

2011 ANNUAL REPORT

8000
PROFESSIONALS
ONE
PURPOSE



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA



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2011 ANNUAL REPORT

OUR COMMITMENT IS TO FOCUS
ON THE THINGS THAT WILL
ELEVATE OUR
INDUSTRY
TO A UNIVERSALLY
RESPECTED
PROFESSION

2011 ANNUAL REPORT

CHAIR'S REPORT

AT NO OTHER TIME IN OUR HISTORY HAS THE FINANCIAL PLANNING ASSOCIATION (FPA) HAD THE SAME CLARITY OF PURPOSE OR ENERGY TO UNITE OUR MEMBERS BEHIND A COMMON GOAL, WHICH IS TO TRANSFORM THE FINANCIAL PLANNING INDUSTRY INTO A UNIVERSALLY RESPECTED PROFESSION.

This is my first report as your Chair and I would like to start by personally thanking our leadership team, our staff and valued members for their much appreciated effort and contribution throughout the year. It is because of your commitment that we've made such significant progress in our journey towards the 'New FPA'.

It's been some time since we launched the 'New FPA' at our 2010 FPA Annual National Conference. Let's recap on what the 'New FPA' means. It begins with a new vision: it imagines that the FPA members adhere to the highest standards of professionalism, inspiring trust and confidence in the community.

It may sound deceptively simple, but we all know it isn't – people's faith in the industry has been tested over and over in the last few years and it will take more than just good intentions to regain it.

Importantly, this vision has the absolute endorsement of our membership. On 7th April 2011, 94% of eligible FPA members voted a resounding 'yes' to our new vision, the 3-year strategic plan that underpins it, a new membership structure and constitution, a new brand and a new future.

On this date, the FPA became a professional association for financial planning practitioners – the first of its kind in Australia.

DELIVERING ON OUR PROMISE

We promise to do our part: firstly, we'll rigorously pursue our mission, which is to set, promote and enforce the highest standards of professional conduct among our members. Secondly, through our advocacy and promotional efforts, we'll make sure that the Australian community at large appreciates the additional confidence and trust afforded by working with an FPA member.

At the same time, we ask members of the FPA to consistently uphold the FPA's values – professionalism, accountability, and integrity. The 'client first' principle is the bedrock of everything we do. People don't just entrust us with their money, they entrust us with their future, and we must never forget that our actions make a real difference to real lives.

SUBSTANCE BEHIND THE MESSAGE

In July 2010, the FPA was the first financial planning association in the world to launch a full suite of professional regulations, incorporating

ethical principles, practice standards and conduct rules that underpin professional planning practice.

Standards, rules and obligations sit at the heart of any profession. The evolution of an industry into a profession ultimately serves to protect consumers by raising the bar of accountability and ethical principles of its members, beyond the requirements of the law.

So what does a professional association look like? Reflecting on what may be the key elements of a professional association, we propose a list of seven (adapting the benchmarks defined by the UK's Financial Services Authority).

A professional association, as opposed to a lobby group or member association, is characterised by the following tenets:

- Acts in the public interest which raises consumer confidence and trust;
- Has adequate resources, systems and controls;
- Has a professional governing body;
- Leads professional development;
- Promotes standards of professionalism;
- Monitors compliance with standards;
- Has a disciplinary process.

The FPA is the only professional body for financial planners in Australia that can tick all of the above boxes. That makes us unique and that sets our members apart.

RESULTS SO FAR

As a professional association, we will be measured by the results we produce. Some of our work is highly visible, but on the whole it's about quiet, behind the scenes action that brings about the kind of changes that will see our profession grow in stature over time.

Significant progress has been made on many fronts:

- We have approved and implemented a new board charter and a code of conduct in line with the highest professional standards.
- We have reviewed and revamped the manner in which we interact with our Chapters, asking them to align with our strategic plan and to focus on grass roots member engagement.



- We have established the FPA Professional Practice category for businesses of the highest calibre – we expect to sign up around 500 practices by the end of the year 2011/2012.
- We have lifted educational standards for the future – from July 2013, new members will have to have an approved tertiary degree.
- We have overhauled our financial process, and we have a stronger understanding of our key financial drivers, thanks to the hard work of the Audit and Finance Committee led by our Independent Director Philip Pledge and our CFO, Pene Lovett.
- Our Board is a united and effective team. We are galvanised behind a common purpose and we have a clear focus on leading our profession in its journey.

I would also like to take this opportunity to thank Julie Berry for her tireless work as a Board member and as our Chair for the last two years.

To say that my first year as Chair of the FPA has been interesting would be a gross understatement – we have accomplished a great deal and have laid solid foundations for the future. The journey of change has only begun; the goal is ambitious, but we'll reach it if we work together.

Matthew Rowe CFP®, BEC, CPA (FPS), DIP FP,
GRADDIPACCT Chair
Financial Planning Association of Australia

2011 ANNUAL REPORT

CEO'S REPORT

MY FIRST YEAR AT THE HELM OF THE FPA HAS BEEN EXTRAORDINARY IN EVERY RESPECT. THIS WAS THE YEAR THAT WILL BE REMEMBERED AS THE TURNING POINT IN THE HISTORY OF OUR PROFESSION, AND I FEEL PRIVILEGED TO HAVE PLAYED MY PART IN IT.

1st July 2010 was Day One of my tenure. We received the results of a survey we conducted among our members. It was sobering – the message to the FPA management was unequivocal: “Be clearer. Provide better leadership. Regain our confidence”.

Our response was as immediate as it was decisive – it was there and then that we embarked on a journey of transformation and, only a year later, I look at the distance covered so far and I am filled with pride.

A YEAR OF ACHIEVEMENT

Together we have achieved so much:

- We have put in motion a major restructure, restricting voting membership exclusively to financial planning practitioners. We are neither a lobby group, nor an old boy's club, but the leading professional body representing Australia's financial planners;
- We have updated and relaunched the FPA Code of Professional Practice (made up of Codes of Ethics, Practice, Standards and Rules), which sets the standard and leads the world's best practice;
- We have developed a new brand with the new logo acting as a 'seal of quality' for financial planners and the community alike;

- We have reviewed and reaffirmed our core purpose, values and vision;
- We have laid the groundwork for a high profile multi-media advertising campaign designed to promote FPA members as the qualified professionals that Australians can turn to with confidence and trust;
- We have tirelessly fought for our members and their clients at many levels of government and regulatory bodies.

I could continue at length, but suffice to say the journey so far has been tremendously exciting and rewarding. We have now mapped out our goals and strategies for the next three years, covered in the rest of this report, and the immediate future looks every bit as exciting as the last year.

HIGHER STANDARDS

As at 30th June 2011, the FPA had 11,283 members, of whom 7,925 are professional financial planning practitioners. Our members advise over 3,000,000 Australians and are entrusted with over \$630 billion of savings. The professional obligations and standards set by the FPA's Code of Professional Practice play a fundamental role in protecting consumers and the financial wellbeing of Australians.

The FPA's Code is enforced through a rigorous compliance system and consumers are supported in making complaints against FPA members not acting in accordance with their professional obligations. Having said that, I am pleased to report that during 2010, no members of the FPA were amongst those investigated or barred by ASIC. This tells us that our professional framework and standards work in practice to protect both the financial planners who adhere to our Code and, of course, their clients.

It is becoming increasingly clear to consumers that not all financial planners are alike. Not all financial planners are bound by qualifications, experience and ethical standards that exceed those required by law. FPA members do, which is what makes them stand out and why more and more people see membership as an assurance of quality.

TOWARDS A COMMON GOAL

The new FPA revolutionises the old industry – we are drawing a line in the sand, and from this point onwards we'll work with vigour and resolve until financial planning professionals command the same trust and respect as other professionals, such as accountants and those in the medical profession.

We have laid the foundations for the transition from an industry to a profession in the 2010/2011 financial year.



We'll do everything in our power, and within our means, to keep raising the bar until we achieve our vision:

MEMBERS OF THE FPA ADHERE TO THE HIGHEST STANDARDS OF PROFESSIONALISM INSPIRING TRUST & CONFIDENCE IN THE COMMUNITY

We had to make some tough decisions, such as closing our Melbourne office, and we drew from our reserves to invest in our profession's future (after having received the mandate to do so from our member base). So, whilst 2010/2011 saw a surplus from operations, the extraordinary expenses incurred produced an overall loss. I should point out that our financial position remains very strong, with more than \$5.8 million in member funds.

Our pledge to you is to provide vision, leadership and resources to raise professional standards and the community standing of our members.

I have every reason to be confident that we'll be able to deliver on our promise – all I have to do is look around and see my colleagues, whose talent and commitment makes light work of the most formidable challenges.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	2011 \$	2010 \$
Revenue	10,802,792	11,285,608
Expenses from operations	(10,317,322)	(11,103,090)
Surplus from operations	485,470	182,518
Restructuring costs	(819,624)	(165,679)
Advertising levies	(208,516)	-
Operating (loss)/profit before income tax	(542,670)	16,839
Income tax benefit/(expense)	5,521	(38,723)
Total comprehensive income	(537,149)	(21,884)

To this end, I would like to express my heart-felt gratitude to my management team and staff at the FPA for going the extra mile – and further – in the past year. Particular acknowledgement goes to Dr Deen Sanders, the FPA's Chief Professionalism Officer, who has masterminded and spearheaded the establishment of our rock solid professional framework, and is now turning his efforts to exporting our world-class standards to international markets.

I have valued working with many individuals and groups who have keenly supported us in our mission and activities. A special mention goes to our Chapter and FPA Committee members who have been instrumental in leading us to where we are. In addition, a select group of external business partners have played a significant role in helping us to communicate our vision to members and the broader community. They include Bruce Madden and Carden Calder at BlueChip Communication, Juraj Horniak at 3C Creative Agency, and Andrew Varasdi and his team at Banjo.

I'd also like to thank Matthew Rowe, our Chair and members of the FPA Board, for the passion that they bring into the cause and for the leadership and guidance they provide on our journey towards the recognition and respect that our members deserve.

We couldn't have embarked on this journey without the backing and the encouragement of you, our members. You participated enthusiastically in our historic EGM vote which heralded our 'New FPA' era, in National Member Roadshows, on our Committees, supporting your local Chapter and many other FPA events and initiatives. This showed us clearly that you believe in the future of our profession, genuinely care about the wellbeing of your clients and that you are right behind us every step of the way on our ambitious mission.

I, and my colleagues, will do our utmost to fulfil your hopes and aspirations.



Mark Rantall CFP®, CPA CEO
Financial Planning Association of Australia

ORGANISATIONS ARE MORE EFFECTIVE WHEN THEY ARE UNITED BY A COMMON CAUSE

At the end of 2010, we defined and articulated why we exist, what we stand for, our goal and why it matters.

PURPOSE

To help the financial planning industry become a universally respected profession.

VALUES

Professionalism

Standards

Processes

Governance

Accountability

Commitment

Responsibility

Delivery

Integrity

Ethics

Transparency

Respect

MISSION

The Financial Planning Association acts in the public interest by setting, promoting and enforcing the highest standards of professional conduct among its members.

VALUE PROPOSITION

The Financial Planning Association provides vision, leadership and resources to raise the professional standards and community standing of its members.

THREE YEAR STRATEGY

It's one thing to lay down the principles which one intends to follow, and another to actually put them in practice. We are determined to realise our vision for the financial planning profession.

WE HAVE MAPPED OUT OUR
GOALS &
STRATEGIES
FOR THE NEXT
THREE YEARS
AND WE'LL BE HELD
ACCOUNTABLE FOR THEM

PROFESSIONAL RECOGNITION	
GOAL	STRATEGY
Raise community standing of members.	▶ Ensure consumers seek out an FPA professional.
Inspire trust and confidence in the community.	▶ Zero banning of members by ASIC.
Engage stakeholders in advertising FPA higher standards.	▶ Generate sufficient advertising financial support.
FPA established as financial planning trust mark.	▶ Deliver an integrated communications and brand strategy.

MEMBER FOCUS	
GOAL	STRATEGY
Build a professional community and professional solidarity.	▶ Evaluate every engagement point with members.
Ensure a relevant and engaged Committee structure.	▶ Align and engage committee structure to new FPA.
Engage member communities at a local practice level.	▶ Sign up 1,000 Professional Practices.
Engage members in their professional community.	▶ Review and measure chapter performance.

PROFESSIONAL LEADERSHIP	
GOAL	STRATEGY
Ensure AFP®s are obtaining CFP® status.	▶ Target AFP®s to ensure 90% are studying for CFP.
Ensure CFP® designation and experience are world class.	▶ Benchmark CFP® against global certification standards within top quartile.
Ensure CPD education is of the highest standard.	▶ Minimum 80% satisfaction rating for CPD and conference sessions.
Members have knowledge of our professional framework.	▶ All members to read code and undertake ethics training. Review audit procedures.

PEOPLE	
GOAL	STRATEGY
Create a commercial performance culture.	▶ Review and implement job specs, appraisals and development plans.
Become employer of choice for industry and profession.	▶ Align FPA values with employee values. Target 80% engagement score.
Ensure team become dynamic engaging leaders.	▶ All team members take ownership of member engagement.
Align organisation structure to the new FPA.	▶ Implement a new organisation structure aligned to a professional association and remove silos.

FINANCIAL	
GOAL	STRATEGY
Build a financially sustainable organisation.	▶ Maximise member and non-member income.
Improve operational efficiency.	▶ Cost effective and reliable systems and database.
Member fees to cover operating costs.	▶ Increase practitioner members to 10,000.
Implement prudent cost control measures.	▶ Limit cost to expense ratio to 90% of revenue.



THREE YEAR STRATEGY

PROFESSIONAL RECOGNITION

GOAL

STRATEGY

 Raise community standing of members.

▶ Ensure consumers seek out an FPA professional.

Inspire trust and confidence in the community.

▶ Zero banning of members by ASIC.

 Engage stakeholders in advertising
 FPA higher standards.

▶ Generate sufficient advertising financial support.

FPA established as financial planning trust mark.

▶ Deliver an integrated communications and brand strategy.

PROFESSIONAL RECOGNITION

THE 'NEW FPA' CALLS FOR OUR MEMBERS TO BE RECOGNISED FOR THE HIGH STANDARDS THEY ADHERE TO, TO INSPIRE TRUST AND CONFIDENCE IN THE COMMUNITY AND TO ESTABLISH THE FPA AS A FINANCIAL PLANNING TRUST MARK.

In 2010/11, the FPA made significant inroads in four key areas:

- Member accountability to our professional standards;
- 2011 Financial Planning Week activity;
- Preparation for our major national multi-media advertising campaign; and
- Value of Advice and other Awards to recognise exceptional achievements among our membership.

PROFESSIONAL ACCOUNTABILITY

Our professional accountability systems withstood sustained challenge from some ex-Storm financial planners proving the model is robust and able to deliver results. But we didn't rest with this success – we took counsel from our Conduct Review Commission (CRC) members and undertook an overhaul of the Disciplinary Regulations with enhancements designed to improve the efficiency of the process.

By publishing the CRC determinations, we demonstrate to the community that FPA members are professional and accountable, and that we enable members to learn directly from the CRC's work:

- We received 54 new complaints during the financial year to 30 June 2011.
- We finalised 50 complaint investigations.
- As at 30 June we had some 34 matters in various stages of investigation.
- During the year, the CRC issued 2 disciplinary panel hearing determinations and heard 1 appeal.
- The success of our Provisions for Summary disposal has enabled us to work co-operatively with members (subject to disciplinary action under the watchful eye of the CRC) to achieve corrective professional regulatory outcomes that foster the protection of the profession and the community.

New measures to improve the screening for professional membership resulted in:

- 1 student member and 3 AFP members rejected for membership.
- A number of CFPs were assessed for renewal of membership.

We maintained a vigilant professional conduct program with a focus on implementing the Code of Professional Practice:

- Up until February 2011, 19 field visits were conducted with existing Principal members, including 7 as a 2-year follow-up visit to new members.
- We also conducted remote compliance reviews of some Principal members.
- We responded to many ad-hoc compliance inquiries from both Principal and Practitioner members.

2011 FINANCIAL PLANNING WEEK

Financial Planning Week is a national initiative of the FPA, held each year in the last full week of May (23-29 May 2011) providing a focus for raising Australians' awareness of the importance of financial planning. The week is characterised by a range of national and local activities including the online 'Ask an Expert' program, intensive media initiatives and local Chapter events.

In 2011, we celebrated our 11th consecutive year with an endorsement of Financial Planning Week by Choice and ASIC via the promotion on their MoneySmart website. Some outstanding achievements resulted.

'Ask an Expert' program

The 'Ask an Expert' program ran for 6 weeks (23 May – 1 July) with 437 questions submitted and 176 FPA member volunteers, the highest level of support ever achieved.

42% of financial planners received at least one lead or potential client as a result of the program. 71% of consumers were very satisfied or satisfied with the service, which represented an increase on 2010 levels. After using the service, 50% said that their thoughts about financial planning had changed positively and 45% said they would now consider an appointment with a financial planner.

National media coverage

There was excellent media coverage achieved during the year, resulting in over 120 media mentions. The majority of the coverage focused on highlighting the need to seek advice from an FPA member because they belong to a professional association and have higher standards, education and accountability.

Chapter events

At a local level, FPA Chapters staged a number of events including seminars and expos. In particular, the following Chapters ran seminars and Q&A forums that were highly successful supported by over 600 attendees in total: Sydney, Sunraysia, Albury Wodonga, Darling Downs/Toowoomba, Northern Territory and Sunshine Coast.

CONSUMER ADVERTISING CAMPAIGN

As part of the launch of the 'New FPA' we committed to develop a high profile advertising campaign to differentiate FPA professionals and increase consumer trust in them. Up to the end of the 2011 financial year, a great deal of activity had been undertaken to develop creative concepts, consult with over 2,000 members on options at the Member Roadshows and test concepts with consumers in the target audience.

The \$2 million campaign is fully funded by individual members and reinforces the importance of choosing a financial planner who is a member of the FPA. At the time of writing this report, the campaign is running nationally across metropolitan and regional TV and print media, as well as a range of online websites, and includes a Google Search Engine Optimisation strategy.

Early indications are that the campaign is highly effective in generating consumer traffic to the FPA website, boosting Find-a-Planner searches and delivering exceptional value for members' money with over \$3 million of TV value achieved from a \$1.3 million TV spend and an online click-through rate more than 3 times the industry average.

VALUE OF ADVICE AND HONORARY AWARDS

In the final year of the Value of Advice Awards, entries were once again plentiful as CFP® professionals, and those on track to become CFP professionals, took the opportunity to showcase client case studies to demonstrate the value clients receive from their advice.

In the 3 categories in which prizes were awarded, the national winners were:

Post-Retirement Planning and Management

Stephen Priestley CFP®



Pre-Retirement Planning

Charles Badenach CFP®



Wealth Accumulation and Protection

Dennis Jones CFP®



For the 2011/12 year, the FPA launched the new Best Practice Awards. The Awards replace the Value of Advice awards and will raise awareness of FPA members' higher standards and publicly acknowledge those financial planners who demonstrate best practice in our profession.

For the first time, to recognise achievements at the grass-roots local level, submissions in the Best Practice Awards will be awarded at Chapter level where applicable, in addition to being awarded at a national level in one of three awards categories:

- FPA CERTIFIED FINANCIAL PLANNER® Professional Best Practice Award.
- FPA Associate Financial Planner® Best Practice Award.
- Future2 Community Service Best Practice Award.

In 2010/11, the following FPA members received Honorary Awards to mark their outstanding contribution to their profession:

Distinguished Service Award

Donald Stephens CFP®
Kerrin Falconer CFP®
Rodney Lavin CFP®
Antony Seymour CFP®

FPA Fellow

Ian Redpath CFP®
Glen Boath CFP®
Mark Spiers CFP®
Tim Donohue CFP®
Delma Newton CFP®

Life Member

Julie Berry CFP® FFPA

ONE *fine* SUNDAY
AT A BARBECUE
SOMEWHERE IN MY NEIGHBOURHOOD
SOMEONE WILL ASK
WHAT DO YOU DO?
& I WILL ANSWER
I AM A FINANCIAL
PLANNER
AND EVERYONE'S FACE WILL LIGHT UP
WITH A SMILE

That's our vision. That's what we commit to: as a professional body representing financial planners, we'll do everything we possibly can to make the above statement ring true.

www.fpa.asn.au



FINANCIAL PLANNING
ASSOCIATION of AUSTRALIA



THREE YEAR STRATEGY

MEMBER FOCUS

GOAL

Build a professional community and professional solidarity.

Ensure a relevant and engaged Committee structure.

Engage member communities at a local practice level.

Engage members in their professional community.

STRATEGY

▶ Evaluate every engagement point with members.

▶ Align and engage committee structure to new FPA.

▶ Sign up 1,000 Professional Practices.

▶ Review and measure chapter performance.

MEMBER FOCUS

THE HISTORIC VOTE IN APRIL 2011 TO SUPPORT THE TRANSFORMATION OF THE FPA INTO A PROFESSIONAL BODY FOR FINANCIAL PLANNING PRACTITIONERS LEFT NO DOUBT AS TO WHERE OUR FOCUS NEEDS TO LIE, AND THAT IS WITH OUR INDIVIDUAL PRACTITIONER MEMBERS.

2010/11 saw a range of initiatives to support our membership at the national and grass roots levels to engage and participate in our collective purpose.

As at 30th June 2011, the composition of the FPA membership was:

CFP® Practitioner	5,653
AFP Practitioner	2,272
Principal (small)	333
Principal (medium)	49
Principal (large)	30
General	2,342
Future Planner	172
Student	308
Retired	124
Total member numbers	11,283

At the 9th April 2011 EGM, the following changes to the membership structure were approved with a 94% majority:

Change 1

To restrict the voting membership of the FPA to two categories of practitioner members:

- CERTIFIED FINANCIAL PLANNER® professionals
- Associate Financial Planners

Change 2

To discontinue the Principal Member category of membership.

Change 3

To enable local financial planning practices to licence the use of the FPA brand as a FPA Professional Practice, based on minimum membership criteria. FPA Professional Practices would have no voting rights.

Change 4

To offer Principal members/AFSLs who have achieved certain levels of FPA membership the opportunity to be 'FPA Professional Partners', recognising the important role that they play in the promotion of professional financial advice. FPA Professional Partners would be Affiliates and they would have no right to vote, no representation on the Board and will not be able to use the FPA brand in their communications.

Change 5

To replace the current General Member category with an Affiliate category which will include the following sub-categories:

- Paraprofessional – including paraplanners, compliance managers, technical managers, practice managers and others who support the profession
- Student
- Future Planner
- Retired
- Subscriber – including management, BDMS, academics, lawyers, suppliers, advertisers, regulators, media and others with an interest in financial planning
- Professional Partner
- Professional Practice (brand licensee). The new membership structure came into force on 1st July 2011 and will be reported in next year's Annual Review.

A LOOK BACK

Member engagement was again a key focus of effort at the FPA. Highlights of the year in review included:

- In November 2010, Australia's largest and most established event for professional financial planners, the FPA Annual National Conference was held on the Gold Coast. Seven out of ten respondents rated the overall conference as above average or excellent – a considerable improvement from 2009. Almost nine in 10 respondents (89.4%) were satisfied with the way the conference represented the financial planning profession – a great achievement indeed!
- A Small Principals Conference held in March 2011, with over 70 small principals in attendance.
- Over 2,000 members registering for the National Member Roadshow in February and March 2011, up from 1,300 the previous year.
- Over 150 local Chapter events held throughout Australia.
- FPA Mentoring Program piloted for new financial planners in Brisbane, with plans to roll it out nationally when complete.

A LOOK FORWARD

In line with the 'New FPA' strategy, we have a range of exciting plans that are well underway, including:

- Reviewing the role of Chapters to align with our 3-year strategic plan and focus on grass roots member engagement.
- Bringing on board pre-registered FPA Professional Practices, with over 130 already accepting their invitation to join as at October 2011.
- The 2011 FPA National Conference program raises the bar further with higher technical content, more focus on professionalism and industry-leading plenary speakers.
- Developing more on-line services, including on-line event registration, CFP enrolment and other membership services.
- The highly regarded Financial Planning magazine is one of the most popular and highly valued publications for Australian financial planners. Exclusive to members, each month they can read the latest insights from the FPA and other experts on issues including policy and advocacy, practice management, professional standards as well as market and economic views. It is our aim to further elevate the publication to be the premier professional journal for financial planners in Australia.
- A new FPA website and weekly e-mail newsletter, FPA Express, have both been launched with great success. The new website, with more user-friendly and well-structured content for both members and consumers, has resulted in much higher levels of traffic. FPA Express is more widely read than previous member communications, with email open rates improving by over 20%.
- In October 2011, we conducted a major member satisfaction survey, the results of which will be discussed at Board level to inform the execution of the FPA's strategy going forward.



THREE YEAR STRATEGY

PROFESSIONAL LEADERSHIP

GOAL	STRATEGY
Ensure AFP®s are obtaining CFP® status.	▶ Target AFP®s to ensure 90% are studying for CFP.
Ensure CFP® designation and experience are world class.	▶ Benchmark CFP® against global certification standards within top quartile.
Ensure CPD education is of the highest standard.	▶ Minimum 80% satisfaction rating for CPD and conference sessions.
Members have knowledge of our professional framework.	▶ All members to read code and undertake ethics training. Review audit procedures.

PROFESSIONAL LEADERSHIP

THE FPA REMAINS THE ONLY FINANCIAL PLANNING BODY IN AUSTRALIA THAT COMMITS TO A CODE OF ETHICS AND PROFESSIONAL CONDUCT, AND WE ARE LEADING THE WORLD IN SETTING, MONITORING AND ENFORCING HIGH STANDARDS.

Our professional leadership is also evidenced in the ongoing initiatives to encourage Australian financial planners to take up the globally recognised CERTIFIED FINANCIAL PLANNER® designation and in the unique CPD offering we provide to our members.

OUR PROFESSIONAL REGULATORY FRAMEWORK

Financial planners wishing to differentiate their professionalism in Australia make three important commitments:

- They join a professional body and maintain their professional membership;
- They commit to the highest standards of professional conduct; and
- They are prepared to be held professionally and publicly accountable to those standards.

These commitments can be best understood as:

Professional Membership – entry, education, and experience determine eligibility for membership of the professional association for financial planners in Australia.

Professional Conduct – compliance, conduct, CPD and supervision requirements ensures that members adhere to the Code of Professional Practice, the highest standards set for the profession.

Professional Accountability – professional discipline systems hold members accountable to the Code of Professional Practice, protecting the profession and the public from malpractice.

By holding its members to account against high standards of ethics and professional conduct, our profession ensures that its members are prepared to place the public interest first and foremost.

These components combine to form a strong professional framework that's designed to build the trust and confidence of the community in professional financial planning.

DEVELOPMENTS IN POLICY

In September 2010, the FPA Board approved a number of policy statements that underpin our existing CFP® certification and membership requirements. These included:

1. From 1 July 2013 all new members of the FPA will be required to have an approved degree (or higher) before acceptance as an Associate Financial Planner.
2. From 1 July 2013 all new Associate Financial Planners will be required to complete one year of supervised experience (a professional year) before being authorised to promote themselves as an FPA professional.

3. From 1 July 2013 automatic acceptance into the CFP® certification program will only be via approved degree (or higher) qualifications in Financial Planning. Those new graduates of non approved Financial Planning degrees or with degrees in related disciplines (eg Accounting, Finance, Law, Commerce etc.) will need to complete an approved vocational qualification, eg Advanced Diploma or approved Higher Education bridging program.

FINANCIAL PLANNING EDUCATION COUNCIL (FPEC)

At the same time, the Board approved the establishment of the Financial Planning Education Council (FPEC) with representatives of both academia and the profession. This Council is chaired by Professor David Lamond, Executive Dean, Faculty of Business and Law, Victoria University, and has the following aims:

- Drive the development of an Australian Financial Planning University Curriculum based on the FPSB global curriculum.
- Develop accreditation requirements for the range of 'Approved Programs'
- Establish expectations of academic participation in the profession
- Channel research activity in Financial Planning
- Promote the value of University and Industry partnership in Financial Planning

- Promote the career of Financial Planning to University students.

Two sub-committees, chaired by academics Sharon Taylor and Dr Mark Bristow, have been formed to agree on accreditation guidelines for universities and curriculum requirements. These committees will update the requirements to be an approved education course for entry into the CFP education program and the requirements at the postgraduate level for advanced standing into the program.

CFP® CERTIFICATION



As the exclusive licensee of the CFP mark in Australia from the Financial Planning Standards Board in the US, the FPA remains committed to fostering and supporting CFP certification in Australia. 2010/11 saw a number of key enhancements to facilitate new certificants and support existing professionals who hold the CFP designation.

New one year enrolment

A new one year enrolment was introduced in 2010 for the CFP Certification Assessment unit to improve members' ability to manage the work load successfully. To help with members' work-life balance, members can now select a one year enrolment to focus on the assignment in the first half and the exam preparation in second half. A standard semester is still available but the new choice allows members to better plan their study commitments.

New re-submit option

A long-held frustration of students scoring a borderline fail has been alleviated by the introduction of an option to re-submit for the comprehensive Certification Assessment unit. Instead of the more expensive option of paying for an independent assessor, students assessed as a borderline fail are given the opportunity to re-write specified sections of their plan. Effectively, the pass mark is increased as students must achieve a satisfactory result on the submitted section, and not just make up the missing marks.

Markers commented that they appreciated seeing the clear learning demonstrated, in facilitating students to pass without compromising standards.

Non-practising CFP practitioners

Before this year, a promotion to a different role using financial planning skills has meant becoming ineligible to retain the CFP designation if such a role did not allow the ongoing experience requirement to be maintained. This may have affected members who were promoted into a supervisory, technical, academic or management role, for example.

To overcome this problem, in 2010/11, the FPA created a two tiered system of "practising CFP professionals" and "non-practising CFP professionals", both of whom are entitled to use the accreditation.

OTHER SPECIALIST DESIGNATIONS

In addition to the CFP mark, the FPA offers two specialist designations: LRS® (Life Risk Specialist) and AEPS® (Accredited Estate Planning Specialists). In January 2010, the delivery and support of these designations were centralised into a single team at the FPA. This enabled the development of a common handbook, and within that, clearer and more consistent presentation of information regarding how the education components fit into the full designation requirements.

For the LRS designation, the first certificates awarded in October 2009, and there are now over 90 holders of this designation. The AEPS education component commenced later in 2010 and the first two members to be awarded this designation are Michael Davie CFP® LRS® AEPS® and Ann Goorden CFP® AEPS®.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

The FPA continues to lead the way in the provision of differentiated and value-added professional development opportunities to Australia's financial planners delivered on a cost-effective multi-media platform.

Following input from over 200 FPA members who shared their views and preferences in a CPD survey in November 2010, we have delivered CPD

programs to support skill development in the critical areas of:

- Fee-for-service transition;
- Professionalism ;
- Client engagement;
- Aged care;
- Estate planning.

CPD Live and Online

In 2010/11 we have expanded our 'live and online' offering, giving members an opportunity to participate in high quality training programs regardless of location.

Nearly 1,400 participants took part in 24 new CPD Live and Online Sessions. Over 800 session recordings were also purchased by members from a growing back catalogue, which is available to both members and non-members. Topics covered include:

- Technical updates
- Web-based marketing
- Superannuation
- FPA's Code of Professional Practice
- Value Propositions
- Compliance Updates
- Life Risk

The feedback from members continues to be positive about our live and online offering. 98% of participants have reported overall satisfaction with the programs, with 75% of participants reporting to be extremely to very satisfied. The high level of member satisfaction is evidenced in over 300 participants registering for multiple sessions.

CPD Workshops

To complement our virtual learning, a range of structured, facilitator-led workshops were offered throughout the year for members to undertake intensive half or full day professional development in areas such as:

- Advanced Aged Care
- Referral Marketing
- Implementing Fee for Service Business Models
- Retirement Home Advice
- Estate Planning.

The feedback from our face to face programs remains strong, with 98% of participants rating our programs Good to Excellent. All our programs are also available as in-house training programs.

The FPA also conducted the CPD Pro Series at the 2010 FPA National Conference, offering members half-day intensive workshops which was well-attended by over 140 delegates.

CPD Accreditation

The FPA's CPD Policy, launched in 2009, has now been adopted across the financial services industry. In the 2010/11 financial year, 522 external CPD programs were submitted to the FPA for accreditation. CPD points were awarded across all six professional dimensions – giving members more relevant and diverse learning opportunities. In addition, the FPA trained and accredited 42 new CPD Assessors.

ADVOCACY IN ACTION

The FPA is proud to champion the cause of professional financial planners and Australian consumers, providing advice to government, regulators and industry.

In June 2011, the FPA launched new guiding principles to direct the development of policies. The principles are characterised by four ‘policy pillars’ that are designed to:

1. Represent the interests of consumers and the general public;
2. Enhance the professional profile of our practitioner members;
3. Avoid adding undue complexity to the regulatory system, and;
4. Ensure alignment with the FPA Code of Professional Practice and Code of Ethics.

The year was distinguished with the ongoing consultation on the Future of Financial Advice (FoFA) reforms.

It remains the most significant regulatory reform package of the last decade, and advocacy efforts require greater sophistication as the current minority Government means that all politicians will have a greater influence on the reform process and outcomes.

The FPA’s position on FoFA has been clear from the outset. We are committed to supporting sensible reforms that bolster the momentum we have created in enhancing consumer trust in advice and building a strong financial planning profession.

But reform must improve – not hinder – sensible consumer protection standards.

It is not the intent of FoFA that the FPA objects to, it is the impractical and unnecessarily onerous execution, which is the downfall of the reforms.

Opt-In epitomises this failure in FoFA. It is redundant and adds nothing but cost and administrative red-tape when the introduction of a best interests duty and banning of commissions, both of which the FPA fully supports, already ensures that consumers get the advice they need and know what they’re paying for that advice.

Our advocacy efforts have yielded significant results, including:

- Concessions on Opt-In, ie change from every year to every two years;
- The Treasury announced in August 2011 that it would amend its proposed ban on risk commissions directly as a result of the advocacy of the FPA;
- Restricting the use of the term ‘Financial Planner’ incorporated as a FoFA reform measure.

In addition, the FoFA debate has raised many issues that financial planners are passionate about and want to convey to Government on their own and their clients’ behalf. We have supported our members with a useful ‘Member meet your local Member’ kit throughout the year (re-launched as the ‘DIY Advocacy’ kit in October 2011).

Our advocacy efforts didn’t stop with FoFA, however. During the year, we participated in over 20 different government reviews and inquiries, represented our members on 11 government and industry committees, attended over 40 meetings with Government, regulators, the Opposition and other key stakeholders.

A full register of our FPA Stakeholder Meetings, FPA Government Committee participation and Submissions to Government and regulators follows. It is evident from these registers alone that you can rest assured we are sparing no effort in fighting for you, our members, and your clients.

Table 1: FPA stakeholder meetings

MONTH	WHO
June 2011	Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation, Senator Mathias Cormann
	Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP
	Conexus Financial industry roundtable with Leader of the Federal Opposition, Mr Tony Abbott, MP, Shadow Treasurer, Mr Joe Hockey MP, and Mathias Cormann, Shadow Minister for Financial Services and Superannuation
	Chief of Staff of the Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP
	ASIC
	ASIC Advisory Panel on Standards and Ethics for Financial Advisers
	The Treasury (FoFA Peak Consultation Group)
May 2011	Shadow Treasurer, Mr Joe Hockey, MP
	Superannuation Advisory Committee
	ASIC
	Richard St John, Head of Review into Compensation for Consumers of Financial Services
	The Treasury (FoFA Peak Consultation Group)
AUSTRAC Financial Consultative Forum	
April 2011	Independent, Mr Tony Windsor, MP
	ASIC
	Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP
The Treasury (FoFA Peak Consultation Group)	
March 2011	ASIC
	Senior Adviser to Independent, Mr Nick Xenophon, MP
	Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP
	Ms Julie Owens, MP, Chair of the House of Representatives Standing Committee on Economics
	Chair, Tax Practitioners Board
	The Treasury (FoFA Peak Consultation Group)
February 2011	Tax Agent Services Act Roundtable with Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP and Tax Practitioners Board
	The Treasury (FoFA Peak Consultation Group)
	Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation, Senator Mathias Cormann

MONTH	WHO
January 2011	Chief of Staff of the Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP
December 2010	ASIC Commission Council
	Roundtable with Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP
	ASIC
	The Treasury (FoFA Peak Consultation Group)
November 2010	Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP
	Independent, Mr Rob Oakeshott, MP
	Roundtable with Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP
	The Treasury (FoFA Peak Consultation Group)
October 2010	Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation, Senator Mathias Cormann
	Assistant Treasurer, Minister for Financial Services and Superannuation, Mr Bill Shorten, MP (twice)
	The Treasury (FoFA Peak Consultation Group)
	ASIC
	AUSTRAC Financial Consultative Forum
September 2010	Financial Ombudsman Service
	ASIC
	The Treasury (FoFA Peak Consultation Group)
	Richard St John, Head of Review into Compensation for Consumers of Financial Services
August 2010	Minister for Financial Services, Superannuation and Corporate Law, Mr Chris Bowen, MP
	Mr Luke Hartsuyker, MP
	ASIC
	Financial Ombudsman Service
	Senator David Bushby, Senate Economics References Committee
July 2010	ASIC
	The Treasury
	Minister for Financial Services, Superannuation and Corporate Law, Mr Chris Bowen, MP

Table 2: FPA Government committee participation

COMMITTEE	GOVERNMENT AGENCY	PURPOSE
Peak Consultation Group – Future of Financial Advice Reforms	Minister for Financial Services and Superannuation via The Treasury	Dedicated to refining Government’s policies on the FoFA reform.
Professional Standards and Financial Advice Advisory Panel	ASIC	Provides advice to Government on: professional and ethical standards in the financial advice industry; and competency and training requirements for advisers.
Government Superannuation Advisory Committee	Minister for Financial Services and Superannuation	Established to enable the Government to seek advice on matters relevant to current or prospective superannuation legislation and on Government policy proposals which have significant impact for the superannuation industry.
Self Managed Funds Working Group – Stronger Super reforms	The Treasury	Dedicated to refining Government’s policies on the Stronger Super reforms relating to SMSFs.
Personal Tax Advisory Group	Australian Tax Office	Provides an opportunity for a cross section of organisations representing individual taxpayer key client groups and senior Tax Office leaders to discuss issues relating to the administration of the tax system and work collaboratively to develop solutions.
Older Person’s Reference Group	Centrelink	Considers strategic and policy issues affecting older Australians, and how to improve Centrelink service delivery.
Financial Services Industry Partnership (FSIP)	Australian Tax Office	The FSIP provides Tax Office senior executives and senior representatives of the financial services industry with a forum for dialogue, consultation, and the resolution of issues concerning the administration of the tax system relevant to the financial services industry.
National Tax Liaison Group (NTLG)	Australian Tax Office	The NTLG is the ATO’s peak consultative forum, created to focus on topics of strategic importance to the administration of the tax and superannuation system.
Superannuation Consultative Committee (SCC)	Australian Tax Office	The SCC concentrates on high level aspects of ATO administration, including the implementation of government policy in superannuation, and ATO strategies and programs involving superannuation and its clients.
Superannuation Consultative Committee Education and Communication sub-committee (SCC&EC)	Australian Tax Office	This sub-committee focuses on the education and communication aspects of Tax Office administration relating to superannuation.

COMMITTEE	GOVERNMENT AGENCY	PURPOSE
Disclosure Working Group	The Treasury, ASIC and the Department of Finance and Deregulation	Dedicated to looking at the key issues associated with financial services advice and disclosure
Mental Health Memorandum of Understanding Steering Group	Mental health sector and financial services industry	Seeks to improve the financial services industry understanding of mental health conditions, and address the administrative and risk management practices associated with the provision of insurance, to improve the life insurance outcomes for Australians with mental health conditions.

Table 3: Submissions in 2010-2011

SUBMISSION ISSUE	RECIPIENT	DATE
1. Tax deductions for the cost of total and permanent disability insurance provided through superannuation	The Treasury	29 June 2011
2. Response to FoFA Out of Session Paper (informal submission)	The Treasury, Future of Financial Advice reforms	22 June 2011
3. Response to CP153 Licensing: Training and Assessment Framework for financial advisers (Consultation Paper)	Australian Security and Investment Commission	22 June 2011
4. Richard St John Compensation Review (Consultation Paper)	The Treasury	10 June 2011
5. Enshrining the term Financial Planner (FPA proposal)	Shadow Minister for Financial Services and Superannuation, Senator Mathias Cormann	20 April 2011
6. Enshrining the term Financial Planner (FPA proposal)	Minister for Financial Services and Superannuation, Bill Shorten MP	20 April 2011
7. Enshrining the term Financial Planner (FPA proposal)	The Treasury, Future of Financial Advice reforms	31 March 2011
8. Concessional superannuation caps for individuals aged 50 and over (Consultation Paper)	The Treasury	30 March 2011
9. Compulsory Annual Renewal Notice Treasury issues paper – March 2011 (informal submission)	The Treasury, Future of Financial Advice reforms	10 March 2011
10. Asset based fees on geared funds Treasury issues paper – March 2011 (informal submission)	The Treasury, Future of Financial Advice reforms	10 March 2011

Table 3: Submissions in 2010-2011 (CONTINUED)

SUBMISSION ISSUE	RECIPIENT	DATE
11. Access to Advice Treasury issues paper – March 2011 (informal submission)	The Treasury, Future of Financial Advice reforms	10 March 2011
12. Stronger Super and FoFA Treasury issues paper – March 2011 (informal submission)	The Treasury, Future of Financial Advice reforms	10 March 2011
13. Employee remuneration and volume payments Treasury issues paper – March 2011 (informal submission)	The Treasury, Future of Financial Advice reforms	10 March 2011
14. Scope of ban on conflicted remuneration Treasury issue paper – March 2011 (informal submission)	The Treasury, Future of Financial Advice reforms	10 March 2011
15. Simplifying disclosure: Financial Services Guides Treasury issues paper – March 2011 (informal submission)	The Treasury, Future of Financial Advice reforms	10 March 2011
16. Mock up Financial Services Guide – Treasury – March 2011 (informal submission)	The Treasury, Future of Financial Advice reforms	10 March 2011
17. Wholesale and Retail Clients (Options Paper)	The Treasury, Future of Financial Advice reforms	4 March 2011
18. AUSTRAC Cost Recovery Impact Statement – Exposure Draft	AUSTRAC	23 February 2011
19. Using Tax File Numbers as an identifier and to facilitate superannuation consolidation	The Treasury	18 February 2011
20. Federal Budget 2011-2012	The Treasury	27 January 2011
21. Interplay with Cooper recommendations Treasury discussion paper – January (informal submission)	The Treasury, Future of Financial Advice reforms	24 January 2011
22. Risk insurance and other FoFA reforms Treasury issues paper – January (informal submission)	The Treasury, Future of Financial Advice reforms	24 January 2011
23. Risk insurance commissions Treasury issues paper – January (informal submission)	The Treasury, Future of Financial Advice reforms	24 January 2011
24. Extension to Ministerial relief for SMSF Lifetime Complying Pensions failing the actuarial test	Department of Families, Housing, Community Services and Indigenous Affairs	17 January 2011
25. Regulation of Tax Agent Services provided by Financial Planners	The Treasury, Business Tax Division	23 December 2010
26. Access to Advice Treasury issues paper – December (informal submission)	The Treasury, Future of Financial Advice reforms	13 December 2010
27. Fiduciary Duty Treasury issues paper – December (informal submission)	The Treasury, Future of Financial Advice reforms	13 December 2010
28. Opt-in Treasury issues paper – November (informal submission)	The Treasury, Future of Financial Advice reforms	19 December 2010

SUBMISSION ISSUE	RECIPIENT	DATE
29. Volume payments Treasury issues paper – November (informal submission)	The Treasury, Future of Financial Advice reforms	19 December 2010
30. Wholesale Retail Boundary Treasury issues paper – December (informal submission)	The Treasury, Future of Financial Advice reforms	13 December 2010
31. Access to Advice Treasury issues paper – November (informal submission)	The Treasury, Future of Financial Advice reforms	19 November 2010
32. Fiduciary Duty Treasury issues paper – November (informal submission)	The Treasury, Future of Financial Advice reforms	19 November 2010
33. Opt-in Treasury issues paper – November (informal submission)	The Treasury, Future of Financial Advice reforms	19 November 2010
34. Volume payments Treasury issues paper – November (informal submission)	The Treasury, Future of Financial Advice reforms	19 November 2010
35. Response to Exposure Draft APES 230 (private submission)	Accounting Professional and Ethical Standards Board	15 October 2010
36. Access to Advice Treasury issues paper – October (informal submission)	The Treasury, Future of Financial Advice reforms	12 October 2010
37. Fiduciary Duty Treasury issues paper – October (informal submission)	The Treasury, Future of Financial Advice reforms	12 October 2010
38. Opt-in Treasury issues paper – October (informal submission)	The Treasury, Future of Financial Advice reforms	12 October 2010
39. Volume payments Treasury issues paper – October (informal submission)	The Treasury, Future of Financial Advice reforms	12 October 2010
40. Caring for Older Australians Inquiry	Productivity Commission	10 August 2010
41. National Credit Reform Phase III Green Paper	The Treasury, Corporations and Financial Services Division	6 August 2010
42. Exposure Draft – Tax Agent Services Amendment Regulations 2010	The Treasury, Small Business, Trusts and Regulation Unit	23 July 2010
43. Exposure Draft – Corporations Amendment Regulations 2010	The Treasury, Corporations and Financial Services Division	26 June 2010



THREE YEAR STRATEGY

PEOPLE

GOAL	STRATEGY
Create a commercial performance culture.	▶ Review and implement job specs, appraisals and development plans.
Become employer of choice for industry and profession.	▶ Align FPA values with employee values. Target 80% engagement score.
Ensure team become dynamic engaging leaders.	▶ All team members take ownership of member engagement.
Align organisation structure to the new FPA.	▶ Implement a new organisation structure aligned to a professional association and remove silos.

PEOPLE

OUR PEOPLE ARE THE UNSUNG HEROES OF THE FPA AND THEY ARE THE SOLDIERS WHO WORK RELENTLESSLY TO DO A GREAT JOB FOR OUR MEMBERS AND THEIR CLIENTS. OUR PEOPLE ALSO MEANS THE INDIVIDUALS AND FAMILIES IN THE COMMUNITY WHO WE SUPPORT AND ASSIST THROUGH FUTURE2, THE FOUNDATION OF THE AUSTRALIAN FINANCIAL PLANNING PROFESSION.

TEAM FPA

In 2010/11, the staff at the FPA underwent two major changes at the same time. They drove and delivered the actions to launch the new FPA strategy, membership structure, brand identity, and everything else that flowed out of it.

While this was taking place, the team also worked through the transition from two office locations in Sydney and Melbourne consolidated into a single FPA headquarters in Castlereagh Street, Sydney.

Sadly, in this transition, we said goodbye to a number of the Melbourne-based FPA team. However, we are delighted to report that in our new management structure, the skill base and expert resources that the FPA requires in highly specialised areas remains strongly intact. The newly composed team at the FPA's Sydney office have worked tirelessly to share knowledge, build processes, and most importantly, striving to deliver a second-to-none service to our members.

In line with our new 3-year strategy, the FPA staff have embedded into their teams clear actions to deliver on that strategy which also include individual Key Performance Indicators

(KPIs) and a performance management framework to develop and reward staff performance.

FUTURE2

future2  Future2 is the foundation of the Australian financial planning profession. It encourages and supports financial planners in their professional responsibility to give back to people in need within their communities.

Future2 receives funds from the financial planning profession and others linked to it, via fundraising events and sponsorship. The money is distributed as grants to grassroots community projects supported by local financial planners. Future2's focus is on programs that help young people struggling with disadvantage. The foundation's intention is to help them towards a new start in life.

Future2 is the channel through which financial planners can make a positive difference to the lives of these young Australians, giving them a productive role in our society and a sense of personal achievement.

In Future2's fourth year, 2010/11 was characterised by some great successes. The foundation made grants to five deserving community projects. Overall, grants totalled \$45,000, bringing the total granted to date to almost \$150,000.

Future2 also conducted its first BT Future2 Wheel Classic, a 1250km cycle ride from Bourke to Sydney. It was the brainchild of Future2 trustee Ray Griffin – an avid amateur cyclist. With fellow trustee Peter Bobbin, they succeeded in raising over \$88,000, a truly remarkable achievement.

Future2 has retained the full support of the Financial Planning Association since its establishment. The FPA provides office space and accounting support to Future2 and a number of FPA Chapters actively raise funds on its behalf. In 2010, as in previous years, Future2 was charity of choice at the 2010 FPA National Conference – raising some \$14,500 within two days on the Gold Coast.

In February 2011, FPA Chair Matthew Rowe joined Future2 as FPA representative and Trustee. Matthew initiated a far-reaching fund-raising initiative through a series of

dinners for FPA professionals held in state capitals. These events featured Future2 grant recipients including Time for Kids in Adelaide, Whitleion in Melbourne and FRANS in Sydney telling their compelling stories to the financial planners in attendance.

Future2 is looking forward to continuing the strong association with the FPA to connect financial planners wishing to play a part in giving back to the community with the many deserving recipients of Future2 grants who are in need of support and encouragement to overcome disadvantage and make a new start.



THREE YEAR STRATEGY

FINANCIAL

GOAL**STRATEGY**

Build a financially sustainable organisation.

▶ Maximise member and non-member income.

Improve operational efficiency.

▶ Cost effective and reliable systems and database.

Member fees to cover operating costs.

▶ Increase practitioner members to 10,000.

Implement prudent cost control measures.

▶ Limit cost to expense ratio to 90% of revenue.

FINANCIAL

THE FPA IS A FINANCIALLY STRONG ENTERPRISE. THE ORGANISATION ENDED THE 2010/11 YEAR WITH \$9.257 MILLION OF CASH RESERVES AND AN OPERATING SURPLUS OF \$485,470.

On the basis of this solid foundation, as we have seen throughout this report, 2010/11 was one of the most significant years in the history of the FPA. The Association underwent a major transformation into one characterised by a new membership structure and constitution, end-to-end rebranding, approval of a new 3-year strategy, and consolidation into single operating premises, among other changes.

This restructuring required a significant total expenditure of \$819,624. In addition, as part of our commitment to raise the community standing of FPA members, we spent \$208,516 on the initial concept development of our advertising campaign.

Within this context and as a result of the extraordinary items above, the FPA ended the financial year with a net deficit of \$537,149. The FPA Board maintained close monitoring of the financial picture throughout the year and was satisfied that this final landing position was acceptable to the organisation in light of the major initiatives that were successfully executed.

Looking ahead, the 2011/12 year sees us focusing on a number of financial priorities to further strengthen the organisation's financial position.

These include:

- Driving revenue through membership growth
- Funding our \$2 million national advertising campaign through an individual member advertising levy, supported with some funding from cash reserves
- Implementing prudent cost control measures and operational efficiencies to manage our cost base
- Keeping an eye on the long term to ensure that the FPA continues to be a financially sustainable organisation in the long run.

In the Financial Statements that follow, you can find further information on the financial position of the FPA for the year to 30 June 2011 in the Directors' Report and review the organisation's detailed Financial Statements.

BOARD AND COMMITTEES

THE FPA BOARD SETS THE STRATEGY AND PRIORITIES FOR THE ASSOCIATION, DELEGATING RESPONSIBILITY FOR POLICY DEVELOPMENT AND IMPLEMENTATION TO A NUMBER OF BOARD COMMITTEES.

Most board committees are chaired by a board director, with membership representing the FPA's member segments. Mark Rantall, as Chief Executive Officer, sits on all the board committees in an ex-officio capacity. The FPA is dedicated to ensuring our committees are accountable to the Board.

The members listed on the next three pages represent those who served on a committee or taskforce for all or part of 2010/2011.



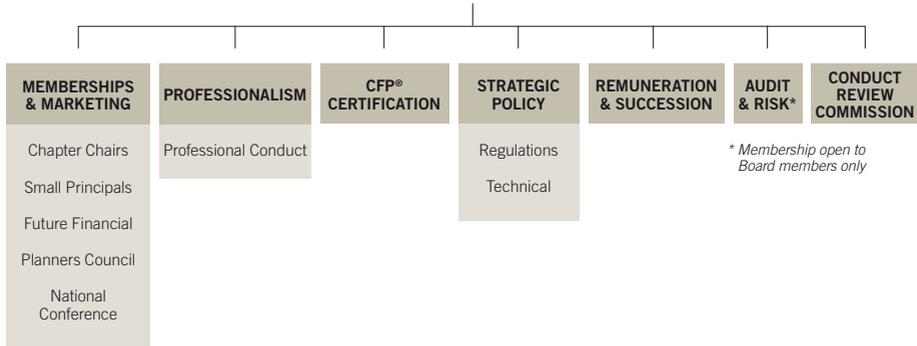
From left to right:

Top: Andrew Waddell, Matthew Rowe (Chair), Peter O'Toole

Middle: Mark Rantall (Chief Executive), Louise Lakomy, Neil Kendall

Bottom: Philip Pledge, Bruce Foy, Julie Matheson

FPA BOARD



Board Membership and Marketing Committee

Pierre Kraft, CFP® Chair
AON Hewitt Wealth Management

Julian Battistella CFP®
Battistella Financial Services

Julie Berry CFP® FFPA
Berry Financial Services

Nick Bruining CFP® FFPA
N.C. Bruining & Associates

Peter Duvall
Colonial First State

Christine Howard
Fiducian Portfolio Services

Philip Mason-Cox CFP®
Hayes Knight Financial Planning (QLD)

Delma Newton CFP® FFPA
Total Portfolio Management

Keith Peel
Financial Wisdom

Board Professionalism Committee

Matthew Rowe CFP®, Chair
Hood Sweeney

Guyon Cates
RI Advice Group

Seng Wing Chong

Corinna Dieters FFPA
Seaview Consultants

Bruce Foy

Danny Maher CFP®
TFS Financial Planning

Martin McIntosh CFP®
Planning Partners

Greg Miller
MLC Advice Solutions

Thabojan Rasiah CFP®
Shadforth Financial Group

Deborah Rognlien CFP®
Financial Care

Tim Townsend CFP®
WHK

Board CFP® Certification Committee

Julie Berry CFP® FFPA, Chair
Berry Financial Services

Anne Bartholemew

Alan Broom
Hillross

James Gerrard CFP®
PSK Financial Services

Cameron Howlett CFP®
Personal Wealth Advisers

Paul Moran CFP®
Paul Moran Financial Planning

Leah Shaw CFP®
(nee Pellizzaro)
Commonwealth Financial Planning

Robyn Ward

Ian White CFP®
St George Financial Planning Board

Board Strategic Policy Committee**Louise Biti CFP®, Chair**

Strategy Steps

Jason Andriessen CFP®

State Super Financial Services

Moira Bentley

Pentad Group

Jennifer Brookhouse CFP®**Patrick Canion CFP®**

Charter

Seng Wing Chong**Alyson Clarke**

BT Financial Group

Ian Donaldson CFP®

Donaldson Financial Services

Sean Graham**Peter O'Toole CFP® FFPA**

Portfolio and Wealth Management

Claude Santucci

BFPPG

Jo Tuck CFP®

Menico Tuck Financial Services

Board Audit and Risk Management Committee**Philip Pledge, Chair****Louise Lakomy CFP®**

Yellow Brick Road Pty Ltd

Peter O'Toole CFP® FFPA

Portfolio and Wealth Management

Andrew Waddell

AXA Australia

Board Remuneration and Succession Planning Committee**Matthew Rowe CFP®, Chair**

Hood Sweeney

Julie Berry CFP® FFPA

Berry Financial Services

Bruce Foy**Neil Kendall CFP® FFPA**

Tupicoffs Pty Ltd

Andrew Waddell

AXA Australia

Conduct Review Commission**Dimitry Kingsford-Smith, Chair**

University of New South Wales

Kevin Bailey CFP® FFPA

Shadforth Financial Group

Chris Benson CFP®

AMP

Sandra Bowley CFP®

Heathcote & Kendall Pty Ltd

Guyon Cates

RI Advice Group

Bruce Christie CFP® FFPA

Centric Wealth Advisers Ltd

Greg Cook CFP® FFPA

Eureka Financial Group

James Cotis CFP®

Logical Financial Management

Ian Heraud CFP® FFPA

Heraud Harrison

Justin Hooper CFP®

Sentinel Wealth Management Pty Ltd

Michael Perkins

Diamond Conway Lawyers

June Smith

The Argyle Partnership

Brett Walker

FSI Consulting

Future Financial Planners Council**Paul Barrett, Chair**

ANZ Financial Planning

Philippa Baker**Dr Mark Brimble**

Griffith University

Matthew Englund

BT Financial Group

Philip Guest CFP®

Shadforth Financial Group Ltd

Geoff Rogers

National Australia Bank

Tim Steele

AMP Financial Planning

Michael Swinsburg

Strategic Executive Search

Lisa Weissel CFP®

Evergreen Wealth Professionals

Small Principals Forum**Brad Butler CFP®, Chair**

Butler & Butler Investment Services

Les Batchelor

Sinclair Wilson Investment Services

Tony Gillett CFP® FFPA

Retirewell Financial Planning Pty Ltd

Peter Gisz CFP®Futures Financial Group
Pty Ltd**Louise Lakomy CFP®**

Yellow Brick Road Pty Ltd

Brenton Miegel CFP®

Goldsborough Financial Services Pty Ltd

Maureen Reynolds CFP®

MFR Associates

Peter Roan CFP® FFPA

Roan Financial Pty Ltd

Wayne Roggero CFP®

Strategic Solutions Australia Pty Ltd

Deborah Rognlien CFP®

FinancialCare Group Pty Ltd

Chapter Chairs Committee**Scot Andrews CFP®**

Merit Wealth

Wayne Barber CFP®

Maximum Wealth Strategies

Paul Bilson CFP®

Woodward Nhill Financial Planning

Glen Boath CFP® FFPA

RetireInvest

Scott Brouwer CFP®

Matthew Brown CFP®

Josman Financial Group

Ian Chester-Master

CFP® FFPA

Professional Investment Services

Brian Davis

Josman Financial Group

Leslie (Josh) Eisemann CFP®

Latitude Financial Planning

Chris Elliott CFP®

Shadforths Limited

Philippa Elliott CFP®

Momentum Planning Pty Ltd

Kerrin Falconer CFP®

Pinnacle Wealth Management

John Foster CFP®

Bridges Financial Planning

Nathan Frohloff

Frohloff Financial Solutions

Geoffrey Fry CFP® FFPA

Geoff Fry & Associates

Deborah Gampe

SeaChange Financial Planning

John Gouldson CFP®

Dornbusch Partners Pty Ltd

John Green CFP®

John Green Financial Services

Kim Harper CFP®

Quadrant First Pty Ltd

James Harris CFP®

Brown and Bird Financial Planning

Sandra Hopps CFP®

Strategic Planners Pty Ltd

Patrick Ingram CFP®

Ingram Sutton Financial Services Pty Ltd

Gary Jones FFPA

Professional Investment Services Bendigo

Todd Kennedy CFP®

MyState Wealth Management

Rodney Lavin CFP®

Lavin and Associates Pty Ltd

Daniel Maher CFP®

Fiducia Private Wealth Management

Julian McLaren CFP®

Shadforth Financial Group

Claus Merck CFP®

ACT Wealth Management Pty Ltd

Delma Newton CFP® FFPA

Total Portfolio Management

Naomi Nicholls

Commonwealth Financial Planning Limited

Suellen Ohl CFP®

Kennas Financial Services Pty Ltd

Laurence Pennell CFP®

OzPlan Financial Services Pty Ltd

Julian Place CFP®

AMP Financial Planning

Brian Quarrell CFP®
Wheeler Financial Services

Mark Reeson CFP®
Newcastle Permanent Building Society Ltd

David Richardson CFP®
SWA Financial Planning

Peter Roan CFP® FPPA
Roan Financial Pty Ltd

Mark Roberts CFP®
National Australia Bank Ltd

Sean Ryan CFP®
TFS Financial Planning

Gregory Tindall CFP®
Macquarie Private Wealth

Matt Tuohey CFP®
Harvest Wealth

Susan Viskovic CFP®
Elixir Consulting

Stephen Wait CFP®
Stephen Wait

Deidre Walsh CFP®
North Queensland Wealth Management Pty Ltd

Carl Wilkin CFP®
MLC Advice Solutions

Professional Conduct Committee

Guyon Cates, Chair
RI Advice Group

Chris Benson CFP®
AMP

Mark Bland
Clarendon Lawyers

Michael Butler
AFS Group Ltd

James Cotis CFP®
Logical Financial Management

Phil Creswell
SMF

Kate Humphries
Interactive Governance Solutions

Matthew Kerrish
Prescott Securities

Scott Machin
AMP

Margaret Mote
Bongiorno

June Smith
Argyle Lawyers

Cheyenne Walker
Madison on line

Simon Wallace
AXA

Regulations Committee

Seng Wing Chong, Chair

Wayne Hughes
Guardian FP

Rob Lavery
OnePath

Tim Mackay CFP®
Quantum Financial Services

Brian Pollock
BT Financial Group

David Squire
Financial Ombudsman Service

Michael Summers CFP® FPPA
My Adviser

Brett Walker
FSI Consulting

Technical Committee

Jennifer Brookhouse CFP®, Chair

Peter Bobbin
Argyle Lawyers

Allan Butson
Wealth Merchants Australia

Dr Ian Dalziell

Terry Dwyer
Dwyer Lawyers

Anne-Marie Esler CFP®
Centric Wealth

Sean Fannin
Centric Wealth

Michael Kingston CFP®
Kingston Financial

Claire Mackay CFP®
Quantum Financial Services

Keith Powell CFP®
Powell Capel Securities

Paul Sarkis
MLC

Jeffrey Scott CFP®
CommInsure

Stephanie Tee
AMP

Technical Committee Panel of Experts

Peggy Barker CFP®
Barker Wealth Management Group

Frank Camilleri CFP®
Shadforth Financial Services

Col Fullager
Genesys Wealth Advisers

Simon Harris
Guardian Financial

Jade Khao
Mercer Wealth Solutions

Peter Lake CFP® FPPA
AMP Financial Planning

Nat Lidestri
Commonwealth Financial Planning

Tony Lye
Aon Wealth Management

Jacqueline Parker CFP®
HN Financial Partners

Jim Simpson
Guardian Financial

Ben Smythe
Heffron Consulting

Ian Wickens CFP®
Vantage Wealth Management

FoFA Taskforce

Louise Biti CFP®, Chair
Strategy Steps

Pas Bueti
AXA

Virginia Dowd
Money Solutions

Brad Green
AMP Financial Planning

Deborah Koromilas
Pragma Solutions

Alan McCredie CFP®
Ascent Financial Strategies

Tony McDonald
Snowball

Martin McIntosh CFP®
Planning Partners

Greg Miller
MLC

Annette Musolino
Pragma Solutions

Thabojan Rasiah CFP®
Shadforths Group

Simon Wallace
AXA

National Conference Committee

Greg Cook CFP® FPPA, Chair
Eureka Financial Group

Sam Aylett
AXA Financial Advice Network

Marisa Broome CFP®
wealthadvice.com.au

Anne Graham CFP®
McPhail HLG Financial Planning Pty Ltd

Justin Hooper CFP®
Sentinel Wealth Management Pty Ltd

Neil Kendall CFP® FPPA
Tupicoffs Pty Ltd

Johann Koch
IRESS Wealth Management

Craig Stobbie
Shadforth Financial Group

Transition Taskforce

Ray Griffin, Chair

Greg Connolly
AMP

Louise Lakomy CFP®
Yellow Brick Road Pty Ltd

Rhonda McKenzie CFP®
Planning for Life

Nick Pantu CFP®
Prime Time Financial Consellers Pty Ltd

Michelle Tate Loverly CFP®
United Financial Planning Services Pty Ltd

Lisa Weissel CFP®
Evergreen Wealth Professionals

FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

FINANCIAL STATEMENTS AS AT 30 JUNE 2011

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DIRECTORS' REPORT

For the year ended 30 June 2011

DIRECTORS

The names and short biographies of the Association's directors during the financial year are as follows. Directors were in office for the entire period unless otherwise stated.

Matthew Rowe

CFP®, BEc, CPA (FPS), GAICD, Dip FP, GradDipAcct

Chair and Additional Director

— *Appointed 30 November 2007.*

Matthew is Managing Director of Hood Sweeney and has 16 years experience in the financial planning profession. Matthew was appointed the Chair of the Board at the AGM in November 2010 and is currently chair of the Remuneration and Succession Planning Committee of the Board, the Board Performance & Governance Committee and the Board Member Engagement Committee.

Matthew has also worked on a number of FPA committees including; Chair of the Board Strategy Working Group, Chair of the FPA committee responding to the PJC (Ripoll) Inquiry, Chair of the FPA Financial Planner Remuneration Committee, Chair of the Board Professionalism Committee, Chair of the Professional Conduct Committee and Chair of the Principal Representatives Committee.

Matthew is also a current Director and Trustee of Future2, the charitable foundation for the financial planning profession.

Julie Berry

CFP®, DipFp, FFPA, DipML, JP

Prior Chair and Additional Director

— *Appointed 30 November 2007.*

Retired 26 November 2010.

Julie Berry was Chair of the Financial Planning Association, a position she assumed at the Annual General Meeting in November 2007, having been an elected Board director since 2003. Julie has been a financial adviser for over 21 years. She is currently the Managing Director of Berry Financial Services Pty Ltd in Port Macquarie, on the New

South Wales Mid North Coast and an Authorised Representative of Clearview, AFSL 331367.

Julie's commitment to the FPA is a long-standing one. She was Chair of the Mid North Coast Chapter for eight years, and the recipient of a Distinguished Service Award in 2000. She was awarded Life Membership in 2010.

Mark Rantall

CFP®, CPA

Director and Chief Executive Officer

— *Appointed 1 July 2010.*

Mark is the Chief Executive Officer of the Financial Planning Association of Australia (FPA) and a Certified Financial Planner® professional. Following a 25-year financial services career, he was appointed by the FPA Board in 2010 to lead the FPA in raising the standing of Australia's professional financial planners.

In his first year at the FPA, Mark has achieved key constitutional changes to the FPA membership structure to focus on individual practitioners and secured more than \$2 million of funding from members for a national consumer advertising initiative. In addition, Mark has spear-headed the campaign to raise awareness of the higher standards of FPA members to the Government, media and other industry stakeholders on behalf of the FPA's 8,500 practitioner members and the five million clients they advise.

Prior to the FPA, Mark was involved in the creation of The NAB Academy and held the post of Dean of Advice after serving as Managing Director of Godfrey Pembroke from 2003 to 2008. In this role, Mark successfully facilitated more than 200 Godfrey Pembroke advisers to transition to a fee-for-service remuneration model.

Bruce Foy

B.Com LL.B, FAICD

Additional Director

— *Appointed 1 January 2006.*

Bruce is a professional non-executive director on a number of public and private boards. He is Chairman

of Transgrid Corporation and a director of Investigator Resources Limited and The Doctors' Health Fund Ltd. Bruce is currently a member of the Remuneration and Succession Planning Committee of the Board, and the Board Professionalism Committee. Previously Bruce was managing director and country manager for Australia of ING Bank N.V., and over 25 years held a number of chief executive roles in wholesale and investment banking, and stockbroking. He was admitted as a barrister to the Supreme Court of New South Wales in 1989, and he is a fellow of the Institute of Company Directors.

Louise Lakomy

CFP®, MBA, LRS, GDFP, GDCCN, BN, JP

— *Appointed 21 November 2008.*

Louise Lakomy is Principal of Investment Advice at Yellow Brick Road Investment Services and has worked for this boutique financial planning company since 2006. Previously, she was a Senior Financial Adviser with St George Private Bank and worked prior to that in a boutique advisory firm. Louise has a Master of Business Administration majoring in Finance and Funds Management and a Graduate Diploma in Personal Financial Planning.

Louise has been actively involved in the FPA including FPA Sydney Chapter Chair from 2004-2008, Sydney chapter treasurer 2003, a member of the FPA Careers Expo Committee from 2003-2009, Chair of the National Conference Committee in 2009, a member of the FPA Financial Planner Remuneration Committee 2010 and she is currently a member of the Audit Investment and Risk Management Committee of the Board.

Julie Matheson

CFP®, DFP

— *Appointed 26 November 2010.*

Julie has been a member of the IAFF/FPA since 1989 and her recent experience includes running a practice with her own AFSL for 10 years. She was amongst the first 200 CFPs registered in Australia, has completed the Diploma of Financial Planning and is currently completing a degree at the University of Western Australia.

Julie's involvement with the FPA has been as a Board Member from 2006 to 2009, and as the WA State Chapter Chair from 2005 to 2006. She has served on many committees over the past 15 years including Regulations, Diploma of Financial Planning DFP8, Professional Indemnity, Statement

of Advice, and Audit and Risk Management. She is currently a member of the Board Member Engagement Committee and Chair of the Education and Member Services Committee.

Martin McIntosh

CFP®, Bach B(Fin Plan)

— *Appointed 8 June 2010. Retired 26 November 2010.*

Martin McIntosh joined the FPA Board as a casual Director until November 2010, when a permanent Board member was announced at the AGM.

Martin is a Certified Financial Planner professional and Managing Partner of Financial Services firm Planning Partners. He brought to the Board a diverse 19 year involvement in the financial services industry. With a Bachelor of Business from RMIT with a major in Financial Planning and an Associate Diploma of Business Accounting, Martin was selected for his experience in financial planning, as a Small Principal, and his ongoing involvement with the FPA that includes being chair of the Professional Designations Committee. Martin has been an Industry Representative on the panel of the Financial Ombudsman Service since 2009.

Philip Pledge

B.E.C., FCA

— *Appointed 1 January 2009.*

Philip became a Partner in one of the antecedent firms of Ernst & Young in 1966 and remained a Partner until his retirement from Ernst & Young in 2001. He practiced in a range of disciplines over his career with his special interests being in the field of transaction support and performance improvement. In these roles he was involved in a number of capital raisings by IPO and Private Equity. His passion for corporate performance improvement was the skill that led to his promotion through the Ernst & Young organisation to be South Australian Managing Partner from 1979 to 1998 and National Chairman from 1992–1994. Philip has held a number of Board positions. Philip is the Chair of the Audit and Risk Management Committee of the Board.

DIRECTORS' REPORT [CONTINUED]

For the year ended 30 June 2011

Andrew Waddell

Ass Dip Bus (Marketing)

— *Appointed 30 November 2007.*

Andrew is AMP's Director Financial Advice Network (FAN) which has over 1300 advisers, \$25 billion FUA and over \$400 million of inforce annual premiums making it one of the leading advice networks in Australia. Andrew is a member of the Succession and Remuneration Committee of the Board. Andrew holds an Associate Diploma of Business (Marketing) from Swinburne and is a member of the Australian Institute of Company Directors.

Neil Kendall

CFP®, BBus, DFP, FFPA, MAICD

— *Appointed 26 November 2010.*

Neil is the Managing Director of Tupicoffs Pty Ltd, an FPA Professional Practice based in Brisbane. Prior to that he held General Manager roles with MLC and National Australia Bank in their wealth management divisions, as well as Vice President with Bankers Trust.

Neil has won a National and two State FPA Value of Advice awards in 2006, as well as being a national finalist in 2009. He was the Money Management Financial Planner of the Year in 2006 and runner-up in 2009. Neil has qualified in the Masterclass Top 50 in 2006, 2008 and 2010.

Neil was treasurer of the FPA Brisbane chapter for four years, and also spent time on the Legs and Regs committee. A Certified Financial Planner he has a degree in business, and a Diploma in Financial Planning. He is a Fellow of the FPA and a Member of the Australian Institute of Company Directors. Neil is currently a member of the Board Member Engagement Committee, the Remuneration & Succession Planning Committee of the Board, and is the Chair of the Membership Committee.

Peter O'Toole

CFP®, FFPA

— *Appointed 26 November 2010.*

Peter has worked in the financial service industry since 1982. In the early eighties Peter and several colleagues established and developed one of the first national securities licensees.

From 1987 to 2001 Peter worked with Deutsche Bank (formerly Bain and Company) where he:

- established the Melbourne Office in 1987;
- worked as a successful adviser; and
- became Director and Head of Financial Planning in 1996 (and later in addition the Portfolio Management Division) a position he held until the businesses were sold in 2001.

Since 2001 Peter has been licensed through Godfrey Pembroke Ltd as a full time adviser in his own practice in Melbourne, Portfolio & Wealth Management Pty Ltd. Peter has served for a number of years as a member of the FPA's Strategic Policy Committee as well as various task forces and working groups dealing with policy/regulatory issues. Peter is currently the Chair of the Board Professionalism and Policy Committee.

COMPANY SECRETARY

Ian Read

BSc, FIIA, ACIB

— *Appointed 13 March 2009.*

CORPORATE INFORMATION

CORPORATE STRUCTURE

The Financial Planning Association of Australia Limited (FPA) is a company limited by guarantee and does not have share capital.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The FPA is a not-for-profit membership entity. The principal activities of the FPA during the year were to:

- represent members' views to Government, regulators, media and other stakeholders, contributing to public policy and legislative decision making which affects the financial planning profession;
- establish, monitor and enforce high professional and ethical standards;
- provide appropriate education and continuing professional development for practitioner and principal members;
- deliver professional services to members to enhance their businesses and assist with meeting policy, compliance and client obligations;
- deliver the CERTIFIED FINANCIAL PLANNER™ and other professional designation programs, certification renewals and promotion of the CERTIFIED FINANCIAL PLANNER™ (CFP®) brand in Australia; and
- raise the awareness of Australians of the need for, and value of, professional financial advice.

EMPLOYEES

The FPA employed 41 full time equivalent staff at 30 June 2011 (2010: 40).

REVIEW AND RESULTS OF OPERATIONS

The FPA recorded a before tax deficit of \$542,670 for the year ending 30 June 2011 (2010: surplus of \$16,839) and an after tax deficit of \$537,149 (2010:\$21,884) reducing accumulated members' funds to \$5,800,682 at 30 June 2011 (2010: \$6,337,831).

Total Revenues from Operating Activities for the year decreased by \$474,716 (or 4%) from the previous year, to \$10,801,892.

The reduction in revenue is mainly attributable to:

- a decrease of \$98,661 (or 6%) in Conference and Seminars revenue from previous year;
- a decrease of \$65,920 (or 8%) in CFP® enrolment revenues from previous year;

- a decrease of \$72,171 (or 15%) in CFP® Certification revenue from previous year;
- a decrease of \$459,626 in contributions made by FPA Principal members to the Value of Advice Campaign and sponsorship from previous year, which we no longer offer;
- a decrease of \$32,758 (or 6%) in continuing education from the previous year; and
- a decrease of \$48,401 (or 35%) in specialist programs offered from the previous year.

This has been offset by increased revenue from the following:

- an increase of \$103,361 (or 22%) in interest income; and
- an increase of \$190,194 (or 116%) in other income due to a receipt of royalties from Hong Kong.

Total expenditure increased by \$84,793 (or less than 1%) from 2010, to \$11,344,562.

The significant changes to expenditure were attributable to:

- the cost of restructuring the business at \$819,624;
- an increase of \$17,127 (or 4%) to \$425,300 in telecommunications from the previous year;
- an increase of \$32,216 (or 17%) to \$217,479 in travel and accommodation from the previous year;
- an increase of \$12,564 (or 2.8%) to \$462,172 in lease expenses from the previous year; and
- an increase of \$231,851 to \$456,966 in advertising which is double last year due to the investment in the advertising campaign.

DIRECTORS' REPORT [CONTINUED]

For the year ended 30 June 2011

SIGNIFICANT EVENTS

The significant events that have occurred in the financial year to the end of June 2011 are as follows:

- the closure of the Melbourne office as at the 31 January 2011;
- the change to the Associations constitution at an EGM held on the 7th of April 2011 removing principal and general membership with effect from 1 July 2011; and
- the chapters may be able to retain any surplus they make from their fundraising activities to be utilised for further investment in their members, provided there is an aggregated national surplus and subject to application and approval.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' and senior executives' emoluments for the year are included in note 19 to these accounts.

DIRECTORS' MEETINGS

The number of meetings of the directors held during the year and those attended by each director was as follows:

DIRECTORS' MEETINGS 2010-11		
	ELIGIBLE TO ATTEND	NUMBER ATTENDED
Matthew Rowe	7	7
Julie Berry — <i>Position ended 26 November 2010.</i>	4	4
Mark Rantall	7	7
Philip Pledge	7	7
Bruce Foy	7	6
Andrew Waddell	7	7
Louise Lakomy	7	6
Julie Matheson — <i>Commenced 26 November 2010.</i>	3	3
Peter O'Toole — <i>Commenced 26 November 2010.</i>	3	3
Neil Kendall — <i>Commenced 26 November 2010.</i>	3	3
Martin McIntosh — <i>Position ended 26 November 2010.</i>	4	4

BOARD COMMITTEE MEMBERSHIP

Members acting on these committees of the board during the year were:

Audit and Risk Management Committee

Philip Pledge (Chair), Louise Lakomy
Joined: Peter O'Toole (March 2011)
Resigned: Andrew Waddell (March 2011)

Remuneration and Succession Planning Committee

Matthew Rowe (Chair)
Joined: Andrew Waddell (May 2011) and Neil Kendall (May 2011)
Resigned: Julie Berry (November 2010) and Bruce Foy (May 2011)

The following four committees were all dissolved in the first quarter of 2011:

CFP Certification Committee

Julie Berry (Chair),
Anne Bartholemew,
Alan Broom, Cameron Howlett,
Leah Shaw (nee Pellizzaro),
Robyn Ward, Ian White,
James Gerrard, Paul Moran.

Membership and Marketing Committee

Pierre Kraft (Chair),
Delma Newton, Julie Berry,
Christine Howard, Nick Bruining,
Phil Mason-Cox, Keith Peel,
Julian Battistella, Peter Duvall.

Professionalism Committee

Matthew Rowe (Chair),
Bruce Foy, Corinna Dieters,
Tim Townsend, Greg Miller,
Guyon Cates, Deborah Rognien,
Seng Wing Chong, Danny Maher,
Thabojan Rasiah,
Martin McIntosh.

Strategic Policy Committee

Louise Biti (Chair), Ian Donaldson,
Peter O'Toole, Jo Tuck,
Jason Andriessen, Alyson Clarke,
Moiria Bentley, Patrick Canion.

Resigned: Sean Graham
(November 2010),
Seng Wing Chong
(November 2010),
Jennifer Brookhouse
(November 2010)

The Board approved establishment of the following Committees and nominations were sought for commencement in July/August:

Member Engagement Board Committee

Membership Committee

Communications and Marketing Committee

Education and Member Services Committee

Professionalism and Policy Board Committee

Professional Conduct Committee

Policy and Regulations Committee

Professional Designations Committee

Mark Rantall, as Chief Executive Officer, sat on all the above committees in an ex-officio capacity.

The Audit and Risk Management Committee met six times during the period under review. The Remuneration and Succession Planning Committee met five times.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has an insurance policy that indemnifies all the directors and officers of the company for any breaches in law or claims brought against them in their capacity as directors and officers of the company, except as proscribed by the *Corporations Act 2001*. The liabilities insured against include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the directors or officers in their capacity as officers of the Association, except as proscribed by the *Corporations Act 2001*.

The insurance policy limits of liability are \$10,000,000 each and every claim, and \$20,000,000 in the aggregate. The total amount of insurance premiums (excluding indirect taxes) paid for director and officers in 2011 were \$13,297 (2010: \$16,357). This policy is renewed annually and the current policy expires on 31 March 2012.

CORPORATE GOVERNANCE

The FPA is a non-disclosing entity and is therefore not required to meet all the reporting and corporate governance requirements of a disclosing or listed entity. In recognising the need for the high standards of corporate behaviour and accountability, the directors of the FPA support and adhere to the principles of corporate governance.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the following declaration from the auditors of Financial Planning Association of Australia Limited.



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Sydney NSW 2000 Australia
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Tel: +61 2 9248 5555
Fax: +61 2 9248 5559
www.ey.com/au

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS
OF FINANCIAL PLANNING ASSOCIATION OF AUSTRALIA LIMITED**

In relation to our audit of the financial report of Financial Planning Association of Australia Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Rita Da Silva

Partner

13 September 2011

Signed in accordance with a resolution of the directors.

Matthew Rowe

Director

Philip Pledge

Director

13th September, 2011

Sydney, New South Wales

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the Financial Planning Association of Australia Limited, we state that:

In the opinion of the directors:

- (a) The financial statements, notes and the additional disclosures included in the directors report of the Association are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Association's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Matthew Rowe
Director



Philip Pledge
Director

13th September, 2011
Sydney, New South Wales



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Independent auditor's report to the members of Financial Planning Association of Australia Limited

Report on the financial report

We have audited the accompanying financial report of Financial Planning Association of Australia Limited (the "Association"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Association a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



Opinion

In our opinion:

- a. the financial report of Financial Planning Association of Australia Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Association's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note1(b).

A stylized, handwritten signature of the Ernst & Young firm, written in a cursive script.

Ernst & Young

A handwritten signature of Rita Da Silva, written in a cursive script.

Rita Da Silva
Partner
Sydney
13 September 2011

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	2	10,802,792	11,285,608
Employee benefits expenses	3(c)	(5,242,363)	(5,085,954)
Depreciation and amortisation expenses	3(a)	(271,634)	(290,231)
Conference, program and education expenses		(2,415,595)	(2,724,597)
Occupancy expenses	3(b)	(466,305)	(454,574)
Advertising and marketing expenses		(248,450)	(345,397)
Administration expenses		(1,039,479)	(1,309,488)
Other expenses		(633,496)	(892,849)
Total expenses from operations		(10,317,322)	(11,103,090)
Surplus from operations		485,470	182,518
Restructuring costs	3(d)	(819,624)	(165,679)
Advertising levies	3(e)	(208,516)	–
Operating (loss)/profit before income tax		(542,670)	16,839
Income tax benefit/(expense)	5	5,521	(38,723)
Operating loss for the year		(537,149)	(21,884)
Other comprehensive income		–	–
Total comprehensive income		(537,149)	(21,884)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	17	9,257,304	9,194,875
Trade and other receivables	6	338,971	326,412
Other current assets	7	214,004	425,212
Total current assets		9,810,279	9,946,499
Non-current assets			
Plant and equipment	9	192,859	337,251
Intangible assets	10	178,105	201,903
Deferred tax assets	5	243,994	250,748
Total non-current assets		614,958	789,902
Total assets		10,425,237	10,736,401
Current liabilities			
Trade and other payables	11	1,321,317	1,471,715
Provisions	12	192,114	188,882
Other liabilities	13	2,846,647	2,405,145
Total current liabilities		4,360,078	4,065,742
Non-current liabilities			
Provisions	12	223,588	272,289
Other liabilities	13	–	7,375
Deferred tax liabilities	5	40,889	53,164
Total non-current liabilities		264,477	332,828
Total liabilities		4,624,555	4,398,570
Net assets		5,800,682	6,337,831
Members' funds			
Retained earnings	8	5,800,682	6,337,831
Total members' funds		5,800,682	6,337,831

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Note	Retained Earnings \$	Total Equity \$
At 1 July 2009		6,359,715	6,359,715
Total comprehensive income for the year		(21,884)	(21,884)
At 30 June 2010	8	6,337,831	6,337,831
Total comprehensive income for the year		(537,149)	(537,149)
At 30 June 2011	8	5,800,682	5,800,682

STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from members and non-members		10,406,244	10,622,558
Payments to suppliers and employees		(10,836,277)	(10,425,964)
Interest received		595,196	342,303
Net cash flows from operating activities	17	165,163	538,897
Cash flows from investing activities			
Purchase of plant and equipment		(41,653)	(81,451)
Purchase of intangible assets		(61,981)	(105,713)
Proceeds from disposal of plant and equipment		900	9,000
Net cash flows used in investing activities		(102,734)	(178,164)
Net increase in cash and cash equivalents		62,429	360,733
Cash and cash equivalents at beginning of period		9,194,875	8,834,142
Cash and cash equivalents at the end of period	17	9,257,304	9,194,875

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Planning Association of Australia Limited (the "Association"), which is a non-profit organisation, is limited by guarantee.

The financial report has been prepared on a historical cost basis, except when applicable for certain financial instruments measured at fair value through the profit and loss. The concept of accrual accounting has also been adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. The financial report is presented in Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the Association for the annual reporting period ended 30 June 2011.

The assessment of the impact of these new standards and interpretations are outlined in the table below:

AASB Amendment and Affected Standards	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 9: Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.</p> <p>(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.</p> <p>(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>This is not expected to impact on the disclosures in the financial report of the Association.</p>	1 Jan 2013	1 Jul 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

AASB Amendment and Affected Standards	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:</p> <ul style="list-style-type: none"> • two categories for financial assets being amortised cost or fair value; • removal of the requirement to separate embedded derivatives in financial assets; • strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows; • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition; • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income. 	1 Jan 2013	1 Jul 2013
	This is not expected to impact on the disclosures in the financial report of the Association.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

AASB Amendment and Affected Standards	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 1053: Application of Tiers of Australian Accounting Standards	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <p>(a) Tier 1: Australian Accounting Standards; and</p> <p>(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.</p> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and</p> <p>(b) the Australian Government and State, Territory and Local Governments.</p> <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) for-profit private sector entities that do not have public accountability;</p> <p>(b) all not-for-profit private sector entities; and</p> <p>(c) public sector entities other than the Australian Government and State, Territory and Local Governments.</p> <p>Consideration will be given as to whether to apply Tier 2 or Tier 1 requirements in the financial report of the Association for the year commencing 1 July 2013.</p>	1 Jul 2013	1 Jul 2013
AASB 2010-2: Amendments to Australian Accounting Standards arising from reduced disclosure requirements	<p>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>Consideration will be given as to whether to apply Tier 2 or Tier 1 requirements in the financial report of the Association for the year commencing 1 July 2013.</p>	1 Jan 2013	1 Jul 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

AASB Amendment and Affected Standards	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	<p>Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.</p> <p>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions</p> <p>Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</p> <p>This is not expected to impact on the disclosures in the financial report of the Association.</p>	1 Jan 2011	1 Jul 2011

The financial report of the Association for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 13 September 2011.

(c) Accounting judgements, estimates and assumptions

In applying the Association's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Association. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. These are reviewed on an ongoing basis to ensure the resulting financial information meets the concepts of relevance and reliability. Actual results may differ from the judgements, estimates and assumptions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and the carry forward of unused tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and unused tax losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(c) Accounting judgements, estimates and assumptions [CONTINUED]

Impairment of non-financial assets other than goodwill

The Association assesses impairment of all assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested.

Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated with office dismantling, closure and permanent storage of historical residues. The calculation of this provision requires assumptions such as application of environmental legislation, office closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the Statement of Financial Position by adjusting both the expense or asset (if applicable) and provision. The related carrying amounts are disclosed in note 12.

(d) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Information technology assets	2 to 5 years
Plant and equipment	3 to 8 years
Leasehold improvements	The lease term
Furniture and fittings	5 to 10 years

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

Impairment and recoverable amount of assets

At each reporting date, the Association assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, management makes an estimate of the recoverable amount. Where the carrying values exceed the estimated recoverable amount, the asset is written down to its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell and value in use. As a not for profit entity whose future economic benefits of an asset (or class of asset) are not primarily dependent on the assets' ability to generate cash flows, and it would be replaced if the Association was deprived of it, value in use is the depreciated replacement cost. Impairment losses are recognised in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(d) Plant and equipment [CONTINUED]

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(e) Taxes

Income Taxes

The Association applies the principle of mutuality to its revenue and expenses in assessing its income tax liability. Under such principle, income derived from members of the Association represents mutual income and is not subject to income tax. Accordingly, expenses in association with mutual activities are not deductible for taxation purposes. All other receipts and payments are classified in accordance with taxation legislation.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax amounts are recognised for all taxable and/or deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Goods and Services Tax (GST)

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

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

Cash flows are included in the statement of cash flows on a gross basis and 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 operating cash flows.

(f) Cash and cash equivalent

Cash and cash equivalents in the statement of financial position and for the purposes of the statement of cash flows comprise cash at bank and on hand, short term deposits and bank bills with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(g) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Subscriptions and education fees

The subscription year runs from 1 July to 30 June. Subscriptions are payable annually in advance. Education fees are payable each semester in advance. Only those fees that are attributable to the current financial year are recognised as revenue.

Conferences and Forums

Revenue is recognised when the events take place.

Interest

Interest is recognised as revenue on an accrual basis using the effective interest method.

Rental income

Rental income from sublet properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income. The rental expenditure that is reimbursed under such subletting agreement is netted against the related reimbursement or income.

(h) Trade and other payables

Trade payable and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Association prior to the end of the financial year that are unpaid and arise when the Association becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Financial guarantees

Financial guarantees issued by the Association have not been recognised as a liability. These guarantees are issued in the form of bank guarantees which are assets pledged as security and included as part of the balance of short term deposits. Refer to note 17(iii).

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Association will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(j) Provisions

Provisions are recognised when the Association has 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 and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the position of financial position date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(k) Employee leave benefits

Provision is made for employee leave benefits accumulated as a result of employees rendering services up to the reporting date.

These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect to wages and salaries, annual leave and any other benefit expected to be settled within twelve months of the reporting date are measured at amounts which are expected to be paid when the liability is settled.

The liability for long service leave is recognised and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities are used.

(l) Members' funds

The Association is limited by guarantee and does not have share capital (refer to note 20).

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Association as a lessee

Operating leases are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised in the statement of comprehensive income as an integral part of the total lease expenses.

Association as a lessor

Leases in which the Association retains all of the risks and benefits of ownership of the leased asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental payments received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(n) Investments and other Financial assets

Investments and other Financial assets in the scope of *AASB 139 Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, or available for sale financial assets. Currently the Association holds only 'loans and receivables' and 'held to maturity investments'.

(o) Intangible Assets

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset is reviewed at least at each financial year-end.

Website development costs

An intangible asset arising from development expenditure on the FPA web site is recognised only when the Association can demonstrate the technical feasibility of completing the web site so that it will be available for use, the intention to complete and the ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the web site during its development.

Following the initial recognition of the development expenditure, the asset is to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related development.

All development, maintenance and operational expenditure that do not meet the criteria set out in *AASB 138 Intangible Assets* have been treated as expenses incurred in the period.

Computer software

Computer software is classified as an intangible asset when the criteria set out in *AASB 138 Intangible Assets* are met.

(p) Comparative Figures

Where necessary comparatives have been reclassified and repositioned for consistency with current year disclosures.

	2011 \$	2010 \$
2. REVENUE		
<i>Revenue</i>		
Membership subscriptions	6,485,442	6,476,176
Conferences and seminars	1,624,133	1,722,794
Value of Advice Campaign sponsorship – external funds	–	119,160
Other sponsorship, chapter grants and social functions	–	340,466
CFP course	737,521	803,441
CFP certification	406,380	478,551
Specialist programs	90,517	138,918
Continuing education	540,240	572,998
Interest received – non related persons/corporations	563,292	459,931
Other revenue	354,367	164,173
Proceeds from disposal of plant and equipment	900	9,000
Total revenue	10,802,792	11,285,608

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

	2011 \$	2010 \$
3. EXPENSES		
<i>(a) Depreciation and amortisation expenses</i>		
Depreciation and amortisation of non-current assets		
Computer equipment	24,978	31,740
Furniture and fittings	7,666	9,400
Plant and equipment	16,242	16,678
Leasehold improvements	136,969	154,272
Intangible assets	85,779	78,141
Total depreciation of non-current assets	271,634	290,231
<i>(b) Occupancy expenses</i>		
Minimum lease payments – operating lease	836,299	449,608
Lease income – sublease agreement	(374,127)	–
Provision discount adjustment – restoration of leased properties	4,133	4,966
Total occupancy expenses	466,305	454,574
<i>(c) Employee benefits expenses</i>		
Wages and salaries	4,762,234	4,406,615
Workers' compensation costs	19,974	29,839
Superannuation costs	357,206	342,470
Termination benefits	–	89,054
Staff training and recruitment	102,949	217,976
Total employee benefits expenses	5,242,363	5,085,954

	2011 \$	2010 \$
3. EXPENSES [CONTINUED]		
<i>(d) Restructuring costs</i>		
Restructuring – Consultancy	68,970	6,000
Restructuring – Legal	158,724	62,179
Restructuring – Research	45,052	97,500
Restructuring – Computer Software/Implementation	7,372	–
Restructuring – Branding costs	166,213	–
Restructuring – Miscellaneous Expenses	2,603	–
Restructuring – Rent	62,285	–
Restructuring – Salaries	197,598	–
Restructuring – Staff Recruitment	91,490	–
Restructuring – Seminars and staff training	900	–
Restructuring – Project management costs	8,867	–
Restructuring – Travel expenses – Australia	9,550	–
Total restructuring costs	819,624	165,679

(e) Advertising levies

Costs incurred for the strategic investment in the advertising manifesto on behalf of members and affiliates.

4. AUDITORS' REMUNERATION

Amounts received, or due and receivable, by Ernst & Young for:

– an audit of the financial report of the Association	42,250	41,000
– other services – taxation	10,500	9,000
	52,750	50,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

	2011 \$	2010 \$
5. INCOME TAX		
The major components of income tax expense are:		
<i>Statement of Comprehensive Income</i>		
Current income tax		
Tax losses recognised and not previously brought to account	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(5,521)	38,723
Income tax expense reported in the statement of comprehensive income	(5,521)	38,723

A reconciliation between tax expense and the product of the accounting surplus before income tax multiplied by the Association's applicable income tax rate is as follows:

Accounting (deficit)/surplus before tax from ordinary activities	(542,670)	16,839
At statutory income tax rate of 30 per cent	(162,801)	5,052
Net income derived from members not assessable	30,848	(67,165)
Expenditure not allowable for income tax purposes	19,910	9,225
Tax losses not recognised	106,522	91,611
Income tax (benefit)/expense attributable to operating surplus	(5,521)	38,723

Deferred tax assets and liabilities

Gross deferred tax liabilities	40,889	53,164
Gross deferred tax assets	243,994	250,748

Tax losses

Deferred tax asset of \$211,733 (2010: \$211,733) arising from tax losses of the Association has been recognised at reporting date as realisation of the benefit is regarded as probable. This is a result of:

- (i) The Australian Taxation Office issuing a ruling in favour of the Association allowing the recognised utilisation of carried forward tax losses;
- (ii) The Association deriving future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (iii) The Association having sufficient assessable temporary differences that will result in the increase of taxable amounts against which the unused tax losses can be utilised;
- (iv) The Association continuing to comply with the conditions for deductibility imposed by tax legislation; and
- (v) There being no known changes in tax legislation adversely affect the Association in realising the benefit.

	2011 \$	2010 \$
6. TRADE AND OTHER RECEIVABLES		
Trade Debtors (i)	126,027	95,154
Less: Allowance for impairment loss (ii)	(5,441)	(13,890)
	120,586	81,264
Sundry Debtors (iii)	218,385	245,148
	338,971	326,412

Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade debtors are non-interest bearing and generally on 30 day terms.
- (ii) A provision for impairment loss is recognised when there is objective evidence that an individual debtor is impaired. No individual amount within the impairment allowance is material.
- (iii) Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days. These do not contain impaired assets and are not past due.

7. OTHER CURRENT ASSETS

Prepaid conference expenditure	137,207	299,397
Prepaid chapter expenditure	47,532	51,171
Other prepayments	29,265	74,644
	214,004	425,212

8. RETAINED EARNINGS

Balance at the beginning of the financial year	6,337,831	6,359,715
Total change in members' funds recognised in the Statement of Comprehensive Income	(537,149)	(21,884)
Balance at the end of the financial year	5,800,682	6,337,831

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

	Computer Equipment at cost \$	Furniture and Fitting at cost \$	Plant and Equipment at cost \$	Leasehold Improvement at cost \$	Total \$
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9. PLANT AND EQUIPMENT

Gross carrying amount

Balance at 1 July 2009	520,822	104,566	237,040	654,135	1,516,562
Additions	33,690	2,109	871	44,781	81,451
Disposals	(419,130)	(1,534)	(110,550)	–	(531,214)
Balance at 30 June 2010	135,382	105,140	127,361	698,916	1,066,799
Additions	7,869	–	–	33,784	41,653
Disposals	(25,969)	–	(21,806)	(16,243)	(64,018)
Balance at 30 June 2011	117,282	105,140	105,555	716,457	1,044,434

Accumulated depreciation and impairments

Balance at 1 July 2009	(451,113)	(71,779)	(176,011)	(329,968)	(1,028,871)
Depreciation	(31,740)	(9,400)	(16,678)	(154,272)	(212,090)
Disposals	401,259	1,363	108,791	–	511,413
Balance at 30 June 2010	(81,594)	(79,816)	(83,898)	(484,240)	(729,548)
Depreciation	(24,978)	(7,666)	(16,242)	(136,969)	(185,855)
Disposals	25,969	–	21,615	16,244	63,828
Balance at 30 June 2011	(80,603)	(87,482)	(78,525)	(604,965)	(851,575)

Net book value

As at 30 June 2010	53,788	25,324	43,463	214,676	337,251
As at 30 June 2011	36,679	17,658	27,030	111,492	192,859

	Website Development at cost \$	Computer Software at cost \$	Total \$
10. INTANGIBLE ASSETS			
<i>Gross carrying amount</i>			
Balance at 1 July 2009	429,409	617,181	1,046,590
Additions	17,897	87,816	105,713
Disposals	-	-	-
Balance at 30 June 2010	443,406	491,218	934,624
Additions	35,141	26,840	61,981
Disposals	(242,745)	(211,041)	(453,786)
Balance at 30 June 2011	235,802	307,017	542,819
<i>Accumulated amortisation and impairments</i>			
Balance at 1 July 2009	(396,756)	(475,503)	(872,259)
Amortisation	(21,182)	(56,959)	(78,141)
Disposals	-	-	-
Balance at 30 June 2010	(414,038)	(318,683)	(732,721)
Amortisation	(14,857)	(70,922)	(85,779)
Disposals	242,745	211,041	453,786
Balance at 30 June 2011	(186,150)	(178,564)	(364,714)
<i>Net book value</i>			
As at 30 June 2010	29,368	172,535	201,903
As at 30 June 2011	49,652	128,453	178,105

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

	2011 \$	2010 \$
11. TRADE AND OTHER PAYABLES		
Trade creditors and accruals (i)	1,160,712	1,340,184
Goods and Services Tax	160,605	131,531
	1,321,317	1,471,715

(i) Trade creditors and accruals are non-interest bearing and are normally settled on 30 day terms.

	Restoration of leased properties \$	Annual leave \$	Long service leave \$	Total \$
12. PROVISIONS				
Balance at 1 July 2010	201,714	176,974	82,483	461,171
Arising during the year	–	227,800	18,695	246,495
Utilised	(2,933)	(221,328)	(50,919)	(275,180)
Unused amounts reversed	–	–	(20,987)	(20,987)
Discount rate adjustment	4,129	–	74	4,203
Balance at 30 June 2011	202,910	183,446	29,346	415,702
Current 2011	–	183,446	8,668	192,114
Non-Current 2011	202,910	–	20,678	223,588
	202,910	183,446	29,346	415,702
Current 2010	–	176,974	11,908	188,882
Non-Current 2010	201,714	–	70,575	272,289
	201,714	176,974	82,483	461,171

	2011 \$	2010 \$
13. OTHER LIABILITIES		
<i>Current</i>		
Income in advance:		
– conference income	113,536	239,901
– education income	22,181	55,633
– membership income	2,027,680	1,992,471
– advertising levies	647,280	–
– chapter income	24,659	45,050
– other income	2,970	42,590
	2,838,306	2,375,645
Lease incentive	8,341	29,500
	2,846,647	2,405,145
<i>Non-Current</i>		
Lease incentive	–	7,375
	–	7,375
	2,846,647	2,412,520

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

	2011 \$	2010 \$
14. COMMITMENTS FOR EXPENDITURE		
<i>Operating lease commitments – Association as lessee</i>		
Future minimum rentals payable under non-cancellable operating leases at balance date but not recognised as liabilities are:		
No later than one year	133,135	474,024
Later than one year but not later than five years	236,133	483,996
Aggregated lease expenditure contracted for at balance date	369,268	958,020
In respect of non cancellable operating leases the following liabilities have been recognised:		
<i>Current:</i>		
Lease incentive	8,341	29,500
<i>Non Current:</i>		
Restoration of leased properties	202,910	201,714
Lease incentive	–	7,375
	211,251	238,589

Notes

These lease commitments are mainly non-cancellable property leases with remaining terms of between 1 and 4 years.

Other operating lease for office equipment has a remaining term of under 5 years.

IT Outsourcing Contract

On 3 August 2009, the Association entered into a managed service contract in relation to all IT requirements. The contract has a 3 year term and a total minimum fixed cost of \$460,800 over a 3 year period.

2011	2010
\$	\$

15. EMPLOYEE BENEFITS AND SUPERANNUATION CONTRIBUTIONS

Employee Benefits

The aggregate employee entitlement liability is comprised of:

Accrued wages, salaries and on costs	151,615	290,187
Provisions (current)	192,114	188,882
Provisions (non current)	20,678	70,575
Accrued superannuation	56,619	45,472
Performance Bonuses	252,236	171,000
	673,262	766,116

Superannuation Commitments

All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentage of their wages and salaries. Contributions by the Association of up to 9% of employees' wages and salaries are legally enforceable.

16. CONTINGENT LIABILITIES/ASSETS

There are no contingent liabilities/assets that exist at the reporting date that have a financial effect on this financial report, other than those disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

	2011 \$	2010 \$
17. CASH AND CASH EQUIVALENTS		
<i>(i) Reconciliation to Statement of Cash Flows</i>		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	1,242,843	1,197,525
Short-term money market deposits	8,014,461	7,997,350
Closing balance as per the statement of cash flows	9,257,304	9,194,875
<i>(ii) Reconciliation of (deficit)/surplus after income tax to net cash flows from operations</i>		
(Deficit) from ordinary activities after income tax	(537,149)	(21,884)
Non-cash items		
Depreciation	271,634	290,231
Proceeds from disposal of plant and equipment	(900)	(9,000)
Disposal of plant and equipment	190	19,801
Change in operating assets and liabilities		
(Increase) in trade and other receivables	(12,559)	(139,191)
Decrease/(increase) in other current assets	211,208	(181,556)
Decrease in deferred tax assets	6,754	3,688
(Decrease)/increase in trade and other payables	(150,398)	615,663
Increase in current provisions	3,232	11,447
Increase/(decrease) in other current liabilities	441,502	(120,752)
(Decrease)/increase in non-current provisions	(48,701)	64,915
(Decrease) in other non-current liabilities	(7,375)	(29,500)
(Decrease)/increase in deferred tax liabilities	(12,275)	35,035
Net cash flows from operating activities	165,163	538,897

The Association does not have any bank overdraft or loan facilities available. Short-term deposits are made for varying periods of between one day and twelve months, depending on the immediate cash requirements of the Association, and earn interest at the respective short-term deposit rates.

(iii) Assets pledged as security

Included in the balance of short-term deposits comprises \$97,350 of which has been granted as security under the lease of premises. If the Association breaches the lease the landlord may request payment of an amount from the security and apply it to moneys owed under the lease.

Also, included in the balance of short-term deposits is \$200,000 being security required for set up of corporate card facility with the National Australia Bank.

18. RELATED PARTY DISCLOSURES

Directors

The names of persons who were directors of the Financial Planning Association of Australia Limited at any time during the year are as follows:

J Berry (retired 26/11/2010)	P O'Toole (appointed 26/11/2010)
B Foy	P Pledge
N Kendall (appointed 26/11/2010)	M Rantall
L Lakomy	M Rowe
M McIntosh (retired 26/11/2010)	A Waddell
J Matheson (appointed 26/11/2010)	

Information on compensation of directors is disclosed in note 19.

There were no transactions with any related parties, directors or director related entities during the year.

19. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Compensation paid or payable, or otherwise made available, in respect of the financial year, to all directors and the top five executives of the Financial Planning Association of Australia Limited, directly or indirectly, from the entity or any related party:

	Directors		Executives	
	2011 \$	2010 \$	2011 \$	2010 \$
Short-Term	486,235	498,203	1,024,213	855,419
Post Employment	42,800	46,879	72,130	105,195
Total	529,035	545,082	1,096,343	960,614

Directors Compensation

Short Term Directors Compensation consists of a fee paid and payable to each director for being a director of the Association.

Post Employment Directors Compensation consists of the component of directors fee paid and payable as superannuation.

Executive Compensation

Short term Executive Compensation consists of salaries, annual leave paid within the 12 month period, non cash benefits and bonuses payable.

Post Employment Executive Compensation consists of the component of salaries paid and payable as superannuation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

20. MEMBERS' FUNDS

The Association is limited by guarantee, and is prohibited by the Constitution from making distributions to its members. In the event of winding up, the assets of the Association shall be applied in satisfaction of its debts and liabilities and any surplus after such application shall be given or transferred to some other institution or institutions having objects or activities similar to the activities of the Association and whose Constitution prohibits the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Association. The recipient institution or institutions are to be determined by the members of the Association at or before the time of dissolution. Each member is liable to a maximum of \$100 in the event of the Association being wound up whilst they are a member and within one year after they cease to be a member.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal financial instruments comprise cash and short term deposits, receivables and payables. The main purpose of these financial instruments is to generate a return on members' funds. The Association has various other financial instruments such as trade receivables and trade creditors, which arises directly from its operations.

The Association manages its exposure to key financial risks in accordance with the Association's financial risk management policy. The objective of the policy is to support the delivery of the Association's financial targets whilst protecting future financial security.

The Association does not enter into or trade financial instruments for speculative purposes. The main risks arising from the Association's financial instruments are interest rate risk and credit risk.

The Board reviews and agrees policies for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with the Audit and Risk Management Committee under the authority of the Board.

Risk Exposures and Responses

Interest rate risk

The Association's exposure to interest rate risks is minimal as the Association does not have any debt instruments.

The only interest rate exposure relates to the cash balance.

At balance date, the Association had the following mix of financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2011 \$	2010 \$
<i>Financial Assets</i>		
Cash and cash equivalents	1,242,843	1,197,525
Bank Bills	8,014,461	7,997,350
	9,257,304	9,194,875

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [CONTINUED]*Financial Assets* [CONTINUED]

At 30 June 2011, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

Judgements of reasonably possible movements:

	2011 \$	Post Tax Profit Higher/(Lower) 2010 \$
+1.0% (100 basis points)	92,573	91,949
+0.5% (50 basis points)	46,287	45,974
-0.5% (50 basis points)	(46,287)	(45,974)
-1.0% (100 basis points)	(92,573)	(91,949)

The movements in profit are due to higher/lower interest costs from variable rate cash balances.

Exposures arise predominantly from assets bearing variable interest rates as the Association intends to hold fixed rate assets until maturity. Trade account receivables and payables are interest free.

Credit Risk

The credit risk on financial assets of the Association which have been recognised on the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts. The Association does not have a significant exposure to any individual counterparty. Receivable balances are monitored on an ongoing basis with the result that the Association's experience of bad debt has not been significant.

Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and monetary financial assets and financial liabilities approximate their carrying value.

22. EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events that have occurred after reporting date that have a financial effect on this financial report.

CORPORATE INFORMATION

FINANCIAL PLANNING
ASSOCIATION of AUSTRALIA
LIMITED

ABN 62 054 174 453

DIRECTORS

Matthew Rowe
Chair

Mark Rantall
Chief Executive

Julie Berry
— *Resigned 26 November 2010.*

Bruce Foy

Neil Kendall
— *Appointed 26 November 2010.*

Louise Lakomy

Julie Matheson
— *Appointed 26 November 2010.*

Martin McIntosh
— *Resigned 26 November 2010.*

Peter O'Toole
— *Appointed 26 November 2010.*

Philip Pledge

Andrew Waddell

COMPANY SECRETARY

Ian Read

REGISTERED OFFICE

Level 4, 75 Castlereagh Street
Sydney NSW 2000
Telephone: 02 9220 4500
Facsimile: 02 9220 4880

SOLICITORS

Henry Davis York
44 Martin Place
Sydney NSW 2000

BANKERS

National Australia Bank
330 Collins Street
Melbourne VIC 3000

AUDITORS

Ernst & Young
680 George Street
Sydney NSW 2000



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

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