



CHARTERED SECRETARIES AUSTRALIA ANNUAL REPORT 2003



CHARTERED SECRETARIES
AUSTRALIA

Keeping good companies

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HIGHLIGHTS

- A 26 per cent increase in enrolments in the Graduate Diploma in Company Secretarial Practice, the main pathway to membership of CSA.
- A 46 per cent increase in the number of graduates in the Graduate Diploma, with over 70 per cent continuing on to CSA membership.
- Introduction of the Good Governance Guides on the public access section of CSA's website.
- Significant enhancement of the Useful Practitioner Document section on the member-only section of CSA's website.
- A substantial contributor to the development of the ASX Corporate Governance Council's *Principles of good corporate governance and best practice recommendations*.
- Publication of a new booklet, *Corporate Governance and the Company Secretary*.
- Major submissions developed, in particular on the proposed CLERP (Audit Reform & Disclosure) Bill and the Corporations Amendment Bill 2002.
- New training programs developed in Duties of Directors and Officers, the Corporate Governance Masterclass and the Not-for-Profit Board Secretary.
- Development of the National Résumé Register to assist members with furthering their employment needs.



CHARTERED SECRETARIES
AUSTRALIA

Keeping good companies

REPORT ON 2003

Early in the year the 2003 Australian President Mr Frank Bush said this year would be the best opportunity in many years for Chartered Secretaries Australia (CSA) to make its mark. And that is certainly what CSA has been able to do. The intense community focus on seeking improved standards of corporate governance, combined with the work that CSA has put in place over the last three years in implementing the strategic plan, has been a favourable mix for your professional association.

For starters, this year has seen a 26 per cent increase in enrolments for CSA's qualifying program, the Graduate Diploma in Company Secretarial Practice. And with over 70 per cent of these graduates choosing to become members, we have obviously been making our mark.

Making our mark

For the last three years, CSA has been operating in the context of the Mission Statement and strategic objectives developed in 2001. We are pleased to have this opportunity once again to report to you on progress against those objectives.

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

During April, CSA's second annual Corporate Governance Symposium, held in Sydney, focused on Company Accountability — An Impact on the Community. This successful event demonstrated CSA's commitment to providing forums for the debate of important issues and showcased our interest in the wider debate on corporate governance.

In working toward fulfilling our Mission Statement, your National Council also decided that the expertise of a Chartered Secretary is as applicable to the public sector as to the private sector. As a result, very successful half-day conferences, specifically targeting the public sector, were conducted in Brisbane, Melbourne and Sydney during the second half of the year. Not only was attendance high, but also the calibre of attendees emphasised that Chartered Secretaries add value in the public and private sectors.

CSA was pleased to see minimum qualifications for Company Secretaries back on the agenda with the government's release of the exposure draft of the Corporations Amendments Bill 2002. While the proposed Bill does not recommend minimum qualifications, it does propose that the qualifications of a Company Secretary be listed in a company's annual report.

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

In 2003 CSA developed new technical resources for members and non-members to assist with the day-to-day demands of corporate administration and the development and implementation of organisational policy.

In August, CSA published the third edition of its booklet, *Corporate Governance and the Company Secretary*. For this edition, CSA broadened the focus of the booklet to mirror the expanding role of the Company Secretary. Chartered Secretaries are increasingly called upon by their boards to

advise on implementing corporate governance principles and this booklet underscores that evolution.

This year has also seen the introduction of the Good Governance Guides on the public access pages of the CSA website. These guides are designed to complement the Useful Practitioner Document service that was commenced last year, but they take a different focus. Good Governance Guides are designed to provide practitioners with practical direction and assistance on the implementation of governance matters.

The Useful Practitioner Document service was greatly enhanced during the year and represents the next level of detail after the Good Governance Guides in providing practical assistance to members. During the middle of the year, CSA ran a successful competition offering a bottle of 1980 Grange Hermitage that resulted in a range of new documents being donated to the service. An energetic committee of members reviews each document to ensure it is of a standard acceptable to CSA before posting the document to our website.

3 Broaden Chartered Secretaries Australia's professional relevance

Throughout 2003 CSA worked behind the scenes to broaden its qualifying program. CSA is pleased to announce the introduction of the new Graduate Diploma in Applied Corporate Governance that will be offered nationwide. This new course replaces the existing Graduate Diploma in Company Secretarial Practice and is the only internationally recognised post-graduate

qualification in Australia that focuses on governance and administration.

The new course has been developed in response to employers and investors increasingly demanding that those charged with governance responsibilities have the skill and expertise to promote excellence in corporate conduct and administration. It was officially launched in Sydney on 13 October by Justice Neville Owen, HIH Royal Commissioner.

Advocacy

CSA was a pivotal member of the Australian Stock Exchange (ASX) Corporate Governance Council that released its *Principles of good corporate governance and best practice recommendations* in March of 2003. CSA contributed heavily to the development of the guidelines and has been vocal in supporting the renewed focus on governance as a means to achieving better corporate performance and restoring investor confidence in the capital markets.

During the year CSA was active through all of its branches in educating members on implementing the guidelines to the fullest extent possible by conducting practical workshops and hosting joint information sessions with ASX.

CSA also contributed to the work of Standards Australia in developing AS 8000 Good Governance Principles. This standard complements the work of the ASX Corporate Governance Council as it has more applicability to non-listed entities.

At the end of the year, the government's latest instalment in corporate law reform, CLERP 9 (Audit Reform and Corporate Disclosure) Bill, was released. CSA has a keen interest in many of the provisions of the CLERP 9 Bill and developed a detailed submission

followed by face-to-face meetings with the government and opposition.

During the year, CSA also expanded participation in its Rapid Response survey program. These surveys are designed to test member opinion and have been instrumental in generating media coverage and improving CSA's advocacy profile.

Financial health

During 2003 CSA generated sufficient revenue (nearly \$4.4 million) to fund its extensive member services and advocacy program and generate a surplus of \$147,706. The company receives about 40 per cent of total revenue from member subscriptions with the remainder coming from education and training activities.

This is an excellent result, as our strategy to generate additional income from non-subscription-related activities is continuing to be successful. This strategy will continue over the coming years.

An excellent year

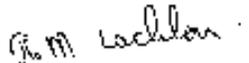
In closing, 2003 has been an excellent year for Chartered Secretaries Australia. The dramatic increase in enrolments in our qualifying program is a positive endorsement of the work we are doing and the value that the business community places on a fully qualified Chartered Secretary.

We look forward to next year and bringing you more achievements.

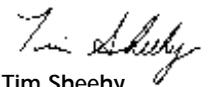



Sue Crook FCIS
President
Australian Division of ICSA
Committee for Australia




Rob McLachlan FCIS
Chairman
Chartered Secretaries Australia Ltd




Tim Sheehy
Chief Executive
to the Australian Division
and of Chartered Secretaries
Australia Ltd

MEMBER SERVICES AND EDUCATION

During 2003 CSA again made significant advances toward its main objective to be the leading provider of technical information and support in governance and administration.

In addition CSA fulfilled its commitment to ensuring its members are at the forefront of the profession by introducing to Australia the only internationally recognised postgraduate qualification in governance and administration.

Significant member services were either introduced or substantially enhanced during 2003. Some of the highlights are discussed here.

Structured to accord with the ASX Corporate Governance Council's guidelines, the first tranche of guides canvass governance practice in the areas of management and oversight, board structure, financial reporting, disclosure, rights of shareholders and board performance. They drill down to explore issues such as who should sit on board committees, the procedure for the selection of directors, signing the annual directors' report, board deliberations in relation to adopting the financial reports, communication with analysts and shareholders and disclosure policies and procedures.

are donated by other members and constitute an exchange of intellectual property to promote and advance the effective governance and administration of organisations in both the private and public sectors. During 2003 the service was expanded to provide the documents necessary for corporate governance practices in alignment with the ASX Corporate Governance Council's guidelines. The service now offers documents such as board committee charters, codes of conduct for directors, and corporate governance, communication and continuous disclosure policies. These documents were donated

Further publications are underway to ensure that members receive the technical information to help them keep abreast of the latest governance issues and to develop and extend their skills in this rapidly evolving area of organisational management.

Provision of technical information

Good Governance Guides

CSA introduced Good Governance Guides to the public access section of its website during the middle of 2003. The guides cover corporate governance relating to listed and non-listed companies, as well as the government sector. Designed to address the grey areas not covered by legislation, these aide-memoires are not intended as a substitute for seeking professional legal advice but offer guidance on governance practices in a range of situations.

The Australian guides are linked to Good Governance Guides in ICSA divisions around the world, granting access to comparison and further ideas. This is a dynamic service, with new guides in development.

Useful Practitioner Document service

Underpinning the Good Governance Guides is the array of documents in CSA's Useful Practitioner Document service. Begun in 2002, this service is available to members in the password-protected section of CSA's website. The documents in this service

by members operating in the top 200 Australian listed companies, ensuring fellow members have access to cutting-edge governance materials to keep their organisations abreast of Australian and international governance requirements.

A member committee nominates the selection criteria for acceptance of documents and reviews all documents donated to the service. The committee also nominates particular areas of documentation required and the strategies to secure those documents of most use to members. In 2003, the

committee also reviewed all documents submitted as part of a competition, offering a bottle of Grange to the member who donated a document deemed technically accurate, of high quality and of service to fellow members. This service is also dynamic, with existing documents reviewed regularly for ongoing applicability and new documents uploaded to service different industry sector needs.

Publications program

CSA also commenced a publications program in the field of corporate governance in 2003, with the first publication, *Corporate Governance and the Company Secretary*, providing resource material catering specifically to member needs. Members could access this publication as a hard copy booklet or as an electronic publication via the website, free of charge. Non-members can purchase the publication, as part of CSA's mission to promote the development of governance practices.

Further publications are underway to ensure that members receive the technical information to help them keep abreast of the latest governance issues and to develop and extend their skills in this rapidly evolving area of organisational management.

Website updates

The website underwent a number of developments in 2003, with various sections restructured to facilitate member and non-member access. The events, news and publications areas are kept up-to-date constantly, and the home page brings policy developments from within Australia and overseas to members' attention as part of an ongoing program to improve communication and services to our members and students.

Compass

In early 2003 CSA and Ernst & Young identified an opportunity to bring to market a product that would allow Company Secretaries to focus their detailed governance requirements in one place in an easy-to-use and cost-effective format. Professional staff from Ernst & Young Online and a focus group of senior CSA members saw this idea develop and become reality with the creation of a joint venture to market Compass.

Launched in April 2003, Compass is a web-based tool developed initially in light of the ASX Corporate Governance Council's *Principles of good governance and best practice recommendations*, with ongoing updates in line with legislative changes such as CLERP. Compass enables governance professionals to assess and manage their position in relation to the mandatory reporting requirements and provides templates and charters to develop the corporate governance statement.

CSA is committed to assisting members and the wider business community come to grips with changing legislative and regulatory requirements. The release of a software tool represents a departure from CSA's traditional provision of seminars and intellectual property and is a direct result of our strategy to assist members in staying at the forefront of their profession.

CSA Résumé Register

During 2003 CSA expanded its state-based Résumé Register service into a national service. The Résumé Register is designed to assist members progress their careers and to assist organisations to identify suitably qualified and experienced candidates for governance positions. On a fee-for-service basis, an organisation's requirements are assessed against the bank of résumé

details provided by members. If the CSA panel identifies suitable and willing candidates for a specific role, CSA provides their résumé to the client.

CSA introduced this service for two reasons. First, CSA aimed to directly assist members to optimise their career potential by expanding their employment opportunities. But second, as an organisation whose mission is the promotion and advancement of effective governance and administration, CSA has a broader interest in facilitating the employment of candidates whose superior qualifications and experience admit them to membership of Australia's peak applied governance body.

CSA's expertise in understanding the requirements of governance roles has meant that both clients and members are well served by the Register. Indeed, several organisations have been members who recognise that the candidate they seek is likely to be another member of their own professional body.

Discussion groups

During the year CSA also expanded its range of discussions groups that operate around the country. Each discussion group is focused on a particular area of interest, such as public companies or corporate finance, and provides members and affiliates with the opportunity to discuss issues of common interest in a closed-door environment. For example, during the year we added a student discussion group in SA and a listed companies discussion group in WA and conducted a total of 109 groups during the year around Australia.

Education

The most exciting highlight in education during 2003 was the finalisation in September of our fully accredited

MEMBER SERVICES AND EDUCATION (continued)

and internationally recognised Graduate Diploma in Applied Corporate Governance. Commencing in 2004 this new postgraduate qualification is a major first step in our strategic plan to position CSA as the key education provider, not just in the area of company secretarial practice, but in the wider application of corporate governance best practice in companies, government and other organisations.

CSA is committed to the principle of minimum qualifications for governance professionals and by introducing this new course has set the bar at a high level. CSA is of the view that as the governance of organisations becomes more and more complex, a high standard of qualification is essential.

The new Graduate Diploma course was launched nationally in Sydney in October by Justice Neville Owen, the HIH Royal Commissioner, in the presence of selected business leaders, business and legal academics and representatives of an array of other bodies focused on corporate governance.

Subsequently, similar local launch functions were held successfully in Perth, Brisbane, Hobart, Adelaide and Melbourne.

Another important feature of the new Graduate Diploma is that it fully complies with the syllabus and other requirements of the new International Qualifying Scheme of our parent body, the Institute of Chartered Secretaries and Administrators (ICSA). Accordingly, as well as being an accredited postgraduate qualification in the Australian higher education sector, at the international level it also operates as the new educational gateway to ICSA membership.

During 2003 various enhancements were made to our Online Learning Centre to provide better support

to student learning. This included the conversion of the online version of all subject materials to HTML, as well as improvements to the chat sessions and discussion forums available to distance students through the online classroom. There was a considerable increase in enrolments in the proportion of students enrolling in the distance mode of study with almost 40 per cent of students studying online, as opposed to 60 per cent attending tutorials, thereby underscoring the growing popularity of the flexibility offered by online study without the need for face-to-face education.

The other significant achievement during 2003 was the 26 per cent increase in enrolments to our course. We see this as an endorsement of governance professionals needing to be highly qualified and of the quality of CSA's education courses.

Training and professional services

CSA substantially enhanced its training services in 2003 to provide a wider range of public courses and an increased number of tailored in-house programs for a diverse range of clients representing all industry sectors. Our range of public courses has been designed to recognise the different needs of governance professionals in all industry sectors. The training courses are offered in all states, mainly at capital city venues.

Training courses are designed in consultation with the marketplace and developed by recognised industry practitioners with qualifications and experience in the content area. Course presenters are industry practitioners with experience in facilitating adult learning programs. This ensures that course participants are being trained by industry experts

who can draw on their experiences and provide practical examples throughout the training program. All courses are evaluated by course participants who regularly comment on the benefits and value of courses being presented by industry practitioners with current industry experience.

In-house training is a relatively new venture and 2003 saw an increased number of clients choosing this option for training their staff. The benefits of in-house training are that it is cost effective if an organisation has a large number of staff to train, the courses are tailored to include and use the clients' policies, procedures and documentation as part of the program and it contributes to team building. CSA's short-course training business has also been successful in providing training to well over 1000 people in the essentials of Company Secretarial practice. Many people are not in a position to become full members of CSA but still need training in running meetings, conducting an AGM or taking minutes. This form of training is a great alternative to the more demanding study that our Graduate Diploma involves, with participants often deciding to increase their career prospects and progress to membership.

Finally, CSA introduced a voluntary Continuing Professional Development (CPD) code in 2003 to commence in 2004. A CPD information brochure outlining the policy and introducing the program was sent to all members and a CPD record keeping form has been posted to the website, to allow all members to keep track of hours undertaken.

Committed membership

CSA congratulates the following members who achieved milestones in membership in 2003:



50 years

New South Wales

Harold Cadell FCIS
Edward Carragher FCIS
Anthony Cowper FCIS
Frank Long FCIS
Daniel Purcell FCIS
Edmund Traynor FCIS
Hugh Wily FCIS
David Cantle ACIS
Thomas Crossman ACIS
Raymond Gardiner ACIS
Ronald Gardner ACIS
John Luscombe ACIS
Leslie McAvinue ACIS
John Miller ACIS
Keith Preen ACIS
Douglas Wettig ACIS
Ronald Willington ACIS

Queensland

Eldred Bourke ACIS
Arthur Egert FCIS
Gilbert Force ACIS
Douglas Gilmour ACIS
Noel Neild ACIS
Earle Pritchard ACIS
Patrick Seymour ACIS

South Australia

Ralph Hayford FCIS
Patrick Minogue ACIS
Charles Pritchard ACIS

Victoria

Leslie Bradley FCIS
Stanley Gee FCIS

Kenneth Hubble FCIS
Ronald James FCIS
John Morgan FCIS
Phillip Nankivell FCIS
Alwyn Petherbridge FCIS
Clive Sargent FCIS
Nellie Stephenson FCIS
James Truesdale FCIS
Lancelot Ward FCIS
Edgar Cooper ACIS
Colin Lilley ACIS
Rosalie McCartney ACIS
Douglas Oldfield ACIS
Ian Proctor ACIS
Walter Riddell ACIS
Talbot Rothwell ACIS

Western Australia

Bruce Bessen ACIS
George Gillett ACIS
Curnow Knuckey ACIS
Francis Shelton ACIS
Allen Smyth ACIS
John Tate FCIS

25 years

New South Wales and ACT

Nigel Bradshaw FCIS
Arthur Brew ACIS
Raymond Buchanan ACIS
Kim Byrnes ACIS
Alan Carter ACIS
Charles Chan Shuen Lee ACIS
Choi Ying Lau ACIS
Choong Lee Lan ACIS
John Clarke ACIS
Peter Cotton ACIS

John Curtin FCIS
Philip Davis ACIS
Leopold Demidjuk FCIS
Margaret Dobbin ACIS
Peter Doyle ACIS
Edward Duma ACIS
Warren Eades ACIS
Christopher Efstathakis FCIS
George Esplin ACIS
Rodger Fettell ACIS
John Fisher ACIS
Richard Francis FCIS
Gregory Goh ACIS
Edward Gooley FCIS
Peter Halters ACIS
Rebecca Higgins ACIS
John Hudleston ACIS
Keith Inns FCIS
Dennis Jackson FCIS
John Jones ACIS
Augustus Kazaglis ACIS
John Kerin ACIS
Alan Kerr ACIS
Robert King ACIS
Rudolph La Fou ACIS
Jeffrey Laidlaw ACIS
Hermia Lam Heung-Ying ACIS
Harry Lau FCIS
Anna Leung Lee Suk Hing FCIS
Milly Lim Chai Lian ACIS
Richard Maka ACIS
Bernard Mayhew ACIS
Alexander McCracken ACIS
Charles Moore ACIS
Douglas Murphy ACIS
Sue O'Malley ACIS
Shu Pang ACIS
Colin Parbery FCIS
Robert Parker FCIS

Ignatius Pergamalis ACIS
George Phillis ACIS
Alan Pickett ACIS
Colin Pocklington ACIS
Ronald Price ACIS
Jeffrey Priestly ACIS
Barry Raymond ACIS
Brian Richards FCIS
Philip Russell FCIS
Gregory Sharpe FCIS
Harry So ACIS
Robert Stephens ACIS
Alan Taylor FCIS
Stephen Thomas ACIS
David Tomlinson ACIS
Robert Turton FCIS
Nicholas Voulgaropoulos ACIS
Donald Waller ACIS
Ian Ward ACIS
Robert Waring FCIS
Paul Watson FCIS
Wong Kam Fatt ACIS
Edward Yeow ACIS

Overseas

William Chia Soon Hin ACIS
Robert Wong Kok Wah ACIS

Queensland

Jacobus Borger ACIS
Ian Brown ACIS
Alan Davis ACIS
Daniel Flynn FCIS
Clement Foster FCIS
Michael Hofman ACIS
Alan Hooper FCIS
Brian Jordan FCIS
Stephen Maitland FCIS
Wendy O'Keefe FCIS

Ian Paterson ACIS
Thomas Quinn ACIS
John Sim ACIS
Gordon Stanway FCIS
Peter Wall ACIS
Wan Lan ACIS

South Australia

Graham Allen FCIS
Robert Beard FCIS
Michael Booth ACIS
Lawrence Clark FCIS
Reginald Davey ACIS
Malcolm Daws ACIS
Wendy Fok ACIS
John Roberts ACIS
Bruce Trebilcock FCIS

Tasmania

Ian Tapping FCIS

Victoria

Maurice Adelist ACIS
Roy Arnott FCIS
Joseph Badawy FCIS
David Brunton ACIS
Peter Calder ACIS
Preston Chow Fok Kwong ACIS
Ivan Clyne ACIS
Rodney Cole ACIS
John Cooper ACIS
John Cornelius FCIS
Lindsay Cox ACIS
Jacob De Bruijne ACIS
Eric Farrance ACIS
William French ACIS
Trevor Golding ACIS
Laurence Green FCIS
John Jackson ACIS

Ross Kilborn FCIS
Lee Chui Mei ACIS
Peter Loh FCIS
Leanne Loh ACIS
Neil Louttit ACIS
Ian MacPherson ACIS
Donald Matheson FCIS
Anthony McKenna ACIS
Roger Membrey FCIS
Desmond Mowat ACIS
Bryan Payne ACIS
Robert Read ACIS
Raymond Richardson ACIS
Anthony Scher ACIS
Ian Smith FCIS
Kenneth Stout ACIS
Peter Taylor ACIS
John Tong FCIS
Michael Tratt ACIS
John Wundersitz ACIS
Herbert Zimmer ACIS

Western Australia

Roger Bigum ACIS
Ronald Bovell ACIS
Roy Cheo ACIS
Cornelius Geers ACIS
Paul Heldsinger ACIS
Warwick Kent FCIS
John King ACIS
Bruce MacPherson FCIS
Peter Moore ACIS
Mervyn Thomas FCIS
Barry Watson FCIS

COMMITTEES AND MEMBERSHIP

The Board of CSA gratefully acknowledges the commitment of members to policy development and our education program.

Committee for Australia

Ms Sue Crook FCIS (President)

Head of Australian Secretariat
National Australia Bank Ltd

Mr Paul Moni FCIS (Vice President)

Director
Moni Solutions Pty Ltd

Mr Bernard Yates FCIS (Vice President)

Company Secretary
West Australian Newspapers Holdings Limited

Mr Frank Bush FCIS (Immediate Past President)

Company Secretary
Aristocrat Leisure Ltd

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

Mr Nick Burrows FCIS

Company Secretary
Tassal Group Ltd

Mr Nicholas Geddes FCIS

Director
Australian Company Secretaries Pty Ltd

Mr Ross Mallett FCIS

Assistant Company Secretary
WMC Resources Ltd

Mr Peter Messer FCIS

Mr Paul Paxton-Hall FCIS
Partner
Deacons Lawyers

Mr Roger Sanderson FCIS

Principal
Roger Sanderson & Associates

Mr Chris Wells FCIS

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

ICSA Representatives

Professor Tan Wee-Liang FCIS (ICSA President)

Mr Russell Barnier FCIS (ICSA Immediate Past President)

Corporate Secretary, Legal Counsel
Melbourne Health

Legislation Review Committee

Mr Richard Jones FCIS (Chairman)

Manager, Compliance Group Secretariat
National Australia Bank Ltd

Mr Peter Abraham FCIS

General Counsel, Company Secretary
Rinker Group Ltd

Mr Nick Burrows FCIS

Company Secretary
Tassal Group Ltd

Mr David Cantrick-Brooks ACIS

Assistant Company Secretary
James Fielding Group

Ms Pauline Carr FCIS

Executive General Manager/Group Secretary
Newmont Australia

Ms Sue Crook FCIS

Head of Australian Secretariat
National Australia Bank Ltd

Mr Duncan Glasgow FCIS

Company Secretary, General Counsel
Ruralco Holdings Ltd

Mr Douglas Gratton FCIS

Company Secretary
Telstra Corporation Ltd

Mr Ian Gregory FCIS

Company Secretary
Iluka Resources Ltd

Ms Deborah Hambleton FCIS

General Counsel
Bendigo Bank Ltd

Mr John Hatton FCIS

Company Secretary
Commonwealth Bank of Australia

Ms Michaela Healey FCIS

Company Secretary
Orica Ltd

Mr Bill Hundy FCIS

Company Secretary
Origin Energy Ltd

Mr Keith Irvine FCIS

Consultant

Ms Linda Kenyon FCIS

Company Secretary
Wesfarmers Ltd

Mr Richard Kneebone FCIS

Consultant

Ms Karen Lange FCIS

Company Secretary
Woodside Petroleum Ltd

Mr Ross Mallett FCIS

Assistant Company Secretary
WMC Resources Ltd

Mr Robert Moon FCIS

Company Secretary
Advertiser Newspaper Ltd

Mr Paul Paxton-Hall FCIS

Partner
Deacons Lawyers

Mr John Rennie FCIS
Consultant

Mr Roger Taylor FCIS

Deputy Secretary
BHP Billiton Ltd

Mr Lawrence Tutton FCIS

Company Secretary
GUD Holdings Ltd

Ms Karen Wood FCIS

Company Secretary
BHP Billiton Ltd

Mr Bernard Yates FCIS

Company Secretary
West Australian Newspapers Holdings Limited

Corporate and Legal
Issues Committee

Mr Duncan Glasgow FCIS (Chairman)

Company Secretary, General Counsel
Ruralco Holdings Limited

Mr Richard Anderson FCIS

Company Secretary, General Counsel
Nestlé Australia

Mr Warren Baillie ACIS

Lawyer
Deacons

Mr Paul Baranov FCIS

Senior Legal Counsel
Sydney Futures Exchange

Mr Greg Bateman FCIS

Partner
Abbott Tout Solicitors

Mr Nick Geddes FCIS

Director
Australian Company Secretaries Pty Ltd

Mr Ian Gilmour FCIS

Consultant

Mr Bryce Hardman ED, FCIS
Director
Consultants Australia Group Pty Ltd

Mr Richard Jones FCIS
Manager, Compliance Group Secretariat
National Australia Bank Ltd

Mr Paul Moni FCIS
Director
Moni Solutions Pty Ltd

Mr Bill Pallister FCIS
Chartered Secretaries Australia Ltd

Mr David Robinson FCIS
Executive Legal Counsel
AMP Capital Investors Ltd

Dr Kamlesh Sharma FCIS
Assistant General Manager, Company Secretary
Aboriginal Hostels Limited

Mrs Lisa Storrs FCIS
Director
Corporate Secretariat Services Pty Ltd

Mr Peter Wetzig FCIS
Corporate and Business Consultant

Education Committee

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

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

Assoc Professor Anthony Bailey FCIS
Director
VIS Nominees

Dr Bradley Bowes FCIS
Company Secretary

Brisbane Airport Corporation Ltd
(after July 2003)

Mr Barry Jardine FCIS
Legal Manager
Pauls Limited
(until July 2003)

Mr Ross Mallett FCIS
Assistant Company Secretary
WMC Resources Ltd

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

Mr Christopher Symes FCIS
Senior Lecturer, School of Law
Flinders University

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

Communications Committee

Mr Bernard Yates FCIS (Chairman)
Company Secretary
West Australian Newspapers Holdings Limited

Ms Sue Crook FCIS
Head of Australian Secretariat
National Australia Bank Ltd

Mr Francis McMahon
McMahon and Associates

Mr Paul Moni FCIS
Director
Moni Solutions Pty Ltd

Ms Carol Robey
Tax Accountant
Hydro Tasmania

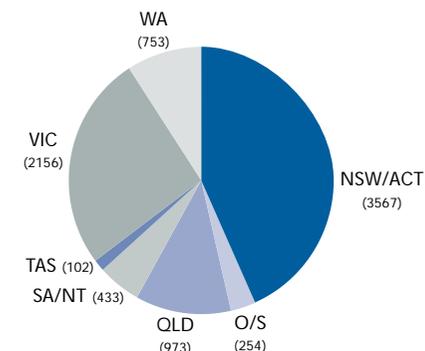
Mr Christopher Symes FCIS
Senior Lecturer
School of Law
Flinders University

Members advanced to Fellowship
The board congratulates members who have advanced to Fellowship.

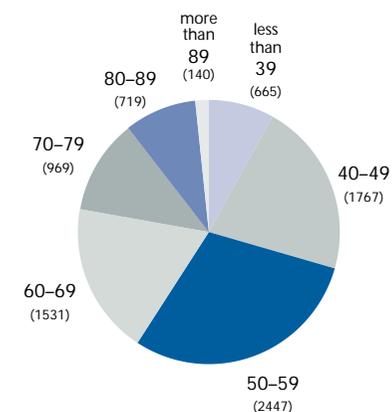
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|------------------------------------|----------------------|
| Mr David John Berinson | WA |
| Mr Michael James Butler | TAS |
| Mr Peush Dayal | United Arab Emirates |
| Mr Adrian John Dolin | NSW |
| Mr Peter Farrer-Smith | WA |
| Mr Peter James Gale | QLD |
| Ms Joanne Marjorie Hawkins | NSW |
| Mr Kenneth Cecil Jones | NSW |
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| Mr Michael Skinner Lindsay | NSW |
| Mr Peter Gordon Lucas | NSW |
| Mrs Elizabeth Jane May | NSW |
| Mr Paul Joseph McGahen | NSW |
| Mr David Antony McGlinchey | NSW |
| Mr Mark Laurence Pearce | WA |
| Mr Michael Douglas Penson | WA |
| Mr David Rowland Percival | VIC |
| Mrs Karen Ka-leng Phillips | VIC |
| Mrs Allison Jane Smart | NSW |
| Mr William Leslie te Kloot | QLD |
| Mr Anthony Richard Vowles | WA |

At year's end, members and affiliates totalled 8238 as follows:

Members and affiliates by branch



Members and affiliates by age (years)



CORPORATE GOVERNANCE STATEMENT

On 31 March 2003, The Australian Stock Exchange Corporate Governance Council (ASXCGC) released a document entitled *Principles of good corporate governance and best practice recommendations*. The 10 core principles are recommendations and apply to listed companies where their first financial year commences after 1 January 2003. Although Chartered Secretaries Australia Ltd (CSA) is not a listed company and does not have any obligations to report on these principles, as the leading education and membership organisation committed to advancing good corporate governance, it is committed to report against these principles. As at 31 December 2003, the position of CSA is as follows:

Principle 1: Lay solid foundations for management and oversight

The CSA Board is required to report to the Committee for Australia (CFA) for the company's overall corporate governance. CFA represents the Australian resident members of the Institute of Chartered Secretaries and Administrators (ICSA). This responsibility includes determining and reviewing the company's strategic direction and operational policies, establishing goals for management and monitoring the achievement of these goals, reviewing and approving the company's annual business plan, appointing, monitoring and rewarding the chief executive officer (CEO), recommending the appointment of the auditor to members, approving the appointment and remuneration of all senior executive staff, approving all significant business transactions including acquisitions, divestments and capital expenditure, monitoring business risk exposures and risk management systems, approving

and monitoring financial and other reporting and reporting to its members in the form required by the Commonwealth of Australia *Corporations Act 2001* (the Act).

A strategic balance is maintained between the responsibilities of the board, the CEO and the director, finance and administration (DFA).

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

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

The CEO's specific responsibilities include ensuring business development activities are in accordance with the company's overall business strategy, ensuring the company conducts its affairs within the law and abides by the company's Code of Business Conduct and Ethics (a copy of which can be found on the CSA website at www.CSAust.com) while keeping the board informed of all major business proposals and developments by way of specific reports and, within limits set by the board, approving the remuneration levels and bonus payments of all personnel.

The DFA is responsible for maintaining financial control across the company. In this role the DFA is responsible for overall company management reporting, statutory accounting, compliance, auditing, treasury, taxation and insurance with specific responsibilities including the monitoring of financial performance and planning against the financial control guidelines which govern the allocation and management of financial resources

throughout the company, ensuring that appropriate financial reporting is provided to the board on a monthly, quarterly and annual basis, monitoring the company's risk management framework to ensure that established policies, guidelines and controls are implemented through a scheduled program of audits and reviews, the statutory compliance obligations are met and the investment policy strategy is implemented and maintained.

Principle 2: Structure the board to add value

The company presently has six independent non-executive directors. The names of the directors of the company in office at the date of this statement are set out on pages 14 and 24. There are no executive directors.

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

The board is balanced in its composition with each current director bringing a range of complementary skills and experience to the company as indicated on page 24.

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

board liaises with the Nomination Committee of the CFA in reviewing the composition and appointment of directors. Each of these committees has mandated operating procedures which are governed by their respective terms of reference.

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

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

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

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

Principle 3: Promote ethical and responsible decision making

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

The company takes seriously its obligations to comply

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

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

Principle 4: Safeguard integrity in financial reporting

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

The board established an Audit and Compliance Committee in 1999. The membership of the committee consists of six independent non-executive directors plus the chairman who is an independent non-director. Details of their attendance at committee meetings are set out at page 14.

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

communication between the board and the external auditors and examine the external auditors' evaluation of internal controls and management's response.

Principle 5: Make timely and balanced disclosure

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

Principle 6: Respect the rights of shareholders

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

The board encourages full participation of members at the company's Annual General Meeting to ensure a high level of accountability and understanding of the company's strategy and goals. Important issues are presented to members as single resolutions.

Members are encouraged to appoint proxies to express their views at the AGM by directing their proxies by marking the appropriate boxes on the Best Practice Proxy Form.

The board also presents an annual Year in Review Report to the members at the CFA Annual General Meeting held at the Annual Company Secretaries' Conference.

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

Principle 7: Recognise and manage risk

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

The company has implemented a policy framework designed to ensure that the company's risks are identified and that controls are adequate, in place and functioning effectively. This framework incorporates the maintenance of comprehensive policies, procedures and guidelines. It covers areas such as occupational health and safety,

environmental management, trade practices, interest rate and investment policies and exposures, ethical conduct, crisis management and IT disaster recovery and business continuity planning.

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

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

CSA's CEO and DFA report in writing to the directors and the external auditors that the statement given in accordance with the ASXCGC's best practice recommendation under Principle 4 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and the company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Principle 8: Encourage enhanced performance

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

The board believes that its corporate governance practices should be indicative of best practice for an organisation of its type and, as far as possible, for corporations generally. The board, therefore, keeps all areas of CSA's governance under ongoing review, in order to provide leadership by example in this crucial area of corporate responsibility and management. It particularly monitors any area of business risk that is identified and ensures appropriate control strategies are in place and properly managed. Induction days designed for newly appointed directors are held as required.

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

Arrangements put in place by the board to monitor the performance of the company's key executives include a review by the board of the company's financial performance and revised forecast results on a quarterly, half-yearly and annual basis. Detailed presentations are also made by the CEO and his direct reports during business planning/strategy review meetings, which are convened annually and held over a two- to three-day period in July each year. Compilation, agreement and regular

CSA's objective is the promotion and advancement of effective governance and administration of organisations in the private and public sectors through the continued development and application of corporate governance and administrative best practice.

performance management reviews between the CEO, direct reports and all other staff against job description and key performance indicators are established on an annual basis and are assessed at least biannually.

Principle 9: Remunerate fairly and responsibly

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

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

Directors do not receive remuneration, but a director is entitled to be paid all travelling and other expenses properly incurred by that director in connection with the affairs of the company, including attending and returning from general meetings, meetings of the directors or of committees of directors or other committees of the company, meetings of the Council of the Institute, or any of its committees, bodies or

activities. The company may advance money to a director for any such purpose, which must be appropriately accounted for, and any balance refunded.

No other directors of CSA, during or since the end of the financial year, received or has become entitled to receive a benefit by reason of a contract made by CSA or of a related body corporate with one of the directors or with a firm of which they are a member or with a company in which they have a substantial financial interest.

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

CSA pays premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of CSA other than conduct involving a wilful breach of duty in relation to CSA.

Premiums were paid for each of the directors as per Note 16 to the Financial Statements on page 24. The insurance contract entered into by CSA prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

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

law, CSA indemnifies every person who is or has been a director or officer against any liability to any person incurred while acting in that capacity in good faith and against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy.

Principle 10: Recognise the legitimate interests of stakeholders

CSA's objective is the promotion and advancement of effective governance and administration of organisations in the private and public sectors through the continued development and application of corporate governance and administrative best practice.

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

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

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 31 December 2003.

Statutory details of the directors are given in Note 16 to the financial statements on page 24.

Activities

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

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

Financial results

An operating profit of \$147,706 was made for the year after providing for income tax.

Accumulated funds at year end totalled \$3,837,099.

Dividends

Being limited by guarantee, CSA does not pay dividends.

Review of operations

Revenue for the year primarily came from subscriptions of \$1,943,951; course fees of \$1,238,911; member services and publications of \$656,797; sponsorship of \$348,947; investments of \$127,228 and other income for services of \$77,418.

Expenditure for the year was primarily on direct costs for member services and publications of \$587,981; direct costs for courses of \$428,623; profile-raising activities and website maintenance of \$127,312; international activities of \$199,729; and governance and administration of \$2,901,901.

Likely developments

Likely developments in the operations of CSA and the expected results of those operations in future financial years have not been included in this report but are discussed in the Report on 2003 on pages 2–3.

Environmental regulations

CSA's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Events subsequent to balance date

There are no matters or circumstances that have arisen since the end of the financial year which would significantly affect or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in subsequent financial years other than on 27 February 2004, when the directors resolved to enter into a contract for the purchase of new premises for the National Secretariat, amounting to \$3,100,000. The

proposed purchase will be financed by the sale of the existing premises (anticipated sale price \$2.2 million), partially from cash reserves (current balance of which is \$2.5 million) and a mortgage (of up to \$800,000) for the balance.

Continuing members of the Board of CSA are: RJ Barnier FCIS, HM Conway FCIS (appointed 1 January 2004), JE Couell FCIS, RJ McLachlan FCIS, A Parkinson FCIS (appointed 1 January 2004) and RJ Nankervis FCIS.

Auditors' indemnification

CSA has not, during or since the financial year, in respect of any person who is or has been an auditor of CSA or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an auditor for the costs or expenses to defend legal proceedings.

Directors' meetings

During 2003 the following meetings were held and attendances by directors were:

	Board		Audit and Compliance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
RJ Barnier	8	6	5	4
FWE Bush*			5	4
JE Couell	8	8	5	5
RJ McLachlan	8	8	5	5
AJ Moir	8	8	5	5
RJ Nankervis	8	7	5	5

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

Directors' interests and benefits

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

During or since the financial year, CSA has paid premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of CSA other than conduct involving a wilful breach of duty in relation to CSA.

Premiums were paid for each of the directors as per Note 16 to the Financial Statements on page 24. The insurance contract entered into by CSA prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

The CSA constitution allows for the inclusion of indemnities in favour of persons who are or have been a director or officer of CSA. To the extent permitted by law, CSA indemnifies every person who is or has been a director or officer against any liability to any person incurred while acting in that capacity in good faith, and against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy.

Payments to the directors and to entities from which the directors may benefit for services by the directors or entities are disclosed in Note 16 to the Financial Statements on page 24.

No other directors of CSA, during or since the end of the financial year, received or has become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial report or the fixed salary of a full-time employee of CSA or of a related body

corporate) by reason of a contract made by CSA or of a related body corporate with one of the directors or with a firm of which they are a member or with a company in which they have a substantial financial interest.

Attendance at directors' meetings

Attendance by individual directors (including when represented by an alternate) at meetings they were entitled to attend is given on page 14.

Proceedings on behalf of the company

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

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

On behalf of the Board by resolution of the Directors:



RJ McLachlan FCIS
Chairman



RJ Barnier FCIS
Director



HM Conway FCIS
Director



JE Couell FCIS
Director



RJ Nankervis FCIS
Director



A Parkinson FCIS
Director

SYDNEY 11 March 2004

FINANCIAL REPORT

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 December 2003

	Note	2003 \$	2002 \$
Revenue from ordinary activities	2	4,393,252	3,966,280
Expenses			
Personnel costs		1,916,358	1,660,905
Courses		428,623	445,531
Journal		289,747	295,199
Occupancy and branch facilities		187,317	199,237
Profile		127,312	95,565
Members' activities		287,914	241,364
ICSA, UK — capitation fee		162,043	128,403
Travel and meetings		145,157	147,697
Depreciation and amortisation expenses		156,924	161,503
Other expenses from ordinary activities		544,151	426,173
Profit from ordinary activities before income tax expense	3	147,706	164,703
Income tax expenses relating to ordinary activities	1	—	—
Net profit from ordinary activities after income tax		147,706	164,703
Total revenues, expenses and valuation adjustments recognised in equity	4	—	400,000
Total changes in equity		147,706	564,703

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION as at 31 December 2003

	Note	2003 \$	2002 \$
Current assets			
Cash assets	7	2,551,472	2,013,268
Receivables	8	44,226	56,894
Other	9(a)	122,904	137,292
Total current assets		2,718,602	2,207,454
Non-current assets			
Property, plant and equipment	10	2,348,302	2,432,056
Other	9(b)	–	24,003
Total non-current assets		2,348,302	2,456,059
Total assets		5,066,904	4,663,513
Current liabilities			
Payables	11	170,102	71,107
Deferred revenue	12	827,926	726,049
Provisions	13(a)	137,750	108,510
Tax liabilities	14	88,973	66,287
Total current liabilities		1,224,751	971,953
Non-current liabilities			
Provisions	13(b)	5,054	2,167
Total non-current liabilities		5,054	2,167
Total liabilities		1,229,805	974,120
Net assets		3,837,099	3,689,393
Equity			
Reserves	4	1,463,033	1,463,033
Retained profits	5	2,374,066	2,226,360
Total equity		3,837,099	3,689,393

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS for the year ended 31 December 2003

	Note	2003 \$	2002 \$
Cash flows from operating activities			
Subscriptions received		2,164,821	2,431,996
Receipts from courses and other activities		2,518,735	2,182,068
Payments to suppliers and employees		(4,110,478)	(3,855,806)
Interest received		136,034	101,952
GST paid		(112,934)	(82,092)
Net cash provided by operating activities	18(b)	596,178	778,118
Cash flows from investing activities			
Payments for property, plant and equipment		(49,167)	(99,175)
Net cash used in investing activities		(49,167)	(99,175)
Net increase in cash held		547,011	678,943
Cash at the beginning of the financial year		2,021,757	1,342,814
Cash at end of year	18(a)	2,568,768	2,021,757

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

NOTE 1 — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Company structure

CSA is an incorporated company limited by guarantee. In the event of CSA being wound up, the liability of each member, or each former member who ceased to be a member within a year of CSA being wound up, is limited to an amount not exceeding One Hundred Dollars. As CSA is limited by guarantee, there is no reference in the Statement of Financial Position to share capital or shareholders' equity. As at 31 December 2003 there were 8238 members and affiliates (2002: 8351).

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

The strata entitlement to Level 9, 70 Castlereagh Street, Sydney, is revalued on an annual basis to market value as this accurately reflects the future economic benefits embodied in the asset. The carrying value of the strata entitlement is depreciated in accordance with this policy and AASB 1021. During the current period, the directors' re-assessed the likely residual value and are of the opinion

that depreciation should be charged over the useful life of the asset. The estimated useful life is 75 years. For the purpose of determining the depreciation of the building, any increase in the valuation is notionally attributable to the land value. Details of the revaluation are disclosed in Note 10.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by CSA to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the useful lives of the assets to CSA, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

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

(c) Website development costs

Website development costs, being the costs incurred developing the website to the operational stage, are recognised as a non-current asset where it is probable that future economic benefits will arise. Costs associated with the subsequent maintenance of the website are expensed. Website development costs are amortised over

the shorter of the periods in which the related benefits are expected to be realised, or three years.

(d) Income Tax

CSA is for income tax purposes a charitable and educational institution. Its income is therefore exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position. Cash flows in the Statement of Cash Flows are included on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

(f) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit.

(g) Employee benefits

Compensated absences are accrued at balance date in accordance with applicable awards and is calculated in respect of all employees from their date of employment. The basis of calculation is in accordance with AASB 1028 and AAS 30.

(h) Revenue recognition

Revenue represents income earned from membership subscriptions and the provision of related services. Membership subscription revenue is recognised progressively over the subscription period. Revenue from the provision of other services is recognised upon the delivery of the service to members/customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

NOTE 1 — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trusts

The Institute Trust and The Institute No 2 Trust were established in 1993 to accept gifts and bequests from members and others. The John Goffage Fund is

separate from these two trusts and is administered under the direction of the Queensland Branch Council.

The financial statements of trust funds are not consolidated with those of CSA but are shown in Note 19.

(j) Comparative figures

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

	2003 \$	2002 \$
NOTE 2 — REVENUE		
Operating activities		
Member and student subscriptions	1,943,951	1,922,817
Course fees	1,238,911	952,990
Members' activities	617,137	567,883
Sponsorship	348,947	342,229
Journal	39,442	29,075
Publications	218	–
Interest	127,228	95,832
Other income	77,418	55,454
	4,393,252	3,966,280
Non-operating activities	–	–
Total revenue	4,393,252	3,966,280
NOTE 3 — PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense has been determined after:		
Expenses		
Depreciation of non-current assets		
Buildings	12,000	12,000
Plant and equipment	100,045	96,050
Amortisation of non-current assets		
Leasehold improvements	20,875	19,620
Website developments	24,003	33,833
Rental expenses on operating leases	70,480	65,665
Auditors' remuneration		
Audit	25,513	19,500
Other services	1,654	2,105
NOTE 4 — RESERVES		
Capital profits reserves	745,933	745,933
Works of art revaluation reserve	17,100	17,100
Asset revaluation reserve	700,000	700,000
	1,463,033	1,463,033

NOTE 4 — RESERVES (continued)

	2003 \$	2002 \$
Movement during the year		
Asset revaluation reserve		
Opening balance	700,000	300,000
Revaluation increment on strata entitlement — refer Note 10	–	400,000
Closing balance	700,000	700,000

NOTE 5 — RETAINED PROFITS

Retained profits at beginning of the year	2,226,360	2,061,657
Net profit for the year	147,706	164,703
Retained profits at the end of the year	2,374,066	2,226,360

NOTE 6 — REMUNERATION

Directors' remuneration.

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

Income received or due and receivable by directors of CSA

Number of directors whose income from CSA was within the range

\$0 – \$10,000	–	–
\$10,000 – \$25,000	–	–
\$25,000 – \$35,000	–	–
	–	–

NOTE 7 — CASH ASSETS

Cash on hand	900	800
Cash at bank	392,868	342,630
Cash on deposit	2,175,000	1,678,327
	2,568,768	2,021,757
Unearned interest	(17,296)	(8,489)
Total cash assets	2,551,472	2,013,268

NOTE 8 — RECEIVABLES

Trade debtors	44,226	56,894
Net GST — input tax credit	–	–
Total receivables	44,226	56,894

NOTE 9 — OTHER ASSETS

(a) Current		
Prepayments	83,379	61,146
Merchandise	–	2,250
Prepaid ICSA capitation fee	39,525	73,896
	122,904	137,292

NOTE 9 — OTHER ASSETS (continued)

	2003 \$	2002 \$
(b) Non-current		
Website development costs	101,500	101,500
Deduct provision for amortisation	(101,500)	(77,497)
	-	24,003

NOTE 10 — PROPERTY PLANT AND EQUIPMENT

Building		
Strata entitlements at directors' valuation	2,200,000	2,200,000
Leasehold improvements	137,699	133,336
Less: accumulated depreciation and amortisation	(77,355)	(44,481)
	2,260,344	2,288,855
Computer system, furniture and office equipment at cost	898,270	861,194
Less: accumulated depreciation	(835,139)	(735,093)
	63,131	126,101
Works of art at valuation	24,827	17,100
Total property, plant and equipment	2,348,302	2,432,056

For the strata unit, Level 9, 70 Castlereagh Street, Sydney, the board policy, recognising statutory requirements for balance sheet valuations, is that a valuation at current market value be obtained from a registered valuer at three-yearly intervals, an opinion based on that valuation be obtained for each intervening year and, based on the most recent valuation or opinion, that directors determine a value as at 31 December each year.

The directors have determined that the value of \$2,200,000 as at 31 December 2003 (\$2,200,000 as at 31 December 2002) based upon current market opinion, be retained.

Valuer: Troy Griffiths, Director, Chesterton International (NSW) Pty Ltd

Qualification: MCom, Fellow of the Australian Property Institute, Certified Practising Valuer

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

	Computer systems, furniture and office equipment	Property and leasehold improvements	Works of art	Total
	\$	\$	\$	\$
Balance at beginning of year	126,101	2,288,855	17,100	2,432,056
Additions	37,715	4,364	7,727	49,806
Disposals/scrap	(640)	-	-	(640)
Revaluation increment	-	-	-	-
Depreciation expense	(100,045)	(32,875)	-	(132,920)
Carrying amount at end of the year	63,131	2,260,344	24,827	2,348,302

	2003 \$	2002 \$
NOTE 11 — PAYABLES		
Current		
Trade creditors and accruals	124,518	19,144
GST liability	45,584	51,963
	170,102	71,107
NOTE 12 — DEFERRED REVENUE		
Subscriptions and fees in advance	827,926	726,049
NOTE 13 — PROVISIONS		
(a) Current		
Provision for annual leave	94,922	75,106
Provision for conditional/unconditional long service leave	42,828	33,404
	137,750	108,510
(b) Non-current		
Provision for preconditional long service leave	5,054	2,167
	5,054	2,167
Average number of full-time employees	25	22
NOTE 14 — TAX LIABILITIES		
Payroll and PAYG tax payable	74,254	62,408
Staff insurance	-	-
Fringe Benefits tax payable	14,719	3,879
Total tax liability	88,973	66,287
NOTE 15 — EXPENDITURE COMMITMENTS		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Being for premises		
Payable:		
not later than one year	67,358	64,815
later than one but not later than five years	193,028	211,342
later than five years	-	33,122
	260,386	309,279

NOTE 16 — RELATED PARTY DISCLOSURES

(a) Names of related parties

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

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

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

JE Couell FCIS AAMI (appointed 24.4.02) — Experienced in Company Secretaryship, accounting, business management and marketing.

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

AJ Moir FCIS FCPA MAICD (appointed 21.1.98) — Experienced in secretaryship, administration and financial management. Company Secretary, Leighton Holdings Ltd. Vice President from 1.1.99 to 31.12.00. Appointed Chairman of the Board of Directors 1.1.03 (resigned 31.12.03).

RJ Nankervis BBus Grad Dip Bus Mgt FCIS CPA (appointed 1.3.01) — Experienced in financial systems, accounting and management. Manager, Consulting Services, SMS Management & Technology Ltd.

A Parkinson BBus(Acc) MLS DipCM DipFP FCIS FCPA (appointed 1.1.04) — Experienced in Company Secretaryship including setting up corporate and scheme compliance programs and risk management. Company Secretary, James Fielding Group.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

- (i) ICSA, United Kingdom. Under the terms of an operating agreement with ICSA, CSA remits an administration fee based on the number of Australian members and students registered with ICSA as at 31 July each year to meet the expenses of the International Institute.

	2003 \$	2002 \$
These payments amounted to	130,143	128,403
Additional contribution by the Australian Division to the International Institute to meet the shortfall caused by the Zimbabwe Division's inability to make its contribution due to exchange controls. The Institute's annual international expenses are allocated amongst the nine international ICSA divisions according to size of division (by membership), but in this instance is being allocated on the same basis to the remaining eight divisions.	31,900	—
	162,043	128,403
(ii) During 2003 and following a tender process, an agreement was reached with SMS Consulting Group Ltd, a company under which Mr RJ Nankervis may benefit by remuneration paid. Payments to that company for the supply of services by that company for the scoping of a new database	40,088	—

NOTE 17 — SEGMENT REPORTING

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

NOTE 18 — CASH FLOW INFORMATION

	2003 \$	2002 \$
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows		
Cash at bank and on hand	393,768	343,430
Cash on deposit	2,175,000	1,678,327
	2,568,768	2,021,757
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	147,706	164,703
Non-cash flows in profit from ordinary activities		
Depreciation	112,045	108,050
Amortisation	44,878	53,453
Change in assets and liabilities		
Decreases/(increase) in receivables	12,669	(4,964)
Decrease in merchandise for sale	2,250	4,798
Decrease in prepayments	12,138	33,507
Increase/(decrease) in accounts payable	121,681	(13,241)
Increase in unearned interest	8,806	6,120
Increase in income in advance	101,877	411,520
Increase in provisions	32,128	14,172
Net cash provided by operating activities	596,178	778,118
NOTE 19 — TRUST FUNDS		
Statement of financial position		
The Institute Trust	51,453	49,312
John Goffage Fund	1,429	1,532
	52,882	50,844
Represented by		
Current assets		
Cash at bank and on deposit	52,882	50,844
Statement of financial performance		
Income		
Interest	2,208	2,027
Expenditure		
Prizes	(170)	(182)
Surplus for the year	2,038	1,845

NOTE 20 — FINANCIAL INSTRUMENTS

(a) Net fair values

The carrying amount of bank deposits, prepayments, accounts payable and accounts receivable approximate fair value. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

(b) Interest rate risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities is as follows

	Weighted average	
	2003	2002
	%	%
Financial assets		
Cash at bank	4.67	4.53

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

NOTE 21 — EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in subsequent financial years other than, on 27 February 2004, the directors resolved to enter into a contract for the purchase of new premises for the National Secretariat, amounting to \$3,100,000. The proposed purchase will be financed by the sale of the existing premises and a mortgage for the balance. The financial effect of the matter has not been recorded in the attached financial statements, as the directors do not believe that there will be a disruption to the operations of CSA nor any material financial effect.

NOTE 22 — CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2003.

NOTE 23 — COMPANY DETAILS

The principal place of business of the company is

Level 9, 70 Castlereagh Street, Sydney NSW 2000 Australia

Company Secretary

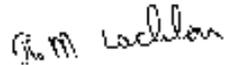
Stan Jodeikin BCom, Dip Bus Mgt (Hons), CFA (SA), Grad Dip Accounting, FCIS, ASA, AFAIM

DIRECTORS' DECLARATION CHARTERED SECRETARIES AUSTRALIA LTD

The directors of the company declare that:

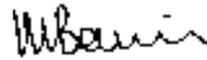
1. The financial statements and notes, as set out on pages 16 to 26:
 - (a) comply with Accounting Standards and the *Corporations Act 2001* and
 - (b) give a true and fair view of the financial position as at 31 December 2003 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Dated at Sydney this 11th day of March 2004.

RJ McLachlan FCS
Director



RJ Barnier FCS
Director

INDEPENDENT AUDIT REPORT to the members of Chartered Secretaries Australia Ltd

Scope

We have audited the attached financial report of Chartered Secretaries Australia Ltd for the year ended 31 December 2003 comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to the Financial Statements and Directors' Declaration. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

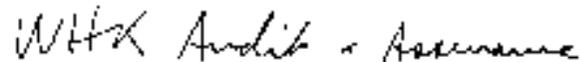
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

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

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2003 and of its performance for the year ended on that date and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001 and
- (b) other mandatory professional reporting requirements.



Dated at Sydney this 11th day of March 2004.

WHK Audit & Assurance



David Sinclair

DETAILED OPERATING PROFIT AND LOSS ACCOUNTS for the five years 1999–2003

	2003	2002	2001	2000	1999
	\$	\$	\$	\$	\$
Operating revenue					
Member and student subscriptions	1,943,951	1,922,817	1,934,065	1,797,739	1,886,238
Course fees	1,238,911	952,990	887,323	776,652	720,640
Members' activities	617,137	567,883	454,909	323,081	313,432
Sponsorship	348,947	342,229	324,471	225,223	271,317
Interest	127,228	95,832	107,164	125,918	106,433
Journal	39,442	29,075	29,821	29,460	31,291
Publications and merchandise † \$	218	–	–	–	6,683
Other income	77,418	55,454	–	–	–
	4,393,252	3,966,280	3,737,753	3,278,073	3,336,034
Operating expenses					
Courses	428,623	445,531	395,217	353,206	339,256
Personnel	1,916,358	1,660,905	1,565,526	1,332,454	1,290,715
Travel and meetings	145,157	147,697	137,449	107,243	122,914
Journal	289,747	295,199	284,324	311,398	237,095
Occupancy and branch facilities	187,317	199,237	204,947	237,891	272,100
ICSA, UK — capitation fee	162,043	128,403	121,174	112,421	105,362
International representation	37,686	62,050	36,921	40,024	51,781
Publications and merchandise † \$	10,320	–	–	–	101,978
Members' activities	287,914	241,364	185,844	155,160	184,045
Printing and stationery	48,594	57,087	55,257	94,189	89,244
Telephone, facsimile and email	86,428	78,780	87,633	62,635	40,030
Profile and website maintenance ‡	127,312	95,565	160,438	200,112	279,212
Postage and courier	30,993	30,612	41,727	45,169	35,411
Bank and credit card fees	64,597	61,016	49,956	60,915	52,391
Depreciation and amortisation	156,924	161,503	130,017	140,555	116,536
Auditors	25,524	21,820	30,620	53,614	27,600
Repairs and maintenance	107,265	44,350	51,797	65,186	55,297
Insurance	31,559	29,027	25,063	28,144	25,966
Professional services	29,813	21,890	25,229	14,256	82,505
Other expenses	71,372	19,541	–	–	–
	4,245,546	3,801,577	3,589,139	3,414,572	3,509,438
Operating profit/(loss)	147,706	164,703	148,614	(136,499)	(173,404)

† Publication of *Corporate Governance and the Company Secretary* booklet, third edition.

§ From 1 January 2000 publications of the state newsletters were included with journal expenses.

‡ Includes amounts devoted to the three-year campaign to raise the company's profile reported in the 1997–2000 Annual Reports.

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

MEMBERS' CODE OF ETHICS*

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

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

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



SYDNEY

MELBOURNE

BRISBANE

ADELAIDE

PERTH

HOBART

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