

Fund Executives Association Limited

ABN 21 086 016 131

Annual Report

30 June 2011

Fund Executives Association Limited

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Fund Executives Association Limited

Directors' report

For the year ended 30 June 2011

The Directors present their report together with the financial report of Fund Executives Association Limited (the Association or FEAL) for the financial year ended 30 June 2011 and the auditor's report thereon.

1 Directors

The Directors of the Association at any time during or since the end of the financial year are:

Name and qualifications

Experience and special responsibilities

Neil Cochrane

BCom and FASFA

(Appointed 24 February 2010)

First independent director and became Chairman in August 2010. As the former CEO of REST, Neil was awarded the Fund Executive of the Year Award in 2005. Neil is currently working with a number of boards within the superannuation and financial services industry.

Michael Dwyer AM

Dip of Superannuation Management

Advanced Dip of Financial Services

(Superannuation)

Diploma of Public Administration, FASFA

(Appointed 30 November 2007)

Michael was an inaugural Chairman. Michael joined First State Super as Chief Executive Officer in December 2004.

David Malek Elia

B. Economics

Dip in Applied Finance and Investment

CA, ICAA

(Appointed 26 November 2008)

David is CEO of HOSTPLUS and was the recipient of the FEAL Fund Executive of the Year in 2004.

Joseph Vincent John Farrugia

B. Economics

(Appointed 26 November 2008)

Joe is the Fund Secretary of the Catholic Superannuation Fund and is the Deputy Chair of FEAL.

Howard Rosario

BComm, FCA, FAICD, FASFA

(Appointed 30 November 2006)

(Resigned 30 June 2011)

Howard is currently the CEO of Westscheme.

Damian Michael Hill

B. Sc, Dip SM, CIMA

(Appointed 24 November 2009)

Damian was an inaugural member of the FEAL Program Advisory Group prior to the board appointment. He is currently the CEO of REST Superannuation.

Paul Dean Watson

Dip.FP, Dip. SM, PLD (HBS), FASFA

(Appointed 24 November 2009)

Paul is the Executive Manager, Member & Consumer Choice of HOSTPLUS. Paul was awarded the FEAL Fund Executive of the Year in 2006.

Fund Executives Association Limited

Directors' report (continued)

For the year ended 30 June 2011

1 Directors (continued)

Name and qualifications

Experience and special responsibilities

John Wainman O'Flaherty
*Graduate of Australian Institute of
Company Directors (GAICD)*

John is the Chief Executive of Statewide a position he has held since 2009. His academic background is in politics and economics.

(Appointed 28 November 2007)

Robyn Anne Petrou
*BEC – Macquarie University
Certificate of Management – Macquarie
Graduate School of Management
Diploma of Superannuation Management
– BEC – Macquarie University*

Robyn is the Chief Executive Officer of ESI and is also currently enrolled in the FEAL MBS Executive Education Program.

(Appointed 26 November 2008)

Julie Lander
Bachelor of Business

Julie joined CareSuper in 2001 as General Manager – Trustee, Investment & Member Services and was appointed Chief Executive Officer in 2002.

Julie's experience in superannuation has been developed over 20 years with corporate superannuation funds, both defined benefit and accumulation, as well as with industry funds. Prior to joining CareSuper, Julie worked for professional service firms and membership organisations, including 13 years as National Manager HR for a major employer organisation and five years in manufacturing.

(Appointed 10 August 2011)

2 Company secretary

Michael Baldwin was appointed Company Secretary on 5 October 2001.

3 Directors' meetings

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Association during the financial year are:

Director	No. of meetings attended	No. of meetings eligible to attend
Neil Cochrane	4	4
Michael Dwyer AM	4	4
David Elia	3	4
Joseph Farrugia	4	4
Howard Rosario	3	4
Damian Hill	2	4
Paul Watson	4	4
John O'Flaherty	4	4
Robyn Petrou	3	4
Julie Lander*	-	-

* Julie Lander was appointed as director in August 2011.

Fund Executives Association Limited

Directors' report (continued)

For the year ended 30 June 2011

4 Objectives and strategies

The Association is dedicated to support the professional development of leaders in the superannuation industry. FEAL provides members with unique opportunities to discuss industry issues and learn from the insights and experiences of their peers. The Association's programs include: Conferences and Forums; National Luncheon Briefing Presentations and Case Study presentations; scholarships, award and publications arising from the Association's research initiatives. In addition, the Association delivers a customised executive education program in partnership with Melbourne Business School that responds to the unique needs of senior executives working in superannuation.

The Association's long term objective is to support the professional development and leadership capacity of executives working in the Australian superannuation industry. Each event and program is developed in response to a specific need or opportunity to enhance learning, development and networking among our membership.

The Association's short term objectives include the successful delivery and promotion of corporate membership, the expansion of the MBS Executive Education Program to Masters level and a commitment to identify and develop opportunities for the Association to partner with organisations that can extend the value we offer to fund executives.

5 Principal activities

The principal activity of the Association during the course of the financial year was to assist in the professional development of fund executives through a variety of programs including business events, scholarships and customised executive education programs.

There were no significant changes in the nature of the activities of the Association during the year.

6 Review of operations and performance measurements

The deficit after tax of the Association for the year ended 30 June 2011 was \$41,796 (2010: \$169,775 surplus).

Review of operations

The Association conference continues to grow with increased revenues from attendance and increased support from sponsors.

Total members' funds have decreased to \$255,313 as at 30 June 2011 (2010: \$297,109).

Performance measurements

The Association continues to measure its performance based on the retention and engagement of members and the extent to which members participate and benefit from the Association's programs and activities. Membership levels have slightly increased in keeping with expectations and attendance at the Association's programs remains strong. The Association's Executive Education Program, delivered in partnership with Melbourne Business School, continues to retain and attract new students.

7 Association particulars

Fund Executives Association Limited is incorporated in Australia. The address of the registered office is Level 7, 50 Clarence Street, Sydney NSW 2000.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Fund Executives Association Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Madeleine Mattera
Partner

Sydney

2011

Fund Executives Association Limited

Statement of comprehensive income

For the year ended 30 June 2011

	<i>Note</i>	2011 \$	2010 \$
Membership income		265,070	259,232
Event income		101,949	110,241
Sponsorship income		310,000	441,562
Scholarship income		52,177	30,000
IMCA cost recoveries		43,789	42,136
Miscellaneous income		8,199	6,609
Reimbursement of merchant fee		-	208
Reimbursement of education costs		16,817	28,361
Total revenue		<u>798,001</u>	<u>918,349</u>
Conference costs		(58,434)	(124,522)
Consulting fees		(25,485)	(16,516)
Depreciation expense		(4,587)	(6,743)
Personnel expenses	4	(437,723)	(314,937)
Motor vehicle expenses		(13,524)	(11,176)
Events expenditure		(45,349)	(26,971)
Postage and courier costs		(7,509)	(3,151)
Printing and stationery costs		(20,224)	(11,330)
Reimbursement of membership fees		(664)	(600)
Scholarship expenses		(50,754)	(39,719)
Telecommunication expenses		(11,119)	(6,650)
Travelling expenses		(63,191)	(51,763)
Rent expenses		(36,488)	(39,672)
Other expenses		(45,082)	(98,758)
Total expenses		<u>(820,133)</u>	<u>(752,508)</u>
(Deficit)/surplus before finance income		<u>(22,132)</u>	<u>165,841</u>
Finance income		10,333	7,955
Net finance income	5	<u>10,333</u>	<u>7,955</u>
(Deficit)/surplus before income tax		(11,799)	173,796
Income tax expense	6	(29,997)	(4,021)
(Deficit)/surplus for the year		<u>(41,796)</u>	<u>169,775</u>
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		<u>(41,796)</u>	<u>169,775</u>

The notes on pages 11 to 23 are an integral part of these financial statements.

Fund Executives Association Limited

Statement of financial position

As at 30 June 2011

	<i>Note</i>	2011 \$	2010 \$
Assets			
Cash and cash equivalents	7	415,636	347,500
Receivables	8	1,912	46,785
Prepayments		10,698	4,746
Current tax assets		-	43,306
Total current assets		<u>428,246</u>	<u>442,337</u>
Deferred tax assets	9	51,377	22,709
Property, plant and equipment	10	19,153	21,302
Total non-current assets		<u>70,530</u>	<u>44,011</u>
Total assets		<u>498,776</u>	<u>486,348</u>
Liabilities			
Payables	11	29,849	79,612
Employee benefits	12	26,977	6,768
Unearned income		136,121	73,411
Current tax payables		10,961	-
Total current liabilities		<u>203,908</u>	<u>159,791</u>
Employee benefits	12	39,555	29,448
Total non-current liabilities		<u>39,555</u>	<u>29,448</u>
Total liabilities		<u>243,463</u>	<u>189,239</u>
Net assets		<u>255,313</u>	<u>297,109</u>
Members' funds			
Retained surplus	13	255,313	297,109
Total members' funds		<u>255,313</u>	<u>297,109</u>

The notes on pages 11 to 23 are an integral part of these financial statements.

Fund Executives Association Limited

Statement of changes in members' funds For the year ended 30 June 2011

	Retained Surplus
Balance at 1 July 2009	127,334
Total comprehensive income for the year	
Surplus for the year	169,775
Other comprehensive income	-
Total comprehensive income for the year	<u>169,775</u>
Balance at 30 June 2010	<u>297,109</u>
Balance at 1 July 2010	297,109
Total comprehensive income for the year	
Deficit for the year	(41,796)
Other comprehensive income	-
Total comprehensive loss for the year	<u>(41,796)</u>
Balance at 30 June 2011	<u>255,313</u>

The notes on pages 11 to 23 are an integral part of these financial statements.

Fund Executives Association Limited

Statement of cash flows

For the year ended 30 June 2011

	<i>Note</i>	2011	2010
		\$	\$
Cash flows from operating activities			
Cash receipts from members and sponsors		940,511	803,684
Cash payments to suppliers and employees		(875,872)	(749,698)
Cash generated from operating activities		<u>64,639</u>	<u>53,986</u>
Income tax paid		(4,398)	(27,663)
Net cash from operating activities	7	<u>60,241</u>	<u>26,323</u>
Cash flows from investing activities			
Interest received		10,333	7,955
Acquisition of property, plant and equipment		(2,438)	(3,385)
Net cash from investing activities		<u>7,895</u>	<u>4,570</u>
Net cash from financing activities			
		-	-
Net increase in cash and cash equivalents		68,136	30,893
Cash and cash equivalents at beginning of financial year		347,500	316,607
Cash and cash equivalents at end of financial year	7	<u>415,636</u>	<u>347,500</u>

The notes on pages 11 to 23 are an integral part of these financial statements.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) *Non-derivative financial assets*

The Association initially recognises loans and receivables and deposits on the date that they are originated.

The Association derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Association is recognised as a separate asset or liability.

The Association has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) *Non-derivative financial liabilities*

Financial liabilities are recognised initially on the date at which the Association becomes a party to the contractual provisions of the instrument. The Association derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Association has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Association classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise payables.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Association, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The depreciation rates for the current and comparative periods are as follows:

- Plant and equipment 7.5% - 40%
- Furniture and fittings 7.5%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(c) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Association on terms that the Association would not consider otherwise or indications that a debtor or issuer will enter bankruptcy.

The Association considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Association uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Association's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets the "cash-generating unit" or "CGU".

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(c) Impairment (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Employee benefits

(i) *Defined contribution superannuation plans*

A defined contribution superannuation plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) *Other long-term employee benefits*

The Association's net obligation in respect of long-term employee benefits, other than defined contribution plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government securities that have maturity dates approximating the terms of the Association's obligations.

(iii) *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(e) Revenue

(i) *Membership, sponsorship and event income*

Membership, sponsorship and event income is recognised on a cash basis. Where sponsorship or event income is received prior to year end and relates to the following year, it is treated as unearned income and brought to account as income in the following year.

(ii) *IMCA cost recoveries*

IMCA cost recoveries are recognised when invoiced.

(f) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(g) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

3 Significant accounting policies (continued)

(h) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(j) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Association, except for AASB 9 Financial Instruments, which becomes mandatory for the Association's 2014 financial statements and could change the classification and measurement of financial assets. The Association does not plan to adopt this standard early and the extent of the impact has not been determined.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

4 Personnel expenses

	2011	2010
	\$	\$
Wages and salaries	328,924	283,304
Increase/(decrease) in liability for annual leave	20,209	(5,721)
Increase in liability for long service leave	10,107	7,277
Contributions to defined contribution superannuation plans	26,335	24,087
Other associated personnel expenses	12,848	5,990
Director fees	39,300	-
	<u>437,723</u>	<u>314,937</u>

5 Finance income

	2011	2010
	\$	\$
Interest income	10,333	7,955
	<u>10,333</u>	<u>7,955</u>

6 Income tax

	2011	2010
	\$	\$
Current tax expense		
Current period	22,429	(12,320)
	<u>22,429</u>	<u>(12,320)</u>
Deferred tax expense		
Origination and reversal of temporary differences	(28,668)	16,341
Under provision in prior years	36,236	-
	<u>7,568</u>	<u>16,341</u>
Total income tax expense	<u>29,997</u>	<u>4,021</u>

Numerical reconciliation between tax expense and pre-tax accounting profit

	2011	2010
	\$	\$
(Deficit)/surplus for the year	(41,796)	169,775
Income tax expense	29,997	4,021
(Deficit)/surplus excluding income tax	<u>(11,799)</u>	<u>173,796</u>
Income tax using the Association's statutory income tax rate of 30% (2010: 30%)	(3,540)	52,139
Non-allowable mutual expenses	76,650	72,084
Non-deductible expenses	1,279	1,329
Mutuality adjustment	(80,628)	(121,531)
Under provision in prior years	36,236	-
	<u>29,997</u>	<u>4,021</u>

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

7 Cash and cash equivalents

	2011 \$	2010 \$
Bank balances	199,702	139,198
Cash on hand	200	200
Call deposits	215,734	208,102
Cash and cash equivalents in the statement of cash flows	<u>415,636</u>	<u>347,500</u>

Reconciliation of cash flows from operating activities

	2011 \$	2010 \$
Cash flows from operating activities		
(Deficit)/surplus for the year	(41,796)	169,775
Adjustments for:		
Depreciation expense	4,587	6,743
Net finance income	(10,333)	(7,955)
Income tax expense	29,997	4,021
	<u>(17,545)</u>	<u>172,584</u>
Change in receivables	44,873	(44,873)
Change in prepayments	(5,952)	-
Change in payables	(49,763)	38,118
Change in employee benefits	30,316	1,556
Change in deferred income	62,710	(113,399)
	<u>64,639</u>	<u>53,986</u>
Income tax paid	(4,398)	(27,663)
Net cash from operating activities	<u>60,241</u>	<u>26,323</u>

8 Receivables

	2011 \$	2010 \$
GST receivables	-	43,607
Other receivables	1,912	3,178
	<u>1,912</u>	<u>46,785</u>

9 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Provision for annual leave	(8,093)	(2,030)	-	-	(8,093)	(2,030)
Provision for long service leave	(11,867)	(8,834)	-	-	(11,867)	(8,834)
Unearned income	(31,417)	(12,825)	-	-	(31,417)	(12,825)
Over provision in prior years	-	-	-	980	-	980
Tax (assets)/liabilities	<u>(51,377)</u>	<u>(23,689)</u>	-	980	<u>(51,377)</u>	<u>(22,709)</u>
Set off of tax	-	980	-	(980)	-	-
Net tax (assets)/liabilities	<u>(51,377)</u>	<u>(22,709)</u>	-	-	<u>(51,377)</u>	<u>(22,709)</u>

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

10 Property, plant and equipment

	Plant and equipment	Furniture and fittings	Total
Cost			
Balance at 1 July 2009	34,963	23,977	58,940
Additions	3,385	-	3,385
Balance at 30 June 2010	38,348	23,977	62,325
Balance at 1 July 2010	38,348	23,977	62,325
Additions	2,438	-	2,438
Balance at 30 June 2011	40,786	23,977	64,763
Depreciation			
Balance at 1 July 2009	30,055	4,225	34,280
Depreciation for the year	5,134	1,609	6,743
Balance at 30 June 2010	35,189	5,834	41,023
Balance at 1 July 2010	35,189	5,834	41,023
Depreciation for the year	2,818	1,769	4,587
Balance at 30 June 2011	38,007	7,603	45,610
Carrying amounts			
At 1 July 2009	4,908	19,752	24,660
At 30 June 2010	3,159	18,143	21,302
At 1 July 2010	3,159	18,143	21,302
At 30 June 2011	2,779	16,374	19,153

11 Payables

	2011 \$	2010 \$
Creditors and accruals	2,328	66,229
GST payable	20,836	-
PAYG tax payable	6,685	13,383
	29,849	79,612

12 Employee benefits

	2011 \$	2010 \$
Current		
Liability for annual leave	26,977	6,768
Total employee benefits - current	26,977	6,768
Non-current		
Liability for long service leave	39,555	29,448
Total employee benefits – non current	39,555	29,448

13 Members' funds

The Association is a company limited by guarantee, accordingly there is no equity in the form of share capital contributed by the members.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

14 Financial instruments and financial risk management

Overview

The Association has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Association's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. The Association aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Association's cash and cash equivalents and receivables.

Management of credit risk

Cash and bank deposits are placed with financial institutions which are regulated and management does not expect any counterparty to fail to meet its obligations.

Management has not established credit limits due to the nature of the Association's operations. The Association does not have any material credit risk exposure to any single debtor.

Exposure to credit risk

The carrying amount of the Association's financial assets represents the maximum credit exposure. The Association's maximum exposure to credit risk at the reporting date was:

	<i>Note</i>	2011 \$	2010 \$
Cash and cash equivalents	7	415,636	347,500
Receivables	8	1,912	46,785
		<u>417,548</u>	<u>394,285</u>

There are no financial assets that are past due which are considered to have significant credit risk as at 30 June 2011 and 30 June 2010. No financial assets are impaired at the reporting date.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

14 Financial instruments and financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

The Association's approach to management of liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments. Contractual amounts are expected payments which have not been discounted.

Non-derivative financial liabilities	Note	Carrying amount \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$
30 June 2011					
Payables	11	29,849	29,849	29,849	-
30 June 2010					
Payables	11	79,612	79,612	79,612	-

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Association's income or the value of its holdings of financial instruments.

Interest rate risk

Management of interest rate risk

The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, while optimising the return. The Association does not use derivatives to minimise this risk and these will fluctuate in accordance with movements in the market interest rates. Management review interest rates on a regular basis and assesses the impact of economic conditions on interest rates.

Exposure to interest rate risk

The Association is exposed to interest rate risk arising from its cash and cash equivalents.

At 30 June 2011 the Association held call deposit of \$215,734 (2010: \$208,102). The interest rate on this financial asset is 6.1% (2010: 5.8%). A change of 25 basis points in interest rates at the reporting date would have an immaterial impact on members' funds and surplus or deficit for the year. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

Fair values

The carrying values of financial assets and liabilities are considered to approximate their fair values as they are short term in nature.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

15 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2011	2010
	\$	\$
Less than one year	43,433	41,641
Between one and five years	87,112	92,210
	<u>130,545</u>	<u>133,851</u>

The Association leases office premises under operating leases. The leases typically run for a period of 3 years until 7 August 2013. During the year an amount of \$36,488 (2010: \$39,672) was recognised as an expense in profit or loss in respect of operating leases.

16 Capital and other commitments

There are no capital or other contractual commitments that are not provided for as at 30 June 2011 (2010: nil).

17 Related parties

Key management personnel

The following were key management personnel of the Association at any time during the reporting period:

Neil Cochrane
Michael Dwyer AM
David Elia
Joseph Farrugia
Howard Rosario
Damian Hill
Paul Watson
John O'Flaherty
Robyn Petrou
Michael Baldwin

Key management personnel compensation

The key management personnel compensation comprised:

	2011	2010
	\$	\$
Short-term employee benefits	272,300	200,000
Post-employment benefits	20,800	20,000
	<u>293,100</u>	<u>220,000</u>

There were no other related party transactions occurred during the year (2010: none).

18 Subsequent events

There have been no events subsequent to reporting date which would have a material effect on the Association's financial statements at 30 June 2011.

Fund Executives Association Limited

Notes to the financial statements (continued)

For the year ended 30 June 2011

19 Auditor's remuneration

2011	2010
\$	\$

Audit services

Auditors of the Company

KPMG Australia:

Audit of financial reports

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KPMG provide their services on a honorary basis.

Fund Executives Association Limited

Directors' declaration

- 1 In the opinion of the directors of Fund Executives Association Limited (the Company):
 - (a) the financial statements and notes, set out on pages 7 to 23, 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 2011 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

Neil Cochrane
Chairman

Michael Dwyer AM
Director

Dated at Sydney this day of 2011.

Independent audit report to the members of Fund Executives Association Limited

We have audited the accompanying financial report of Fund Executives Association Limited (the Association), which comprises the statement of financial position as at 30 June 2011, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

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. These Auditing 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 judgement, 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 control 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 control. 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.

Independent audit report to the members of Fund Executives Association Limited (continued)

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Association's financial position and of its performance.

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.

Auditor's opinion

In our opinion, the financial report of Fund Executives Association Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

KPMG

Madeleine Mattera
Partner

Sydney

2011