

**Fund Executives Association Limited**

**ABN 21 086 016 131**

**Annual Report**

**30 June 2016**

**Fund Executives Association Limited**

**Annual report for the year ended 30 June 2016**

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**Directors' report for the year ended 30 June 2016**

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 2016 and the auditor's report thereon.

**1 Directors**

Name and qualifications	Experience and special responsibilities
<p>Neil Cochrane <i>B.Com</i> FASFA (Resigned 4 August 2016)</p>	<p>Neil is FEAL's first independent director and was appointed to the role of Chair in 2010. Neil holds a number of non-executive roles in the financial services industry and was previously the Deputy Chief Executive and Head of Global Business Development at Colonial First State Global Asset Management. Neil was Chief Executive Officer of REST Superannuation for 5 years between 2001 and 2006.</p> <p>Neil was presented with the FEAL Fund Executive of the Year Award in 2005.</p>
<p>Jane Perry BA, BSc, Dip Ed (Appointed 4 August 2016)</p>	<p>Jane is an independent director of FEAL and was appointed to the role of Chair in August 2016. Jane holds a number of non-executive roles in the financial services industry and is a Director of The Salvation Army. She was previously the CEO of Qantas Super and formerly CEO of JP Morgan Treasury and Securities Services for Australia and New Zealand.</p>
<p>Michael John Dwyer AM <i>Dip of Superannuation Management</i> <i>Advanced Dip of Financial Services (Superannuation)</i> <i>Diploma of Public Administration, FASFA</i> (Appointed 24 November 2010)</p>	<p>Michael was appointed as a founding Director of FEAL in 1999 and was its inaugural Chair. Michael joined First State Super as Chief Executive Officer in December 2004. In 2011, First State Super and Victorian-based fund Health Super formally announced their merger and Michael was appointed CEO of the merged group. Michael has also been a Director of the Association of Superannuation Funds of Australia (ASFA) since 2009.</p> <p>Michael was presented with the FEAL Fund Executive of the Year award in 2012.</p>

<p>David Elia  <i>B. Economics</i>  <i>Dip in Applied Finance and Investment</i>  <i>CA, ICAA</i>                      (Resigned 7 April 2016)</p>	<p>David was first appointed as a FEAL director in 2004 and he has been the Chief Executive Officer of HOSTPLUS Super Fund since 2003. Prior to his work with HOSTPLUS, David worked at KPMG and Jacques Martin Industry Funds Administration (JMIFA). David was appointed a Director of ASFA in 2012.</p> <p>David was presented with the FEAL Fund Executive of the Year Award in 2004.</p>
<p>Paul Dean Watson  <i>Diploma Financial Planning, Diploma SM, PLD (HBS), FASFA</i>                      (Appointed 18 April 2016)</p>	<p>Paul was re-appointed as a FEAL director in April 2016 following the resignation of David Elia. Paul is Group Executive, Business Growth, Client Relationships and Advice at HOSTPLUS. Paul has been the chair of FEAL's Programme Committee since 2011, and was a FEAL Director from 2006 to 2011.</p> <p>Paul was presented with the FEAL Fund Executive of the Year award in 2006.</p>
<p>Joseph Vincent John Farrugia  <i>B.Ec, Dip SM, FASFA, FAIST, ANZIIF (Snr Assoc) (CIP)</i>                      (Appointed 26 November 2008)</p>	<p>Joe first joined the Board in 1999 as one of the inaugural Directors and is currently Deputy Chair of FEAL. Joe has worked in the superannuation industry for 45 years, encompassing roles in administration, management, consultancy and fund secretariat. He has been Fund Secretary of Catholic Super in Melbourne since September 1990.</p> <p>Joe has also served for 14 years as a member of the ASFA Victorian Executive.</p>
<p>Deborah Jane Blakey  <i>B.Sc, CFP</i>                      (Appointed 28 November 2013)  <i>FAIST, GAICD</i></p>	<p>Deborah Blakey joined the FEAL board in late 2013. As the CEO of HESTA, Debby brings more than 20 years' experience in super and financial planning, having worked extensively as an employee benefit consultant with a particular focus on superannuation.</p> <p>Debby is a member of the FEAL Program Committee.</p>

<p>Julie Hermine Lander <i>B. Bus, FAIST, MAHRI</i> (Appointed 10 August 2011)</p>	<p>Julie became a FEAL board member in August 2011. She has been the Chief Executive Officer of CareSuper since 2002. Julie's experience in superannuation has been developed over 25 years with corporate and industry superannuation funds. She is a member of the AIST Policy Committee and the IFF Executive. Prior to joining CareSuper, Julie worked for professional service firms and membership organisations, including 13 years as National HR Manager for a major employer organisation and five years in manufacturing.</p>
<p>Robyn Anne Petrou <i>B.Ec, PGC, Dip SM, Graduate certificate in Organizational Leadership</i> (Appointed 26 November 2008)</p>	<p>Robyn was appointed to the role of Chair of the FEAL Finance Committee in 2015. Robyn has over 23 years' experience in Superannuation and is currently the Chief Executive Officer of Energy Super. She has previously held roles as Manager – Compliance, Operations and Strategy, and Senior Vice-President of a superannuation administration company.</p> <p>Robyn was presented with the FEAL Fund Executive of the Year award in 2013.</p>
<p>Bruce Watson <i>GAICD, Dip Financial Services, Master in Organisational Leadership</i> (Resigned 4 May 2016)</p>	<p>Bruce joined the FEAL Board in November 2011. He is the Chief Executive Officer of Mine Wealth and Wellbeing formerly known as AUSCOAL Super where he worked from August 2005. Before joining AUSCOAL Super in a management role, Bruce held various roles on the Boards of Coalsuper and AUSCOAL Super for the previous 14 years. Prior to working for the super fund, he worked in the coal industry for 24 years including 11 years underground at Tahmoor Colliery.</p> <p>Bruce has completed the FEAL Masters in Organisational Leadership program at Melbourne Business School.</p> <p>Bruce was presented with the Fund Executive of the Year Award in 2010.</p>

<p>Leeanne Cherise Turner (Appointed 5 June 2015) <i>Diploma of Financial Services (Superannuation)</i> <i>Graduate, Australian Institute of Company Directors Graduate, Interpersonal Dynamics for High Performance Executive Program, Stanford Graduate School of Business Executive Education</i></p>	<p>Leeanne has over 30 years' experience in the superannuation industry having worked across a broad spectrum of superannuation funds, at various levels.</p> <p>She is the CEO of MTAA Super having been promoted from Deputy CEO in 2011. Prior to joining MTAA Super, Leeanne was CEO of AvSuper.</p> <p>Leeanne was presented with the FEAL Fund Executive of the Year award in 2014.</p>
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**2 Company Secretary**

Joanna Davison was appointed as Company Secretary on 28 November 2013.

Joanna has had a long career in the financial services industry as a fund manager and senior executive. Prior to joining FEAL, Joanna was the Regional Managing Director at Colonial First State Global Asset Management and earlier a Director at Russell Investments. Joanna has an MA from Cambridge University, is a Senior Fellow of FINSIA, and a member of AICD.

**3 Directors' meeting**

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	3	4
David Elia	2	3
Joseph Farrugia	4	4
Bruce Watson	2	4
Robyn Petrou	4	4
Julie Lander	3	4
Debby Blakey	4	4
Leeanne Turner	3	4

Paul Watson	1	1
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#### 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: Conference and Forums, National Luncheon Briefings, presentations, scholarships, and awards. 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.

The Association measures its success based on the following Key Result Areas:

**Engaging Fund Executives:** The extent to which the Association maintains high levels of engagement with fund executives in the Australian superannuation industry. This is measured by attendance at FEAL Conferences, lunches and events and the number of applicants for scholarship and award programs.

**Masters in Organisational Leadership:** The extent to which the Association has built industry recognition and awareness of the FEAL Masters in Organisational Leadership delivered in partnership with Melbourne Business School. This is measured by attendance and new enrolments in the program.

**Engage super fund CEOs:** The extent to which the Association supports superannuation fund senior executives. This is measured by the direct involvement of senior executives in FEAL programs and the extent to which the fund CEO encourages and endorses staff participation in FEAL programs and initiatives.

**Corporate Membership:** The extent to which the Association attracts new corporate members as a means of expanding its reach to fund executives. This is measured by the retention and recruitment of new Corporate Members.

**Fund HR Managers:** The extent to which the Association builds closer links with Fund HR Managers as a means of accessing the Association's target membership. This is measured by

the ways in which fund HR Managers participate in FEAL programs and the scholarships and events they encourage their team to support.

**Respond to Members' Needs:** The extent to which the Association is able to develop new initiatives and adapt existing programs to respond to the changing needs of our membership.

## **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 surplus after tax of the Association for the year ended 30 June 2016 was \$44,138 (2015: \$83,298).

### *Review of operations*

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

Total members' funds have increased to \$475,133 as at 30 June 2016 (2015: \$430,995).

### *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.

## **8 Members' liabilities**



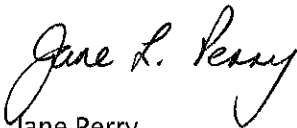
The Association is a company limited by guarantee. In the event of a winding up of the Association, each member undertakes to contribute an amount not exceeding \$100 to the Association to pay outstanding liabilities and the costs of winding up.

The number of members as at 30 June 2016 was 662 (2015: 555) of which 619 members are drawn from 33 corporate member organisations and 43 are registered as individual members. The total amount that members of the Association are liable to contribute if the Association is wound up is \$66,200 (2015: \$55,500).

**9 Lead Auditor's Independence Declaration**

The Lead Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' report for financial year ended 30 June 2016.

This report is made in accordance with a resolution of the Directors.



Jane Perry  
Chair

Dated at Sydney this 16<sup>th</sup> day of November 2016



***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 2016 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,*

KPMG

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Andrew Reeves  
Partner

Sydney

16 November 2016

**Fund Executives Association Limited**

**Statement of Comprehensive Income  
For the year ended 30 June 2016**

	Note	2016	2015 \$
Income	4	937,990	966,505
<b>Total revenue</b>		<b>937,990</b>	<b>966,505</b>
Marketing expenses		(249,419)	(251,739)
Administration expenses		(139,726)	(153,043)
Personnel expenses	5	(447,919)	(442,114)
Other expenses		(45,446)	(44,276)
<b>Total expenses</b>		<b>(882,510)</b>	<b>(891,172)</b>
<b>Surplus/(deficit) before finance income</b>		<b>55,480</b>	<b>75,333</b>
Interest income		11,274	15,567
<b>Surplus/(deficit) before income tax</b>		<b>66,754</b>	<b>90,900</b>
Income tax expense	6	(22,616)	(7,602)
<b>Surplus/(deficit) after income tax for the year</b>		<b>44,138</b>	<b>83,298</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>44,138</b>	<b>83,298</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

	Note	2016 \$	2015 \$
<b>Assets</b>			
Cash and cash equivalents	7	786,773	609,959
Other receivables		1,736	2,760
Prepayments		39,299	31,583
<b>Total current assets</b>		<b>827,808</b>	<b>644,302</b>
Deferred tax assets	8	96,943	99,483
Property plant and equipment	9	10,088	10,611
<b>Total non-current assets</b>		<b>107,031</b>	<b>110,094</b>
<b>Total assets</b>		<b>934,839</b>	<b>754,396</b>
<b>Liabilities</b>			
Payables	10	65,417	19,418
Employee benefits	11	20,630	22,198
Unearned income		316,460	296,821
Current tax payables		(51,742)	(31,423)
Provision for awards expenses		102,000	-
Provision for member education expenses		-	10,000
<b>Total current liabilities</b>		<b>452,765</b>	<b>317,014</b>
Employee benefits	11	6,941	6,387
<b>Total non-current liabilities</b>		<b>6,941</b>	<b>6,387</b>
<b>Total liabilities</b>		<b>459,706</b>	<b>323,401</b>
<b>Net assets</b>		<b>475,133</b>	<b>430,995</b>
<b>Members' funds</b>			
Retained surplus	12	475,133	430,995
<b>Total members' funds</b>		<b>475,133</b>	<b>430,995</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

Fund Executives Association Limited

Statement of Changes in Members' Funds  
For the year ended 30 June 2016

	Retained Surplus
	\$
Balance at 1 July 2014	347,697
Surplus for the year	83,298
Other comprehensive income	-
<b>Total comprehensive income for the year</b>	<b>83,298</b>
<b>Balance at 30 June 2015</b>	<b>430,995</b>
Balance at 1 July 2015	430,995
Surplus for the year	44,138
Other comprehensive income	-
<b>Total comprehensive income for the year</b>	<b>44,138</b>
<b>Balance at 30 June 2016</b>	<b>475,133</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

**Fund Executives Association Limited**

**Statement of Cash Flows  
For the year ended 30 June 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Cash receipts from members and sponsors		950,937	881,521
Cash payments to suppliers and employees		(742,386)	(1,005,103)
Income tax paid		(40,395)	(46,517)
<b>Net cash from/(used in) operating activities</b>	7	<b>168,156</b>	<b>(170,099)</b>
<b>Cash flows from investing activities</b>			
Interest received		11,274	15,567
Acquisition of property, plant and equipment		(2,616)	(1,990)
<b>Net cash from investing activities</b>		<b>8,658</b>	<b>13,577</b>
<b>Net increase in cash and cash equivalents</b>		<b>176,814</b>	<b>(156,522)</b>
Cash and cash equivalents at beginning of the financial year		609,959	766,481
<b>Cash and cash equivalents at end of the financial year</b>	7	<b>786,773</b>	<b>609,959</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

## **Fund Executives Association Limited**

### **Notes to the Financial Statements For the year ended 30 June 2016**

#### **1 Reporting entity**

The financial statements are for Fund Executives Association Limited ("the Association") as an individual entity. The Association is a company domiciled in Australia. The Association's registered office is Level 7, 50 Clarence Street, Sydney NSW 2000.

The Association is a not-for-profit entity and is primarily involved in the professional development of superannuation fund executives through a variety of initiatives, including a national conference, a fund executive forum, scholarships, awards programs and other industry research publications.

The Association is a public company limited by guarantee. In the event of winding up the Association, each member undertakes to contribute an amount not exceeding \$100 to the Association to pay outstanding liabilities and the costs of winding up. The number of members as at 30 June 2016 was 662 (2015: 555).

#### **2 Basis of preparation**

##### *(a) Statement of compliance*

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The Board of Directors has determined that based on AASB 1053 Application of Tiers of Accounting Standards, the Association is not publicly accountable and has therefore applied Tier 2 reporting requirements.

The financial statements were approved by the Board of Directors on 16 November 2016.

##### *(b) Basis of measurement*

The financial statements have been prepared on the historical cost basis.

##### *(c) Functional and presentation currency*

These financial statements are presented in Australian dollars, which is the Association's functional currency. All financial information presented in Australian dollars has been rounded to the nearest dollar amount unless stated otherwise.

##### *(d) Use of estimates and judgments*

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

The preparation of financial statements in conformity with AASBs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## Fund Executives Association Limited

### Notes to the Financial Statements For the year ended 30 June 2016

#### 3 Significant accounting policies

##### *(a) Financial instruments*

The Association initially recognises loans, 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.

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

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.

##### *(b) Property, plant and equipment*

###### *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.

###### *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.



Notes to the Financial Statements  
For the year ended 30 June 2016

3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

*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.

(c) Impairment

*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 judgment 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.

## Fund Executives Association Limited

### Notes to the Financial Statements

For the year ended 30 June 2016

#### 3 Significant accounting policies (continued)

##### (c) Impairment (continued)

###### 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.

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

###### 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.

###### 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.

###### Short-term benefits

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

## Fund Executives Association Limited

### Notes to the Financial Statements For the year ended 30 June 2016

#### 3 Significant accounting policies (continued)

*(e) Revenue*

*Membership, sponsorship and event income*

Membership, sponsorship and event income is recognised on an accrual 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.

*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.

*(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.

## Fund Executives Association Limited

### Notes to the Financial Statements For the year ended 30 June 2016

#### 3 Significant accounting policies (continued)

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 adopted*

The Company has adopted all of the new recognition and measurement requirements, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2016. These Accounting Standards and Interpretations have not had any material effect on the financial position and performance of the Company.

AASB 9 Financial Instruments becomes mandatory for the Association's 2016 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.

#### 4 Revenue

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Membership income	157,315	177,069
Event income	185,491	277,346
Sponsorship income	421,581	350,808
Scholarship income	109,545	111,250
IMCA cost recoveries	26,086	45,062
Miscellaneous income	37,972	4,970
	<b>937,990</b>	<b>966,505</b>

#### 5 Personnel expenses

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	299,354	295,245
Bonuses	42,074	43,229
(Decrease)/Increase in liability for annual leave	13,226	19,004
(Decrease)/Increase in liability for long service leave	553	1,327
Contributions to defined contribution superannuation plans	45,527	35,904
Other associated personnel expenses	7,225	7,778
Director fees	39,960	39,627

Fund Executives Association Limited

Notes to the Financial Statements  
For the year ended 30 June 2016

	447,919	442,114
<b>6 Income tax</b>		
	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Current tax expense</b>		
Deferred tax expense resulting from reduction in tax rate	4,974	-
Current period	20,075	-
Prior period adjustment	182	
<b>Deferred tax expense</b>		
Tax losses carried forward	-	(21,896)
Origination and reversal of temporary differences	(2,615)	29,498
	(2,615)	7,602
<b>Total income tax (benefit)/expense</b>	<b>22,616</b>	<b>7,602</b>
<b>Numerical reconciliation between tax expense and pre-tax accounting profit</b>		
Association's pre-tax income	66,754	90,900
Income tax using the Association's statutory rate 28.5% (2015: 30%)	19,025	27,270
Non assessable mutual expenses	(75,863)	(116,412)
Non-deductible expenses	74,298	96,744
Under / (over) provision in prior year	182	-
Reduction in opening deferred tax assets resulting from tax rate	4,974	-
	<b>22,616</b>	<b>7,602</b>

**Fund Executives Association Limited**

**Notes to the Financial Statements  
For the year ended 30 June 2016**

**7 Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	\$	\$
Bank balances	410,116	137,366
Cash on hand	200	200
Call deposits	376,457	472,393
	<b>786,773</b>	<b>609,959</b>

**Reconciliation of cash flows from operating activities**

**Cash flows from operating activities**

Surplus/(deficit) for the year	66,754	90,900
Adjustments for		
Depreciation expense	3,138	2,219
Net finance income	(11,274)	(15,567)
Change in receivables	1,024	(1,625)
Change in prepayments	(7,716)	10,579
Change in payables	45,999	(89,156)
Change in employee benefits	(1,568)	(17,573)
Change in unearned income	19,639	(83,359)
Change in provision for awards expenses	102,000	(20,000)
Change in provision for member education expenses	(10,000)	-
Change in employee benefits provision	555	
Tax paid	(40,395)	(46,517)
<b>Net cash (used in)/from operating activities</b>	<b>168,156</b>	<b>(170,099)</b>

**Fund Executives Association Limited**

**Notes to the Financial Statements  
For the year ended 30 June 2016**

**8 Deferred tax assets and liabilities**

Recognised deferred tax assets and liabilities are attributable to the following:

	2016	2015
	\$	\$
<b>Assets</b>		
Provision for annual leave	5,880	6,659
Provision for long service leave	1,978	1,916
Unearned income	59,104	66,624
Accrued expenses	29,070	3,000
Tax Loss 2015	-	22,112
Superannuation accrued 2016	<u>1,406</u>	<u>-</u>
<i>Total deferred tax assets</i>	<u>97,438</u>	<u>100,311</u>
<b>Liabilities</b>		
Interest receivable	<u>(495)</u>	<u>(828)</u>
<i>Total deferred tax liabilities</i>	<u>(495)</u>	<u>(828)</u>
<b>Net deferred tax assets</b>	<u><u>96,943</u></u>	<u><u>99,483</u></u>

**9 Property, plant and equipment**

	Plant and Equipment	Furniture And fittings	Total
	\$	\$	\$
<b>Cost</b>			
Balance at 1 July 2014	42,455	23,977	66,432
Additions	1,991	-	1,990
Disposal	<u>(40,785)</u>	<u>-</u>	<u>(40,785)</u>
<b>Balance at 30 June 2015</b>	<u>3,661</u>	<u>23,977</u>	<u>27,638</u>
Balance at 1 July 2015	3,661	23,977	27,638
Additions	<u>2,616</u>	<u>-</u>	<u>2,616</u>
<b>Balance at 30 June 2016</b>	<u>6,277</u>	<u>23,977</u>	<u>30,254</u>

**Depreciation**

**Fund Executives Association Limited**

**Notes to the Financial Statements  
For the year ended 30 June 2016**

Balance at 1 July 2014	41,100	14,492	55,592
Depreciation for the year	451	1,768	2,219
Disposal	<u>(40,784)</u>	<u>-</u>	<u>(40,784)</u>
<b>Balance at 30 June 2015</b>	<b><u>767</u></b>	<b><u>16,260</u></b>	<b><u>17,027</u></b>
Balance at 1 July 2015	767	16,260	17,027
Depreciation for the year	<u>965</u>	<u>2,174</u>	<u>3,139</u>
<b>Balance at 30 June 2016</b>	<b><u>1,731</u></b>	<b><u>18,434</u></b>	<b><u>20,166</u></b>
<b><i>Carrying amounts</i></b>			
At 1 July 2014	1,355	9,485	10,840
<b>At 30 June 2015</b>	<b>2,894</b>	<b>7,717</b>	<b>10,611</b>
<b><i>Carrying amounts</i></b>			
At 1 July 2015	2,894	7,717	10,611
<b>At 30 June 2016</b>	<b>4,546</b>	<b>5,543</b>	<b>10,088</b>

**10 Payables**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
GST payable	31,150	13,037
PAYG tax payable	29,333	6,381
Superannuation Payable	4,934	-
	<u>65,417</u>	<u>19,418</u>

**11 Employee benefits**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b><i>Current</i></b>		
Liability for annual leave	20,630	22,198
<b><i>Non-current</i></b>		
Liability for long service leave	6,941	6,387

**12 Members' funds**

The Association is a company limited by guarantee. There is no equity in the form of share capital contributed by the Members.



## Fund Executives Association Limited

### Notes to the Financial Statements For the year ended 30 June 2016

#### 13 Financial instruments and financial risk management

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

- Credit risk
- Liquidity risk

This note presents information about the Association's exposure to both risks, its objectives, policies and processing 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 manages credit risk by placing cash and bank deposits with financial institutions which are regulated and management does not expect any counterparty to fail to meet its obligations. Management has not established any 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.

The Association's maximum credit exposure at 30 June 2016 was \$788,509 (2015: \$612,719) represented by the Association's exposure to cash and cash equivalents, and receivables.

There are no financial assets that are past due or impaired at 30 June 2016 (2015: nil).

##### *Liquidity risk*

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

The Association's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they come due, both under normal and distressed situations.

At 30 June 2016 and 30 June 2015, all financial liabilities had a maturity of less than six months.

**Fund Executives Association Limited**

**Notes to the Financial Statements  
For the year ended 30 June 2016**

**14 Operating leases**

	<b>2016</b>	<b>2015</b>
	\$	\$
Non-cancellable operating lease payable are as follows:		
Less than one year	56,406	54,237
Between one and five years	<u>23,885</u>	<u>80,291</u>
	<u><b>80,291</b></u>	<u><b>134,528</b></u>

The Association leases office premises under operating leases.

**15 Related parties**

*Key management personnel*

Neil Cochrane (Independent Chair)	Robyn Petrou
Michael Dwyer AM	Julie Lander
David Elia (Resigned 7 April 2016)	Bruce Watson (Resigned 4 May 2016)
Joseph Farrugia	Joanna Davison
Deborah Blakey	Paul Watson (Appointed 18 April 2016)
Leeanne Turner	

The key management personnel compensation (including remuneration for staff and independent chair) comprised of the following:

	<b>2016</b>	<b>2015</b>
	\$	\$
Short-term employee benefits	403,065	400,428
Post-employment benefits	<u>35,904</u>	<u>45,527</u>
	<u><b>438,969</b></u>	<u><b>445,955</b></u>

With the exception of the Independent Chair, FEAL Directors serve in an honorary capacity and are not remunerated. There were no other related party transactions during the year (2015: none).

**17 Subsequent events**

There have been no events subsequent to the reporting date which would have a material effect on the Association's financial statements at 30 June 2016.

**18 Auditor's remuneration**

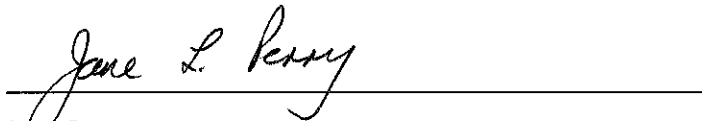
No audit fees are paid by the Association as KPMG Australia provide their services on an honorary basis.

**Directors' declaration**

In the opinion of the directors of Fund Executives Association Limited ('the Company'):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 9 to 25 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (c) 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 at Sydney this 16<sup>th</sup> day of November 2016 in accordance with a resolution of the directors.



Jane Perry

Chairman

## Independent auditor's report