 May 2013
Ms Yasmin Allen FAICD	National Director	Appointed 5 November 2010
Mr David Bayes FAICD	President, VIC	Appointed 7 November 2014
Ms Kathleen Conlon FAICD	Division Councillor, NSW	Appointed 8 November 2012
Mr Peter Hay FAICD	National Director	Appointed 8 November 2012
Ms Anne O'Donnell FAICD	President, ACT	Appointed 9 November 2011
Mr Kevin Osborn FAICD	President, SA and NT	Appointed 7 November 2013
Dr Sally Pitkin FAICD	President, QLD	Appointed 7 November 2014
Ms Elizabeth Proust AO FAICD	National Director	Appointed 4 March 2014
Mr Roderick Roberts FAICD	President, TAS	Appointed 7 November 2013
Mr Gene Tilbrook FAICD	President, WA	Appointed 2 July 2013
Mr John Brogden AM FAICD	Managing Director & Chief Executive Officer	Appointed 19 January 2015
Mr John Colvin FAICD	Managing Director & Chief Executive Officer	Appointed 7 September 2008 Retired 16 January 2015
The Hon Keith De Lacy AM FAICD	President, QLD	Appointed 9 November 2011 Retired 6 November 2014
Mr William Scales AO FAICD	President, VIC	Appointed 1 January 2014 Retired 6 November 2014

(ii) Executives

Executive	Title
Mr Andrew Madry GAICD	Chief Operating Officer and Company Secretary (resigned as Company Secretary on 16 September 2014, left as Chief Operating Officer on 31 March 2015)
Mr Steve Burrell MAICD	General Manager, Communications and Public Affairs (until 31 March 2015)
Mr Rob Elliott FAICD	General Manager, Policy and Advocacy (until 31 March 2015) and General Counsel (until 16 June 2014) and Company Secretary
Mr Marcel Mol MAICD	General Manager, Director and Board Development
Mr Iggy Pintado MAICD	General Manager, Member and Marketing Services (until 31 March 2015)
Mr Bradley Sherringham MAICD	Chief Financial Officer and General Manager, State and Territory Divisions
Ms Kate Thomas	General Manager, Human Resources (until 31 March 2015)
Mr Fabio Bastian GAICD	Acting General Manager, Corporate Services (appointed 1 April 2015)
Ms Leah Watterson GAICD	Joint Acting General Manager, Advocacy (appointed 1 April 2015)
Mr Matthew Pritchard	Joint Acting General Manager, Advocacy (appointed 1 April 2015)

(b) Compensation of key management personnel

The AICD recognises and rewards performance and behaviour that support our core values and strategic themes. The AICD 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.

Financial Report for the year ended 30 June 2015

Notes to the Financial Statements

16. Related party disclosures (continued)

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

(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 the AICD 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 MD & CEO was appointed by the Board as an executive director and was remunerated as an employee of the AICD.

Transactions with directors and their related parties have been under the AICD's normal terms and conditions of trading.

No other transactions with related parties have occurred during the financial year.

(iii) Executive Compensation

Fixed Compensation

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

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

Variable Compensation

The AICD 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

	2015 \$'000	2014 \$'000
Compensation by category		
Short-term employee benefits	3,152	3,449
Post-employment benefits	153	136
Other long-term employee benefits	334	641
Termination benefits	1,002	-
	4,641	4,226

The table above includes short-term incentive payments allocated in accordance with the AICD's policy.

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

Financial Report for the year ended 30 June 2015

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 20 to 41 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 the AICD's financial position as at 30 June 2015 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 the AICD 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.



John Brogden AM FAICD
Managing Director & Chief Executive Officer

Canberra
9 September 2015



Michael Smith FAICD
Chairman

Financial Report for the year ended 30 June 2015

Independent Auditor's Report



Independent Auditor's Report to the members of 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 statements of financial position as at 30 June 2015, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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 2015 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

Anthony Travers
Partner

Sydney
9 September 2015

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Financial Report for the year ended 30 June 2015

Division Councillors

Australia Capital Territory

Ms Anne O'Donnell FAICD President
Mr Hugh Chalmers FAICD
Mr John Kalokerinos FAICD ^
Mr Peter McGrath FAICD
Mr Nigel Phair FAICD
Mr Hena Power FAICD *
Ms Fran Raymond FAICD
Dr Michael Schaper MAICD
Mr David Trebeck FAICD
Dr Vivienne Thom FAICD
Ms Liesel Wett FAICD

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 FAICD
Mr Richard Giles FAICD ~ *NT Committee Chair*
Ms Courtney Morcombe FAICD
Mr John van Ruth FAICD ^
Dr Roger Sexton AM FAICD
Mr Chris Stewart FAICD
Ms Heather Webster FAICD

Western Australia

Mr Gene Tilbrook FAICD President
Ms Alison Gaines FAICD Vice President
Ms Shirley In't Veld FAICD
Ms Helen Cook FAICD ^
Mr Frank Cooper FAICD ^
Mr Rick Crabb FAICD
Mr David Craig FAICD
Mr David Flanagan FAICD
Mr Craig Readhead FAICD
Mr Paul Sadleir FAICD ^
Mrs Kerry Sanderson AO FAICD *
Mr Steve Scudamore FAICD *

New South Wales

Ms Kathleen Conlon FAICD Board Member
Mr Peter Achterstraat AM FAICD President
Mr Andrew Amer FAICD *
Mrs Anne Brennan FAICD
Mr Phillip Cenere FAICD
Mr Michael Coleman FAICD
Dr Sue Craig FAICD ^
Dr Eileen Doyle FAICD
Ms Nancy Milne OAM FAICD
Dr Katherine Woodthorpe FAICD
Mr Lindsay Yelland FAICD

Tasmania

Mr Roderick Roberts FAICD President
Ms Jo Archer FAICD
Mrs Heather Chong FAICD
Mrs Ann Cunningham FAICD
Mr Rhys Edwards FAICD ^
Mr John Gilbert FAICD *
Mr Derris Gillam FAICD
Mr James Groom FAICD *
Ms Janine Healey MAICD
Mr Colin Jackson FAICD *
Ms Sarah Merridew FAICD
Mrs Diane Tompson FAICD

Northern Territory

(Regional Committee)

Mr Richard Giles FAICD (Chairman)
Mr Peter Carew AM FAICD
Ms Lorraine Corowa FAICD
Ms Linda Fazldeen FAICD
Mr Tom Ganley FAICD
Mr Alastair King FAICD *
Ms Vicki O'Halloran AM FAICD
Mrs Julie Ross MAICD *
Mr Denys Stedman FAICD

Queensland

Dr Sally Pitkin FAICD President
Ms Annabelle Chaplain FAICD
Mr Bruce Cowley FAICD *
Ms Anne Cross FAICD ^
The Hon Keith De Lacy AM FAICD *
Mr Peter Forbes FAICD
Dr Doug McTaggart FAICD
Ms Bronwyn Morris FAICD
Mr Grant Murdoch FAICD
Ms Rosemary Vilgan FAICD

Victoria

Mr David Bayes FAICD President
Ms Melinda Cilento MAICD *
Dr Vince Fitzgerald FAICD
Ms Jane Harvey FAICD
Mr Graeme Liebelt FAICD
Ms Susan Oliver FAICD
Ms Elana Rubin FAICD
Mr Felix Wong FAICD
Mr William Scales AO 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 2015
Chairman's Forum and Committees

Chairman's Forum

Mr David Crawford AO FAICD *Chairman*
 Mr Malcolm Broomhead FAICD
 Mr John Brogden AM FAICD^
 Ms Elizabeth Bryan FAICD
 Mr Russell Caplan FAICD
 Mr Michael Chaney AO FAICD
 Mr R. Leigh Clifford AO FAICD
 Mr John Colvin 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 Kevin McCann AM FAICD
 Mr Simon McKeon AO FAICD^
 Mr Peter Mason AM FAICD*
 Mr Lindsay Maxsted FAICD
 Mr Jerry Maycock FAICD
 Mr John Morschel FAICD*
 Mr Jacques Nasser AO FAICD
 Sir Ralph Norris^
 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 Ilana Atlas MAICD^
 Ms Yasmin Allen FAICD National Director
 Mr Graham Bradley AM FAICD
 Ms Catherine Brenner MAICD^
 Mr John Brogden AM FAICD^
 Mr Alan Cameron AO FAICD
 Mr Steven Cole FAICD
 Mr John Colvin FAICD
 Ms Melinda Conrad FAICD^
 Dr Eileen Doyle FAICD
 Mr Colin Galbraith FAICD
 Mr Stephen Gerlach AM FAICD
 Mr John Green FAICD

Mr Peter Hay FAICD National Director
 Mr Graham Kraehe AO FAICD
 Mr Martin Kriewaldt FAICD
 Mr Ian Laughlin^
 Dr Simon Longstaff AO
 Mr Kevin McCann AM FAICD
 Dr Lisa McIntyre GAICD^
 Mr Charles Macek FAICD
 Mr Jerry Maycock 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
 Mr John Brogden AM FAICD^
 Ms Priscilla Bryans MAICD
 Mr Hugh Chalmers FAICD
 Mr John 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*
 Ms Kirsten Gray
 Mr Aaron Jenkinson~
 Mr David Landy
 Mr Ben McLaughlin MAICD
 Ms Julie McPherson MAICD
 Ms Nancy Milne OAM FAICD^
 Mr Craig Readhead FAICD
 Mr Brian Salter MAICD
 Mr Peter Shaw MAICD

Ms Leah Watterson GAICD
 Senior Policy Manager/Legal Counsel

Financial Report for the year ended 30 June 2015

Chairman's Forum and Committees

Reporting Committee

Mr David Armstrong MAICD^
Ms Dianne Azoor Hughes MAICD
Mr James Beecher FAICD *Deputy Chairman*
Mr John Brogden AM FAICD^
Mr Peter Cadwallader FAICD
Mr Michael Coleman FAICD *Chairman*
Mr John Colvin FAICD*
Mr Frank Cooper AO FAICD^
Mr Bruce Donald~^
Mr Brenton Ellery GAICD
Mr Rob Elliott FAICD*
Mr Peter Forbes FAICD
Mr Amir Ghandar MAICD*
Mr Scott Hadfield
Mr Chris Hall
Ms Fiona Harris FAICD
Ms Jane Harvey FAICD
Ms Janine Healey MAICD^
Ms Kerry Hicks MAICD*
Mr Peter Housden FAICD
Mr Aaron Jenkinson~*
Mr Gary Lennon
Ms Sam Lewis GAICD
Ms Caithlin McCabe
Ms Geraldine Magarey^
Mr Keith Reilly MAICD
Mr Antony Robb FAICD
Ms Nicola Steele MAICD
Dr Eva Tshuridu^
Leah Watterson GAICD^
Mr Lindsay Yelland FAICD

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

DPD Steering Committee

Anne O'Donnell FAICD
Bronwyn Morris FAICD
Chris Stewart GAICD *
John Van Ruth FAICD ^
Derris Gillam FAICD
Jane Harvey FAICD
Marcel Mol MAICD ^
Phillip Cenere GAICD
Cathie Goss GAICD

^ denotes began during year

*denotes resigned/retired during or at end of year

~ ex officio members of committee

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