Financial Report

Financial commentary

Financial Results and Review of Operations

The financial result before tax for the period was a deficit of $8.8m which included operating expenses relating to a continued investment in strategic initiatives of $14.7m (2022: $15.1m). Revenue and other income increased by $4.3m compared with 2022 and expenses increased by $5.3m.

Statement of Profit or Loss and Other Comprehensive Income

CA ANZ generated a deficit before tax of $8.8m compared to a deficit of $7.8m in FY22. Total revenue and other income increased by 3% to $147.0m, while expenditure increased by 3.5% to $155.8m. The other comprehensive loss of $7.0m represents a downward revaluation of freehold property of $7.5m (after tax), offset by exchange difference on translation of foreign operations of $0.5m.

Revenue and Expenditure

The increase in revenue and other income of $4.3m compared with 2022 is attributable to:

- An increase in Membership revenue of $3.8m reflecting net Member growth of 1.7% and an increase in annual Membership subscription fees.
- A decrease in CA Program revenue of $4.4m, due to lower enrolments that correlate to reductions in undergraduate accounting degree completions in both Australia and New Zealand, as well as slower candidate progression through the new CA Program.
- An increase in other Member services revenue of $4.1m primarily due to higher migration assessment revenue driven by increased migration of qualified accountants, return of face-to-face CPD events (post-COVID) and associated commercial revenue streams as well as a higher volume of practice reviews.
- An increase in other income of $0.7m primarily due to an increase in events (post-COVID), and an increase in interest income driven by higher interest rates.

The increase in expenditure of $5.3m compared with 2022 is attributable to:

- An increase in employee costs of $2.5m mainly due to general salary increases, partially offset by lower staff training and recruitment costs.
- An increase in consultant costs of $1.9m driven by external consultants primarily engaged for delivery of the portfolio of strategic digital initiatives.
- An increase of travel and accommodation services of $1.4m primarily relating to lifting of post COVID-19 travel restrictions, however remain 48% lower than the pre-COVID period in FY19.
- An increase of $1.1m in Member services and education related costs primarily related to venue and catering costs due to reinstatement of face-to-face member events post-COVID.
- An increase of $0.7m in technology costs mainly driven by uplift in investment in enhanced cyber security.
- An increase in depreciation and amortisation of $0.4m primarily due to increased amortisation of capitalised costs associated with strategic initiatives, specifically the new CA Program.
- Offset by $2.0m reduced marketing and advertising spend due to deferral of marketing campaigns.
- Offset by a gain on lease modification of $1.1m associated with office leases.

Statement of Financial Position

Net assets of $70.0m decreased by $13.2m from 2022 ($83.2m) primarily due to a downward revaluation of the Erskine Street property of $8.3m.

Assets

- Cash and cash equivalents decreased from $65.2m to $60.1m, driven mostly by the funding of strategic initiatives.
- Property, plant and equipment decreased by $8.3m with the downward revaluation of the Erskine Street property of $10.7m to $88.5m, depreciation of $2.2m offset by additions of $4.6m largely related to refurbishments of Sydney and Auckland offices.
- Right-of-use assets decreased by $1.8m primarily related to office space with $2.4m of modifications and $2.6m of depreciation on existing office leases offset by $3.2m of new office space leases entered into in the year (net of lease incentives received).
- Intangible assets decreased by $0.8m with $1.7m in software and CA Program intellectual property additions, offset by amortisation of $2.5m.
- Trade and other receivables decreased by $4.8m due to a reduction in subscription and commercial receivables.
- Non-current prepayments of $1.0m relate to Software as a Service platform development associated with the new CA Program that is being recognised over the life of the software contract.

Liabilities

- Contract liability – fees in advance of $93.3m increased by $5.6m. Driving this was a $4.9m increase in membership subscription fees paid in advance and a small increase in Members' application fees.
- Trade and other payables decreased by $5.0m as the prior year balance was inflated by the phasing of spend on strategic initiatives.
- Provisions decreased by $0.4m primarily due to decreases in annual leave and long service leave balances and a small reduction in make good provisions held.
- Lease liabilities reduced by $2.4m with $3.7m of lease modifications and $3.0m of lease payments (net of interest expense) offset by $4.3m of new office space leases entered into in the year for our Auckland and Canberra offices.

Cash Flow and Liquidity

At balance date cash and cash equivalents were $60.1m, down $5.0m from 2022 due largely to the $16.1m investment in strategic initiatives. Total current liabilities exceeded total current assets by $16.5m as at balance date mainly driven by Members' subscription fees received in advance being classified as a current liability.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Member subscriptions and fees	3	90,400	86,567
CA Program revenue	3	35,749	40,099
Other Member services revenue	3	19,326	15,231
Other revenue	3	169	224
Other income	4(a)	1,364	625
Total revenue and other income		**147,008**	**142,746**
Employee benefits and staff related costs	4(b)	(89,772)	(87,269)
Member services and education related costs	4(c)	(20,171)	(19,040)
Technology costs (excluding depreciation and amortisation)	4(d)	(14,088)	(13,358)
Depreciation and amortisation	4(e)	(7,364)	(6,963)
Professional accountancy bodies fees	4(f)	(2,216)	(2,008)
Marketing and advertising		(3,945)	(5,963)
Rental and outgoings		(2,103)	(1,751)
Consultants		(3,208)	(1,302)
Travel and accommodation		(2,417)	(974)
Office related expenses		(674)	(888)
Gain on lease modification		1,340	271
(Loss)/gain from movement on expected credit loss provision		(247)	376
Finance costs	4(g)	(654)	(740)
Other expenses	4(h)	(10,272)	(10,913)
Total expenses		**(155,791)**	**(150,522)**
(Deficit) before tax		**(8,783)**	**(7,776)**
Tax benefit	5(a)(b)	2,609	1,025
(Deficit) after tax		**(6,174)**	**(6,751)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		464	(498)
Items that will not be reclassified to profit or loss			
Fair value (decrement)/increment of freehold property	8	(10,684)	9,645
Tax benefit/(expense) relating to this item	5(c)	3,205	(2,894)
Total other comprehensive (loss)/income		**(7,015)**	**6,253**
Total comprehensive (deficit) for the year, net of tax		**(13,189)**	**(498)**

This *Consolidated Statement of Profit or Loss and Other Comprehensive Income* should be read in conjunction with the accompanying notes.

Chartered Accountants Australia and New Zealand

Consolidated statement of financial position

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	6	60,141	65,151
Trade and other receivables	7	20,134	24,930
Prepayments		6,614	7,076
Total current assets		**86,889**	**97,157**
Non-current assets			
Prepayments		959	1,145
Property, plant and equipment	8	95,912	104,192
Right-of-use asset	9	6,764	8,599
Intangible assets	10	11,325	12,076
Total non-current assets		**114,960**	**126,012**
Total assets		**201,849**	**223,169**
Current liabilities			
Contract liability – fees in advance	11	75,128	70,288
Trade and other payables	12	17,832	22,917
Provisions	13	7,395	7,773
Lease liabilities	9	3,001	2,596
Total current liabilities		**103,356**	**103,574**
Non-current liabilities			
Contract liability – fees in advance	11	18,144	17,377
Provisions	13	2,153	2,167
Lease liabilities	9	6,141	8,993
Net deferred tax liability	5(d)	2,052	7,866
Total non-current liabilities		**28,490**	**36,403**
Total liabilities		**131,846**	**139,977**
Net assets		**70,003**	**83,192**
Members' funds			
Amalgamation reserve	24(b)	–	–
Foreign currency translation reserve	24(b)	(177)	(641)
Revaluation reserve	24(b)	39,088	46,567
Accumulated surpluses	24(b)	31,092	37,266
Total Members' funds		**70,003**	**83,192**

This *Consolidated Statement of Financial Position* should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Amalgamation reserve $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Accumulated surpluses $'000	Total $'000
At 1 July 2022	**–**	**(641)**	**46,567**	**37,266**	**83,192**
(Deficit) after tax for the year	–	–	–	(6,174)	(6,174)
Other comprehensive income/(loss)	–	464	(7,479)	–	(7,015)
Total comprehensive surplus/(deficit)	**–**	**464**	**(7,479)**	**(6,174)**	**(13,189)**
At 30 June 2023	**–**	**(177)**	**39,088**	**31,092**	**70,003**
At 1 July 2021	**6,078**	**(143)**	**39,816**	**37,939**	**83,690**
(Deficit) after tax for the year	–	–	–	(6,751)	(6,751)
Other comprehensive income/(loss)	–	(498)	6,751	–	6,253
Total comprehensive (deficit)/surplus	**–**	**(498)**	**6,751**	**(6,751)**	**(498)**
Transfers (refer Note 24(b))	(6,078)	–	–	6,078	–
At 30 June 2022	**–**	**(641)**	**46,567**	**37,266**	**83,192**

This *Consolidated Statement of Changes in Equity* should be read in conjunction with the accompanying notes.

Chartered Accountants Australia and New Zealand

Consolidated statement of cash flows

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from Members and customers		169,200	149,826
Payments to suppliers and employees		(158,685)	(146,918)
Net payment of GST		(6,969)	(6,507)
Interest on leases	9	(654)	(740)
Net cash flows from operating activities	6	**2,892**	**(4,339)**
Cash flows from investing activities			
Payments for intangible assets and capital work-in-progress	10	(1,724)	(2,927)
Payments for property, plant and equipment	8	(4,611)	(2,334)
Interest received		515	127
Net cash flows from investing activities		**(5,820)**	**(5,134)**
Cash flows from financing activities			
Repayment of lease liabilities (net of lease incentives received)	9	(1,965)	(2,692)
Net cash flows from financing activities		**(1,965)**	**(2,692)**
Net decrease in cash and cash equivalents		(4,893)	(12,165)
Effects of exchange rate movement on cash and cash equivalents		(117)	(781)
Cash and cash equivalents at the beginning of the financial year		65,151	78,097
Cash and cash equivalents at the end of the financial year	6	**60,141**	**65,151**

This *Consolidated Statement of Cash Flows* should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

1. Corporate information

The consolidated financial statements of Chartered Accountants Australia and New Zealand and its subsidiaries (together the "Group") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of Directors on 14 September 2023.

Chartered Accountants Australia and New Zealand is an Australian registered body corporate that is governed by its Royal Charter and By-Laws and is domiciled in Australia. Members of the Group are not liable for the debts and liabilities of the Group.

About Chartered Accountants Australia and New Zealand ("parent")

The registered office of Chartered Accountants Australia and New Zealand is:

33 Erskine Street
Sydney NSW 2000

Chartered Accountants Australia and New Zealand is a not-for-profit entity. Its principal activities during the year were:

- to act as a Membership body that represents and advocates for Members globally in the legislative, regulatory and public policy arena;
- to serve as a registered higher education provider that sets entry requirements to the profession through delivering the CA Program;
- to provide post admission education and related continuing professional development services to Members and the broader business community including through delivering Member events and conferences;
- to act as a conduct regulator in Australia and the regulator of the profession in New Zealand by promoting compliance with a code of ethics and regulations for the standard of behaviour of the profession to maintain the pre-eminence of the CA designation alongside our membership of international bodies including the International Federation of Accountants, the Global Accounting Alliance and Chartered Accountants Worldwide; and
- the provision of Member services.

2. Summary of significant accounting policies

(a) Basis of preparation

This General Purpose Financial Report is prepared in accordance with Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) to meet the needs of the reporting requirements under the By-Laws. It has been prepared based on historical cost, except for freehold property and financial instruments which have been measured at fair value (see Notes 8 and 18).

Compliance with the AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS.

Unless otherwise stated, the report is presented in Australian dollars (AUD) and all values are rounded to the nearest thousand dollars ($'000).

Where required, comparative figures have been adjusted to be consistent with the current year presentation.

The consolidated Financial Report refers to the parent and its subsidiaries as if they formed a single entity. It is made up of:

- the Consolidated Statement of Profit or Loss and Other Comprehensive Income
- the Consolidated Statement of Financial Position
- the Consolidated Statement of Changes in Equity
- the Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements.

A parent entity is an entity that controls one or more entities (subsidiaries). An investor controls another entity, and therefore is a parent entity, where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power of the investee.

Inter-entity transactions and balances between the parent and subsidiaries are eliminated on consolidation. See Note 17 for details of subsidiaries.

(b) Statement of compliance

This consolidated Financial Report complies with Australian Accounting Standards.

As at 30 June 2023, current liabilities are $16.5m (2022: $6.5m) greater than current assets. This is mainly due to Members' subscription fees received in advance being largely classified as a current liability. The Group has sufficient liquidity to pay its debts as and when they become due and payable. Consequently, the directors have prepared the financial statements on a going concern basis.

Changes in accounting policies and interpretations

The principal accounting policies adopted are consistent with those of the previous financial year.

There are no new or amended AAS and AASB interpretations expected to have any significant impact on the Group's financial reporting that are issued and not yet applicable.

Significant accounting judgments, estimates and assumptions

In applying the Group's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group.

All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ under different conditions from when the judgments, estimates and assumptions were made. Significant judgments, estimates and assumptions made by management in the preparation of this financial report are described in the various notes:

	Notes
Contract liability – fees received in advance	3 and 11
Capitalisation and recognition of intangibles	10
Depreciation and amortisation	4, 8, 9 and 10
Asset revaluations	8
Asset impairments	7, 8, 9 and 10
Employee obligations	13
Provisions	7 and 13
Leases	9

Other accounting policies are described in the notes.

Chartered Accountants Australia and New Zealand

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

3. Revenue from contracts with customers

AASB 15 *Revenue from Contracts with Customers* (AASB 15) establishes a comprehensive five-step framework for recognising revenue. AASB 15 applies to all revenue arising from contracts with customers unless those contracts are in the scope of other standards. AASB 1058 *Income of Not-for-Profit Entities* simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15. This does not materially impact the presentation in the Group's financial statements.

How we recognise revenue for these activities depends on when the performance obligation is satisfied:

- **Over a period of time** – if the performance obligation is satisfied over a period of time, revenue will be recognised by being spread over this period.
- **At a point in time** – if the performance obligation is satisfied at a point in time, for example, events are delivered, or goods are transferred to customers, revenue is recognised at this point.

Disaggregation of Revenue

	Member subscriptions & fees $'000	CA Program revenue $'000	Other Member services revenue $'000	Other revenue $'000	Total $'000
2023					
Revenue from contracts with customers	90,400	35,749	19,326	169	145,644
Total	**90,400**	**35,749**	**19,326**	**169**	**145,644**
Timing of revenue recognition					
Point in time	696	–	12,869	169	13,734
Over time	89,704	35,749	6,457	–	131,910
Total	**90,400**	**35,749**	**19,326**	**169**	**145,644**
2022					
Revenue from contracts with customers	86,567	40,099	15,231	224	142,121
Total	**86,567**	**40,099**	**15,231**	**224**	**142,121**
Timing of revenue recognition					
Point in time	661	–	11,289	224	12,174
Over time	85,906	40,099	3,942	–	129,947
Total	**86,567**	**40,099**	**15,231**	**224**	**142,121**

Accounting Policies

(i) Member subscriptions & fees

The Group's annual Membership subscription year is 1 July to 30 June. Revenue is recognised over the duration of the subscription year in line with the delivery of the performance obligations for this revenue stream.

Fee receipts for periods beyond the current financial year are shown (excluding any applicable taxes) in the *Consolidated Statement of Financial Position*, under the heading of Current liabilities as Contract liabilities – fees in advance.

Revenue for late and readmission fees are recognised at a point in time when services are performed.

Application fees

The Group receives non-refundable fees from applicants wishing to obtain full Membership which is deferred and recognised over the average duration of Membership. The application fee, as currently defined, is not considered a distinct service but rather it is considered to be an advance payment for future services with the primary performance obligation being the licence to use the professional designation to practice. The Group has determined the average duration of Membership to be 25 years based on the profile of Members who have exited over the past few years.

The Group recognises the amortisation of the previously deferred revenue during the period.

Application fees beyond the current financial year are shown (excluding any applicable taxes) in the *Consolidated Statement of Financial Position*, under the headings of Current liabilities and Non-current liabilities as Contract liabilities – fees in advance.

(ii) CA Program revenue

The group receives fees for enrolments in CA Program modules throughout the year. The CA Program is the professional qualification Provisional Members are required to complete (along with mentored practical experience) to make them eligible to apply to become a full Member. Modules are offered over multiple terms and CA Program revenue is recognised over the duration of the terms in line with the delivery of the performance obligations for this revenue stream.

CA Study Masterclass is an additional study program to assist candidates who are completing the CA Program. Revenue is recognised over time in line with the delivery of the performance obligations for this revenue stream.

CA Foundations provides potential CA Program candidates the opportunity to undertake study in one or more of the prerequisite competency areas to be eligible to enrol in the CA Program. Revenue is recognised over time in line with the delivery of the performance obligations for this revenue stream.

CA Program revenue beyond the current financial year is shown (excluding any applicable taxes) in the *Consolidated Statement of Financial Position*, under the headings of Current liabilities as Contract liabilities – fees in advance.

(iii) Other revenue generating activities

The Group undertakes certain activities which are accounted for when the performance obligation is satisfied, including:

Activity	Revenue recognised
Training and development courses	Over time and Point in time
Practice Review program	Over time
Acuity magazine	Point in time
Conferences	Point in time
Student activities	Over time
Other admissions programs	Over time

(iv) Sale of goods

The Group recognises revenue from the sale of goods when physical control of the goods passes to the purchaser pursuant to an enforceable sales contract at the point in time the performance obligation has been satisfied.

(v) Member benefits revenue

The Group receives revenue from Member-generated activity through its Member offers program.
This revenue is recognised in line with the delivery of the performance obligations of this service.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

4. Other income and expense items

(i) Income

	2023 $'000	2022 $'000
(a) Other income		
Rent	849	498
Interest	515	127
Total	**1,364**	**625**

(ii) Expenses

	2023 $'000	2022 $'000
(b) Employee benefits and staff related costs		
Salaries, wages and on-costs	87,112	83,805
Director fees	898	925
Staff training	387	698
Other staff related costs	1,375	1,841
Total	**89,772**	**87,269**
(c) Member services and education related costs[1]		
Venue hire and catering	3,390	2,167
Admission programs authors, presenters and facilitator costs	6,206	7,591
Examinations, printing and materials costs	4,072	4,049
Acuity magazine production and distribution costs	2,180	2,200
Lifelong learning authors, presenters and facilitator costs	1,651	1,615
Practice review reviewer costs	918	630
Professional conduct costs	665	587
Other costs	1,089	201
Total	**20,171**	**19,040**
[1] Staff related costs related to member services and education are captured within note 4(b)		
(d) Technology costs (excluding depreciation and amortisation)		
Technology maintenance and software agreement costs	8,888	9,014
Communication costs	841	1,104
Other technology costs	4,359	3,240
Total	**14,088**	**13,358**

	2023 $'000	2022 $'000
(e) Depreciation and amortisation		
Depreciation of property, plant and equipment	2,207	2,136
Depreciation of right-of-use assets	2,682	2,806
Amortisation of intangible assets	2,475	2,021
Total	**7,364**	**6,963**
(f) Professional accountancy bodies fees		
International Federation of Accountants	1,369	1,242
Accounting Professional & Ethical Standards Board	520	475
Other	327	291
Total	**2,216**	**2,008**
(g) Finance costs		
Interest on lease liability	654	740
Total	**654**	**740**
(h) Other expenses		
Professional Standards Council fee	1,626	1,611
Merchant fees	1,217	1,249
Legal fees	1,023	1,609
Accounting and audit fees	774	741
Subscriptions, insurance, copyrights & research	2,063	2,407
Loss on disposal of property, plant and equipment	–	130
Other[1]	3,569	3,166
Total	**10,272**	**10,913**

1. Includes external services and foreign currency gains/losses.

(iii) Interest income

Interest income on deposits is recognised on an accruals basis.

(iv) Expenses

Unless otherwise identified, expenses are brought to account when goods or services have been received on an accruals basis. Policies relating to major categories of expenditure are:

- **Employment benefit expenses**
  See Note 13 for employee benefit expenses.
- **Depreciation**
  See Notes 8 & 9 for depreciation expenses.
- **Amortisation**
  See Note 10 for amortisation expenses.
- **Impairment**
  See Notes 7, 8, 9 & 10 for impairment expenses.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

5. Income tax

	2023 $'000	2022 $'000
(a) Income tax benefit		
The major components of income tax are:		
Current income tax	(2,495)	(1,032)
Deferred tax	(111)	–
Adjustments in respect of current income tax of prior years	(3)	7
Aggregate income tax benefit	**(2,609)**	**(1,025)**
(b) Numerical reconciliation between tax benefit recognised in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income* and prima facie income tax		
Deficit before tax	(8,783)	(7,776)
Prima facie tax benefit at the rate of 30% (2022: 30%)	(2,635)	(2,333)
Adjustment in respect of current and deferred taxes	(295)	(34)
Entertainment, non-deductible donations, other permanent differences	22	17
Effect of tax rate in foreign jurisdiction	40	30
Effect of mutual activities (adjusted for specifically assessable/deductible items)	–	997
Timing differences for NZ Branch not recognised	259	298
Aggregate income tax benefit	**(2,609)**	**(1,025)**
(c) Income tax (benefit)/expense recognised in other comprehensive income		
Deferred tax (benefit)/expense arising from fair value measurement of freehold property	**(3,205)**	**2,894**
(d) Movement in deferred tax assets/(liabilities) relate to the following:		
Assets		
Deferred tax on losses	14,084	11,585
Provisions and other liabilities	406	331
Lease liabilities	99	79
Intangible assets	80	–
Property, plant and equipment	47	97
Other assets	51	54
	14,767	12,146

	2023 $'000	2022 $'000
Liabilities		
Revaluation of freehold property to fair value	(16,754)	(19,958)
Right of use assets	(65)	(54)
Net deferred tax liabilities	**(2,052)**	**(7,866)**
Reconciliation of deferred tax liabilities (net)		
Carrying amount at start of financial year	(7,866)	(5,997)
Tax benefit during the period recognised in profit and loss	2,609	1,025
Tax benefit/(expense) during the period recognised in other comprehensive income	3,205	(2,894)
Carrying amount at end of financial year	**(2,052)**	**(7,866)**

Accounting Policies

Income tax

The Group prepares its income tax returns using the principle of mutuality to the revenue and expenses and the relevant tax jurisdiction. The principle of mutuality is a common law principle based on the premise that individuals cannot profit from themselves.

As such:

- receipts from Members are deemed to be mutual income and not subject to income tax
- expenses connected with mutual activities are therefore not deductible for taxation purposes.

All other receipts and payments are classified in accordance with taxation legislation in the relevant tax jurisdiction.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be covered.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on the same taxable entity.

At balance date, unrecognised additional accumulated revenue tax losses of $8,759,993 (2022: $7,404,485) existed for unused tax losses and unused tax credits generated by the New Zealand operations that are not available for offset against the Australian operations.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

6. Cash and cash equivalents

	Notes	2023 $'000	2022 $'000
Cash at bank		40,141	56,091
Short-term deposits		20,000	9,060
		60,141	**65,151**

Cash and cash equivalents

Cash and cash equivalents in the *Consolidated Statement of Financial Position* and *Consolidated Statement of Cash Flows* include cash at bank and short-term deposits, stated at their nominal value.

Reconciliation of deficit after tax to cash flows from operating activities

	Notes	2023 $'000	2022 $'000
Deficit after tax		**(6,174)**	**(6,751)**
Adjustments:			
Depreciation of property, plant and equipment	8	2,207	2,136
Depreciation of right-of-use asset	9	2,682	2,806
Amortisation of intangible assets	10	2,475	2,021
Loss on disposal of property, plant and equipment		–	130
Gain on lease modification		(1,340)	(271)
Interest received		(515)	(127)
Income tax	5	(2,609)	(1,025)
Net foreign currency revaluation		593	204
		3,493	5,874
Changes in working capital:			
Decrease/(increase) in net receivables and prepayments	7	5,444	(2,156)
(Decrease)/increase in trade and other payables	12	(5,085)	2,534
(Decrease)/increase in provisions	13	(393)	635
Increase/(decrease) in fees in advance	11	5,607	(4,475)
		5,573	**(3,462)**
Net cash flows from operating activities		**2,892**	**(4,339)**

7. Trade and other receivables

	2023 $'000	2022 $'000
Current		
Trade receivables	19,982	23,077
Allowance for expected credit loss	(1,993)	(1,746)
	17,989	21,331
Other receivables	2,145	3,599
Total trade and other receivables	**20,134**	**24,930**

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade receivables (in $'000):

	Current (not past due)	30 to 90 days past due	91 to 180 days past due	181 to 270 days past due	271 to 365 days past due	More than 365 days past due	Total
30 June 2023							
Expected loss rate		2.4%	4.8%	36.1%	40.4%	59.9%	
Gross carrying amount – trade receivables	13,248	1,558	1,491	570	956	2,159	19,982
Loss allowance	–	(37)	(71)	(206)	(386)	(1,293)	(1,992)
30 June 2022							
Expected loss rate		1.0%	18.4%	10.4%	47.6%	59.7%	
Gross carrying amount – trade receivables	17,720	724	412	1,608	525	2,088	23,077
Loss allowance	–	(7)	(76)	(167)	(250)	(1,246)	(1,746)

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

Accounting Policies

Trade receivables are recognised and carried at the original invoice amount less an allowance for expected credit loss (ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade receivables are non-interest bearing and are generally on 30-day terms. A provision for expected credit loss of $1,993,000 (2022: $1,746,000) has been raised to cover expected uncollectible debtors. The Group does not hold any collateral over these balances. The provision has been calculated in line with AASB 9 *Financial Instruments*.

The Group has no receivables with renegotiated credit terms that would have been past due under the original terms and conditions.

Current non-trade receivables are generally non-interest bearing and are normally payable at call. There are no non-trade receivables that are past due at the reporting date.

8. Property, plant and equipment

Group	Freehold property – at fair value $'000	Furniture and equipment – at cost $'000	Computer equipment – at cost $'000	Fixture and fittings on freehold premises – at cost $'000	Fixture and fittings on leasehold premises – at cos $'000	Motor vehicles – at cost $'000	Total $'000
Cost or valuation							
At 1 July 2022	100,000	3,501	3,255	10,735	9,437	144	127,072
Additions	–	94	191	2,629	1,697	–	4,611
Disposals	–	(342)	(33)	(49)	(416)	–	(840)
Revaluation	(11,500)	–	–	–	–	–	(11,500)
Reclassification	–	217	–	670	(887)	–	–
At 30 June 2023	**88,500**	**3,470**	**3,413**	**13,985**	**9,831**	**144**	**119,343**
Depreciation							
At 1 July 2022	–	(3,271)	(2,654)	(9,378)	(7,433)	(144)	(22,880)
Depreciation charge	(816)	(117)	(217)	(255)	(802)	–	(2,207)
Disposals	-	342	33	49	416	–	840
Revaluation	816	–	–	–	–	–	816
Reclassification	–	(166)	–	(533)	699	–	–
At 30 June 2023	**–**	**(3,212)**	**(2,838)**	**(10,117)**	**(7,120)**	**(144)**	**(23,431)**
Net book value as at 30 June 2023	**88,500**	**258**	**575**	**3,868**	**2,711**	**-**	**95,912**
Cost or valuation							
At 1 July 2021	91,000	3,587	2,833	9,662	9,203	144	116,429
Additions	170	3	422	1,505	234	–	2,334
Disposals	–	(89)	–	(432)	–	–	(521)
Revaluation	8,830	–	–	–	–	–	8,830
At 30 June 2022	**100,000**	**3,501**	**3,255**	**10,735**	**9,437**	**144**	**127,072**
Depreciation							
At 1 July 2021	–	(3,202)	(2,476)	(9,474)	(6,661)	(137)	(21,950)
Depreciation charge	(815)	(145)	(178)	(219)	(772)	(7)	(2,136)
Disposals	–	76	–	315	–		391
Revaluation	815	–	–	–	–	–	815
At 30 June 2022	**–**	**(3,271)**	**(2,654)**	**(9,378)**	**(7,433)**	**(144)**	**(22,880)**
Net book value as at 30 June 2022	**100,000**	**230**	**601**	**1,357**	**2,004**	**–**	**104,192**

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

Accounting Policies

Determining depreciation

Depreciation of property, plant and equipment, other than land which is not depreciated, is calculated on a straight line basis.

The depreciation rates applied considers an asset's remaining useful life and estimated residual value.

The cost of fixtures and fittings on leasehold premises is amortised over their estimated useful lives, or the remainder of the lease term, whichever is shorter.

Useful lives are:	
Freehold property:	
Building	50 years
Building plant	25 years
Furniture	10 years
Office equipment	5 years
Computer equipment	3 years
Fixtures and fittings on freehold premises	10 years
Fixtures and fittings on leasehold premises	Lease term
Motor vehicles	6 years

Each financial year, the Group reviews our assets' residual values, useful lives and depreciation methods, and adjusts them if appropriate.

(i) Impairment

We review the carrying values of plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are recognised as expenditure in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income.*

Freehold property is measured at revalued amounts. As such, impairment losses on freehold property are treated as a revaluation decrement, although only up to the amount of existing revaluation surpluses.

(ii) Revaluations

Following initial recognition at cost, freehold property is carried at fair value.

To ensure the carrying amount represents fair value, we assess the carrying value of freehold property assets annually. External valuations are conducted once every three years unless it is evident there has been a sufficiently significant movement on Sydney CBD property values. Fair value is determined by the Directors based on the most recent external valuation, dated 12 April 2023, and current market conditions and estimates.

Generally, revaluation increments are credited to the revaluation reserve included in the Members' funds section of the *Consolidated Statement of Financial Position*. The exception is where it reverses a revaluation decrement for the same asset that was previously recognised in profit or loss. In this case, the increase will be recognised in profit or loss.

Conversely, devaluation decrements are recognised in profit or loss, except where they offset a previous revaluation increment for the same asset. In these cases, a decrement is debited directly to the property revaluation reserve, up to the credit balance in the revaluation reserve for that asset.

Valuation techniques, inputs and processes

This table shows the valuation technique and inputs used to measure the freehold property's fair value:

Valuation technique	Key inputs
Market approach: Freehold property is valued based on: • rental income potential, • market capitalisation rates, and • comparable property sales transactions.	• Comparable property sale values, • net lettable floor space, • market rentals, • market capitalisation rates, and • allowance for location, condition and size.

The highest and best use of the freehold property is considered to be its current use.

The valuation of the freehold property has been based upon an external valuation performed taking into account current market conditions.

The property has been pledged as security for the Group's banking facilities.

Fair value hierarchy

The entire freehold property amount is categorised as Level 3 in the fair value hierarchy as significant adjustments need to be made to the observable data of comparable properties and require the Directors to exercise judgment.

Level 3 inputs are defined as unobservable inputs for an asset or liability.

Reconciliation of Level 3 fair value measurements

There were no transfers between the different levels of the fair value hierarchy during the current or previous financial year.

Sensitivity analysis on unobservable inputs

Unobservable inputs	Relationship of unobservable inputs to fair value
Allowances for location, condition, and size as determined by the Directors. Variations in the discount rate, terminal yield and market rentals will create a higher or lower fair value measurement.	The higher the discount rate and terminal yield, the lower the fair value. The lower the vacancy rate, the higher the fair value. The higher the rental growth rate, the higher the fair value.

(iii) Disposal

An item of property, plant and equipment will be written off when:

- no further future economic benefits are expected from its use, or
- it is disposed of.

Any gain or loss that arises from the disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income* in the year the asset is disposed of. During the year a periodic review of fully depreciated assets was undertaken to determine if there was any further future economic benefit expected from their use, with those assets that are fully depreciated and no longer in use being written off.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

9. Leases

Reconciliation of right-of-use assets

The Group leases several assets including office space and office equipment.

	2023 $'000	2022 $'000
a) Right-of-use asset		
Non-current		
Right-of-use assets	**6,764**	**8,599**

	Office Space $'000	Office Equipment $'000	Total $'000
2023			
At 1 July 2022	8,552	47	8,599
Additions	3,185	–	3,185
Depreciation	(2,635)	(47)	(2,682)
Modifications	(2,373)	–	(2,373)
Effects on foreign currency	35	–	35
30 June 2023	**6,764**	**–**	**6,764**
2022			
At 1 July 2021	15,042	116	15,158
Depreciation	(2,737)	(69)	(2,806)
Modifications	(3,632)	–	(3,632)
Effects on foreign currency	(121)	–	(121)
30 June 2022	**8,552**	**47**	**8,599**

	2023 $'000	2022 $'000
b) Lease liabilities		
Current		
Lease liabilities	3,001	2,596
Non-current		
Lease liabilities	6,141	8,993
Total	**9,142**	**11,589**

Reconciliation of lease liabilities

	Office Space $'000	Office Equipment $'000	Total $'000
2023			
At 1 July 2022	11,478	111	11,589
Additions	4,300	–	4,300
Interest expense	653	1	654
Lease payments	(3,622)	(112)	(3,734)
Modifications	(3,713)	–	(3,713)
Net movement during year	(2,382)	(111)	(2,493)
Effects on foreign currency	46	–	46
30 June 2023	**9,142**	**–**	**9,142**
2022			
At 1 July 2021	18,202	182	18,384
Interest expense	735	5	740
Lease payments	(3,356)	(76)	(3,432)
Modifications	(3,903)	–	(3,903)
Net movement during year	(6,524)	(71)	(6,595)
Effects on foreign currency	(200)	–	(200)
30 June 2022	**11,478**	**111**	**11,589**

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

Accounting Policies

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

The tenor of a lease includes any renewal period where the lessee is reasonably certain that they will exercise the option to renew. The Group has reviewed all its leases and included any extensions where the Group assessed it is reasonably certain the lease agreement will be renewed.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

At the commencement date of the lease, the lease liability is initially recognised for the present value of non cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease payment used in the calculation of the lease liabilities should include variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Group has used the incremental uplift contained in the lease or the respective Reserve Bank forward-looking CPI target for CPI-related increases. In the absence of any floor or cap clauses in the lease agreements, the Group measures the rent for the year under market review at an amount equal to the rent of the year preceding the market review increased by a fixed rate.

The Group applies the exemption for low value assets and as such does not recognise leases that have a lease term of 12 months or less or are of low value as a right-of-use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income* on a straight-line basis over the lease term.

Low value assets consist of IT equipment such as laptops and monitors.

The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight line method and is recognised in the *Statement of Profit or Loss and Other Comprehensive Income* in "Depreciation and amortisation". The unwind of the financial charge on the lease liabilities is recognised in the *Statement of Profit or Loss and Other Comprehensive Income* in "Finance costs" based on the Group's incremental borrowing rate.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the Group's incremental borrowing rate. The incremental borrowing rate used for this calculation is dictated by the tenor of the lease and the location of the asset. The incremental borrowing rate is the rate the Group would be charged on borrowings, provided by our banking partners. The weighted average incremental borrowing rate is 6.47%. The following lease payments are included where they are not paid at the commencement date:

- fixed payments, less any lease incentives receivable.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments.

Lease maturity:

	Less than 6 months $'000	6–12 months $'000	Between 1–2 years $'000	Between 2–5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Contractual maturities of lease liabilities							
As at 30 June 2023							
Lease liabilities	1,886	1,714	4,146	1,545	1,367	10,658	9,142
Total lease liabilities	**1,886**	**1,714**	**4,146**	**1,545**	**1,367**	**10,658**	**9,142**
Contractual maturities of lease liabilities							
As at 30 June 2022							
Lease liabilities	1,571	1,513	6,184	2,520	1,285	13,073	11,589
Total lease liabilities	**1,571**	**1,513**	**6,184**	**2,520**	**1,285**	**13,073**	**11,589**

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

10. Intangible assets

Group	Intellectual Property $'000	Computer Software $'000	Work-in-progress $'000	Total $'000
Cost or valuation				
At 1 July 2022	10,886	11,230	1,157	23,273
Additions	–	–	1,724	1,724
Disposals	–	(3,408)	–	(3,408)
Transfers	1,138	1,546	(2,684)	–
At 30 June 2023	**12,024**	**9,368**	**197**	**21,589**
Amortisation and impairment				
At 1 July 2022	(1,129)	(10,068)	–	(11,197)
Amortisation charge for year	(1,692)	(783)	–	(2,475)
Disposals	–	3,408	–	3,408
At 30 June 2023	**(2,821)**	**(7,443)**	**–**	**(10,264)**
Net book value as at 30 June 2023	**9,203**	**1,925**	**197**	**11,325**
Cost or valuation				
At 1 July 2021	–	10,548	9,798	20,346
Additions	–	–	2,927	2,927
Transfers	10,886	682	(11,568)	–
At 30 June 2022	**10,886**	**11,230**	**1,157**	**23,273**
Amortisation and impairment				
At 1 July 2021	–	(9,176)	–	(9,176)
Amortisation charge for year	(1,129)	(892)	–	(2,021)
At 30 June 2022	**(1,129)**	**(10,068)**	**–**	**(11,197)**
Net book value as at 30 June 2022	**9,757**	**1,162**	**1,157**	**12,076**

Accounting Policies

Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less:

- any accumulated amortisation; and
- any accumulated impairment losses.

The costs of configuring or customising suppliers' application software in a Software as a Service arrangement are required to be expensed when incurred in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income* unless they meet the recognition criteria in AASB 138 *Intangible Assets*.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method for an intangible asset with a finite useful life is reviewed at least every financial year end.

Changes in the asset's expected useful life, or the expected pattern of consumption of the asset's future economic benefits, are accounted for by changing the amortisation period or method. The amortisation expense on intangible assets with finite lives is recognised in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income* in the expense category, consistent with the function of the intangible asset. The principle intangible assets are intellectual property being digital education assets for the delivery of the CA qualification, amortised over 7 years and computer software, amortised over its useful life of 3–5 years.

Gains or losses arising from a disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. They are recognised in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income* when the asset is disposed.

The Group has no intangible assets assessed as having an indefinite life.

At the end of each financial year, we review our intangible assets' residual values, useful lives and amortisation methods, and adjust them if appropriate. A review of intangible assets took place during the year, with those assets that are fully amortised or no longer in use being written off.

Work-in-progress

Work-in-progress are intangible assets undergoing development that are not ready for use and are expected to be completed in future financial years. They are recorded at cost less any known impairment.

We review the carrying values of work-in-progress for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. External factors and internal sources of information are used to assess whether the recoverable amount exceeds the carrying value with any excess taken as an impairment. Impairment losses are recognised as expenditure in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income*.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

11. Contract liability – fees in advance

	2023 $'000	2022 $'000
Current liabilities		
Members' subscription fees	66,328	61,385
Members' application fees	1,191	1,132
CA Program, training course fees and other	7,609	7,771
	75,128	**70,288**
Non-current liabilities		
Members' application fees	18,144	17,377
	18,144	**17,377**

Accounting Policies

Contract liability – fees in advance are carried at the original invoice amount for goods and services to be provided after the year end. It includes Membership fees, CA Program enrolment fees, application fees, and training and development course fees.

The fees in advance related to annual Members' subscriptions are for services that will be delivered in the financial year ending 30 June 2024. The amounts received are not expected to be refunded and will be recognised as revenue in the financial year ending 30 June 2024.

Application fees are fees paid by applicants to obtain full Membership. This revenue is non-refundable and is deferred and recognised over the estimated average duration of Membership.

12. Trade and other payables

	2023 $'000	2022 $'000
Current		
Trade payables	7,915	14,432
Other payables	9,917	8,485
	17,832	**22,917**

Accounting Policies

Trade payables are carried at cost. They represent liabilities for goods and services provided to the Group before the end of the financial year that are unpaid and arise when the Group becomes obliged to make payment for these goods and services in the future. Trade payables are non-interest bearing and are normally settled on no longer than a 30-day term.

Other payables are recognised for amounts to be paid in the future for goods or services received, regardless of whether they are billed to the Group. Payables are normally settled on 30-day terms and incur no interest.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

13. Provisions

	2023 $'000	2022 $'000
Current		
Employee entitlements (a) & (b)	7,395	7,773
	7,395	**7,773**
Non-current		
Employee entitlements (b)	1,947	1,860
Leasehold make-good provision	206	307
	2,153	**2,167**

Accounting Policies

Provisions are recognised when:

- there is a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

(a) Annual leave

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(b) Long service leave

The liability for long service leave is recognised in the provision for employee benefits. It is measured as the present value of expected future payments for 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 based on Australian high-quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Reconciliation of movement of provisions

	Make Good $'000
At 1 July 2022	307
Expensed/arising during the period	–
Used/released during the period	(101)
At 30 June 2023	**206**

14. Commitments

	2023 $'000	2022 $'000
Expenditure commitments		
Less than 12 months	6,554	5,793
More than 12 months and less than five years	4,846	2,116
More than five years	–	–
	11,400	**7,909**

Expenditure commitments mainly relate to the Group's IT strategic supply agreements, IT software licence fees and software development costs.

15. Contingent liabilities

	2023 $'000	2022 $'000
Indemnities for bank guarantees to the lessors of premises occupied under leases	**988**	**988**

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

16. Auditors' remuneration

	2023 $	2022 $
Group Auditor – Grant Thornton		
Auditing of financial reports – Australia & New Zealand	309,000	274,500
Auditing of financial reports – overseas subsidiaries	34,900	31,000
Total audit fee	**343,900**	**305,500**
Other services		
Preparation of financial reports – overseas subsidiaries	6,300	6,000
Advisory services	53,618	10,000
Total other services	**59,918**	**16,000**
Other Auditor[1]		
Preparation and auditing of financial reports – overseas subsidiaries	10,624	8,814
Total audit fee	**10,624**	**8,814**
Other services		
Payroll and advisory services	**865**	**722**

1. McMillan & Co LLP are the auditors for the United Kingdom entity.

17. Unlisted shares in other entities

The parent has control of the following entities and their results have been consolidated into this Consolidated Financial Report:

Name of corporation	Country of incorporation	Percentage of ownership 2023	Percentage of ownership 2022
Chartered Accountants Australia and New Zealand (Singapore) Private Limited	Singapore	**100%**	100%
Chartered Accountants Australia and New Zealand	Hong Kong	**100%**	100%
(Hong Kong) Limited	Hong Kong	**100%**	100%
CAANZ (UK) Limited	United Kingdom	**100%**	100%
CA ANZ (Malaysia) Sdn Bhd	Malaysia	**100%**	100%
Chartered Professional Accountants Pty Ltd	Australia	**100%**	100%

The parent's results are materially consistent with the consolidated financial results, therefore separate parent disclosures are not included.

The parent's results include the regulatory operations of the New Zealand Institute of Chartered Accountants, as per the *New Zealand Institute of Chartered Accountants Act* 1996.

The parent has 33.3% voting rights in Accounting Professional & Ethical Standards Board Limited (APESB) but does not have right to any distributions from APESB.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

18. Financial instruments

Fair values

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments. Financial instruments are initially measured at fair value including transaction costs.

After initial recognition, financial assets are measured at amortised cost.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred, and the transfer qualifies for derecognition.

Financial assets and liabilities by categories:

	Notes	Total $'000	Financial assets measured at amortised cost $'000	Financial liabilities measured at amortised cost $'000
2023				
Current financial assets				
Cash and cash equivalents	6	60,141	60,141	–
Trade receivables	7	17,989	17,989	–
Other receivables	7	2,145	2,145	–
Total current financial assets		**80,275**	**80,275**	**–**
Total financial assets		**80,275**	**80,275**	**–**
Current financial liabilities				
Trade and other payables	12	(17,832)	–	(17,832)
Lease liabilities	9	(3,001)	–	(3,001)
Total current financial liabilities		**(20,833)**	**–**	**(20,833)**
Non-current financial liabilities				
Lease liabilities	9	(6,141)	–	(6,141)
Total non-current financial liabilities		**(6,141)**	**–**	**(6,141)**
Total financial liabilities		**(26,974)**	**–**	**(26,974)**
Net financial assets/(liabilities)		**53,301**	**80,275**	**(26,974)**

	Notes	Total $'000	Financial assets measured at amortised cost $'000	Financial liabilities measured at amortised cost $'000
2022				
Current financial assets				
Cash and cash equivalents	6	65,151	65,151	–
Trade receivables	7	21,331	21,331	–
Other receivables	7	3,599	3,599	–
Total current financial assets		**90,081**	**90,081**	**–**
Total financial assets		**90,081**	**90,081**	**–**
Current financial liabilities				
Trade and other payables	12	(22,917)	–	(22,917)
Lease liabilities	9	(2,596)	–	(2,596)
Total current financial liabilities		**(25,513)**	**–**	**(25,513)**
Non-current financial liabilities				
Lease liabilities	9	(8,993)	–	(8,993)
Total non-current financial liabilities		**(8,993)**	**–**	**(8,993)**
Total financial liabilities		**(34,506)**	**–**	**(34,506)**
Net financial assets/(liabilities)		**55,575**	**90,081**	**(34,506)**

Expected credit loss

Allowance for expected credit loss in financial assets carried at amortised cost were recognised in surplus or deficit. AASB 9 *Financial Instruments* requires an expected credit loss model to be used in impairing financial assets. This model requires the Group to account for expected credit losses and changes thereto at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit loss event to have occurred before impairments are recognised.

The Group has elected to apply the simplified approach for measuring the loss allowance at an amount equal to the lifetime expected credit loss for trade receivables, contract assets and lease receivables.

Refer to Note 7 for further detail.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

19. Financial risk management objectives and policies

The Group's principal financial instruments are comprised of cash, receivables and payables. The Group manages its exposure to key financial risks in accordance with its policies, the objective of which is to ensure financial security and deliver valuable Member services in line with its Royal Charter.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk.

We use different methods to measure and manage these risks, including:

- monitoring levels of exposure to interest rates;
- conducting ageing analysis and monitoring specific credit balances to manage credit risk; or
- monitoring liquidity risk through the development of future rolling cash flow forecasts.

The Board reviews and agrees on policies for managing each of these risks.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The main components of market risk to the Group are interest rate risk and currency risk.

Interest rate risk

This is the risk that movements in variable interest rates will affect financial performance by increasing interest expenses or reducing interest income. The Group is exposed to floating interest rates on its cash and fixed interest rates on its term deposits. The effect of a reasonably possible change in interest rates will result in an immaterial amount of change to interest revenue.

Currency risk

This is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in exchange rates. We manage currency risk of our New Zealand operations by regularly monitoring the liquidity requirements and forecasting expected foreign currency cashflows.

We are also exposed to currency risk from our foreign operations in Hong Kong, Malaysia, Singapore and the United Kingdom. However, as at 30 June 2023, these activities were immaterial and the risk is minimal.

Credit risk

Management believes that the Group does not have a concentration of credit risk. The Group's exposure to credit risk is equal to the carrying value of the cash and cash equivalents which are held with financial institutions with a credit rating of AA- or better and receivables which are generally high volume and low individual amount.

Liquidity risk

This is the risk that, due to our operational liquidity requirements, the Group:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

The Group receives a substantial part of its cash inflows at the beginning and end of the financial year and manages its expenditure within these cash inflows and approved funding arrangements.

Most of the Group's financial liabilities, such as payables and accruals to suppliers and employees, are due within 30 days.

To help reduce liquidity risk, we have a liquidity policy which sets targets for the minimum and average level of cash and cash equivalents to be maintained.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

20. Related party transactions

The Group made related party payments to certain parties including partners or employees of director-related entities. These included payments to Members and Member firms for services including training, support for the CA Program, reviewer fees for the Quality Review Program and consulting services. These payments were made on arm's length commercial terms and conditions.

The following transactions occurred with director-related parties:

		2023 $	2022 $
Advisory services	KPMG[1]	100,508	114,429
Tax services	KPMG[1]	180,067	132,582
Advisory services	Deloitte[2]	739,030	–

1. P Stragalinos is a partner of KPMG.
2. T Kamangira is a director of Deloitte.

21. Director, vice president and executive disclosures

Details of key management personnel

(i) President and Vice Presidents

Presidents`	
M Harrington FCA	Appointed 1 January 2023
K Boorer FCA	Term completed 31 December 2022
Vice Presidents	
M Harrington FCA	Term completed on 31 December 2022 ahead of taking on role as President on 1 January 2023
G Ellis FCA	Appointed 1 January 2023
T Kamangira FCA	

(ii) Directors

Chair	
J Palermo FCA	
Board Members	
K Boorer FCA	Term completed 31 December 2022
C Colley FCA	
G Ellis FCA	Appointed 1 January 2023
M Harrington FCA	
C Hayman	Term completed 30 June 2023
T Houpapa	Appointed 1 January 2023
T Kamangira FCA	
R McDonald FCA	
S Petersen FCA	
G Scully FCA	
P Stragalinos FCA	
C Townend FCA	Term completed 30 June 2023

(iii) Executives

A van Onselen	Chief Executive Officer	
V Chapman	Group Executive, General Counsel and Corporate Assurance	
L Fowler	Chief Transformation Officer	Resigned 2 June 2023
S Grant FCA	Group Executive, Advocacy and International Development	
S Hann	Group Executive, Education and Marketing	
M Rice	Group Executive, Member Engagement Chief Transformation Officer (Acting)	Appointed 8 May 2023
S Tarrant	Group Executive, People and Culture	
P Vial FCA	Group Executive, New Zealand and Pacific	
L Whitney	Group Executive, Finance, Strategy and Technology	

Executives are classified as the Chief Executive Officer (CEO) and those Executive Team members who are authorised key decision makers for the organisation.

Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2023

(iv) Compensation policy

Remuneration of the Directors is approved by the Council based on recommendations from the Nominations and Governance Committee using external market benchmark data and having regard to a total remuneration pool for Directors approved by Members. The Director remuneration pool was last approved at the 2019 AGM. The remuneration of the CEO and the Executive Team is considered by the People and Remuneration Committee with a recommendation put forward for Board approval. Further information on the People and Remuneration Committee is set out in our 2023 Corporate Governance Statement which is available on our website.

To ensure equity in our remuneration decisions, we use salary bands to establish remuneration ranges for jobs of similar value. The Group benchmarks jobs using a well-established methodology that provides remuneration ranges for salary bands based on job size. In structuring remuneration ranges, we aim to remain competitive and positioned appropriately for the scope and size of our operations. The CEO is entitled to a base remuneration plus an 'at risk' component based on achieving approved KPIs.

(v) Compensation of Directors and Executives for the year

	2023 $'000	2022 $'000
Compensation of Directors and Executives		
Short-term benefits	5,372	5,450
Termination benefits	129	–
	5,501	**5,450**

(vi) Loans to key management personnel

There are no loans between key management personnel and the Group and its controlled entities.

(vii) Other transactions with key management personnel and their related parties

There are no other transactions conducted between the Group and key management personnel or their related parties, apart from those disclosed above relating to compensation or that were conducted other than in accordance with normal employee relationship on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

22. Indemnification of directors and officers

The parent's By-Laws provide that each Director and Officer will be indemnified against any losses or expenses that they incur or become liable to pay by, reason of any act or deed done by the Director or Officer in discharging their duties, unless the act or deed arises from the Director's or Officer's own wilful default. Further, Directors and Officers are not liable for:

- the acts of any person;
- joining in any receipt or document;
- any act of conformity; or
- any loss or expense happening to the Group,

unless it arises from the Director's or Officer's own wilful default.

23. Members and members' liability

Total Membership increased to 136,730 as of 30 June 2023 (2022: 134,420).

Under the terms of the Group's Royal Charter and By-Laws:

- Members are not entitled to receive a dividend from the Group; and
- former Members remain liable for all amounts they owed the Group at the time they ceased to be a Member.

Other than this, Members have no liability for any matters related to the Group.

24. Summary of other accounting policies

(a) Goods and services tax (GST)

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

- where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority. In this 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
- on receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the *Consolidated Statement of Financial Position*.

For all Contract liability – fees in advance that are subject to GST, a liability for GST payable is raised. The exception is for Contract liability – fees in advance that have a settlement date, for the GST liability, that occurs before the balance date (at which stage the liability will have already been settled).

Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis. The GST component of cash flows arising from investing and financing activities (which is recoverable from, or payable to, the taxation authority) is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(b) Reserves

Other components of equity include the following:

Amalgamation reserve

Represents the fair value of net assets transferred from NZICA on amalgamation, 1 January 2015. This reserve was transferred to Accumulated Surpluses during the year ended 30 June 2022.

Foreign currency translation reserve

The assets and liabilities of foreign operations are translated into Australian dollars at 30 June, at the rate of exchange at reporting date. These exchange differences are recognised in Other Comprehensive Income and accumulated in the foreign currency translation reserve.

Revaluation reserve

Comprises gains and losses from the revaluation of property (see Note 8).

Accumulated Surpluses

Includes all current and prior period retained profits.

Notes to the Consolidated Financial Statements continued

25. Events after the reporting period

Between the end of the financial year and the date of this Financial Report there has been no item, transaction or material or unusual event that is likely, in the opinion of the Directors, to affect significantly the operations of the Group, or the Group's state of affairs in future financial years.

Directors' declaration

The Directors of Chartered Accountants Australia and New Zealand declare that the consolidated financial statements and notes set out on pages 3 to 41, which have been prepared as required under the By-Laws:

(a) Comply with Australian Accounting Standards and other mandatory professional reporting requirements; and

(b) Present fairly the financial position of the Group as at 30 June 2023 and the results of its operations and its cash flows for the year ended on that date.

In the opinion of the Directors, there are reasonable grounds to believe that the parent will be able to pay its debts as and when they become due and payable.

J Palermo FCA
Director
Board Chair
14 September 2023

G Scully FCA
Director
Audit & Risk Committee Chair
14 September 2023

Grant Thornton

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Independent Auditor's Report

To the Members of Chartered Accountants Australia and New Zealand

Report on the audit of the financial report

Opinion

We have audited the financial report of Chartered Accountants Australia and New Zealand (CA ANZ) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Chartered Accountants Australia and New Zealand presents fairly, in all material respects, the Group's financial position as at 30 June 2023 and of its performance and cash flows for the year ended in accordance with Australian Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – Note 3	
Revenue of $145.6 million was recognised during the year ended 30 June 2023. It included $90.4 million of membership subscriptions and fees, $35.7 million of CA Program revenues, $19.3 million of other member services revenue and $0.2 million of other revenue, along with other income of $1.4 million. Revenue from contracts with customers comprised $131.9 million of revenue recognised over time and $13.7 million recognised at a point in time. Revenue derived from the delivery of services may be complex and involves significant management judgement to determine the appropriate amount of revenue to be recognised as performance obligations are satisfied. This area is a key audit matter given the complexity involved in developing and applying appropriate accounting policies that comply with accounting standards AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058), as well as management judgement in determining the timing of amounts to be recognised as revenue, including estimating the membership life for application fees.	Our procedures included, amongst others: • Assessing revenue recognition policies for appropriateness and compliance with AASB 15 and AASB 1058, including respective disclosures; • Evaluating the design effectiveness of management's internal controls related to revenue recognition across the different revenue streams; • Considering whether any distinct services were provided or transferred to members on initial application and the implications, if any, on when the associated revenue should be recognised in relation to application fees; • Assessing management's estimate in relation to the average duration of membership in order to assess the timing of recognition of application fee revenue; • Testing samples of revenue transactions for each revenue stream to supporting documentation and agreeing to the recognition of revenue in accordance with the AASB 15 / AASB 1058; • Performing substantive procedures for deferred revenue and assessing the timing of revenue recognition and allocation between recognised revenue and deferred revenue at year end; and • Assessing the adequacy of disclosures in the financial statements.
Property revaluation – Note 8	
The carrying value of the Erskine Street, Sydney property at the reporting date is $88.5 million and constitutes 44% of total assets of the Group. This property is carried at fair value based on a directors' annual valuation. An independent external valuation obtained by the directors supported the valuation. This is considered a key audit matter due to the asset's value and the significant judgements in determining the fair value.	Our procedures included amongst others: • Obtaining an understanding of management's and the Board's process for assessing the fair value of the freehold property; • Assessing the competence, capabilities, and objectivity of the independent external valuer and the scope of their work; • Evaluating the appropriateness of the valuation methodology employed by the external expert and evaluating the key assumptions used in determining the fair value; • Obtaining additional internal and external information to corroborate the reasonableness of the fair value of the freehold property; and • Assessing the appropriateness of the disclosures in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Recoverable amount of intangible assets – Note 10	
The carrying value of intangible assets at the reporting date is $11m, including $9m of intellectual property and $2m of computer software. Under AASB 136 *Impairment of Assets*, an impairment assessment to estimate the recoverable amount must be undertaken when any impairment indicators are present. Management performed a formal impairment assessment and, based on this assessment, concluded that the recoverable amount of the CA Program intangible assets exceeded its carrying value and no impairment charge was required. This was considered a key audit matter due to the estimation uncertainty and significant judgment involved in the impairment assessment and the complexity of the requirements of AASB 136.	Our procedures included, amongst others: • Evaluating the design and operational effectiveness of management's internal controls related to intangible assets; • Assessing the factors that the Group considered regarding impairment of intangible assets and whether any indicators of impairment exist in accordance with AASB 136; • Assessing the appropriateness of management's determination of the number of cash-generating units ('CGUs'); • Assessing the valuation methodology used to determine the recoverable amount of intangible assets; • Challenging the reasonableness of key assumptions, including the cash flow projections, expected revenue growth rates, discount rates and sensitivities used; • Reviewing management's sensitivity analysis over the key assumptions used in the model; • Checking the mathematical accuracy of the value in use model and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and • Assessing the appropriateness of the disclosures in the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Chartered Accountants Australia and New Zealand

Responsibilities of the directors for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards. This responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar5.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Adam-Smith FCA
Partner – Audit & Assurance

Sydney, 14 September 2023