

Fund Executives Association Limited

ABN 21 086 016 131

ACN 086 016 131

Annual Report

30 June 2017

Fund Executives Association Limited

Annual report for the year ended 30 June 2017

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Directors' report for the year ended 30 June 2017

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 2017 and the auditor's report thereon.

1 Directors

Name and qualifications	Experience and special responsibilities
<p>Neil Cochrane <i>B.Com</i> <i>FASFA</i> (Resigned 4 August 2016)</p>	<p>Neil was 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 <i>BA, BSc, Dip Ed</i> (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 Westpac BT Superannuation Boards. She was previously the Chief Executive Officer 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 19 November 2014)</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 Chief Executive Officer 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>Paul Dean Watson <i>Diploma Financial Planning, Diploma SM, PLD (HBS), FASFA</i> (Appointed 16 November 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 was the Chair of FEAL's Programme Committee from 2011 to 2017, 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 16 November 2016)</p>	<p>Joe first joined the FEAL Board in 1999 as one of the inaugural Directors and is currently Deputy Chair of FEAL. Joe has worked in the superannuation industry since 1971, 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 as a member of the ASFA Victorian Executive since 2001.</p>
<p>Deborah Jane Blakey <i>B.Sc, CFP, FAIST</i> (Appointed 16 November 2016)</p>	<p>Debby Blakey joined the FEAL Board in late 2013. As the Chief Executive Officer 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>Julie Hermine Lander <i>B. Bus, FAIST, MAHRI</i> (Appointed 19 August 2014)</p>	<p>Julie first 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 18 November 2005)</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>Leeanne Cherise Turner (Appointed 18 November 2015) <i>Dip Financial Services, GAICD, Graduate Stanford 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>

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	1	1
Michael Dwyer AM	2	4
Joseph Farrugia	4	4

Jane Perry	3	3
Robyn Petrou	3	4
Julie Lander	4	4
Debby Blakey	3	4
Leeanne Turner	4	4
Paul Watson	4	4

4 Objectives and strategies

The Association is dedicated to supporting the professional development of leaders in the not-for-profit 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 offered 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 2017 was \$51,615 (2016: \$44,138).

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 \$526,748 as at 30 June 2017 (2016: \$475,133).

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

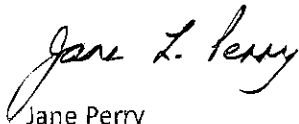
The Association is a company limited by guarantee. In the event of a winding up of the Association, each member undertakes to contribute an amount not exceeding \$100 to the Association to pay outstanding liabilities and the costs of winding up.

The number of members as at 30 June 2017 was 522 (2016: 662) of which 498 members are drawn from 26 corporate member organisations, 24 are registered as individual members and 3 are registered as FEAL life members. The total amount that members of the Association are liable to contribute if the Association is wound up is \$52,200 (2016: \$66,200).

9 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' report for financial year ended 30 June 2017.

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



Jane Perry
Chair

Dated at Sydney this 11th October 2017



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 2017 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



Andrew Reeves
Partner

Sydney

11 October 2017

Fund Executives Association Limited

Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 A\$	2016 A\$
Income	4	934,132	937,990
Total revenue		934,132	937,990
Marketing expenses		(228,889)	(249,419)
Administration expenses		(127,818)	(139,726)
Personnel expenses	5	(479,952)	(447,919)
Other expenses		(41,163)	(45,446)
Total expenses		(877,822)	(882,510)
Surplus/(deficit) before finance income		56,310	55,480
Interest income		11,990	11,274
Surplus/(deficit) before income tax		68,300	66,754
Income tax expense	6	(16,685)	(22,616)
Surplus/(deficit) after income tax for the year		51,615	44,138
Other comprehensive income		-	-
Total comprehensive income for the year		51,615	44,138

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

Fund Executives Association Limited

Statement of Financial Position
As at 30 June 2017

	Note	2017 A\$	2016 A\$
Assets			
Cash and cash equivalents	7	914,242	786,773
Other receivables		2,585	1,736
Prepayments		63,112	39,299
Total current assets		979,939	827,808
Deferred tax assets	8	100,566	96,943
Property plant and equipment	9	11,465	10,088
Current tax receivable		*	51,742
Total non-current assets		112,031	158,773
Total assets		1,091,970	986,581
Liabilities			
Payables	10	45,735	65,417
Employee benefits	11	29,355	20,630
Unearned income		395,264	316,460
Provision for awards expenses		81,000	102,000
Current tax payable		493	*
Total current liabilities		551,847	504,207
Employee benefits	11	13,375	6,941
Total non-current liabilities		13,375	6,941
Total liabilities		565,222	511,448
Net assets		526,748	475,133
Members' funds			
Retained surplus	12	526,748	475,133
Total members' funds		526,748	475,133

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 2017

	Retained Surplus A\$
Balance at 1 July 2015	430,995
Surplus for the year	44,138
Other comprehensive income	"
Total comprehensive income for the year	<u>44,138</u>
Balance at 30 June 2016	<u>475,133</u>
Balance at 1 July 2016	475,133
Surplus for the year	51,615
Other comprehensive income	"
Total comprehensive income for the year	<u>51,615</u>
Balance at 30 June 2017	<u>526,748</u>

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 2017

	Note	2017 A\$	2016 A\$
Cash flows from operating activities			
Cash receipts from members and sponsors		988,274	950,937
Cash payments to suppliers and employees		(836,081)	(742,386)
Income tax paid		(31,927)	(40,395)
Net cash from/(used in) operating activities	7	120,266	168,156
Cash flows from investing activities			
Interest received		11,990	11,274
Acquisition of property, plant and equipment		(4,787)	(2,616)
Net cash from investing activities		7,203	8,658
Net increase in cash and cash equivalents		127,469	176,814
Cash and cash equivalents at beginning of the financial year		786,773	609,959
Cash and cash equivalents at end of the financial year	7	914,242	786,773

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 2017

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 2017 was 522 (2016: 662).

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 11 October 2017.

(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.

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 2017

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 2017

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 2017

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 2017

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*

AASB 9 Financial Instruments was issued in December 2014 and addresses recognition and measurement requirements for financial assets and financial liabilities, impairment requirements that introduce an expected credit loss impairment model and general hedge accounting requirements which more closely align with risk management activities undertaken when hedging financial and non-financial risks. This standard becomes mandatory for the Association's 30 June 2019 financial statements. The Association is in the process of assessing the impact of AASB 9, however the Association does not believe this will have a material impact on its financial statements. It is available for early adoption but has not been applied by the Trust in this financial report.

AASB 15 Revenue from Contracts with Customers was issued in December 2014 and provides a single comprehensive model for revenue recognition based on the satisfaction of performance obligations and additional disclosures about revenue. It replaces AASB 118 Revenue and related interpretations. This standard becomes mandatory for the Association's 30 June 2019 financial statements. The Association is in the process of assessing the impact of adoption of the standard, however the Association does not believe this will have a material impact on its financial statements. It is available for early adoption but has not been applied by the Association in this financial report.

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 2017. These Accounting Standards and Interpretations have not had any material effect on the financial position and performance of the Company.

4 Revenue

	2017	2016
	\$	\$
Membership income	153,359	157,315
Event income	184,752	185,491
Sponsorship income	464,545	421,581
Scholarship income	101,000	109,545
IMCA cost recoveries	30,476	26,086
Miscellaneous income	-	37,972
	934,132	937,990

Fund Executives Association Limited

Notes to the Financial Statements
For the year ended 30 June 2017

5 Personnel expenses

	2017	2016
	\$	\$
Wages and salaries	350,572	299,354
Bonuses	47,673	42,074
Increase in liability for annual leave	8,724	13,226
Increase in liability for long service leave	6,434	553
Contributions to defined contribution superannuation plans	31,387	45,527
Other associated personnel expenses	31,365	7,225
Director fees	3,797	39,960
	<u>479,952</u>	<u>447,919</u>

6 Income tax

	2017	2016
	\$	\$
Current tax expense		
Deferred tax expense resulting from reduction in tax rate	3,402	4,974
Current period	20,308	20,075
Prior period adjustment	-	182
	<u>23,710</u>	<u>25,231</u>
Deferred tax expense		
Tax losses carried forward	-	-
Origination and reversal of temporary differences	(7,025)	(2,615)
	<u>(7,025)</u>	<u>(2,615)</u>
Total income tax (benefit)/expense	<u>16,685</u>	<u>22,616</u>

Numerical reconciliation between tax expense and pre-tax accounting profit

Association's pre-tax income	68,300	66,754
Income tax using the Association's statutory rate 27.5% (2016: 28.5%)	18,782	19,025
Non assessable mutual expenses	(72,812)	(75,863)
Non-deductible expenses	79,938	74,298
Under / (over) provision in prior year	-	182
Reduction in opening deferred tax assets resulting from tax rate	3,402	4,974
Non assessable income	(12,625)	-
	<u>16,685</u>	<u>22,616</u>

Fund Executives Association Limited

Notes to the Financial Statements
For the year ended 30 June 2017

7 Cash and cash equivalents

	2017	2016
	\$	\$
Bank balances	428,860	410,116
Cash on hand	200	200
Call deposits	485,182	376,457
	<u>914,242</u>	<u>786,773</u>

Reconciliation of cash flows from operating activities

Cash flows from operating activities

Surplus/(deficit) for the year	68,300	66,754
Adjustments for		
Depreciation expense	3,410	3,138
Net finance income	(11,990)	(11,274)
(Increase)/decrease in receivables	(850)	1,024
(Increase)/decrease in prepayments	(23,812)	(7,716)
Increase/(decrease) in payables	(19,682)	45,999
Increase/(decrease) in employee benefits	15,159	(1,568)
Increase/(decrease) in unearned income	78,804	19,639
Increase/(decrease) in provision for awards expenses	(21,000)	102,000
Increase/(decrease) in provision for member education expenses	-	(10,000)
Increase/(decrease) in employee benefits provision	-	555
Tax paid	31,927	(40,395)
Net cash (used in)/from operating activities	<u>120,266</u>	<u>168,156</u>

Fund Executives Association Limited

Notes to the Financial Statements
For the year ended 30 June 2017

8 Deferred tax assets and liabilities

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

	2017	2016
	\$	\$
Assets		
Provision for annual leave	29,355	20,632
Provision for long service leave	13,375	6,940
Unearned income	237,922	207,382
Accrued expenses	81,000	102,000
Superannuation Accrued	6,630	4,933
<i>Total deferred tax assets</i>	<u>368,281</u>	<u>341,888</u>
Liabilities		
Interest receivable	(2,585)	(1,737)
<i>Total deferred tax liabilities</i>	<u>(2,585)</u>	<u>(1,737)</u>
Net deferred tax assets	<u>365,696</u>	<u>340,151</u>
27.5%	<u>100,566</u>	<u>96,943</u>

9 Property, plant and equipment

	Plant and Equipment	Furniture And fittings	Total
	\$	\$	\$
Cost			
Balance at 1 July 2015	3,660	23,977	27,637
Additions	2,616	-	2,616
Balance at 30 June 2016	<u>6,276</u>	<u>23,977</u>	<u>30,253</u>
Balance at 1 July 2016	6,726	23,977	30,253
Additions	4,787	-	4,787
Balance at 30 June 2017	<u>11,063</u>	<u>23,977</u>	<u>35,040</u>
Depreciation			
Acc Dep. balance at 1 July 2015	767	16,260	17,027
Depreciation for the year	964	2,174	3,138
Acc. Dep balance at 30 June 2016	<u>1,731</u>	<u>18,434</u>	<u>20,165</u>
Acc Dep. balance at 1 July 2016	1,731	17,434	20,166
Depreciation for the year	1,878	1,533	3,410
Acc Dep balance at 30 June 2017	<u>3,609</u>	<u>19,967</u>	<u>23,575</u>

Fund Executives Association Limited

Notes to the Financial Statements
For the year ended 30 June 2017

Property, plant and equipment - Cont.

Carrying amounts

At 1 July 2015	2,893	7,717	10,610
At 30 June 2016	<u>4,545</u>	<u>5,543</u>	<u>10,088</u>

Carrying amounts

At 1 July 2016	4,545	5,543	10,088
At 30 June 2017	<u>7,454</u>	<u>4,011</u>	<u>11,465</u>

10 Payables

	2017	2016
	\$	\$
GST payable	27,775	31,150
PAYG tax payable	11,330	29,333
Superannuation Payable	6,630	4,934
	<u>45,735</u>	<u>65,417</u>

11 Employee benefits

	2017	2016
	\$	\$
<i>Current</i>		
Liability for annual leave	29,355	20,630
<i>Non-current</i>		
Liability for long service leave	13,375	6,941

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.

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.

Fund Executives Association Limited

Notes to the Financial Statements
For the year ended 30 June 2017

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 2017 was \$550,878 (2016: \$469,234) 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 2017 (2016: 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 2017 and 30 June 2016, all financial liabilities had a maturity of less than six months.

14 Operating leases

	2017	2016
	\$	\$
Non-cancellable operating lease payable are as follows:		
Less than one year	23,885	56,406
Between one and five years	4,968	23,885
	<u>28,853</u>	<u>80,291</u>

The Association leases office premises under operating leases.

Fund Executives Association Limited

**Notes to the Financial Statements
For the year ended 30 June 2017**

15 Related parties

Key management personnel

Jane Perry (Independent Chair)	Robyn Petrou
Michael Dwyer AM	Julie Lander
Joseph Farrugia	Joanna Davison
Debby Blakey	Paul Watson
Leeanne Turner	

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

	2017	2016
	\$	\$
Short-term employee benefits	313,893	331,703
Post-employment benefits	<u>29,820</u>	<u>31,512</u>
	<u>343,713</u>	<u>363,215</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 (2016: 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 2017.

18 Auditor's remuneration

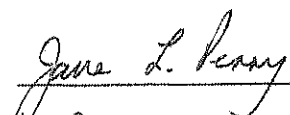
No audit fees are paid by the Association as KPMG Australia provide their services on an honorary basis.

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 2017 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 11th day of October 2017 in accordance with a resolution of the directors.



Jane Perry

Chairman



Independent Auditor's Report

To the members of Fund Executives Association Limited,

Opinion

We have audited the **Financial Report** of Fund Executives Association Limited ("the Company").

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2017,
- Statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Fund Executives Association Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, 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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.aasb.gov.au/auditors_files/ar3.pdf. This description forms part of our Auditor's Report.


KPMG


Andrew Reeves

Partner

Sydney

11 October 2017