Financial Statements

FINANCIAL PLANNING ASSOCIATION
OF AUSTRALIA LIMITED
(Limited by guarantee)

ABN 62 054 174 453

FINANCIAL STATEMENTS

for the year ended 30 June 2020

FINANCIAL PLANNING ASSOCIATION OF AUSTRALIA LIMITED

ABN 62 054 174 453

DIRECTORS

M. Broome *Chair*

J. Bowd

A. Henderson

W. Johns (appointed 27 November 2019)

D. Newton

M. Tate-Lovery

P. Ruiz

D. Sharpe

CHIEF EXECUTIVE OFFICER

D. De Gori

COMPANY SECRETARY

P. Lovett (retired 31 March 2020)

W. Smith (appointed 31 March 2020)

Registered Office

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

Solicitors

Henry William
Suite 2, Level 10
64 Castlereagh Street
Sydney NSW 2000

Bankers

National Australia Bank
330 Collins Street
Melbourne VIC 3000

Auditors

LNP Audit and Assurance Pty Limited
Level 14, 309 Kent Street
Sydney NSW 2000

DIRECTORS

The names and short biographies of the Financial Planning Association of Australia Limited's ("FPA" or the "Association") directors during the financial year are as follows. Directors were in office for the entire financial year and to the date of this report unless otherwise stated.

Marisa Broome

CFP®

Chair *(from 21 November 2018)*
Appointed 19 November 2014

Marisa chairs the FPA's board and is the Managing Director of Wealthadvice, an FPA Professional Practice operating in Sydney. Marisa has over 30 years' experience in financial services – and for the last 23 years has been running her own firm and practising as a financial planner.

Marisa is currently the Chair of the Governance and Remuneration Committee of the Board. Marisa has been an active member of the FPA since its inception, being involved on national committees on Professional Designations, Code Monitoring Australia, Policy and Regulation, Professional Standards, Audit, Education, Annual Conferences and the Sydney Chapter.

Jane Bowd

Associate GIA, ICSA, AGIA, ACIS, GradDip, LLM, LLB, BA

Additional Director
Appointed 1 March 2018

Jane Bowd is the Executive General Manager for Board Services and Governance, Insurance Australia Group.

Jane holds a Graduate Diploma of Applied Corporate Governance, Master of Laws, Graduate Diploma of Legal Practice, Bachelor of Laws, Bachelor of Arts, and is a graduate of the Royal Military College Duntroon.

Jane brings deep knowledge and expertise in legal and governance matters from her prior financial services roles and private practice, and membership of the Governance Institute Australia's Legislative Review Committee.

Jane is currently a member of the Audit and Risk Management Committee, and of the Governance and Remuneration Committee, of the Board.

Alison Henderson

CFP®, B.Com, M.Com, Dip FMB, MAICD

Appointed 19 November 2014

Alison is a Director and a Practice Principal of SWA Financial Planning (originally known as Symes Warne & Associates), an FPA Professional Practice based in Wollongong, NSW. She has been a CERTIFIED FINANCIAL PLANNER® professional since 1999, and holds a Bachelor of Commerce, two Masters of Commerce (Financial Planning and Economics), and a Diploma of Finance and Mortgage Broking. In addition to her financial planning role at SWA, Alison also oversees compliance, HR management and positive culture development for the business.

Alison has been an active FPA member for over 20 years, during which she has spent time on the Legislation and Regulation Committee and chaired the FPA Professional Designations Committee. Alison is the current Chair of the Policy and Regulations Committee, a member of the Audit and Risk Management Committee, and a Director of the Future2 Foundation.

William Johns

CFP®, BBus, MDisSt

Appointed 27 November 2019

William is a practitioner member of the Board with a special interest in human rights, government policy relating to vulnerable Australians and disability policy. William has been a member of the FPA since 2008 and became a CERTIFIED FINANCIAL PLANNER® professional in 2010. In addition he holds a Bachelor of Business (Applied Finance, Financial Planning) and a Master of Disability Studies.

He was a member of the FPA Board Policy and Regulations Committee from 2011 to 2016, as well as the NSW State Winner in the CFP® Professional Best Practice Award in 2012, the NSW State Winner for the Future2 Community Service Award in 2014 and in 2016 a finalist in the CFP® Professional of the Year Award. Notably, he has been acknowledged by State and Federal Governments for his work with people with disabilities and their families and was chosen as a finalist in the National Disability Awards (UN, Commonwealth) in the Emerging Leader category. William is currently the Chair of the Professional Designations Committee.

Delma Newton

CFP®, BEc, BBus, Dip FP, GAICD

Appointed 19 November 2014

Delma has been a financial planner for over 20 years and has been a member of the FPA since 1995. She is a CERTIFIED FINANCIAL PLANNER® and holds degrees in Economics and Accounting. Delma is employed as a financial planner with Tupicoffs Pty Ltd.

Prior to being elected to the FPA board in 2014, Delma had served on the Brisbane Chapter Committee for over 10 years, five of these as Chapter Chair. Delma also served on the FPA Membership Committee. She was the Chair of the FPA Professionals Congress from 2015 until 2017. Delma is now the Chair of the Regional Chapter Committee and also sits on the Audit and Risk Management Committee.

Paul Ruiz

Additional Director
Appointed 1 March 2018

Paul is a Fellow of the Institute of Chartered Accountants in England and Wales, a graduate of the Australian Institute of Company Directors as well as the University of Wales and was a partner with a 'Big 4' accounting firm until 2016. He practised in a range of fields during his 30-year professional career with a focus on the audit of regulated financial services entities. Originally from the UK, he has lived and worked in North Asia and moved to Australia in 1995.

Paul currently acts as an independent director and member of audit and risk committees for a number of organisations. He is the Chair of the Audit and Risk Management Committee, and a member of the Governance and Remuneration Committee, of the Board.

David Sharpe

CFP®, B.Com, Dip FP, MAICD

Appointed 22 November 2016

David has been a financial planner and FPA member since 2003. He is a CERTIFIED FINANCIAL PLANNER® professional, has completed a Diploma in Financial Planning and holds a Bachelor of Commerce (Distinction) from Curtin University. David runs his own self-licensed financial planning firm, Globe Financial Planning, based in West Perth. In 2016 he was shortlisted for the FPA CFP® Professional of the Year Award.

Prior to being elected onto the board David spent four years on the WA FPA Chapter, including two years as Chair. David can often be found in various media roles (TV, radio and print) advocating strongly for the value of advice.

David chairs the Professional Standards and Conduct Committee and is also a member of the Governance and Remuneration Committee.

Michelle Tate-Lovery

CFP®, BA (Hons), Dip FP, MAICD

Appointed 22 November 2017

Michelle Tate-Lovery is the Managing Director and Principal Adviser of Unified Financial Services (Carlton, Victoria) and has been self-licensed since 1994. Michelle has been a CERTIFIED FINANCIAL PLANNER® professional since 1995 and has 31 years as a financial planner. She has been nationally recognised in 2012 as the FPA winner of the CFP® Professional Award and Money Management Financial Planner of the Year and 2013 Mentor of the Year.

Michelle has been a finalist for Woman of the Year – Money Management and Super Review 2014 and 2013 and was awarded Goals Based Adviser of the Year through IFA Excellence Awards, 2017. Michelle was voted by her peers and recognised in Financial Standard Top 50 Influential Advisers in Australia 2017 - 2019. She has been part of the FPA Transition to Fee for Service Taskforce and on the CFP Curriculum Taskforce for Ethics, Professionalism and Compliance and has judged the FPA Awards 2012 – 2019. Michelle is the Chair of the FPA Professionals Congress.

Company Secretary

Wendy Smith
From 31 March 2020

Pene Lovett
CPA, CA, GAICD
Until 31 March 2020

Corporate structure

The FPA is a company limited by guarantee and does not have share capital. The amount required to be contributed by members in the event that the company is wound up is disclosed in Note 20. The FPA is incorporated and domiciled in Australia.

Objectives, strategy, nature of operations and principal activities

The FPA is a not-for-profit membership entity. Its five key roles are:

Represent interests of the public
Our members represent best-practice financial planning that puts the interest of the client first. We actively champion the need for a clear separation between product sales and advice, because Australians deserve trusted and transparent financial advice.

Represent interests of members
Our strong ties with government and regulators in financial planning positions us as the collective voice of our members. We maintain strong relationships with all key stakeholders and fight for fair outcomes that advance our profession.

Foster high professional standards
We create a professional culture of accountability and self-regulation, setting and enforcing professional and ethical standards that result in the highest quality financial advice.

Facilitate world class education
We are the only Australian body licensed to administer and deliver the CERTIFIED FINANCIAL PLANNER® designation, the international gold standard and highest certification available to financial planners worldwide.

Provide professional development
We support our members with a high calibre program of continued professional development designed to enhance their knowledge and skills, and support them in financial planning excellence.

Review of progress against objectives and results of operations

The FPA recorded a before-tax surplus of $241,000 for the year ended 30 June 2020 (2019: surplus $270,000) and an after-tax surplus of $241,000 (2019: surplus $281,000), increasing accumulated members' funds to $11,480,000 at 30 June 2020 (2019: $11,100,000).

The key highlights that have occurred in the financial year to 30 June 2020 are as follows:

- the launch of the Members, Advocacy Consumer (MAC) strategy that will lead our actions;
- release of the policy platform for financial planning advocacy, 'Affordable Advice, Sustainable Profession';
- FPA Congress in Melbourne in 2019 was our largest congress to date with over 1400 attendees;
- launch of the CPD tracking tools including the Learning Record System in FPA Learn amongst other enhancements to the system including its use to deliver more than 300 hours of CPD to members;
- successful advocacy to achieve an extension to the FASEA exam and education timelines and accreditation of the FPA LRS® AND AEPS® programs as two credits towards the FASEA education requirement;
- introduction of a Professional Year program;
- delivery of the annual renewal of membership by instalments project for renewals for 2020-21.

COVID-19 pandemic

The COVID-19 pandemic has impacted the Association in various ways:

- our annual roadshows 2020 event series were cancelled and replaced with a series of virtual presentations to chapters – FPA Together with more than 880 registered;
- our annual Congress 2020 in Adelaide was cancelled but was replaced with the FPA [Virtual] Congress that launched in July;
- we were eligible for the Government's COVID-19 cashflow boosts, JobKeeper and received rental abatement.

The Association is well positioned to manage through a range of potential scenarios:

- a strong liquidity position;
- a focus on member retention by offering renewal by instalment;
- tightly controlled operating expenditure;
- agility to switch to meeting member needs quickly including the launch of virtual events, member email response rates and altering our modes of communication, including offering our magazine digitally;
- a restructure of the FPA teams to ensure their focus on member needs.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Association during the financial year ended 30 June 2020.

Subsequent events

The directors are not aware of any other material events occurring after balance date of this report that would require further disclosure in these financial statements.

Likely developments and expected results

The Association will continue to pursue its principal activities as a not-for-profit membership entity.

Directors' and senior executives' emoluments

Directors' and senior executives' emoluments for the year are included in Note 19 to these financial statements.

Directors' Meetings

The number of Board and Board Committee meetings held during the year and each director's attendance at those meetings was as follows:

	Board		Board Committees [3]													
			Audit & Risk Management		Governance & Remuneration		Policy & Regulations		Professional Designations		Professional Standards & Conduct		Regional Chapter		Code Monitoring Australia [10]	
	A[1]	B[2]	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Marisa Broome [4,5]	7	7			5	5			2	2					8	8
Jane Bowd	7	6	6	6	5	5										
Alison Henderson [6]	7	7	3	3			5	5								
William Johns [4]	4	4							2	2						
Delma Newton [7]	7	7	6	6									3	3	8	8
Paul Ruiz [8]	7	7	6	6	2	2									8	4
David Sharpe [9]	7	7			5	5					5	5			8	6
Michelle Tate-Lovery	7	7														

The Board gratefully receives assistance from non-director members on a number of committees as follows:

Policy & Regulations Committee
Nick Amore CFP®, Jocelyn Chong AFP®, Nerida Cole CFP®, Paul Garner CFP®, Adrian Hanrahan CFP®, Tim Mackay CFP®, Craig Meldrum AFP®, Mark O'Flynn AFP®, Susan Peterson CFP®, Peter Richards CFP®, Hanny Youcef AFP®
Professional Designations Committee
Dario Bartolomeo CFP®, Elson Goh CFP® LRS®, Roxanne Gorman CFP®, Benjamin Jessop CFP®, Martin McIntosh CFP®, Paul Moran CFP®, Thabojan Rasiah CFP®, Peter Roan CFP® LRS® AEPS® FFPA
Professional Standards & Conduct Committee
Peter Bryant, James Cotis CFP®, Claire Mackay CFP®, Mark Malone AFP®, Michael Miller CFP®, Dacian Moses CFP®, Dean Pinto, Lisa Papachristoforos AFP®, Evan Poole CFP®, Stephanie Shrinet, Cheyenne Walker
Regional Chapter Committee
Mark Alexander CFP®, Naomi Alletson AFP®, Susie Erratt CFP®, Andrew Harris CFP®, Fran Hughes CFP®, Gary Jones AFP® FFPA, Todd Kennedy CFP®
Code Monitoring Australia Steering Committee
Mark Rantall CFP® (Chair), Dale Boucher

Notes to table of meeting attendance

[1] Columns headed 'A' indicates the number of meetings the director was entitled to attend.

[2] Columns headed 'B' indicates the number of meetings attended by the director.

[3] With respect to Committee meetings, the table above records attendance of committee members. Any director is entitled to attend these meetings and from time to time, directors attend meetings of committees of which they are not a member.

[4] Marisa Broome chaired the Professional Designations Committee prior to February 2020 when William Johns assumed this role.

[5] Marisa Broome chairs the Governance & Remuneration Committee.

[6] Alison Henderson chairs the Policy & Regulations Committee. This committee has a number of non-director members as detailed below.

[7] Delma Newton chairs the Regional Chapter Committee. This committee has a number of non-director members as detailed below.

[8] Paul Ruiz chairs the Board Audit & Risk Management Committee.

[9] David Sharpe chairs the Professional Standards & Conduct Committee. This committee has a number of non-director members as detailed below.

[10] Following the change in direction from the Government, this Steering Committee disbanded at the end of October 2019. This Committee had a non-director chair, Mark Rantall.

Indemnification of auditors

No indemnities have been given during or since the end of the financial year, for any person who is or has been an auditor of Financial Planning Association of Australia Limited.

Auditor independence

The directors have received the independence declaration from the auditors set out on page 8 of the financial statements.

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 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. Further information is presented at the FPA's internet site: https://fpa.com.au/about/governance/.

Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Association under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Association is an entity to which this legislative instrument applies.

Signed in accordance with a resolution of the directors.

Marisa Broome
Director

Paul Ruiz
Director

Sydney
24 September 2020

AUDITOR INDEPENDENCE DECLARATION

LNP Audit + Assurance

ABN 65 155 188 837

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FINANCIAL PLANNING ASSOCIATION OF AUSTRALIA LIMITED

As lead auditor of Financial Planning Association of Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit

LNP Audit and Assurance Pty Ltd

Robert Nielson
Director

Sydney 24 September 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue	2	12,432	13,387
Employee benefits expenses	3(c)	(5,832)	(5,842)
Depreciation and amortisation expenses	3(a)	(404)	(356)
Conference, event, program and education expenses		(2,766)	(3,397)
Property occupancy expenses	3(b)	(435)	(418)
Advertising and marketing expenses		(695)	(864)
Administration expenses		(1,280)	(1,543)
Other expenses		(779)	(685)
Total expenses from operations		(12,191)	(13,105)
SURPLUS FROM OPERATIONS		241	282
Strategic advertising - net	3(d)	-	(12)
OPERATING PROFIT BEFORE INCOME TAX		241	270
Income tax benefit/(expense)	5	-	11
OPERATING PROFIT AFTER TAX YEAR		241	281
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**241**	**281**

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

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
CURRENT ASSETS			
Cash and cash equivalents	17(a)	5,867	5,645
Trade and other receivables	6	1,734	2,762
Investments in financial assets	7	11,786	13,149
Other assets	8	416	1,058
TOTAL CURRENT ASSETS		19,803	22,614
NON-CURRENT ASSETS			
Plant and equipment	10	145	249
Intangible assets	11	601	704
Right-of-use assets	9	498	-
Other assets	8	-	135
TOTAL NON-CURRENT ASSETS		1,244	1.088
TOTAL ASSETS		21,047	23,702
CURRENT LIABILITIES			
Trade and other payables	12	2,124	3,131
Income tax payable		-	-
Provisions	13	410	400
Deferred income	14	6,320	8,402
Lease liabilities	15(a)	404	-
Deferred lease incentive	15(c)	-	145
TOTAL CURRENT LIABILITIES		9,258	12,078
NON- CURRENT LIABILITIES			
Provisions	13	202	287
Lease liabilities	15(a)	107	-
Deferred lease incentive	15(c)	-	237
TOTAL NON-CURRENT LIABILITIES		309	524
TOTAL LIABILITIES		9,567	12,602
NET ASSETS		**11,480**	**11,100**
MEMBERS' FUNDS			
Retained earnings		11,480	11,100
TOTAL MEMBERS' FUNDS		**11,480**	**11,100**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	Retained Earnings $'000	Total Equity $'000
AT JULY 2018		10,819	10,819
Total comprehensive income for the year		281	281
AT 30 JUNE 2019		**11,100**	**11,100**
Adjustment for initial application of AASB 16	1(b)(i)	139	139
RESTATED AT 1 JULY 2019		**11,239**	**11,239**
Total comprehensive income for the year		241	241
AT 30 JUNE 2020		11,480	11,480

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and non-members		11,893	13,628
Payments to suppliers and employees		(12,918)	(14,261)
Interest and distributions received		384	219
Interest on lease payments		(32)	-
COVID-19 government stimulus		306	-
Income tax (paid)/refunded		17	39
Net cash flows (used in) operating activities	17(b)	(350)	(375)
CASH FLOWS FROM INVESTING ACTIVITIES			
Term deposit maturity - net		1,159	100
Investment purchases - net		-	(647)
Purchase of plant and equipment		(6)	(2)
Purchase of intangible assets		(191)	(287)
Net cash flows from / (used in) investing activities		962	(836)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments		(390)	-
Net cash flows used in financing activities		(390)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		222	(1,211)
Cash and cash equivalents at beginning of period		5,645	6,856
Cash and cash equivalents at the end of the period	17(a)	**5,867**	**5,645**

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Planning Association of Australia Limited (the "Association") is a non-profit organisation limited by guarantee. The financial report of the Association for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 24 September 2020.

(a) Basis of preparation

This general purpose financial report is prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

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 and all values are rounded to the nearest thousand ($000), except when otherwise indicated under the option available to the Association under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Association is an entity to which this legislative instrument applies.

(b) New and revised Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures

The Association applied all new and revised Accounting Standards and Interpretations that became effective for the financial year commencing 1 July 2019. The nature and effect of the changes as a result of adoption of new accounting standards are described below.

- **AASB 15 *Revenue from Contracts with Customers***
  AASB 15 *Revenue from Contracts with Customers* is effective for periods beginning on or after 1 January 2019 for not-for-profit entities. The impact of applying the new standard on the Association's financial statements will likely not require any transitional adjustments on the adoption date of 1 July 2019. AASB 15 introduces a comprehensive framework and five-step approach to revenue recognition. The Association recognises the revenue at the time when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts.

  AASB 15 did not have a material impact on the Association's accounting for revenue streams (see Note 1(e)).

- **AASB 1058 *Income of Not-for-Profit Entities***
  AASB 1058 *Income of Not-for-Profit Entities* simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15 Revenue from Contracts with Customers. AASB 1058 was effective for periods beginning on or after 1 January 2019.

  AASB 1058 did not have a material impact on the Association's revenue recognition.

- **AASB 16 *Leases***
  AASB 16 *Leases* replaces AASB 117 Leases and some lease-related interpretations. AASB 16 provides a new lessee accounting model which requires lessees to recognise the right-to-use assets, and liabilities to make lease payments, for leases with a term of more than 12 months unless the underlying asset is of low value. Expenses in respect of leases include amortisation of the right-of-use asset and interest expense in respect of the lease liability.

  The Association adopted AASB 16 from 1 July 2019. The Association applied the modified retrospective approach on transition and reflected any impacts of the change of the new standard on a cumulative basis as an adjustment to the opening balance of retained earnings at 1 July 2019, the adoption date. For practical expediency, lease contracts identified and ongoing as at 1 July 2019 and which were accounted for as leases under AASB 117 have been accounted for as lease contacts under AASB 16. The Association has not restated comparatives in accordance with the transitional provisions of AASB 16.

  On adoption of AASB 16, the Association recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117, notably from its operating lease for the Castlereagh St, Sydney premises which is the most significant lease for the Association. These liabilities were measured at the present value of the remaining lease payments, discounted using an estimate of the borrowing rate of 4.5% as a proxy for the Associations incremental borrowing rate. The right of use asset and lease liability recognised as at 1 July 2019 were both $901,000 and the deferred lease incentive liability of $382,000 and deferred lease incentive asset of $243,000 at that date were derecognised resulting in a net adjustment to accumulated funds of $139,000.

(ii) Accounting Standards and Interpretations issued but not yet effective

The Association has not early adopted any new standards, amendments to standards and interpretations that are not yet effective. None of these are expected to have a significant effect on the financial statements of the Association other than as set out below.

- ***Conceptual Framework for Financial Reporting and relevant amending standards***
  The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- ***Amendments to Australian Accounting Standards - References to the Conceptual Framework*** has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework.

The revised Conceptual Framework is effective for annual periods beginning on or after 1 January 2020 and will therefore apply to the Association from 1 July 2020. The impact arising from the adoption of the revised Conceptual Framework has yet to be quantified.

(c) Plant and equipment

Plant and equipment are 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:

Computer equipment	2 to 5 years
Plant and equipment	3 to 8 years
Leasehold improvements	5 years
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 statement of comprehensive income.

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.

(d) Taxes

Income Taxes

The Association applies the principle of mutuality to its revenue and expenses in assessing its income tax liability. Under this 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 temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax amounts are recognised for all taxable and/or deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting 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.

The Association offsets tax assets and liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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
- when 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 are classified as operating cash flows.

(e) Revenue recognition

Revenue from sale of goods and services

Revenue from sale of goods and services is recognised when control of the goods has transferred to the customer, being the point in time when the goods are received by the customer. Revenue from services is recognised at the point the services are provided. Revenue from the sale of goods and services is 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.

Revenue from Contracts

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Membership 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 seminar fees

Revenue is recognised when the events take place.

CFP program revenue

Education fees are payable each semester in advance. Only those fees that are attributable to the current financial year are recognised as revenue. Fee payments that relate to future periods are shown in the Statement of Financial Position as deferred income under Other Liabilities.

Continuing education

Revenue is recognised when the events take place.

Marketing levies

The marketing levies year runs from 1 July to 30 June. Levies are payable annually in advance. Only those fees that are attributable to the current financial year are recognised as revenue. Fee payments that relate to future periods are shown in the Statement of Financial Position as deferred income under Other Liabilities.

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

Fair value changes
Changes in the fair value of financial assets are included in revenue.

(f) Trade and other payables

Trade 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 long-term deposits. Refer to Note 7.

(g) 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.

Term deposits with original maturity of more than three months are classified as long-term deposits under investments.

(h) Trade and other receivables

Trade receivables, which generally have 30 to 90-day terms, are recognised initially at the transaction amount with represents fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Association applies the simplified approach and records lifetime expected losses on all eligible financial assets at each reporting date.

The recognition criterion of trade receivables have been reassessed by the Association for the year ended 30 June 2020 which resulted in the recognition of amounts that are bulked billed which were previously deemed to be part of the 'invitation to renew' receivables. This change is considered a change in accounting policy and therefore, the changes were applied retrospectively. The effect on comparative figures from this recognition change is shown below.

Statement of Financial Position – line items impacted by change in accounting for trade receivables

	2019 as stated $'000	Adjustments $'000	2019 restated $'000
Trade and other receivables	525	2,237	2,726
Total Current Assets	**525**	**2,237**	**2,726**
Trade and other payables	2,931	200	3,131
Deferred income	6,265	2,037	8,402
Total Current Liabilities	**9,296**	**2,237**	**11,533**
NET ASSETS	**11,100**	**-**	**11,100**

The change in policy had no impact on the statement of profit and loss and other comprehensive income.

(i) 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 statement 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.

(j) Employee leave benefits

Provision is made for employee leave benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

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

The liability for long-service leave is recognised and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect 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 high quality corporate bonds, which have terms to maturity approximating the terms of the related liabilities are used.

(k) Members' funds

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

(l) Leases

For current period

- **Right of use assets**
  The Association recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the relevant commencement date less any lease incentives received. Unless the Association is reasonably certain to obtain ownership of the leased asset at the end of the relevant lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the relevant lease term. Right-of-use assets are subject to impairment.

- **Lease liabilities**
  At the commencement date of the relevant lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the relevant commencement date), and amounts expected to be paid under residual value guarantees. The Association applies the practical expedient to not separate non-lease components from lease components, and instead accounts for each lease component and any associated lease components as a single lease component.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Association uses the incremental borrowing rate at the relevant lease commencement date if the interest rate implicit in the lease is not readily determinable. After the relevant commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

For comparative period
In the prior period, leases were accounted for as operating leases under AASB 117 Leases, and the policy was to recognise payments as an expense on a straight-line basis over the lease term.

(m) Investments and other financial assets

The Association's investments are measured at Fair Value through Profit or Loss (FVTPL). Cash and cash equivalents, receivables and term deposits are recognised at amortised cost. Financial liabilities continue to be recognised as other financial liabilities. The Association applies the simplified approach for expected credit loss ECL and records lifetime expected losses on all eligible financial assets.

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, the Association classifies its non-investment financial assets at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Assets measured at amortised cost are financial assets where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. The Association's financial assets measured at amortised cost comprise trade and other receivables, other assets and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Association comprise trade payables and finance lease liabilities.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Subsequent Measurement

Loans and receivables are carried at amortised cost using the effective interest method or cost.

Impairment

The Association assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised as profit or loss. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable maybe impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of any impairment loss is recognised in profit or loss within administration expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other income in profit or loss.

(n) Intangible Assets

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and 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 are reviewed at least at each financial year end.

The useful lives of the intangible assets recognised are assessed as finite. The intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

Website development costs	4 years
Computer software	4 years

Website development costs
An intangible asset arising from development expenditure on the Association website is recognised only when the Association can demonstrate the technical feasibility of completing the website 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 website 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 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 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 are met. Expenditure incurred on computer software is capitalised when it is probable the future economic benefits attributable to the asset will flow to the Association. Computer software recognised relates to applications and systems used by the Association in their operations, including financial, general ledger and member management and platform systems.

(o) 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.

Impairment of intangible assets

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 intangible asset performance, expected future use and benefits, technology, economic and political environments, and future product service expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. The related carrying amounts are disclosed in Note 11.

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 13.

Tax

Income tax obligations reflect management's judgement as to the expenses that relate to member and non-member activities, the former not being subject to income tax. The income tax expense is disclosed in Note 5.

Leases

The Association has made the following significant judgements with respect to its leases as lessee:

(i) Determining the lease term of contracts with renewal options

The Association determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Under one of its facility premise leases, the Association is able to continually exercise the option to extend the term of the lease. The Association applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Association reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy). The Association has included reasonably certain renewal options as part of the lease term for one of its facility premise leases for a further 5 years.

(ii) Determining the incremental borrowing rate

The Association has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities or right-of-use assets recognised. The Association reassesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date based on the term of the lease (or the remaining term of the lease at the initial date of application).

(p) Comparative Figures

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

2. REVENUE

		2020 $'000	2019 $'000
Revenue from customers	(a)	11,930	12,798
Income from investments	(b)	50	589
Government stimulus		452	-
Total revenue		12,432	13,387

(a) Revenue from customers

Membership subscriptions	7,213	7,474
Practice fees	218	252
Partner fees	513	536
Conferences and seminars	2,826	2,470
CFP program	585	1,269
Continuing education	460	480
Other revenue	115	317
Total revenue from customers	11,930	12,798

(b) Income from investments

Change in fair value of investments	(204)	136
Interest - non-related persons/corporations	186	221
Distribution income net of management fee	68	232
Total income from investments	50	589

3. EXPENSES

(a) Depreciation and amortisation expenses	2020 $'000	2019 $'000
Depreciation and amortisation of non-current assets		
Plant and equipment	110	112
Intangible assets	294	244
Total depreciation and amortisation	404	356

(b) Property occupancy expenses		
Lease expenses	-	418
Interest expenses	32	-
Depreciation of right-of-use asset	403	-
Total lease expenses	435	418

(c) Employee benefits expenses		
Wages and salaries including on-costs	5,373	5,195
Workers' compensation costs	21	11
Superannuation costs	388	373
Staff training and recruitment	50	263
	5,832	5,842

(d) Strategic advertising - *costs incurred for the strategic investment in the advertising manifesto on behalf of members and affiliates.*

Advertising levies received	1,001	1,031
Advertising expenditure	(1,001)	(1,043)
Net strategic advertising	-	(12)

4. AUDITOR'S REMUNERATION

Amount received, or due and receivable, by LNP Audit & Assurance (2019: Ernst & Young) for:	2020 $'000	2019 $'000
An audit of the financial report of the Association	34	53
Other services - taxation services	-	15
Total auditor's remuneration	34	68

5. INCOME TAX

	2020 $'000	2019 $'000
Income tax expenses consist of:		
Current income tax	-	-
Adjustment for current tax of prior year	-	(11)
	-	(11)

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 before tax from ordinary activities	241	270
At statutory income tax rate of 27.5%	67	74
Net income derived from members not assessable	(276)	(37)
Income not allowable for income tax purposes	(21)	
Expenditure not allowable for income tax purposes	11	1
Temporary differences not recognised	(180)	(151)
Taxable loss not recognised	399	113
Over provision in prior years	-	(11)
Income tax (benefit)/expense attributable to operating surplus	-	(11)

Unrecognised deferred tax balances

At 30 June 2020, deferred tax assets have not been recognised on deductible timing differences and tax losses totalling $104,000 (2019: $530,000) as it has been assessed that it is not probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised, in accordance with the tax accounting policy set out in Note 1(d).

6. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Trade debtors (i)	1,503	2,547
Allowance for expected credit loss	(7)	(7)
	1,496	2,540
Accrued interest income (ii)	92	222
Other receivables (iii)	146	-
Total trade and other receivables	1,734	2,762

i. Trade debtors are non-interest bearing and generally are on 30-day terms.

ii. Represents accrued interest on term deposits, which is payable on maturity. These do not contain impaired assets and are not past due.

iii. These relate to Jobkeeper and Cashflow Boost grants receivable from the Government.

7. INVESTMENTS

	2020 $'000	2019 $'000
Term deposits held at amortised cost (i)	8,632	9,828
Financial assets at fair value through profit and loss (ii)	3,154	3,321
Total investments	11,786	13,149

i. Relates to fixed rate term deposits with original maturity between 4-12 months that have been granted for security deposits of the Associations' leased premises for the amount of $128,000 and the set-up of a corporate credit card facility with National Australia Bank for the amount of $200,000.

ii. Comprises investments in a portfolio of managed funds.

8. OTHER ASSETS

Current	2020 $'000	2019 $'000
Prepaid conference expenditure	51	622
Prepaid chapter expenditure	1	32
Prepaid capital expenditure	-	33
Other prepayments	361	243
Income tax refundable	3	20
Lease incentive asset - current	-	108
Total other current assets	416	1,058
Non-Current		
Lease incentive asset - non-current	-	135
Total other non-current assets	-	135
Total other assets	416	1,193

9. RIGHT-OF-USE ASSETS

	2020 $'000	2019 $'000
Right-of-use asset recognised at 1 July 2019	901	-
Accumulated depreciation	(403)	-
Right-of-use asset	498	-

10. PLANT AND EQUIPMENT

	Computer equipment $'000	Furniture and Fittings $'000	Plant and equipment $'000	Leasehold improvement $'000	Total $'000
Cost					
Balance at 1 July 2018	79	51	51	353	534
Additions	2	-	-	-	2
Disposals	-	-	-	(5)	(5)
Balance as at 30 June 2019	**81**	**51**	**51**	**348**	**531**
Additions	6	-	-	-	6
Disposals	-	-	-	-	-
Balance as at 30 June 2020	**87**	**51**	**51**	**348**	**537**
Accumulated depreciation and impairment					
Balance at 1 July 2018	(62)	(26)	(45)	(42)	(175)
Depreciation	(8)	(7)	(2)	(95)	(112)
Disposals	-	-	-	5	5
Balance as at 30 June 2019	**(70)**	**(33)**	**(47)**	**(132)**	**(282)**
Depreciation	(8)	(6)	(1)	(95)	(110)
Disposals	-	-	-	-	-
Balance as at 30 June 2020	**(78)**	**(39)**	**(48)**	**(227)**	**(392)**
Net book value					
As at 30 June 2019	11	18	4	216	249
As at 30 June 2020	**9**	**12**	**3**	**121**	**145**

11. INTANGIBLE ASSETS

Cost	Website Development $'000	Computer Software $'000	Total $'000
Balance at July 2018	785	591	1,376
Additions	246	41	287
Disposals	-	-	-
Balance at 30 June 2019	**1,031**	**632**	**1,663**
Additions	137	54	191
Disposals	-	-	-
Balance at 30 June 2020	**1,168**	**686**	**1,854**
Accumulated amortisation and impairment			
Balance at 30 June 2018	(354)	(361)	(715)
Amortisation	(184)	(60)	(244)
Disposals	-	-	-
Balance at 30 June 2019	**(538)**	**(421)**	**(959)**
Amortisation	(229)	(65)	(294)
Disposals	-	-	-
Balance at 30 June 2020	**(767)**	**(486)**	**(1,253)**
Net book value			
As at 30 June 2019	493	211	704
As at 30 June 2020	**401**	**200**	**601**

12. TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000
Trade creditors and accruals (i)	1,639	2,550
GST payable	485	581
	2,124	**3,131**

i. Trade debtors are non-interest bearing and generally are on 30-day terms.

13. PROVISIONS

	Restoration of leased properties $'000	Annual leave $'000	Long service leave $'000	Total $'000
Balance at 1 July 2019	139	301	247	687
Arising during the year	-	518	33	551
Utilised	-	(536)	(75)	(611)
Unutilised amount reversed	-	-	(15)	(15)
Balance as at 30 June 2020	**139**	**283**	**190**	**612**
Current 2020	-	283	127	410
Non-current 2020	139	-	63	202
	139	**283**	**190**	**612**
Current 2019	-	301	99	400
Non-current 2019	139	-	148	287
	139	**301**	**247**	**687**

14. DEFERRED INCOME

Current	2020 $'000	2019 $'000
Deferred income		
Conference income	53	1,124
Education fees	122	174
Membership subscriptions	5,302	6,206
Marketing levies	574	844
Chapter income	39	4
Sponsorship	200	50
Continuing education	30	-
Total deferred income	**6,320**	**8,402**

15. LEASING LIABILITIES AND COMMITMENTS

(a) Lease liability

	2020 $'000
Lease liability recognised at 1 July 2019	901
Payments made during the year	(390)
Net carrying value	**511**

As at 30 June 2020, of the $511,000 of lease liabilities, $404,000 is deemed to be current and $107,000 non-current.

(b) Lease commitments

	2020 $'000	2019 $'000
No later than one year	-	422
Later than one year but not later than five years	-	547
Aggregated lease expenditure contracted for at balance date	**-**	**969**

Lease commitments as at 30 June 2019 are based on a predecessor lease standards, AASB 117, as described in Note 1(l).

(c) Deferred lease incentive

	2020 $'000	2019 $'000
Current	-	145
Non-current	-	237
Total deferred lease incentive	**-**	**382**

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 (2019: nil).

17. CASH AND CASH EQUIVALENTS

(a) Reconciliation to Statement of Cash Flows

Cash and cash equivalents comprise the following at 30 June:

	2020 $'000	2019 $'000
Cash at bank and on hand	5,853	5,613
Cash as part of investment portfolio	14	32
	5,867	**5,645**

(b) Reconciliation of operating profit after income tax to net cash flows from operations

	2020 $'000	2019 $'000
Operating profit after income tax	241	281
Non-cash items		
Depreciation and amortisation	807	356
Allowance for expected credit losses	-	3
Amortisation of deferred lease incentive	-	(31)
Change in fair value of financial assets	204	(136)
Distribution income reinvested	-	(232)
Change in operating assets and liabilities		
Increase in trade and other receivables	1,028	(111)
Increase in other assets	534	(95)
Increase in trade and other payables	(1,007)	182
Increase in current provisions	10	2
Decrease in current tax liabilities	-	(35)
Decrease in other current liabilities	(2,082)	(600)
(Decrease) / increase in non-current provisions	(85)	41
Net cash flows used in operating activities	**(350)**	**(375)**

The Association does not have any bank overdraft or loan facilities available.

18. RELATED PARTY DISCLOSURES

Other than those disclosed in Note 19 below, there were no other transactions with any related parties, directors or director-related entities during the year with the exception of out of pocket expense reimbursements in the normal course of business.

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 Association or any related party:

	Directors		Executives	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Short-term	304	325	1,593	1,591
Post-employment	29	31	129	118
Total	**333**	**356**	**1,722**	**1,709**

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 director's 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.

Total short-term and post-employment remuneration for the Chief Executive Officer of the Association (D. De Gori) is $485,000 (2019: $502,000).

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. The current number of voting members is 11,000 so the maximum contribution from members would be $1,100,000.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal financial instruments comprise cash at bank and on hand, short and long-term deposits, financial assets held at fair value through profit or loss, receivables and payables.

The Association manages its exposure to key financial risks in accordance with the Association's investment 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, price risk and credit risk.

Responsibility for the oversight of financial risks rests with the Audit and Risk Management Committee under the authority of the Board.

Risk Exposures and Responses

Interest rate risk

The Association's exposure to interest rate risks as relates to the cash and term deposit balances.

At the reporting date, the Association had the following financial assets exposed to interest rate risk:

	2020 $'000	2019 $'000
Financial assets		
Cash and cash equivalents (Note 17(a))	5,867	5,645
Term deposits (Note 7)	8,632	9,828
	14,449	**15,473**

At 30 June 2019, 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:

	Post-tax Profit - Higher/(Lower)	
	2020 $'000	**2019 $'000**
Judgements of reasonably possible movements:		
+1% (100 basis points)	59	56
+0.5% (50 basis points)	29	28
-0.5% (50 basis points)	(29)	(28)
-1% (100 basis points)	(59)	(56)

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 receivables and payables are interest-free.

Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from Interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Association's exposure to price risk is limited to its financial assets within investments which are carried at fair value through profit or loss amounting to $3,154,000 (2019: $3,321,000) per Note 7.

The analysis below demonstrates the impact of a 10% movement in the redemption unit price of the underlying managed funds.

	Post-tax Profit - Higher/(Lower)	
	2020	**2019**
	$'000	**$'000**
Judgements of reasonably possible movements:		
+10% increase	315	332
-10% decrease	(315)	(332)

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 allowance for expected credit losses. 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 monitors the creditworthiness of the counterparties.

Liquidity Risk

The Association manages the liquidity risk by maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities.

	On demand $'000	Less than 3 months $'000	3 to 12 months $'000	Total $'000
2020				
Trade and other payables	-	2,124	-	2,124
Total	**-**	**2,124**	**-**	**2,124**
2019				
Trade and other payables	-	3,131	-	3,131
Total	**-**	**3,131**	**-**	**3,131**

Other liabilities are largely deferred revenue, which would not have an impact on liquidity risk.

Cash balance of $5,867,000 (Note 17(a)) is available to pay the short-term financial liabilities in relation to trade and other payables due within 3 months.

Fair Value of Financial Assets and Liabilities

In accordance with AASB 13 Fair Value Measurement, the Association's financial assets and liabilities measured at fair value are categorised under a three-level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The three levels are:

a. Level 1 - Quoted price (unadjusted) in active market for identical assets or liabilities;

b. Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

c. Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, other monetary financial assets and financial liabilities which are not carried at fair value in the statement of financial position approximate their carrying

value due to the short-term maturities of these instruments.

The following tables present the Association's financial instruments measured and recognised at fair value as at the reporting date:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 30 June 2020				
Financial assets (note 7)				
Financial assets at fair value through profit and loss				
- Unlisted registered managed funds	-	3,154	-	3,154
As at 30 June 2019				
Financial assets (note 7)				
Financial assets at fair value through profit and loss				
- Unlisted registered managed funds	-	3,321	-	3,321

The fair value of financial assets at fair value through profit and loss is based on the redemption unit price quoted by the underlying responsible entity at the close of trading on the reporting date.

There were no transfers between the levels during the reporting period.

22. EVENTS AFTER THE REPORTING DATE

Restrictions relating to the COVID-19 pandemic continue to have a material impact in the operation of the Association including staff working from home, replacement of in person Congress with a virtual event and deferral and cancellation of in person events. As of the date of this report, the directors do not believe there are any impacts in the amounts recognised in the statement of financial position as at 30 June 2020.

There have been no other material impacts on the operations or financial performance of the Association from these restrictions as at the date of this report except as mentioned above.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2020

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 and notes 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 2020 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

Marisa Broome
Director

Paul Ruiz
Director

Sydney
24 September 2020

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF FINANCIAL PLANNING ASSOCIATION OF AUSTRALIA LIMITED

Opinion

We have audited the financial report of Financial Planning Association of Australia Limited, (the Association), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 of the Association.

In our opinion:

The financial report of Financial Planning Association of Australia Limited has been prepared in accordance with the *Corporations Act 2001*, including:

1. Giving a true and fair view of the Financial Planning Association of Australia Limited's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
2. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (including Independence Standards)(the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but, does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Directors' Responsibilities

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 control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditor's report is Robert Nielson.

LNP Audit and Assurance Pty Ltd

Robert Nielson
Director
Sydney

24 September 2020