CELEBRATING 20 YEARS 1992-2012

2012 ANNUAL REPORT

A YEAR OF ACHIEVEMENT

FOR OUR MEMBERS, THE PUBLIC & THE PROFESSION

FINANCIAL PLANNING ASSOCIATION *of* AUSTRALIA

CONTENTS

THE FPA & ITS MEMBERS ARE TIRELESSLY WORKING TOGETHER TO ELEVATE THE PROFESSIONAL STANDARDS & PUBLIC PERCEPTION OF FINANCIAL PLANNING.

In this, the 20th year in our history, we have made significant strides towards realising those goals.

CELEBRATING 20 YEARS
1992 - 2012
FINANCIAL PLANNING ASSOCIATION of AUSTRALIA

CHAIR'S REPORT

IT IS BOTH AN IMMENSE PRIVILEGE AND A GREAT RESPONSIBILITY TO BE LEADING THE FINANCIAL PLANNING ASSOCIATION ON ITS MOMENTOUS 20TH ANNIVERSARY.

I believe it is important to recognise that the Chair of an organisation like the FPA stands on the shoulders of those who have come before them. The leadership of our past Presidents and Chairs has been the foundation upon which the FPA has been built and any discussion around the success of the FPA must acknowledge the effort made by these leaders in our profession. Please see a list of previous leaders in our Hall of Fame on pages 6 and 7.

I also believe the milestone of our 20th anniversary marks a tipping point in our journey to transform financial planning into a universally respected profession.

Simply put, a tipping point is the critical point in an evolving situation that leads to a new and irreversible development. While change and transformation bring with it some pain and resistance – and we have all felt this since we launched our new FPA vision, structure and strategy in April 2011 – the work of the FPA is now clearly coming to fruition among our key stakeholders: government, regulators, consumers and, of course, our valued members.

For government, recognition of the key and influential role played by the FPA has been publicly acknowledged from both sides of the political fence. It was the FPA's unquestioned credibility at the negotiating table which enabled us to secure key and valuable concessions for our members as part of the Future of Financial Advice (FoFA) reforms in March this year.

For regulators, the FPA has pioneered a dialogue with ASIC since January this year to approve our Code of Professional Practice. As the FoFA reforms introduce professional regulation alongside legal reform for the first time, the FPA continues to offer the only full suite of professional regulations, including ethical principles, practice standards and conduct rules that underpin professional financial planning practice. In addition, our connection with the Financial Ombudsman Service (FOS) enters its fifth year in which they use our Code as the basis for their determinations.

For consumers who work with FPA members, our remuneration policy came into force on the 1 July 2012. In addition, investment and superannuation commissions are already history well before FoFA and government regulation kicks in for other financial planners. Clarity and transparency is the new norm and client engagement and analysis precede strategic recommendations before products are ever mentioned. Coupled with our ongoing activity promoting the high standards of FPA members, consumers will soon clearly understand where they can turn for advice they can trust.

For our members and others in the financial planning community, they are making clear choices to support the FPA, the profession and their future. You will read more about how members have engaged with the FPA in our CEO Report from Mark Rantall.

Looking back to the genesis of the Financial Planning Association two decades ago, we can see the birth of a young, dynamic and energetic industry. Looking forward, the FPA has a clear vision for our shared professional future – we will transform the financial planning industry into a universally respected profession.

WHAT DOES THE FUTURE LOOK LIKE?

We envisage that in the next five to 10 years, there will be around 20,000 Australian financial planners. These professionals will be distinguished by law from product advisers, sales people and others who are less qualified and experienced.

> The FPA's commitment to higher professional standards is reflected in the fact that, from 1 July 2013, all new members will need to have an approved degree.

CHAIR'S REPORT
CONTINUED

We envisage that most, if not all, will be CERTIFIED FINANCIAL PLANNER® professionals and financial planners will understand that this designation is their professional passport.

We foresee that these financial planners will belong to a recognised professional body – galvanised by the common purpose in upholding the highest professional standards and speaking with a single voice. Being a professional is linked to your professional body and, as professionals, financial planners are licensee and employer agnostic.

And, in the future, we predict that Australian universities will be widely offering degrees in financial planning and students will accept financial planning as a profession in the same light as accounting and medicine. We have around 500 students doing this now across 17 institutions, and this will only grow as we accelerate our efforts.

Importantly, we see a future in which there will be no ASIC bannings against members of our professional body – professional discipline is the minimum expectation of all members.

In the future, we imagine that the consumer community will understand that we have a professional code of practice and we place the interests of Australians before our own. This community will also respect us for the difference we make in peoples lives, and trust financial planners because they are members of our professional body. The FPA trust mark will resonate with the community when they seek advice.

In this report, you will see that the activities of the FPA in the past financial year, coupled with those of the next year, are absolutely aligned with the picture I paint for you here. You will see that each initiative is a small step towards the achievement of this long-term vision.

While you are focusing on your clients, your business, your families and your community today, the FPA is here to ensure that you – as a professional financial planning practitioner – have a bright, vibrant and sustainable future to look forward to.

Matthew Rowe CFP®, CPA (FPS)
Chair
Financial Planning Association of Australia

CELEBRATING 20 YEARS 1992 - 2012

1992 The Financial Planning Association of Australia (FPA) is formed after the merger of the International Association for Financial Planning (IAFP) and Australian Society of Investment and Financial Advisers (ASIFA).

1995 FPA establishes its first Complaints Resolution Scheme.

1997 The Wallis Financial System Inquiry incorporates the FPA's recommendations.

1998 The FPA launches its first website.

1999 The CFP® Professional Education Program is launched.

2000 The National Quality Assessment Program (NQAP) is launched.

2001 The FPA's Financial Services Reform (FSR) taskforce is established.

2002 The FPA launches DollarSmart, a financial literacy toolkit for young Australians.

2004 Joint FPA/ISFA Code of Practice on Alternative Remuneration and Guide on Rebates and Related Payments is adopted.

2006 The Value of Advice Awards and advertising campaign are launched.

2007 The Conduct Review Commission is launched with an independent Chair. The Financial Ombudsman Service adopts the FPA Code of Ethics & Rules of Professional Practice as the basis of its determinations.

2008 The FPA CPD Policy and LRS® designation are launched. The AEPS® designation is launched in the following year.

2009 The FPA Board approves a new Remuneration Policy for launch from 1/7/2012.

2010 The FPA is the first financial planning association to launch a full suite of professional regulations, including ethics, practice standards and conduct rules.

2011 **94% of members voted for a new FPA:**

- Only practitioners can be voting members
- New brand as a 'trust mark' for consumers
- New 3-year strategy with purpose, values and vision
- New constitution
- Launch of 'The FPA Difference' advertising campaign

2012 The FPA achieves significant concessions for members as part of the FoFA reforms, including agreement to table legislation to enshrine the term 'Financial planner' by 1/7/2013. The FPA becomes a recognised tax agent association.

HALL OF FAME

THE LEADERSHIP OF OUR PAST PRESIDENTS, CHAIRS AND PROMINENT MEMBERS HAS BEEN THE FOUNDATION UPON WHICH THE FPA HAS BEEN BUILT AND THE FPA MUST ACKNOWLEDGE THE EFFORT MADE BY THESE LEADERS IN OUR PROFESSION.

FPA CHAIRS

Matthew Rowe CFP®	2010 – present
Julie Berry CFP® FFPA	2007 – 2010
Corinna Dieters FFPA	2005 – 2007
Kathryn Greiner	2004 – 2005
Steven Helmich	2002 – 2004
John Godfrey	2002
John Hewison CFP® FFPA	2001 – 2002
Raymond Griffin	2000 – 2001
Wes McMaster CFP® FFPA	1997 – 2000
Ted Thacker	1996 – 1997
Tony Beal	1995 – 1996
Russell McKimm	1994 – 1995

FPA PRESIDENTS

Paul Clitheroe CFP®	1993 – 1994
Bernie Walshe CFP®	1992 – 1993
Greg Devine CFP®	1991 – 1992

FPA CEOs

Mark Rantall CFP®	2009 – present
Jo-Anne Bloch	2006 – 2009
Kerrie Kelly	2004 – 2006
Ken Breakspear	2000 – 2003
Michael McKenna	1998 – 1999
David Butcher	1996 – 1997
Jock Rankin	1994 – 1995
Martin Kerr	1992 – 1994

FPA LIFE MEMBERS

Dominic Alafaci CFP® FFPA
Julie Berry CFP® FFPA
Corinna Dieters FFPA
James Doogue
Gweneth Fletcher
John Godfrey
Raymond Griffin
Steven Helmich
Ian Heraud CFP® FFPA
John Hewison CFP® FFPA
John McNeil
Bernie Walshe CFP®

FPA FELLOWS

Dominic Alafaci CFP®
Scott Alman CFP®
Rick Arnheim CFP®
Kevin Bailey CFP®
Julie Berry CFP®
Glen Boath CFP®
Max Bourne CFP®
Paul Brady CFP®
Nick Bruining CFP®
Salvatore (Sam) Calarco CFP®
Geoff Catt CFP®
Ian Chester-Master CFP®
Greg Cook CFP®
Bruce Christie CFP®
Chris Craggs CFP®
John D'Alessandri CFP®
Christine Davie
Corinna Dieters
Max Dixon
Malcolm Dobson AFP®
Tim Donohue CFP®
Ken Drummond CFP®
Peter Dunn CFP®
Philip Eley CFP®
Geoff Fry CFP®
Trevor Gibson
Peter Gilkison CFP®
Tony Gillett CFP®
David Haintz CFP®
Ian Heraud CFP®
John Hewison CFP®
Paul Hocking CFP®
Ron Issko
Geoff Jakeman
Gary Jones AFP®
Neil Kendall CFP®
Denis Kennedy CFP®
Alan Kenyon AFP®
Peter Lake CFP®
Paul Lawrence CFP®
Wayne Leggett CFP®
William Mackay CFP®
Tim Marshall CFP®
Phil Mason-Cox CFP®
Wes McMaster CFP®
Craig Meldrum AFP®
Laura Menschik CFP®
Delma Newton CFP®
Peter Nonnenmacher CFP®
Peter O'Toole CFP®
Suren Pather CFP®
Rob Pyne CFP®
Ian Redpath CFP®
Peter Roan CFP®
David Rosenberg CFP®
David Rowlands CFP®
Nigel Sands CFP®
Colin Scully
Rod Scurrah CFP®
Mark Spiers CFP®
Anthony Stedman CFP®
Nigel Stewart AFP®
Dean Stokes CFP®
Michael Summers CFP®
Chris Taylor CFP®
Stephen Wait CFP®
Lyn Walker CFP®
Owen Weeks CFP®
Timothy George White
Simon Wu CFP®

DISTINGUISHED SERVICE AWARDS

2011
Pippa Elliott CFP®
Bev Ferris CFP®
Sandy Hopps CFP®
Gary Jones AFP®
Colleen Peffer CFP®
Laurie Pennell CFP®
Rob Pyne CFP®
Sue Viskovic CFP®
Stephen Wait CFP®
Deidre Walsh CFP®

2010
Kerrin Falconer CFP®
Rodney Lavin CFP®
Antony Seymour CFP®
Donald Stephens

2009
Lyn Heaysman AFP®
Julian Place CFP®
Joe Saveniji
Guy Thornycroft

2008
Sharon Knightley
Louise Lakomy CFP®
Delma Newton CFP®
Jo Tuck CFP®
Russell Tym CFP®

2007
Max Bourne CFP®
Lin Burgess
Steve Helmich
Toni Roan
Phil Thompson CFP®

2006
Ian Chester-Master CFP®

2005
Louise Biti CFP®
Gwen Fletcher
Kim Harris CFP®
Geoff Morris CFP®
Peter Roan CFP®

2004
Chris Dummer
Deborah Kent CFP®
Bill Kouvas

2003
Kevin Bailey CFP®
Tom Collins
Ian Gillies CFP®
Peeyush Gupta
David Middleton CFP®
Kate Stephenson

2002
Corinna Dieters
John Hewison CFP®
Nina Hope
Neil McKissock CFP®
David Squire
David Williams

2001
Sarah Brennan
Ray Griffin
Laura Menschik CFP®
Arthur Orchard
Terry Power

2000
David Barnett
Tony Beal
Julie Berry CFP®
Paul Clitheroe CFP®
Clive Herrald CFP®
Wes McMaster CFP®
Colin Scully
Ted Thacker
Peter Van West

1999
David Catchpole
Geoff Catt CFP®
Jim Clegg
Greg Devine CFP®
James Doogue
Peter Dunn CFP®
Rick Forster
Tony Gillett CFP®
David Hartgill
Leonie Henry
Glenese Keavney
Robert Keavney
Tom Laidlaw
Tony Lewis
Russell McKimm
Brian Nankivell
Graham Reeve
Arthur Russell
Mike Sargeant
Roslyn Shirlaw
Dean Stokes CFP®
Geoff Taylor
Bernie Walsh CFP®
Max Weston
Kevin Wyld

CEO'S REPORT

THE EVOLUTION OF THE FPA OVER THE PAST 20 YEARS IS COLOURED WITH MILESTONES AND TRANSFORMATIONAL CHANGE. OVER A SHORTER TIME FRAME, REFLECTING ON THE PAST 12 MONTHS, BOTH THE FPA AND THE PROFESSIONAL COMMUNITY LOOK VASTLY DIFFERENT. WHICHEVER VIEW YOU TAKE, COLLECTIVELY WE ARE MOVING IN THE RIGHT DIRECTION.

We have continued to work closely with all stakeholders over the past year. It is evident with key players, the media and our members, that our reputation has intensified at both ends of the spectrum. Those who 'get' the FPA and what we're doing support us more than ever. Those who don't understand the need to raise standards and professionalise financial planning are potentially becoming even more divisive. I am pleased to say that there are increasingly more numbers in the former than the latter camp.

While we are seeing this polarisation externally, we have re-engineered our internal organisation and structure in every respect, started to build new membership and corporate relationships, driven our communications to better convey our messages, established a new management team and evolved our culture.

All of this means that the FPA now marches to the beat of a new drum, a beat which is increasingly aligned with what our supporters expect from their professional body.

KEY MILESTONES

The past financial year saw the FPA further shift our organisational culture to embed a new and singular practitioner focus that we had not seen in all of our 20 year history. We have taken great strides forward with our conflict-free membership structure with a clear focus on advice, practitioners and the promotion of the profession.

One of my personal highlights was a cross-functional project we ran internally to launch the FPA's new remuneration policy with a Fee-for-Service online-toolkit that was road-tested with our Education and Marketing Committee members. This is the sort of initiative that not only galvanises the FPA team but forges close collaboration with our practitioner members to deliver a first-class result which amounted to over 9,000 hits on the Toolkit pages since its April launch.

FPA practitioner members told us that our initiatives, events and resources were both relevant and valuable in many other ways too:

- Over 700 members attended the exclusive FPA, ASIC and FOS Shadow Shopper CPD workshops with 90% satisfaction;
- Second trimester CFP1 certification program enrolments increased by 65% compared to the same period last year;
- Designations Summer School enrolments increased by 13%, taking advantage of the greater flexibility in study pathways; and
- Over 1,500 members signed up to the FPA members-only LinkedIn forum.

ADVOCACY TO GOVERNMENT

Research tells us that advocacy to government is the most important value-add from a professional association[1]. The FPA remained a key and influential player throughout the negotiations with government on the FoFA reforms and successfully delivered a range of concessions for FPA members which we detail in the Professional Recognition section of this Report.

It should be noted that our advocacy work extended beyond FoFA and the FPA has been deeply involved on a number of fronts, such as Tax Agent Services and MySuper, with more detail provided later in the report.

While the significance of some of these concessions are yet to be fully realised and the positive impact yet to be felt by members,

[1] *Investment Trends 2012 Planner Business Model Report*

87% of those who currently use a financial planner as their main source of advice say their adviser made a positive or significantly positive difference to their lives.

CEO'S REPORT
CONTINUED

we are proud of our efforts and appreciate the contributions of our members, especially those on the respective committees, in particular the Board Professionalism and Policy Committee, the Policy and Regulations Committee and the Technical Working Group.

ADVOCACY TO CONSUMERS

Next to advocacy to government, research tells us that building consumer trust is the most important value-add from a professional association to its members. Once again in this area, the FPA has had a highly successful 12 months in launching a new consumer advertising campaign funded by members and developed in conjunction with our Member Engagement and Marketing Committees.

The campaign ran for six weeks from September 2011 and resulted in a 14% increase in consumer brand awareness of FPA members as well as over 20,000 click throughs to the FPA website and a 20% increase in Find-a-Planner searches.

Having recommenced advertising activity in June 2012, we are delighted to see that results are improving even further than that achieved last year.

LOOKING AHEAD

As a not-for-profit professional body, our plan for the next financial year continues to strive to deliver greater value to our members and to our profession. To balance the social value we provide, our plan also aims to optimise financial value. This means that we will continue to apply a disciplined approach to managing our financial position.

In terms of expenses, we will look to maintain our current cost base following the streamlining that took place last year. In terms of income, we will continue to pay vigilant attention to our revenue streams ranging from a focus on recruiting new members, delivering new events and CPD education strategies, proactively managing our cash flow and investing surplus cash for a maximum return in a falling interest rate environment.

Strategically, our challenge for the year ahead is to capitalise on the strong foundation we have built to engage our members – existing and new – on our professional journey.

It is therefore with passion, excitement and purpose that we enter the second year of our three year strategy. The FPA Management team, with my support as well as the Board's, has constructed a plan that will take us on a steady course of change and improvement, moving us forward in a number of key areas. I look forward to collaborating with members, our partners and colleagues in the professional community to continue delivering on our promises.

In closing, I would like to thank Dr. Deen Sanders for his significant contribution to the FPA and the financial planning profession since 2006. We wish him well in his new role as Executive Officer of the Professional Standards Council to bring his expertise to a range of other Australian professions.

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

THE FINANCIAL PLANNING ASSOCIATION OF AUSTRALIA'S

THREE YEAR STRATEGY

WE ARE WELL ON THE WAY *to* TRANSFORMING FINANCIAL PLANNING INTO A *universally respected* PROFESSION.

THE FINANCIAL PLANNING ASSOCIATION OF AUSTRALIA'S

THREE YEAR STRATEGY

CONTINUED

Over a year ago in April 2011, we mapped out our goals and strategies for the next three years. Our progress so far has exceeded even our own expectations – we can all be proud of our achievements in the last financial year.

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 Financial Planner AFP® members are obtaining CFP® certification.	Target eligible AFP®s to ensure 90% are studying for the CFP® designation.
Ensure CFP® designation and experience are world class.	Benchmark CFP® designation 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

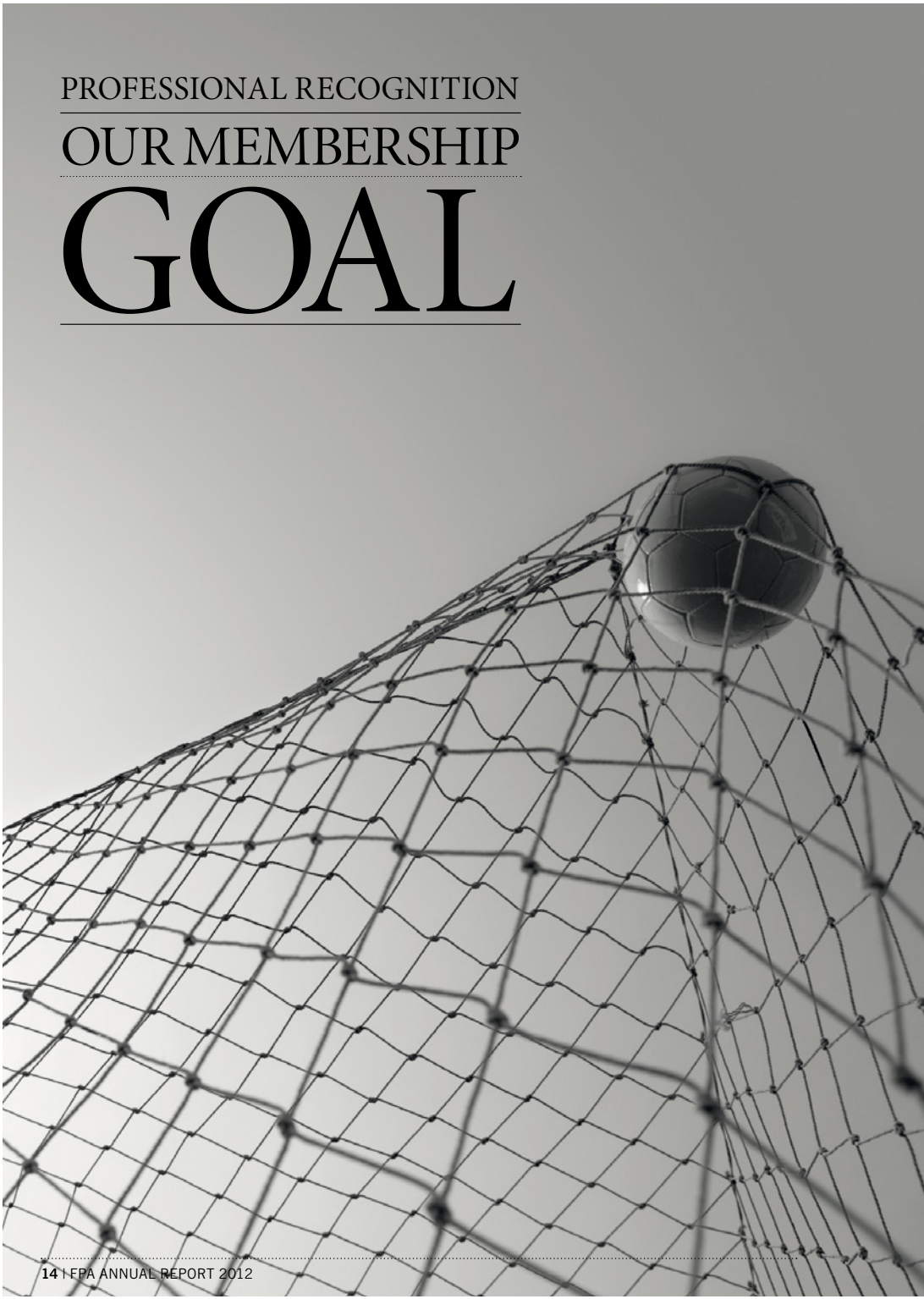
GOAL	STRATEGY
Create a commercial performance culture.	Review and implement job specifications, appraisals and development plans.
Become employer of choice for industry and profession.	Align FPA values with employee values. Target 80% engagement score.
Ensure team become dynamic engaging leaders.	All 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.

PROFESSIONAL RECOGNITION

OUR MEMBERSHIP GOAL



Progress as at July 2012

GOAL	STRATEGY
Raise community standing of members.	Ensure consumers seek out an FPA professional.
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PROFESSIONAL RECOGNITION

FOR THE FPA, PROFESSIONAL RECOGNITION IS ALL ABOUT GIVING OUR MEMBERS THE RESPECT THEY DESERVE WHILE HOLDING THEM ACCOUNTABLE TO THE HIGH STANDARDS THEY COMMIT TO.

In the past year, the FPA's professional recognition activity focused on three key areas:

- Recognition from government and other stakeholders
- Launch of our national advertising campaign telling Australians about the high standards of FPA members
- Launch of the inaugural Best Practice Awards to replace the Value of Advice Awards.

RECOGNITION FROM GOVERNMENT AND OTHER STAKEHOLDERS

The past year saw key achievements for FPA members in the form of significant concessions in FoFA reforms, negotiated by the FPA. These included:

- 12-month transition for implementation to 1/7/2013
- Opt-in for new clients only
- Class order relief from Opt-in for members of an ASIC-approved Code issuing body
- Retention of commissions on insurance except My Super and Group schemes
- Removal of trail commissions from the fee disclosure statement
- Simplified additional fee disclosure
- Facilitation of scaled advice in FoFA legislation

Importantly, following extensive FPA lobbying, the government committed to table legislation to enshrine the term 'financial planner' in law by 1 July 2013. This is a critical step for the professionalisation of financial planning as it will separate those who meet agreed criteria to call themselves a 'financial planner' from others. This key distinction will significantly facilitate consumer trust and confidence in financial planners.

Shortly after the FoFA reforms were passed in the Lower House in March 2012, the FPA received its registration as a Recognised Tax Agent Association. The FPA is the only financial planning body to receive this registration confirming the FPA as a professional body while significantly benefiting members who wish to become Registered Tax Agents.

CONSUMER ADVERTISING

In response to member demand to receive the respect they deserve, the FPA invested in a significant national consumer advertising campaign, funded by members for members.

The communication objectives of the campaign were to:

- Position the FPA as Australia's leading community of professional financial planners;
- Establish the FPA as standing for best practice in financial planning; and
- Differentiate FPA members through higher standards and drawing analogies with other professions.

Following rigorous consumer testing and developed in conjunction with the Board Member Engagement and Marketing Committees, the 'FPA difference' consumer advertising campaign ran in 2011 as follows:

- Multi-media strategy over six weeks split across free-to-air and pay TV, print, online display and Google search advertising targeting consumers aged 35 – 64 with $150k+ investable assets
- Consumer tracking research showed that awareness of FPA members increased by 14% after the campaign

- Generated over 20,000 online click throughs to the FPA website, achieving a 20% boost to Find-a-Planner searches.

The campaign re-commenced in June 2012 with the launch of new creative executions including advertisements promoting the benefits of CFP® professionals.

Importantly, to enable consumers to clearly identify FPA members and adherence to professional standards, all members received for the first time as part of our 2011/12 member renewals campaign a personalised Ethics certificate and a printed copy of the Code of Professional Practice, in addition to their designation certificates where applicable.

BEST PRACTICE AWARDS

As part of the FPA's new mandate to elevate the status of financial planning to a universally respected profession, 2011 saw the launch of the inaugural FPA Best Practice Awards.

Replacing the previous Value of Advice Awards, the Best Practice Awards recognise superior outcomes for clients when professional financial planning expertise is provided in line with the FPA Code of Professional Practice and Code of Ethics. In conjunction with the Future2 Foundation, we also introduced an award category that recognises those members who have made an outstanding contribution to the wider community.

The new Awards were well-supported by members which was reflected in the high quality entries received. We are grateful for the time and insight invested by the judging panel to shape the criteria and assess the entries for the Awards.

The 2011 panel comprised:

- Kerrin Falconer
- Steve Helmich (Life Member)
- David Haintz CFP® FFPA
- Neil Kendall CFP® FFPA
- Patrick Canion CFP®
- Wayne Roggero CFP®
- Sue-Ann Charlton CFP®.

> "The government committed to table legislation to enshrine the term 'financial planner' in law by 1 July 2013. It will separate those who meet agreed criteria from others."

PROFESSIONAL RECOGNITION
CONTINUED

The 2011 National Award winners are:

FPA CERTIFIED FINANCIAL PLANNER®
Professional Best Practice Award
Pippa Elliot CFP®

FPA Associate Financial Planner
Best Practice Award
Michael Smith AFP®
Jim Fenwicke AFP® LRS®

Future2 Community Service
Best Practice Award
Charles Badenach CFP®
Ross Shepherd CFP®

In the 2011/12, the following FPA members received Honorary Awards to mark their outstanding contribution to their profession.

FPA FELLOW AWARD

Rob Pyne CFP®
Philip Mason-Cox CFP®
Stephen Wait CFP®
Craig Meldrum AFP®

FPA DISTINGUISHED SERVICE AWARD

Pippa Elliot CFP®
Bev Ferris CFP®
Sandy Hopps CFP®
Gary Jones AFP®
Colleen Peffer CFP®
Laurie Pennell CFP®
Rob Pyne CFP®
Sue Viskovic CFP®
Stephen Wait CFP®
Deidre Walsh CFP®

MEMBER FOCUS

TOGETHER AS ONE

Progress as at July 2012

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.

MEMBER FOCUS

THE RE-FOCUSING OF THE FPA'S RESOURCES, EFFORTS AND ENERGIES TO THE INDIVIDUAL PRACTITIONER IN 2011/12 WAS CLEAR AND ABSOLUTE. THIS RESULTED IN A RANGE OF INNOVATIONS TO ADD VALUE TO OUR MEMBERS.

As at 30 June 2012, the composition of the FPA membership was:

CFP® Practitioner member	5,544
AFP® Practitioner member	2,032
Subscriber Associate	1,610
Paraplanner Associate	136
Future Planner Associate	223
Student Associate	292
Retired Associate	114
FPA Professional Practices	196
FPA Professional Partners	63
Total member numbers	**10,210**

With the singular focus on individual practitioners, the FPA set about evaluating every engagement point with members to ensure that we took steps to deliver relevance and value. While there is still work to do, and we appreciate member needs continue to evolve, the FPA made the following in-roads in 2011/12:

- Launched 'FPA Express' (weekly e-newsletter) resulting in an average 20% increase in member email open rate in first three months.
- Launched the new *Financial Planning* magazine 'knowledge hub' at www.financialplanningmagazine.com.au in April 2012.
- Restructured, redesigned and relaunched the FPA's corporate website. In an October 2011 survey completed by over 1,000 FPA members, the new FPA emails, *Financial Planning* magazine and the FPA website were rated as the most useful types of communication by members.
- Simplified and streamlined membership categories, value proposition and pricing for 2012/13 to facilitate communication and delivery of value, as well as new member recruitment.
- The Member Services Call Centre was re-engineered to deliver improved responsiveness to members in calls and emails.
- Devised and launched FPA 20th anniversary celebrations with promotions taking place weekly, monthly and culminating in end of year capital city events.
- Conducted a comprehensive member satisfaction survey and the findings were used to inform new member engagement initiatives.
- Launched the members-only LinkedIn group which has been well-received as a private forum for members to raise issues and share best practice.
- Launched the FPA Little Black Book of member services, which was developed in consultation with Board Member Engagement and Marketing Committees, in May 2012.
- Revamped and enhanced the new member welcome kits and implemented welcome call program to facilitate engagement and new member retention.

> "With the singular focus on individual practitioners, member engagement keeps rising."

> 94% of FPA Professional Practices renewed their licensing arrangement and there is an increasing number of new ones coming on board.

- Created a new events model, calendar and process to provide alternative solutions to member engagement.
- Launched the FPA's first social media strategy.
- Re-launched Chapters in Cairns, Townsville and Rockhampton, with a National Chapter Chair Conference held in November 2011.
- Refined the Chapter events process leading to a structured events calendar for the first time, along with improved multi-channel Chapter events marketing and a feedback process. The FPA supported over 110 Chapter events run throughout our network of 32 Chapters in 2011/12.
- The new FPA Committee structure was launched in July 2011 and has undergone regular review to ensure it continues to meet the needs of the organisation and our members.
- FPA Committee Chairs were engaged to provide feedback through bi-annual conference call with the FPA Chair and CEO.

Since the licensee and dealer group community no longer have voting and membership rights with the Association, a new proposition and offer was developed for FPA Professional Practices to engage the previous small principal community. This has been well-received in the first year with 94% of Practices renewing their co-branding licensing arrangement and the volume of Professional Practices growing each month.

FPA Professional Practices are being increasingly engaged in helping to shape FPA support initiatives around the FoFA reforms and the Tax Agents Services Act to ensure that the needs of small businesses including those practices with their own license are taken into account.

Large licensees are now recognised in a new corporate relationship with the FPA and are known as FPA Professional Partners. In 2011/12 the FPA was proud to have the support of 63 Professional Partners who pledge to share in our professional journey and uphold the high standards we stand for. We highlight some of our FPA Professional Partners on the pages that follow.

MEMBER FOCUS
CONTINUED

PROFESSIONAL PARTNERS


WHK

Perpetual

ipac

TYNAN MACKENZIE

CENTRIC Wealth

Financial Wisdom

FIDUCIAN
Financial Services

ClearView

Capstone
FINANCIAL PLANNING

Australian Unity

RBS Morgans

MATRIX
PLANNING SOLUTIONS

Fitzpatricks
Private Wealth

Consultum
Financial Advisers

MERCER

TelstraSuper

Prescott
Securities
STOCKBROKERS & FINANCIAL ADVISERS

people's
choice
CREDIT UNION

ORD MINNETT

QInvest
Financial Planners
Public Sector Specialists

myadviser

HM
Henderson Matusch
POSITIVE WEALTH MANAGEMENT
HAVING MONEY

SENTRY

remunerator
Financial Services

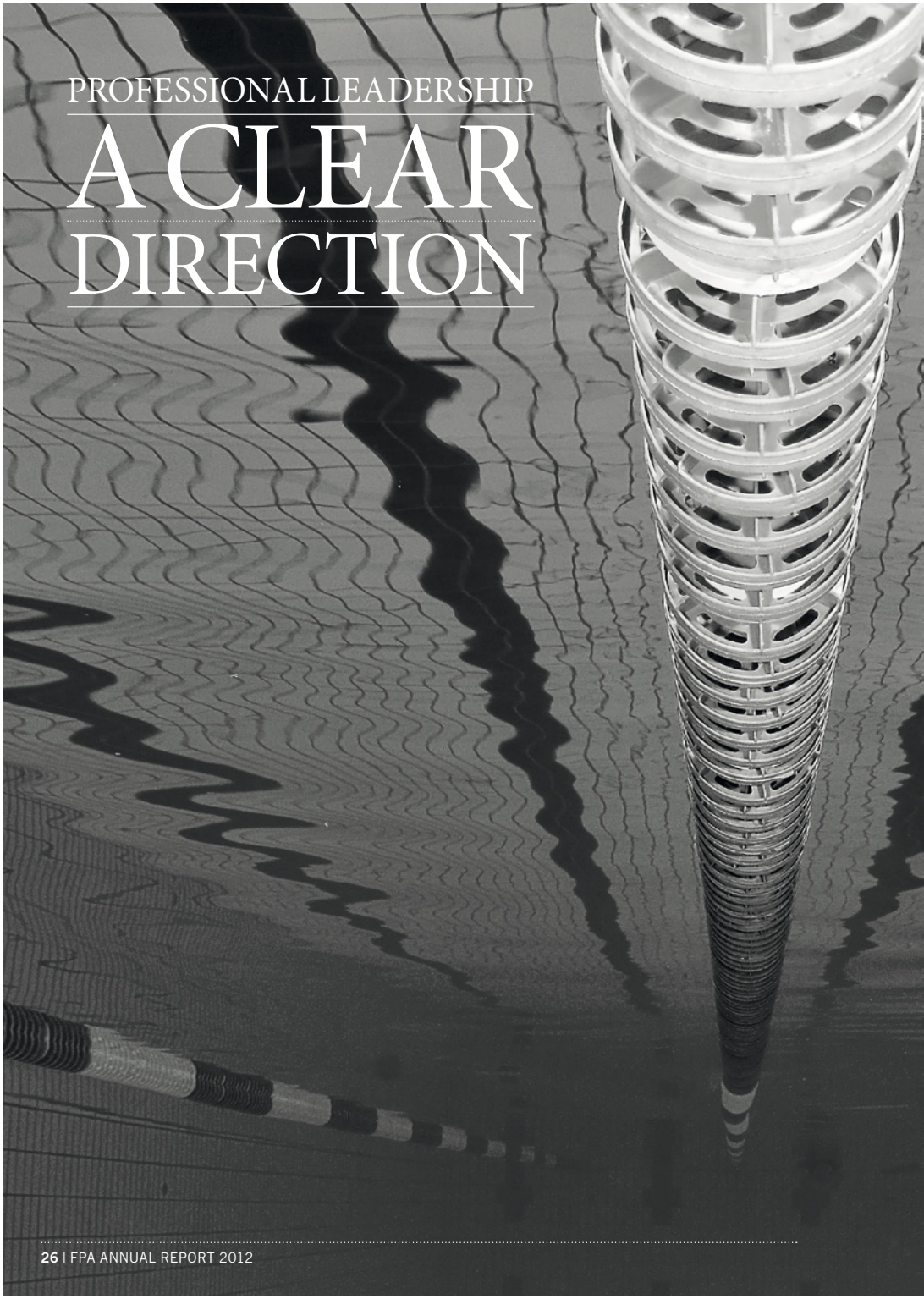
1885
THE
TRUST
COMPANY

ADVICE
UniSuper

mgd
wealth
connect the dots

PROFESSIONAL LEADERSHIP

A CLEAR DIRECTION



Progress as at July 2012

GOAL	STRATEGY
Ensure Financial Planner AFP® members are obtaining CFP® certification.	Target eligible AFPs to ensure 90% are studying for the CFP designation.
Ensure CFP® designation and experience are world class.	Benchmark CFP® designation 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 CODE OF PROFESSIONAL PRACTICE CONTINUES TO BE THE FIRST AND ONLY FULL SUITE OF PROFESSIONAL REGULATIONS, INCLUDING ETHICS, PRACTICE STANDARDS AND CONDUCT RULES FOR FINANCIAL PLANNING IN AUSTRALIA.

Significant activity has been undertaken in the 2011/12 year around key initiatives including the FPA's:

- CFP® Certification Program
- Specialist designations of LRS® Life Risk Specialist and AEPS® Accredited Estate Planning Strategist
- The formation of the Financial Planning Education Council
- CPD education model
- Policy framework and professional standards activity.

CFP® CERTIFICATION PROGRAM

With research showing that over 41% of financial planners believe that the CFP designation would have a positive impact on business growth[2] it is no surprise that there is participation in the CFP Certification Program from a wide range of members. Students range from those aged in their early 20s to some in their 60s, benefiting from the contributions of over 50 practitioners who committed time and expertise to the profession, ensuring the relevance and currency of the program.

Academically, the program has been recognised as being at a Masters level. Through the development of improved relationships with universities, FPA has arranged formal exemption agreements for CFP certification study at eight higher education providers.

Additional universities have provided exemptions to other Masters degrees on the basis of individual student arrangements. Study with the FPA can count not just to a designation, but also to a higher education qualification.

Careful oversight by both the Professional Designations Committee (in terms of results and processes) and member committees for each education program (content and assessment) has assured the rigour and relevance of the content.

It is important to recognise that it is practitioner contributions that underpin the program that is supported by Deakin University. Practitioner involvement includes writers, reviewers, subject matter experts, presenters, assessment writers, assessors and mentors. The certification examination alone has a review process by practitioners for each new individual question, plus two full review panels for each examination paper. A separate panel reviews the overall pass mark.

A number of enhancements have been made to the CFP Certification Program and student experience through streamlined processes and more flexible progression rules:

- Students can now complete subjects in a different order
- Summer school has been rearranged to fit better into busy lifestyles
- Lock step rules for the final assessment unit have been changed to support students better through an option of spreading the assessment over a year
- A webinar has been built into the program
- An option for resubmission for marginal assignments included.

Student support has been enhanced through additional follow up, feedback and assistance that seeks to maintain standards while supporting students who are busy professionals.

[2] *Investment Trends 2012 Planner Business Model Report*

> Academically, the program has been recognised as being at a Masters level. Through the development of improved relationships with universities, FPA has arranged formal exemption agreements for CFP certification study at eight higher education providers.

To recognise both new and experienced CFP professionals, a monthly 'CFP® practitioner strategy' feature and new CFP practitioner interviews have been introduced in *Financial Planning* magazine during the year.

Moreover, the new non-practising option has been adopted by a growing number of practitioners whose current careers vary from the traditional requirements. Returning CFP professionals have been able to use newly defined pathways to return to full membership.

SPECIALIST DESIGNATIONS

During 2011/12, there has been a 766% growth in members with the AEPS Accredited Estate Planning Strategist designation following harmonisation and streamlining of the requirements for both specialist designations to align to 'the four Es' familiar to CFP professionals. The LRS Life Risk Specialist designation maintained its numbers. Four members achieved the 'hat trick' of the CFP mark and both LRS and AEPS.

They are:

1. Alison Williamson CFP® LRS® AEPS®
2. Michael Davie CFP® LRS® AEPS®
3. Sean McGowan CFP® LRS® AEPS®
4. Peter Roan CFP® LRS® AEPS®

FINANCIAL PLANNING EDUCATION COUNCIL

The Financial Planning Education Council (FPEC) was established as an independent body chartered with the responsibility of raising the standard of financial planning education and promoting financial planning as a distinct learning area and a career of choice for new students and career changers.

FPEC's major roles include:

- Drive the development of an Australian Financial Planning University Curriculum based on the Financial Planning Standards Board's 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.

In its first year, the FPEC brought together financial planning practitioners and academics to complete a formal consultation document for distribution to all Australian universities and relevant higher education providers.

PROFESSIONAL LEADERSHIP
CONTINUED

CPD EDUCATION MODEL

The FPA continues to be recognised as the industry's leading approval body for CPD education quality. Around 90% of all CPD available to financial planners is FPA accredited, and demand for accreditation of CPD by the FPA is growing.

Over 150 Learning & Development professionals working in the licensee community are FPA Accredited Assessors, and in 2011 a closed LinkedIn group was established to facilitate ideas-sharing among this specialist community.

This year, the FPA has undertaken a significant review of its CPD program offering which has resulted in:

- Formulating a CPD Education strategy to re-define the business model to deliver greater market differentiation and value to members. All FPA CPD programs are now directly aligned to the FPA Code of Professional Practice, particularly focused on client engagement best practice. All programs are now developed in conjunction with practitioner Committee members.
- Delivery of the ground-breaking Shadow Shopper CPD national workshops that took place in capital cities throughout May 2012. These workshops were highly topical, practitioner-focused and interactive, attracting three CPD points for a two hour session.
- FPA CPD webinar programs and face-to-face events continue to enjoy satisfaction ratings from members exceeding 80%.
- Over 500 members have taken up the free self-paced Code of Professional Practice introductory education program.
- The launch of a free and exclusive Fee-for-Service Toolkit to members to facilitate transition to new FPA Remuneration Policy has attracted over 9,000 hits to date.

> "The FPA has met with Treasury, other politicians and numerous stakeholders over 100 times."

PROFESSIONAL ACCOUNTABILITY

The FPA is committed to informing members and the community of the trends and outcomes of complaints and disciplinary action in the financial planning profession. It is important for members and the community to be confident that the profession takes a strong position on the protection of the reputation of financial planners by responding to breaches of its professional expectations.

The FPA Conduct Review Commission (CRC) has responsibility under the FPA Constitution and the FPA Disciplinary Regulation for determining disciplinary actions brought by the FPA against members. Disciplinary action against a member often follows the FPA's investigation of a consumer complaint. The FPA Investigating Officer may report suspected Breaches of the FPA's Code of Professional Practice to the Conduct Review Commission. The CRC chair may then cause a Notice of Charge to be issued to the member for the alleged Breach. A CRC Disciplinary Panel is formed to hear and determine the disciplinary action against the member.

Sanctions may range from expulsion and suspension of membership to fines and supervision orders and formally reprimanding the member.

The FPA's Professional Accountability program resulted in the following activity and results:

- We received a total of 67 formal complaints.
- We finalised a total of 80 complaints.
- As at 30 June 2012 we had 22 outstanding complaints, down 35% at the same time last year.
- Conducted six Conduct Review Commission hearings, delivering two determinations and one appeal determination (appeal dismissed). one member was expelled and an expulsion was confirmed. (Refer to Table 1)
- We utilised the benefits of the Summary Disposal facility, enabling us to work cooperatively with members (under the watchful eye of the CRC) to achieve corrective professional regulatory outcomes that foster the protection of the profession and the community. There were three Summary Disposals. (Refer to Table 2)
- We automatically terminated the membership of seven FPA members under the provisions of the FPA Constitution. (Refer to Table 3)

We further fostered the protection of the profession and the community in responding to over 400 enquiries from members, consumers and other stakeholders in relation to professional standards related activity.

It should be noted that ASIC banned 19 individuals from practising as financial planners and of these, only three were members of the FPA.

CASE NO.	MEMBER DETAILS	MEMBER NUMBER	EFFECTIVE DATE	MEMBER CATEGORY	SANCTION
TABLE 1 CRC DETERMINATION					
CRC_2011_2	Emmanuel Cassimatis	11649	26 July 2011	General	Appeal Dismissed (Expelled & costs)
CRC_2011_3	Paul Florence	17962	23 Nov 2011	AFP	Expelled & Costs
CRC_2012_1	Blinded	Blinded	11 April 2012	CFP	Fined & Education
TABLE 2 SUMMARY DISPOSAL					
SD 2011_1	Blinded	Blinded	20 Dec 2011	AFP	Fined & Education
SD 2011_1	Blinded	Blinded	20 Dec 2011	Principal	Fined
SD_2012_1	Blinded	Blinded	17 Feb 2012	AFP	Fined, Education, External Audits

PROFESSIONAL LEADERSHIP
CONTINUED

MEMBER NAME	MEMBER NUMBER	EFFECTIVE DATE	MEMBER CATEGORY	CONSTITUTION REASON	SANCTION
TABLE 3 AUTOMATIC TERMINATION PURSUANT TO FPA CONSTITUTION					
Anne-Marie Seagrim	11639	5 July 2011	CFP	17.1(g)	Banning order (ASIC)
Peter Seagrim	4575	5 July 2011	CFP	16.1(e)	Banning order (ASIC)
Warwick Ryan	25727	18 Aug 2011	CFP	16.1(b)	Insolvent
Mervyn Ross Tarrant	13872	13 Jan 2012	CFP	16.1(e)	Banning order (ASIC)
Simon Langton	35109	17 Jan 2012	AFP	16.1(d)	Authority revoked breach of the law
Dennis Cummins	13554	12 Mar 2012	AFP	16.1(b)	Insolvent
Simon Turudia	35680	20 Mar 2012	CFP	16.1(d)	Authority revoked breach of the law

PROFESSIONAL ADVOCACY

The political process surrounding FoFA has been more than challenging to negotiate. We have remained key players with a seat at the table and we have relentlessly fought the good fight for our members.

In the last year alone, on behalf of members, the FPA has met with Treasury, other politicians and numerous stakeholders over 100 times.

We participated in more than a dozen Government committees and produced over 20 submissions to contribute our views on shaping new legislation and regulation with the interests of our members and their clients in mind.

We have also issued more than 80 media releases to broadcast our views as widely as possible.

During the past year, the FPA became a recognised Tax Agent Association through the accreditation of the Tax Practitioner Board (TPB) and implemented the 'Four Policy Pillars' framework for FPA policy development. The four pillars inform the creation of all our policy positions and Board resolutions and reflect the priorities of a professional body in advocating the protection of consumers in acting in the public's best interest but also enhancing the professional standing of our practitioner members. Those four policy principles are:

1. It must be in the public's best interest;
2. It must enhance professional practitioners;
3. It must be in line with the Government and regulatory requirements; and
4. It must adhere to the FPA's Code of Professional Practice.

Further the FPA has been working hard on the Stronger Super reforms – particularly those regarding MySuper and intra-fund advice, extending the commencement of the Tax Agent Services Act for financial planners until 1 July 2013, influencing the Richard St John review into not recommending an introduction of last resort compensation scheme.

FPA presented members' views on key policy issues at numerous meetings with politicians, Government agencies, appearances at a number of inquires such as the Parliamentary Joint Committee Inquiry into FoFA and other stakeholder groups held throughout the year. As shown on the following pages.

Table 1: FPA stakeholder meetings

MONTH	WHO
July 2011	• Chair, from the Tax Practitioners Board (TPB) • The Treasury (FoFA) • Chief of Staff from Minister Bill Shorten's Office • Richard St. John (Treasury) Head of Review into Compensation Scheme • Accounting Professional and Ethical Standards Board (APESB), Financial Services Council (FSC) • AUSTRAC Financial Consultative Forum • Senator Mathias Cormann (Shadow Minister for Financial Services & Superannuation)
August 2011	• Australian Securities and Investments Commission (ASIC) • The Hon Bill Shorten MP (Minister for Financial Services & Superannuation) • The Treasury (FoFA – Peak Consultation Group) • Greg Medcraft from the Australian Securities and Investments Commission (ASIC) • Senator Mathias Cormann (Shadow Minister for Financial Services & Superannuation) • The Treasury (Credit – Reverse Mortgages) • Financial Services Council (FSC) • Bernie Ripoll MP (Chair PJC) • Peter Besseling from Independent Robert Oakeshott's Office • Clare Ozich & John Hawkins from Senator Bob Brown's Office • Senior Leader of Advice from the Australian Securities and Investments Commission (ASIC)
September 2011	• Chair from the Tax Practitioners Board (TPB) • Senator Mathias Cormann (Shadow Minister for Financial Services & Superannuation) • The Treasury (FoFA Peak Consultation Group) • Financial Services Council (FSC)

PROFESSIONAL LEADERSHIP
CONTINUED

MONTH	WHO
September 2011 *CONTINUED*	• Australian Securities and Investments Commission (ASIC) • Appearance as a witness at the PJC Trio Inquiry (Public Hearing) • Australian Financial Markets Association (AFMA) • The Treasury • Shane Tregillis, FOS Chief Ombudsman • Pre tax forum meeting with Minister Bill Shorten
October 2011	• Chief of Staff from Minister Bill Shorten's Office • AUSTRAC meeting to discuss beneficial ownership issues • The Treasury (FoFA Peak Consultation Group) • Tax forum in Canberra (two days)
November 2011	• Richard Sandlant & Sue Vroombrout from The Treasury • Financial Services Council (FSC) • The Institute of Chartered Accountants in Australia (ICAA) • CPA Australia • The Treasury (FoFA Peak Consultation Group) • Chief of Staff from Minister Bill Shorten's Office • The Hon Bill Shorten MP (Minister for Financial Services & Superannuation) • The Treasury (Credit) • Senior Leader of Advice from the Australian Securities and Investments Commission (ASIC) • Greg Medcraft from the Australian Securities and Investments Commission (ASIC)
December 2011	• Senator Mathias Cormann (Shadow Minister of Financial Services and Superannuation) • Financial Services Council (FSC) • Chief of Staff from Minister Bill Shorten's Office • Richard Sandlant & Stephen Powell from The Treasury • Andrea Slattery from the SMSF Professionals' Association of Australia (SPAA) • Clare Ozich from Senator Bob Brown's Office (the Greens party) • AFA & FPA Licensee Leadership Forum invite with Senator Cormann
January 2012	• Bernie Ripoll MP (PJC Chair) • Parliamentary Joint Committee (PJC) public hearing on the inquiry into the Future of Financial Advice reforms.
February 2012	• Financial Services Council (FSC) • Senate Economics Committee public hearing on the inquiry into the Future of Financial Advice reforms • The Treasury (FoFA) • Chair from the Tax Practitioners Board (TPB) • Chief of Staff from Minister Bill Shorten's Office

MONTH	WHO
February 2012 *CONTINUED*	• SMSF Professionals' Association of Australia (SPAA) • Appearance as a witness at the Senate Economics Committee Hearing on FoFA • Chief of Staff from Senator Mathias Cormann's Office • The Treasury (Tax Agent Services Act) • Superannuation Roundtable meeting
March 2012	• Dr Peter Tucker from Andrew Wilkie's Office • The Treasury (Credit) • Financial Services Council (FSC) • Commissioner Peter Kell & Nick Coates, ASIC • Shane Tregillis, FOS Chief Ombudsman • Chief of Staff from Minister Bill Shorten's Office
April 2012	• Industry Super Network • Australian Securities and Investments Commission (ASIC) • Financial Services Council (FSC) • The Hon David Bradbury MP (Assistant Treasurer) • The Treasury (FoFA) • The Hon Bill Shorten MP (Minister for Financial Services & Superannuation) • Superannuation Roundtable
May 2012	• CEO from the SMSF Professionals' Association of Australia (SPAA) • Commissioner Peter Kell, ASIC • Financial Services Council (FSC)
June 2012	• Chair from the Tax Practitioners Board (TPB) • Senior Advisor from Tony Abbott's Office • The Treasury (FoFA) • Chief of Staff Treasury (TASA) from Minister Bill Shorten's Office • The Institute of Chartered Accountants in Australia (ICAA) • Financial Services Council (FSC) • Tax Practitioners Board, Chair • The Hon Bill Shorten MP (Minister for Financial Services & Superannuation) • CEO from the SMSF Professionals' Association of Australia (SPAA)

The FPA continued its commitment to represent members' views, engaging in drafting and negotiations with the Australian Securities and Investments Commission (ASIC) and Treasury on regulatory issues confronting the industry, particularly the FoFA reforms.

FPA participation was ongoing in key Government committees and working groups. The FPA was also invited to participate in special Government forums and seminars such as the Tax Forum in October 2011 and the Superannuation Round Table.

PROFESSIONAL LEADERSHIP
CONTINUED

Table 2: FPA Government committee participation

COMMITTEE	GOVERNMENT AGENCY	PURPOSE
Tax Forum *4th & 5th October 2011*	Australian Commonwealth Government	It focused on a broad sweep of topics covered in the tax review, and included six sessions: personal tax, transfer payments, business tax, state taxes, environmental and social taxes, and tax system governance.
Superannuation Round Table	Minister for Financial Services and Superannuation via The Treasury	To consider ideas raised at the Tax Forum for providing Australians with more options in retirement and improving certain superannuation concessions.
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 Superannuation Funds (SMSF) Working Group	Australian Tax Office	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.

COMMITTEE	GOVERNMENT AGENCY	PURPOSE
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.
AML/CT Financial Consultative Forum	AUSTRAC	Industry forum to discuss issues and concerns regarding AML/CT obligations.
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	Minister for Financial Services and Superannuation via The Treasury	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.

PROFESSIONAL LEADERSHIP
CONTINUED

The FPA produced over 20 formal submissions and numerous informal submissions and letters to government and other stakeholders. The FPA produces these submissions in line with the 'four policy principles' as outlined earlier and the consultation of members through formal committee processes and other medium such as at Chapter visits, email, phone and through LinkedIn. To all those members that have contributed in one way or another, thank you for your efforts and constructive feedback.

Table 3: Submissions in 2011/12

No.	SUBMISSION ISSUE	RECIPIENT	DATE
1	Parliamentary Joint Committee (PJC) Inquiry into the collapse of Trio Capital	PJC	29 August 2011
2	Refund of excess concessional contributions (consultation paper)	Treasury	7 September 2011
3	Future of Financial Advice draft legislation – tranche 1	Treasury	16 September 2011
4	Consultation paper (CP)164 – scaled advice	ASIC	23 September 2011
5	MySuper core provisions exposure draft	Treasury	13 October 2011
6	Financial Planning Standards Board (FPSB) consultation on Draft Financial Adviser Standards	FPSB	17 October 2011
7	Future of Financial Advice draft legislation – tranche 2	Treasury	19 October 2011
8	SMSFR 2011/D1 limited recourse borrowing arrangements	ATO	28 October 2011
9	Parliamentary Joint Committee (PJC) Inquiry into the Future of Financial Advice reforms	PJC	22 December 2011
10	Consultation paper (CP)169 – term deposits as basic banking products	ASIC	23 December 2011
11	Refund of excess concessional contributions (exposure draft)	Treasury	16 January 2012
12	Senate Economics Committee (SEC) Inquiry into the Future of Financial Advice reforms	(SEC)	19 January 2012

No.	SUBMISSION ISSUE	RECIPIENT	DATE
13	Parliamentary Joint Committee (PJC) Inquiry into MySuper legislations	PJC	20 January 2012
14	Federal Budget 2012/13	Treasury	25 January 2012
15	FPA submission to become an accredited Tax Agent Association	Tax Practitioners Board (TPB)	2 February 2012
16	Consultation paper (CP) 171 – Research Houses	ASIC	3 February 2012
17	Consultation paper (CP) 176 – Platforms	ASIC	2 May 2012
18	Replacement to the Accountants Exemption	Minister for Financial Services and Superannuation	6 June 2012
19	Future of Financial Advice draft regulations – tranche 1 & 2	Treasury	7 June 2012
20	Refund of excess concessional contributions tax – draft legislation	Treasury	26 June 2012
21	Financial Services Council (FSC) proposed Insurance Standard: Replacement Business Framework	FSC	27 June 2012
22	Future of Financial Advice draft regulations – tranche 3	Treasury	28 June 2012

PEOPLE

PERSONAL BEST

Progress as at July 2012

GOAL	STRATEGY
Create a commercial performance culture.	Review and implement job specifications, 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

IN RE-ALIGNING OUR EXTERNAL FOCUS TO INDIVIDUAL PRACTITIONERS DURING 2011/12, A SIGNIFICANT EFFORT WAS UNDERTAKEN TO RE-ALIGN THE FPA'S INTERNAL RESOURCES, OPERATIONS AND CULTURE.

The FPA team numbers around 35 now mostly located in a Sydney office, and they have performed exceptionally well in executing change and delivering the transformation required by members and the Board over the past 12 months.

A key focus is placed on ensuring FPA staff are valued, developed and work within clear structures and performance management systems. 2011/12 saw the following initiatives for our people:

- Improved staff satisfaction in annual staff survey in 2012 (4.12) compared to 2011 (3.96).
- Implemented regular staff meetings and email communications on HR issues.
- Clear organisation structure communicated when staff changes occur.
- Launched a performance management framework for all staff.
- Designed, undertook and presented to staff on an organisation-wide values survey, with results actions to improve the culture and align the values of staff and the FPA.

future2

From a community perspective, the FPA built on a strong foundation of support for Future2 the charitable foundation of the financial planning profession.

> "Every community needs a heart, and ours is beating for the Future2 Foundation."

The FPA continues to provide finance and accounting support for Future2 and in addition, in 2011/12, also undertook the following:

- Launched the Future2 Community Service Best Practice Award as part of the Best Practice Awards to recognise those who undertake work to improve the circumstances of those in the community who are disadvantaged, with Steve Helmich and David Haintz representing Future2 on the Awards judging panel.
- Implementing a series of fund-raising dinners for the Leadership Series events around the country.
- Incorporated paper-based donation facilities, as well as existing online functionality, for members when renewing their membership resulting in $15,000 contributed by members.
- Included consistent promotion of Future2 in FPA Express emails and Financial Planning magazine sent to members.
- Promoted Future2 in the new FPA Little Black Book.

7 keys to the CFP® professional difference

CERTIFIED FINANCIAL PLANNER® PROFESSIONALS HAVE ACHIEVED THE HIGHEST LEVELS OF EXAMINATION, ETHICS AND EDUCATION RECOGNISED GLOBALLY AND ONLY AVAILABLE IN AUSTRALIA THROUGH THE FPA.

For consumers, the CFP designation is the *most commonly cited credential* when looking for a financial planner.[3]

41% of financial planners believe that the CFP® designation would have a positive impact on business growth.[4]

57% of licensees report that business revenue increased as a result of employing CFP® professionals.[5]

78% of licensees state that corporate risk and complaints are reduced by having a greater number of CFP® practitioners.[5]

67% of financial planners believe that the CFP® designation would have a positive impact on their reputation.[4]

65% of licensees claim that client relationships are strengthened by having a greater number of CFP® practitioners.[5]

35% CFP® professionals account for over 35% of the planner population but less than 2% of ASIC enforcement activity.[6]

[3] *Investment Trends August 2012 Advice and Limited Advice Report.* [4] *Investment Trends April 2012 Planner Business Model Report.* [5] *Comparator Business Benchmarking September 2012 Market Pulse Report.* [6] *FPA and ASIC data for past three years.*

FINANCIAL PERFORMANCE

RIGHT ON TARGET

Progress as at July 2012

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 PERFORMANCE

AFTER SIGNIFICANT INVESTMENT IN 2010/11, THE FPA RETURNED A NET OPERATING SURPLUS IN 2011/12 DESPITE DELIVERING ON MAJOR INITIATIVES SUCH AS THE NATIONAL ADVERTISING CAMPAIGN.

FINANCIAL HIGHLIGHTS FOR THE YEAR 2011/12 INCLUDED:

- In re-aligning the organisation to the new structure and strategy, 2011/12 saw significant cost control which has resulted in approximately $500,000 of savings in operating costs from the original 2012 budget.
- Significant savings have resulted from a review of operations and projects in which some non-performing areas were re-calibrated.
- A new Investment Policy, approved by the Audit Committee, was implemented to manage cash flow and delivered outcomes exceeding budget.
- In addition, operational processes were re-engineered to deliver an enhanced membership renewals campaign to reduce administrative burden across the organisation and make it easy for members to renew through their preferred communication channel. This cross-functional project resulted in the highest level of membership renewals before the end of the membership year the FPA has experienced in the past three years.
- Finally, a review of the FPA's membership data and marketing system commenced with business requirements definition and vendor RFP phases completed to date.

> "The FPA returned a net operating surplus in 2011/12. This result comes two years ahead of Board expectations."

FINANCIAL PLANNING ASSOCIATION OF AUSTRALIA LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

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®, CPA (FPS), GAICD, BEc, 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 elected to the FPA Board in 2007 as a practitioner elected member and subsequently appointed the Chair of the Board at the AGM in November 2010. Matthew 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.

Mark Rantall
CFP®, CPA
Director and Chief Executive Officer
Appointed 1 July 2010

Mark is the Chief Executive Officer of the 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 time 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 in 2006.

Bruce Foy
B.Com LL.B, FAICD
Additional Director
Appointed 1 January 2006

Bruce is a professional non-executive director and has served on a number of public and private boards. Bruce is currently a member of the Board Professionalism and Policy Committee and has served on a number of other Committees from time to time. 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. In addition to being a director of the FPA, Bruce is a non-executive Director of The Doctor's Health Fund Pty Ltd, and of Investigator Resources Limited.

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 and Risk Management Committee, the Board Professionalism & Policy Committee and the Financial Planning Education Council.

Philip Pledge
B.EC, FCA
Additional Director
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 practised 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.

Julie Matheson
CFP®, DFP
Appointed 26 November 2010

Julie has been a member of the IAFP/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 has a Bachelor of Arts degree in Political Science and International Relations, and History from the University of Western Australia. Julie is currently enrolled in the FPA's Life Risk Specialist Program.

Julie's involvement with the FPA has been as a Board Member from 2006 to 2009, and since her reappointment on 26 November 2010, 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.

Matthew Brown
CFP®, Dip FA, MAICD
Appointed 18 November 2011

Matthew is Managing Director of Josman Financial Group and has 23 years' experience in the financial planning profession. Matthew was elected to the FPA Board in 2011 as a practitioner elected member at the AGM in November 2011. Matthew is currently a member of the Board Professionalism and Policy Committee. Matthew has been Chapter Chair of the Gold Coast FPA Chapter since election in 2007 and has worked in the Chapter since 2000 holding the role as Treasurer for five years.

Matthew is a CFP® Practitioner licensed through Charter Financial Planning. Matthew also holds the position of Chairman of Broadbeach Alliance Pty Ltd, a not-for-profit organisation that runs and controls the precinct and events within Broadbeach on the Gold Coast. Matthew is a member of the Australian Institute of Company Directors.

Patrick Canion
CFP®, MAppFin, GAICD, DFP, F Fin
Appointed 18 November 2011

Patrick is Chief Executive Officer of rmg financial services and has 27 years' experience in financial services. Patrick was elected to the board in November 2011 as a practitioner elected representative. He is currently Chair of the Marketing and Member Engagement Committee and a member of the Board Member Engagement Committee.

As well as a Master in Applied Finance and Investment degree, Patrick is a graduate of the Company Director Course. He is the President of the Western Australian Club Inc, a leading business and professional association based in Perth. Patrick has also acted as an expert witness.

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, 2010 and 2012.

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 and the Remuneration and Succession Planning Committee of the Board.

Peter O'Toole
CFP®, FFPA
Appointed 26 November 2010

Peter has worked in the financial service industry since 1982. In the early 80s 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 & 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 & Policy Committee.

Andrew Waddell
Ass Dip Bus (Marketing)
Appointed 30 November 2007
Retired 18 November 2011

Andrew is Director of AMP's Financial Advice Network (FAN) which has over 1,350 advisers, $27 billion FUA and over $400 million of inforce annual premiums making it one of the leading financial advice networks in Australia. In Coredata's 2012 licensee survey, three of FAN's businesses

placed in the top four. Andrew was a member of both the Strategy and the Remuneration & Succession Planning Committees of the Board. Andrew holds an Associate Diploma of Business (Marketing) from Swinburne and is a member of the Australian Institute of Company Directors.

COMPANY SECRETARY

Ian Read
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 CFP® certification and other professional designation programs, certification renewals and promotion of the CERTIFIED FINANCIAL PLANNER® mark (also known as CFP® mark) in Australia; and
- raise the awareness of Australians of the need for, and value of, professional financial advice.

REVIEW AND RESULTS OF OPERATIONS

The FPA recorded a before tax surplus of $149,761 (2011: deficit ($542,670)) for the year ended 30 June 2012 and an after tax surplus of $126,065 (2011: deficit ($537,149)) increasing accumulated members' funds to $5,926,747 (2011: $5,800,682) at 30 June 2012.

In addition to members' advertising levy contributions, the FPA contributed $176,750 to the advertising campaign from its operating surplus.

SIGNIFICANT EVENTS

The significant events that have occurred in the financial year to the end of June 2012 are as follows:

- the surrender of the Melbourne office as at 30 June 2012; and
- the investment made in the advertising campaign funded from members' advertising levy contributions.

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 2011/12		
	ELIGIBLE TO ATTEND	NUMBER ATTENDED
Matthew Rowe	8	8
Mark Rantall	8	7
Philip Pledge	8	6
Bruce Foy	8	8
Andrew Waddell *(position ended 18 November 2011)*	4	2
Louise Lakomy	8	8
Julie Matheson	8	6
Peter O'Toole	8	7
Neil Kendall	8	7
Matthew Brown *(commenced 18 November 2011)*	4	4
Patrick Canion *(commenced 18 November 2011)*	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 CFP® LRS® FFPA, Peter O'Toole CFP® FFPA

The Audit and Risk Management Committee met six times during the period under review.

Remuneration and Succession Planning Committee
Matthew Rowe CFP® (Chair), Neil Kendall CFP® FFPA
Joined: Julie Matheson CFP® (18 November 2011)
Resigned: Andrew Waddell (18 November 2011)
The Remuneration and Succession Planning Committee met three times during the period under review.

The following Committees were all established during the period under review:

Member Engagement Board Committee
Matthew Rowe CFP® (Chair), Mark Rantall CFP®, Neil Kendall CFP® FFPA, Kerrin Falconer CFP®, Julie Matheson CFP®, Patrick Canion CFP®, Claude Santucci, Greg Tindall CFP®, Todd Kennedy CFP®, John Hewison CFP® FFPA, Greg Cook CFP® LRS® FFPA

The Member Engagement Board Committee met twice during the period under review.

Membership Committee
Neil Kendall CFP® FFPA (Chair), Anna Louise Brown CFP®, Claire Mackay CFP®, Kevin Centra AFP®, Melissa Keating AFP®, Steve Dobson AFP®, Tony Pereira CFP®, Adam Hurwood CFP®, Julie Berry CFP® FFPA

The Membership Committee met twice during the period under review.

Communications and Marketing Committee
Kerrin Falconer CFP® (Chair), Chris Forrest CFP®, Chris Hanson CFP®, Henry Pilat CFP®, Julian Russell CFP®, Justine Shephard CFP® LRS®, Lisa Weissel CFP®, Patrick Canion CFP®, Shalinee Saurty CFP®, Sorab Daver CFP®, Sue-Ann Charlton CFP®, Wayne Roggero CFP®

The Communications and Marketing Committee met four times during the period under review.

Education and Member Services Committee
Julie Matheson CFP® (Chair), Stephen Bury CFP® LRS®, Greg Cunningham CFP®, Wally David CFP®, George Flack CFP®, Adrian Judd AFP®, Shane Nicholas CFP®, Drew Potts CFP®, Ragnhild Sky CFP®, Palminder Sodhi CFP®, Mark Wenzel AFP®, Dean Williams AFP®

Resigned: Brad Rogers CFP® (28 October 2011)

The Education and Member Services Committee met once during the period under review.

Professionalism and Policy Board Committee
Peter O'Toole CFP® FFPA (Chair), Bruce Foy, Danny Maher CFP®, Guyon Cates, John McMurdo, Louise Lakomy CFP® LRS® FFPA, Mark Spiers CFP® FFPA, Martin McIntosh CFP®, Matthew Brown CFP®, Seng Weng Chong

The Professionalism and Policy Board Committee met five times during the period under review.

Professional Conduct Committee
Guyon Cates (Chair), Trent Alexander CFP®, Chris Benson CFP®, Darryl Bryce CFP®, James Cotis CFP®, Paul Howden CFP®, Benjamin Marshan CFP®, Craig Milroy CFP®, Peter Richards CFP®, Jana Samargis AFP® LRS®, Nick Shugg CFP®, Julian Summers CFP®, Hanny Youcef AFP®

Resigned: Jamie Kelly (8 February 2012)

The Professional Conduct Committee met six times during the period under review.

Policy and Regulations Committee
Mark Spiers CFP® FFPA (Chair), Jason Andriessen CFP®, Jason Bragger CFP®, Frank Camilleri CFP®, Adrian Hanrahan CFP®, Justin Hooper CFP® AEPS®, William Johns CFP®, Alan Littley CFP®, Tim Mackay CFP®, Craig Meldrum AFP®, Michael Summers CFP® FFPA, Jo Tuck CFP®

The Policy and Regulations Committee met six times during the period under review.

Professional Designations Committee
Martin McIntosh CFP® (Chair), Dario Bartolomeo CFP®, Elson Goh CFP® LRS®, Robert MacLean CFP® AEPS®, Paul Moran CFP®, Thabojan Rasiah CFP®, Peter Roan CFP® LRS® AEPS® FFPA

Joined: Sean McGowan CFP® LRS® AEPS® (21 June 2012)

The Professional Designations Committee met six times during the period under review.

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

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 prescribed 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 prescribed 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 directors and officers in 2012 were $11,348 (2011: $13,297). This policy is renewed annually and the current policy expires on 31 March 2013.

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.

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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 2012, 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.

Ernst & Young

Ernst & Young

Rita Da Silva
Partner
19 September 2012

Signed in accordance with a resolution of the directors.

Matthew Rowe
Director

Philip Pledge
Director

13 September 2012
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 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian 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

13 September 2012
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 2012, 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.

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Fax: +61 2 9248 5959
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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 2012, 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.

Ernst & Young

Rita Da Silva
Partner
19 September 2012

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	**2012 $**	2011 $
Revenue	2	**9,789,098**	10,802,792
Employee benefits expenses	3(c)	**(4,790,229)**	(5,242,363)
Depreciation and amortisation expenses	3(a)	**(196,010)**	(271,634)
Conference, event, program and education expenses		**(1,962,366)**	(2,415,595)
Occupancy expenses	3(b)	**(332,898)**	(466,305)
Advertising and marketing expenses		**(499,413)**	(248,450)
Administration expenses		**(929,952)**	(1,039,479)
Other expenses		**(510,549)**	(633,496)
Total expenses from operations		**(9,221,417)**	(10,317,322)
Surplus from operations		**567,681**	485,470
Restructuring costs	3(d)	**(170,492)**	(819,624)
Advertising levies	3(e)	**(247,428)**	(208,516)
Operating profit/(loss) before income tax		**149,761**	(542,670)
Income tax (expense)/benefit	5	**(23,696)**	5,521
Operating profit/(loss) for the year		**126,065**	(537,149)
Other comprehensive income		**–**	–
Total comprehensive income		**126,065**	(537,149)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	**2012 $**	2011 $
Current assets			
Cash and cash equivalents	17	**7,015,668**	5,457,304
Trade and other receivables	6	**284,068**	338,971
Other current assets	7	**5,315,782**	4,014,004
Total current assets		**12,615,518**	9,810,279
Non-current assets			
Plant and equipment	9	**137,464**	192,859
Intangible assets	10	**118,535**	178,105
Deferred tax assets	5	**232,087**	243,994
Total non-current assets		**488,086**	614,958
Total assets		**13,103,604**	10,425,237
Current liabilities			
Trade and other payables	11	**1,901,922**	1,321,317
Provisions	12	**179,982**	192,114
Other liabilities	13	**4,824,781**	2,846,647
Total current liabilities		**6,906,685**	4,360,078
Non-current liabilities			
Provisions	12	**162,664**	223,588
Other liabilities	13	**54,830**	–
Deferred tax liabilities	5	**52,678**	40,889
Total non-current liabilities		**270,172**	264,477
Total liabilities		**7,176,857**	4,624,555
Net assets		**5,926,747**	5,800,682
Members' funds			
Retained earnings	8	**5,926,747**	5,800,682
Total members' funds		**5,926,747**	5,800,682

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Note	**Retained Earnings $**	Total Equity $
At 1 July 2010		**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
Total comprehensive income for the year		**126,065**	126,065
At 30 June 2012	8	**5,926,747**	5,926,747

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	**2012 $**	2011 $
Cash flows from operating activities			
Receipts from members and non-members		**8,001,986**	10,406,244
Payments to suppliers and employees		**(6,843,151)**	(10,836,277)
Interest received		**540,237**	595,196
Net cash flows from operating activities	17	**1,699,072**	165,163
Cash flows from investing activities			
Purchase of plant and equipment		**(107,826)**	(41,653)
Purchase of intangible assets		**(32,882)**	(61,981)
Proceeds from disposal of plant and equipment		**–**	900
Net cash flows used in investing activities		**(140,708)**	(102,734)
Net increase in cash and cash equivalents		**1,558,364**	62,429
Cash and cash equivalents at beginning of period		**5,457,304**	5,394,875
Cash and cash equivalents at the end of period	17	**7,015,668**	5,457,304

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 authoritive 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 2012. The assessment of the impact of these new standards and interpretations are outlined in the table below:

Reference/Title	Summary	Application date of standard*	Impact on Association's financial report	Application date for Association*
AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate *SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets* into AASB 112.	1 Jan 2012	None expected	1 Jul 2012
AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 and 1049]	This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 Jul 2012	None expected	1 Jul 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

Reference/Title	Summary	Application date of standard*	Impact on Association's financial report	Application date for Association*
AASB 10: Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities*. Consequential amendments were also made to other standards via AASB 2011-7.	1 Jan 2013	None expected	1 Jul 2013
AASB 11: Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 Jan 2013	None expected	1 Jul 2013
AASB 12: Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 Jan 2013	None expected	1 Jul 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

Reference/Title	Summary	Application date of standard*	Impact on Association's financial report	Application date for Association*
AASB 13: Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 Jan 2013	None expected	1 Jul 2013
AASB 119: Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 Jan 2013	The impact of the distinction between short-term and other long-term employee benefits will be considered in the financial statements for the year commencing 1 July 2013	1 Jul 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

Reference/Title	Summary	Application date of standard*	Impact on Association's financial report	Application date for Association*
Annual Improvements 2009-2011 Cycle***: Annual Improvements to IFRSs 2009-2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: IFRS 1 First-time Adoption of International Financial Reporting Standards • Repeated application of IFRS 1 • Borrowing costs IAS 1 Presentation of Financial Statements • Clarification of the requirements for comparative information IAS 16 Property, Plant and Equipment • Classification of servicing equipment IAS 32 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments IAS 34 Interim Financial Reporting • Interim financial reporting and segment information for total assets and liabilities	1 Jan 2013	None expected	1 Jul 2013
AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 Jul 2013	None expected	1 Jul 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

Reference/Title	Summary	Application date of standard*	Impact on Association's financial report	Application date for Association*
AASB 1053: Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 Jul 2013	The impact will be considered in the financial statements for the year commencing 1 July 2013	1 Jul 2013
AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 Jan 2013	None expected	1 Jul 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

Reference/Title	Summary	Application date of standard*	Impact on Association's financial report	Application date for Association*
AASB 2012-4: Amendments to Australian Accounting Standards – Government Loans	AASB 2012-4 adds an exception to the retrospective application of Australian Accounting Standards under AASB 1 First-time Adoption of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 Financial Instruments: Recognition and Measurement (or AASB 9 Financial Instruments) and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans (including those at a below-market rate of interest) existing at the date of transition to Australian Accounting Standards.	1 Jan 2013	None expected	1 Jul 2013
AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 Jan 2013	None expected	1 Jul 2013
AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 Jan 2014	None expected	1 Jul 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

Reference/Title	Summary	Application date of standard*	Impact on Association's financial report	Application date for Association*
AASB 9: Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be 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. (b) 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. (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. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015**	None expected	1 Jul 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Statement of Compliance [CONTINUED]

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

** AASB ED 215 *Mandatory effective date of IFRS 9* proposes to defer the mandatory effective date of AASB 9 from annual periods beginning 1 January 2013 to annual periods beginning on or after 1 January 2015, with early application permitted. At the time of preparation, finalisation of standard is still pending by the AASB. However, the IASB has deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, with early application permitted.

*** These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

The financial report of the Association for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 19 September 2012.

(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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(e) Taxes [CONTINUED]

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 equivalents

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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(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.

(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 12 months of the reporting date are measured at amounts which are expected to be paid when the liability is settled.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(k) Employee leave benefits [CONTINUED]

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(o) Intangible Assets [CONTINUED]

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.

	2012 $	2011 $

2. REVENUE

Revenue

Membership subscriptions	**6,349,316**	6,485,442
Conferences and seminars	**1,222,607**	1,624,133
CFP course	**718,555**	737,521
CFP certification	**354,087**	406,380
Specialist programs	**41,754**	90,517
Continuing education	**404,867**	540,240
Interest received – non-related persons/corporations	**584,995**	563,292
Other revenue	**112,917**	354,367
Proceeds from disposal of plant and equipment	**–**	900
Total revenue	**9,789,098**	10,802,792

	2012 $	2011 $

3. EXPENSES

(a) Depreciation and amortisation expenses

Depreciation and amortisation of non-current assets		
Computer equipment	**17,527**	24,978
Furniture and fittings	**7,647**	7,666
Plant and equipment	**15,212**	16,242
Leasehold improvements	**63,172**	136,969
Intangible assets	**92,452**	85,779
Total depreciation of non-current assets	**196,010**	271,634

(b) Occupancy expenses

Minimum lease payments – operating lease	**384,531**	836,299
Lease income – sublease agreement	**(54,199)**	(374,127)
Provision discount adjustment – restoration of leased properties	**2,566**	4,133
Total occupancy expenses	**332,898**	466,305

(c) Employee benefits expenses

Wages and salaries	**4,308,022**	4,762,234
Workers' compensation costs	**13,501**	19,974
Superannuation costs	**298,043**	357,206
Staff training and recruitment	**170,663**	102,949
Total employee benefits expenses	**4,790,229**	5,242,363

	2012 $	2011 $
3. EXPENSES [CONTINUED]		
(d) Restructuring costs		
Restructuring – Consultancy	**–**	68,970
Restructuring – Legal	**–**	158,724
Restructuring – Research	**–**	45,052
Restructuring – Computer Software/Implementation	**–**	7,372
Restructuring – Branding costs	**–**	166,213
Restructuring – Miscellaneous Expenses	**–**	2,603
Restructuring – Rent	**120,857**	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
Restructuring – Proceeds from disposal of plant and equipment	**49,635**	–
Total restructuring costs	**170,492**	819,624

(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	**43,500**	42,250
– other services – taxation	**24,000**	10,500
	67,500	52,750

	2012 $	2011 $

5. INCOME TAX

The major components of income tax expense are:

Statement of Comprehensive Income

Current income tax		
Current income tax expense	**264,009**	(106,522)
Tax losses recognised and not previously brought to account	**(52,276)**	–
Tax losses not recognised	**–**	106,522
Deferred income tax		
Relating to recoupment of tax losses	**(211,733)**	–
Relating to origination and reversal of temporary differences	**23,696**	(5,521)
Income tax expense reported in the statement of comprehensive income	**23,696**	(5,521)
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 surplus/(deficit) before tax from ordinary activities	**149,761**	(542,670)
At statutory income tax rate of 30 per cent	**44,928**	(162,801)
Net income derived from members not assessable	**51,850**	30,848
Expenditure not allowable for income tax purposes	**8,515**	19,910
Previously unbooked tax losses	**(52,276)**	–
Recognition/derecognition of temporary differences	**(29,321)**	–
Tax losses not recognised	**–**	106,522
Income tax expense/(benefit) attributable to operating surplus	**23,696**	(5,521)

Deferred tax assets and liabilities

Gross deferred tax liabilities	**52,678**	40,889
Gross deferred tax assets	**232,087**	243,994

Tax losses

The Association has tax losses for which no deferred tax asset is recognised in the Statement of Financial Position of $706,390 (2011: $1,104,406) which are available indefinitely for offset against future tax gains subject to continuing to meet the relevant statutory tests.

	2012 $	2011 $
6. TRADE AND OTHER RECEIVABLES		
Trade Debtors (i)	**21,538**	126,027
Less: Allowance for impairment loss (ii)	**(2,675)**	(5,441)
	18,863	120,586
Sundry Debtors (iii)	**265,205**	218,385
	284,068	338,971

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
Prepaid chapter expenditure	**27,472**	47,532
Other prepayments	**62,760**	29,265
Term deposits maturing within 3-12 months	**5,225,550**	3,800,000
	5,315,782	4,014,004

8. RETAINED EARNINGS		
Balance at the beginning of the financial year	**5,800,682**	6,337,831
Total change in members' funds recognised in the Statement of Comprehensive Income	**126,065**	(537,149)
Balance at the end of the financial year	**5,926,747**	5,800,682

	Computer Equipment at cost $	Furniture and Fitting at cost $	Plant and Equipment at cost $	Leasehold Improvement at cost $	Total $
9. PLANT AND EQUIPMENT					
Gross carrying amount					
Balance at 1 July 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
Additions	4,664	17,130	1,678	84,354	107,826
Disposals	–	(13,848)	(6,818)	(189,986)	(210,652)
Balance at 30 June 2012	**121,946**	**108,422**	**100,415**	**610,825**	**941,608**
Accumulated depreciation and impairments					
Balance at 1 July 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)
Depreciation	(17,527)	(7,647)	(15,212)	(63,172)	(103,558)
Disposals	–	2,955	4,345	143,689	150,989
Balance at 30 June 2012	**(98,130)**	**(92,174)**	**(89,392)**	**(524,448)**	**(804,144)**
Net book value					
As at 30 June 2011	36,679	17,658	27,030	111,492	192,859
As at 30 June 2012	**23,816**	**16,248**	**11,023**	**86,377**	**137,464**

	Website Development at cost $	Computer Software at cost $	Total $
10. INTANGIBLE ASSETS			
Gross carrying amount			
Balance at 1 July 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
Additions	30,230	2,652	32,882
Disposals	–	–	–
Balance at 30 June 2012	**266,032**	**309,669**	**575,701**
Accumulated amortisation and impairments			
Balance at 1 July 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)
Amortisation	(26,128)	(66,324)	(92,452)
Disposals	–	–	–
Balance at 30 June 2012	**(212,278)**	**(244,888)**	**(457,166)**
Net book value			
As at 30 June 2011	49,652	128,453	178,105
As at 30 June 2012	**53,754**	**64,781**	**118,535**

	2012 $	2011 $

11. TRADE AND OTHER PAYABLES

Trade creditors and accruals (i)	**1,578,665**	1,160,712
Goods and Services Tax	**323,257**	160,605
	1,901,922	1,321,317

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

12. PROVISIONS

	Restoration of leased properties $	Annual leave $	Long service leave $	Total $
Balance at 1 July 2011	202,910	183,446	29,346	415,702
Arising during the year	–	245,701	74,211	319,912
Utilised	(80,026)	(263,506)	–	(343,532)
Unused amounts reversed	–	–	(58,727)	(58,727)
Discount rate adjustment	2,566	–	6,725	9,291
Balance at 30 June 2012	**125,450**	**165,641**	**51,555**	**342,646**
Current 2012	–	165,641	14,341	179,982
Non-Current 2012	125,450	–	37,214	162,664
	125,450	**165,641**	**51,555**	**342,646**
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

	2012 $	2011 $
13. OTHER LIABILITIES		
Current		
Income in advance:		
– conference income	**–**	113,536
– event income	**64,973**	–
– education income	**106,814**	22,181
– membership income	**3,751,262**	2,027,680
– advertising levies	**862,361**	647,280
– chapter income	**22,500**	24,659
– other income	**–**	2,970
	4,807,910	2,838,306
Lease incentive	**16,871**	8,341
	4,824,781	2,846,647
Non-Current		
Lease incentive	**54,830**	–
	54,830	–
	4,879,611	2,846,647

	2012 $	2011 $

14. COMMITMENTS FOR EXPENDITURE

Operating lease commitments – Association as lessee

Future minimum rentals payable under non-cancellable operating leases at balance date but not recognised as liabilities are:		
No later than one year	**327,450**	133,135
Later than one year but not later than five years	**1,174,941**	236,133
Aggregated lease expenditure contracted for at balance date	**1,502,391**	369,268
In respect of non-cancellable operating leases the following liabilities have been recognised:		
Current:		
Lease incentive	**16,871**	8,341
Non-Current:		
Restoration of leased properties	**125,450**	202,910
Lease incentive	**54,830**	–
	197,151	211,251

Notes

The lease commitment is a non-cancellable property lease with a remaining term of under five 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. The Association is currently negotiating a new contract.

	2012 $	2011 $

15. EMPLOYEE BENEFITS AND SUPERANNUATION CONTRIBUTIONS

Employee Benefits

The aggregate employee entitlement liability is comprised of:

Accrued wages, salaries and on costs	**142,497**	151,615
Provisions (current)	**179,982**	192,114
Provisions (non-current)	**37,214**	20,678
Accrued superannuation	**25,880**	56,619
Performance Bonuses	**263,440**	252,236
	649,013	673,262

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 percentages 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.

	2012 $	2011 $

17. CASH AND CASH EQUIVALENTS

(i) Reconciliation to Statement of Cash Flows

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	**908,417**	1,242,843
Short-term money market deposits	**6,107,251**	4,214,461
Closing balance as per the statement of cash flows	**7,015,668**	5,457,304

(ii) Reconciliation of surplus/(deficit) after income tax to net cash flows from operations

Surplus/(deficit) from ordinary activities after income tax	**126,065**	(537,149)
Non-cash items		
Depreciation and amortisation	**196,010**	271,634
Proceeds from disposal of plant and equipment	**–**	(900)
Loss on disposal of plant and equipment	**59,663**	190
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	**54,903**	(12,559)
(Increase)/decrease in other current assets	**(1,301,778)**	211,208
Decrease in deferred tax assets	**11,907**	6,754
Increase/(decrease) in trade and other payables	**580,605**	(150,398)
(Decrease)/increase in current provisions	**(12,132)**	3,232
Increase in other current liabilities	**1,978,134**	441,502
(Decrease) in non-current provisions	**(60,924)**	(48,701)
Increase/(decrease) in other non-current liabilities	**54,830**	(7,375)
Increase/(decrease) in deferred tax liabilities	**11,789**	(12,275)
Net cash flows from operating activities	**1,699,072**	165,163

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 three 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 $282,790 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:

M Brown (appointed 18/11/2011)
P Canion (appointed 18/11/2011)
B Foy
N Kendall
L Lakomy
J Matheson
P O'Toole
P Pledge
M Rantall
M Rowe
A Waddell (retired 18/11/2011)

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 key management personnel of the Financial Planning Association of Australia Limited, directly or indirectly, from the entity or any related party:

	Directors		Executives	
	2012 $	2011 $	**2012 $**	2011 $
Short-Term	**582,556**	486,235	**794,565**	1,097,371
Post Employment	**51,005**	42,800	**71,511**	78,714
Total	**633,561**	529,035	**866,076**	1,176,085

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.

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.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [CONTINUED]

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:

	2012 $	2011 $
Financial Assets		
Cash and cash equivalents	**908,417**	1,242,843
Term deposits	**6,107,251**	4,214,461
	7,015,668	5,457,304

At 30 June 2012, 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:

	Post Tax Profit Higher/(Lower)	
	2012 $	2011 $
+1% (100 basis points)	**70,157**	54,573
+.5% (50 basis points)	**35,078**	27,287
–.5% (50 basis points)	**(35,078)**	(27,287)
–1% (100 basis points)	**(70,157)**	(54,573)

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.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [CONTINUED]

Risk Exposures and Responses [CONTINUED]

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.

It is the Association's policy to enter into money market deposits with reputable counterparties. Management closely monitor the creditworthiness of the counterparties by reviewing their credit ratings and press releases on a regular basis.

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

Matthew Brown
(appointed 18/11/2011)

Patrick Canion
(appointed 18/11/2011)

Bruce Foy

Neil Kendall

Louise Lakomy

Julie Matheson

Peter O'Toole

Phillip Pledge

Andrew Waddell
(retired 18/11/2011)

COMPANY SECRETARY

Ian Read

REGISTERED OFFICE

Level 4
75 Castlereagh Street
Sydney NSW 2000
Telephone: 02 9220 4500
Facsimile: 02 9220 4580

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

ABN 62 054 174 453
GPO Box 4285
Sydney NSW 2001

Phone 02 9220 4500
Fax 02 9220 4580

Members call 1300 337 301
Consumers call 1300 626 393

fpa@fpa.asn.au
www.fpa.asn.au