FINSIA

FINSIA 2016 ANNUAL REPORT

CONTENTS

2016 WAS A WATERSHED YEAR FOR COMMUNITY CONFIDENCE IN FINANCIAL INSTITUTIONS, WITH CULTURE AND CONDUCT COMING UNDER INTENSE SCRUTINY.

FINSIA WILL WORK WITH MEMBERS, REGULATORS AND THE COMMUNITY TO RAISE STANDARDS OF PROFESSIONALISM IN FINANCIAL SERVICES.

PRESIDENT'S REPORT

OVER THE LAST TWELVE MONTHS WE HAVE MADE INROADS INTO TRANSFORMING OUR ORGANISATION, TAKING ACTION ON THE FEEDBACK FROM OUR MEMBERS, IMPROVING OUR FINANCIAL POSITION AND APPOINTING A NEW CHIEF EXECUTIVE OFFICER.

FINSIA has an important role to play in shaping the future of the financial services industry and help our members deliver better customer outcomes and restore trust and confidence in a profession that contributes so much to the strength of the Australian and New Zealand economies.

To that end our Board and executive leadership team has been focused in 2016 on setting the foundations of our organisation so that we are set up to drive change and improve our members' value proposition. This includes a focus on our financials and reducing our cost structure by 14 per cent.

Under the stewardship of our new Chief Executive Officer Chris Whitehead we have carried out a strategic review, which will form the blueprint for the direction of the organisation and set a clear purpose.

We will be talking more about the detail of the review at this year's AGM but I am excited by the challenge and the chance to make a difference in our industry as is our Board and senior management team.

Our new direction aligns with the valuable feedback that you, our members, gave us in a comprehensive survey. You have said you want FINSIA to have a bigger voice in the industry and set higher standards of professionalism. We have listened and taken action on this feedback.

Chris, who is a highly regarded industry leader with a strong track record in business transformation and building customer-focused cultures has the Board's endorsement to implement the new strategy — setting the purpose and vision for FINSIA, outlining what the organisation needs to do to raise professional standards to support the restoration of trust in financial services.

In 2016, FINSIA continued to contribute to the professional development of our members. We held a series of briefings on the 'Future of Finance' in capital cities around Australia and New Zealand. These briefings, delivered by industry experts, were well received by our members.

At a time of intense scrutiny on the sector and considerable regulatory change, our annual 'Regulators Panel' was a highlight. The panel, which included ASIC Chairman Greg Medcraft, APRA Chairman Wayne Byres and RBA Deputy Governor Guy Debelle, informed us of emerging issues impacting the regulatory agenda.

I would like to thank my fellow Board members and our FINSIA team for all of their hard work.

I would also like to thank the Regional and Industry Councils, the Young Finance Professionals and the Women in FINSIA Committees for the significant contribution they make to FINSIA. It is greatly appreciated.

Finally thank you to our loyal members for your continuing support. 2017 is going to be a really exciting year for the organisation and I am looking forward to communicating what this means for members and our industry.

David Gall SF Fin
President

CHIEF EXECUTIVE OFFICER'S REPORT

IN INTRODUCING THE 2016 ANNUAL REPORT, I FIRST WOULD LIKE TO THANK FINSIA MEMBERS FOR THEIR SUPPORT AND GOODWILL FOR THE WIDE-RANGING BUSINESS STRATEGY REVIEW THAT WE ARE UNDERTAKING.

The conversations that I've had with you since my appointment in September 2016 confirm my view that FINSIA is the right vehicle to address the challenges facing financial services by helping strengthen trust in the industry through professionalisation.

Like you, I am deeply troubled by declining consumer trust in financial institutions and their employees. The industry, understandably, has come under intense scrutiny on the back of numerous conduct scandals. Domestic and international regulation has responded, with reforms at the institutional level to improve standards of compliance and monitoring of emerging conduct risks.

The industry's tarnished reputation has made it harder to communicate its importance in the real economy and the contribution it makes as Australasia's largest employer.

This is understandable, but it contributes to distrust and misunderstanding.

Fundamentally, these issues are the reason why I joined FINSIA — because I believe that it is incumbent on industry professionals to take a leading role to remedy declining consumer trust by professionalising the industry.

Professionalisation will build integrity and trust in member professionals, and the services that they provide to the community. It will powerfully signal that the individuals who make up the industry take seriously their role as fiduciaries and advisers.

Professionalisation will also build respect for and in the industry. This will make the task of attracting the best talent easier, by aligning industry employees to a shared purpose and set of values.

Together, we can make an immediate positive impact on industry perception and improve consumer outcomes.

I look forward to sharing with you the practical steps that we are taking to professionalise the industry at the 2017 AGM.

Chris Whitehead F Fin
Chief Executive Officer

YEAR IN REVIEW

FINSIA DEEPENED ITS ENGAGEMENT WITH MEMBERS IN 2016 THROUGH A NUMBER OF WELL-RECEIVED EVENTS, FORUMS AND PROFESSIONAL DEVELOPMENT PROGRAMS. IN THE LATTER PART OF THE YEAR WE COMMENCED A WIDE-RANGING BUSINESS STRATEGY REVIEW TO DEFINE FINSIA'S ROLE IN PROFESSIONALISING THE INDUSTRY.

Q1

Economic Indicators: A Brisbane institution, over 350 industry professionals gathered to hear Westpac's Chief Economist, Bill Evans, give insight into the factors shaping Australian financial markets in the year ahead.

FINSIA–Monash MBA Scholarship announced: This inaugural award, valued at $63,200, is admission and a full fee waiver of the Monash MBA, a two-year program to support and promote the development of emerging financial services sector leaders in Australia. In February 2017 we announced the winner, Laura Parr, an Insights and Propositions Manager at AustralianSuper.

Connecting and building: Our respected mentoring program was relaunched, with a new targeted program for graduates (Career Connect) and expanded offering for professionals looking to accelerate their careers (Career Builder). Over 100 emerging professionals were mentored by senior FINSIA members this year.

Q2

Member survey: Over 800 members gave feedback on FINSIA's role as an advocate for professionalism in financial services, and what we can do to improve member benefits. This feedback supported the development of the Future of Finance event series, and our business strategy review.

Leaders in Our Midst: 370 young finance professionals across Australia were inspired and empowered by attending our annual speed mentoring event. Thank you to the fellows and senior fellows who gave valuable advice and insights to make this event such a success.

2015 JASSA Prize announced: Two papers published in our industry journal were recognised, 'Backdoor listings in Australia' by Andrew Ferguson and Peter Lam, with 'Renminbi trade invoicing: Benefits, impediments and tipping points' by Kathleen Walsh receiving a merit award.

Q3

Hugh DT Williamson Scholarship: Lucienne Cassidy, a Senior Associate at Ashurst in Melbourne, wins FINSIA's annual award for exceptional emerging leaders. With the award, Lucienne plans to complete the Business Essentials for Executives course at The Wharton School, University of Pennsylvania.

ALRC elder abuse inquiry: FINSIA contributes to this review, which reviews how banks and financial institutions respond to financial abuse of the elderly. FINSIA supports calls for a prevalence study, a national register of enduring powers of attorney, and reforms to the *Code of Banking Practice.*

Future of Finance: 740 members across Australia and New Zealand attended exclusive member briefings with Victor Jiang, founder of Sapien Ventures, John Baird, director of Revio Cyber Security, and Helen Lorigan SF FIN, executive-in-residence at Sapien Ventures.

Q4

The Regulators: Greg Medcraft (ASIC), Wayne Byers SF FIN (APRA) and Guy Debelle (RBA) brief a 350-strong audience on the new technologies driving regulator change in financial services.

Life membership: This award was made to members who reached the milestone of 50 years' membership in 2016, in recognition of their continuing contribution to FINSIA and the industry:

Richard Addis F FIN, John Anschau SF FIN, Henri Aram SF FIN, Noel Beswick F FIN, Marc Desmarchelier SF FIN, Rex Freudenberg SF FIN, Malcolm Irving SF FIN, Richard Jones A FIN, Howard Lange F FIN, Paul Murray F FIN, Keith Parry F FIN, Howard Vains F FIN, Eric Willson F FIN

Additionally, life membership was awarded to Professor Michael Drew SF FIN, for his outstanding contribution to FINSIA and to industry in the area of retirement income policy and research.

COUNCILS AND COMMITTEES

THANK YOU TO OUR COUNCIL AND COMMITTEE MEMBERS FOR THEIR VALUABLE SUPPORT OF FINSIA AND ITS MEMBERS ACROSS AUSTRALASIA.

REGIONAL COUNCILS IN 2016

New South Wales and Australian Capital Territory

- Rob Sinclair F Fin *(Chair)*
- Kate McCallum F Fin *(Deputy Chair)*
- Belinda Cooney F Fin
- Giles Gunesekera SF Fin
- Nathan Krieger F Fin
- Linda Maniaci F Fin
- Su-Lin Ong F Fin
- Bettina Pidcock F Fin
- Ian Pollari F Fin
- Karolina Popic F Fin
- Jasmine Tan SA Fin *(YFP Chair)*
- Victoria Weekes SF Fin

Victoria and Tasmania

- Loretta Venten SF Fin *(Chair)*
- Catherine Macleod F Fin *(Deputy Chair)*
- Tania Hudson SF Fin *(Tasmanian Chair)*
- Chad Barendse A Fin *(YFP Chair)*
- James Canny A Fin
- Paul Chin SF Fin
- Fiona Gomez SA Fin
- Anne Osborn SA Fin

Victoria and Tasmania – *cont'd*

- Stephen Minns F Fin
- Matt O'Keefe SA Fin
- Mark Topy SF Fin
- Brad Upton SA Fin

Queensland

- Kerry McGowan SF Fin *(Chair)*
- Matt Baxby F Fin
- Michelle Bagnall SA Fin
- Clair Barrett A Fin *(YFP Chair)*
- Joanne Dwyer A Fin
- Alasdair Jeffrey F Fin
- Anne-Maree Keane F Fin
- Philip Lee SF Fin
- Noel Lord SF Fin
- Maxwell Morley F Fin
- Peter Pontikis SF Fin
- Richard Somerville F Fin
- Peta Tilse F Fin
- Philip Vickery F Fin
- Andrew Weeden SA Fin
- Gordon Wilkie A Fin

South Australia and Northern Territory

- Bruno Bellon SF Fin *(Chair)*
- Blake Halligan SA Fin *(Deputy Chair)*
- Jane Dharam SF Fin
- Giuseppe Formichella F Fin
- Amanda Heyworth SF Fin
- Nick Karagiannis SA Fin
- Lan Lam A Fin
- Helen Lorigan SF Fin
- John Montague SF Fin
- Philip Roberts SF Fin
- Stuart Symons SA Fin
- Peter Tyson A Fin *(YFP Chair)*
- David White SF Fin
- Ida Wong-Taylor SA Fin

Western Australia

- Rohan Mishra SA Fin *(Chair)*
- Justin van Ast SA Fin
- John Boyle F Fin
- Professor Phillip Dolan SF Fin
- Pamela-Jayne Kinder SF Fin
- Shaun McRobert SA Fin
- Kevin Smout F Fin
- Irshaad Songerwala F Fin
- Tim Sullivan SA Fin
- Sean Vincent SA Fin *(YFP Chair)*
- Emma Wright SA Fin
- Heather Zampatti SA Fin

New Zealand

- Rowena Wilkinson F Fin *(Chair)*
- Philip Doak F Fin
- Leon Grandy F Fin
- David Kidd F Fin
- Shashi Kumar F Fin
- David Mayes SF Fin
- Bernard McCrea SF Fin
- Phillip Meyer F Fin
- David Tripe SF Fin

INDUSTRY COUNCILS IN 2016

Financial Advice and Services

Megan Aikman F Fin	Hillross
Sandra Bowley SF Fin	Sandra Bowley Financial Planning
Prof Christine Brown SF Fin	Monash University
Diana Bugarcic SA Fin	Sydney Institute of TAFE
Amelia Constantinidis	CBA
Jeremy Cooper SF Fin	Challenger
Diego del Rosso SA Fin	Bendigo and Adelaide Bank
Bruce Lanyon SF Fin	Morgan Stanley
Gary Mitchell SF Fin	Shadforth Financial Group Ltd
Peter Pontikis SF Fin	Westpac
Susan Rallings F Fin	RBS Morgans
Mark Spiers SF Fin	BT Financial Group Ltd
Peta Tilse F Fin	Levantine Wealth
Deborah Wixted	CBA

Funds and Asset Management

Keri Pratt SF Fin	*(Chair)* Non-Executive Director
Nicholas Allton SA Fin	Macquarie Funds Group
Jonathan Armitage	NAB
Stewart Brentnall F Fin	OnePath
Paul Chin F Fin	Jamieson Coote Bonds
Sharon Davis	
Jacki Ellis SA Fin	Mercer
Sylvia Falzon SF Fin	Non-Executive Director
Patrick Farrell	BT Financial Group
Katrina Glendinning SF Fin	Pengana Capital
Susanna Gorogh SF Fin	MTAA
Giles Gunesekera SF Fin	Global Impact Initiative
Simon Hudson SF Fin	UniSuper
Paul Khoury SF Fin	State Street
Camilla Love F Fin	Perennial
Justin McMinn	HESTA
Dr Carsten Murawski	University of Melbourne
Vivek Prabhu F Fin	Perpetual
Dr Adam Walk SF Fin	Griffith University

Institutional Markets

Paul Travers SF Fin	*(Chair)* KPMG
Catherine Black F Fin	Queensland Treasury Corporation
Adrienne Bloom SF Fin	Bank of America Merrill Lynch
Tony Carlton SA Fin	Macquarie University
Chris Dalton	Australian Securitisation Forum
Joanne Dawson SA Fin	Westpac
Anastasia Economou SF Fin	
Jaye Gardner SF Fin	Grant Samuel Group
Andrew Kinasch	CBA
Yura Mahindroo F Fin	PwC
Luke Marriott	ANZ
Assoc Prof Jerry Parwada	UNSW
Clare Porta F Fin	Consultant
Liz Smith F Fin	Grant Thornton Australia
Connie Sokaris F Fin	NAB
Anthony Sweetman SF Fin	UBS
Itay Tuchman	Citi Markets Australia

Retail and Business Banking

Daniel Biondi F Fin	*(Chair)* Hewlett Packard Enterprise
Nicholle Lindner F Fin	*(Deputy Chair)* NSW Department of Industry, Trade and Investment
Philippa Bartlett	CBA
Tony Beck SA Fin	Members Equity
David Boromeo	Bendigo and Adelaide Bank
Janine Copelin	Citi
Mike Currie F Fin	QBank
Cindy Hansen F Fin	Qudos Bank
Graham Heunis	HSBC
Prof Allan Hodgson	University of QLD
Jason Murray	Credit Union Australia
Paul Presland F Fin	ANZ
Monique Reynolds Aff	Westpac
Dr Harry Scheule	UTS

COMMITTEES IN 2016

Women in FINSIA

- Linda Maniaci F Fin *(Chair)*
- Maebehe Garcia F Fin *(Deputy Chair)*
- Barbara Carroll
- Belinda Cooney F Fin
- Carmen Damino
- Jacqui Henderson
- Katherine Howard F Fin
- Jessye Lin Aff
- Anita Mustac
- Trenna Probert
- Malini Raj F Fin
- Maria Trinci SA Fin
- Loretta Venten SF Fin
- Anne Voursoukis F Fin
- Victoria Weekes SF Fin
- Natalie Yan-Chatonsky

JASSA Editorial Board

- Aaron Minney F Fin *(Chair)*
- Prof Kevin Davis SF Fin *(Managing Editor)*
- Marion Fahrer F Fin *(Editor)*
- Dr Bruce Arnold
- Dr Anthony Brassil
- Dr Jean Canil
- Associate Prof Anthony Carlton
- Prof Carole Comerton-Forde
- Prof Steve Easton
- Dr Kim Hawtrey SF Fin
- Dr Alexandra Heath
- Prof Elaine Hutson
- Prof Fariboz Moshirian
- Associate Prof Maurice Peat F Fin
- Prof Alireza Tourani-Rad F Fin

YFP COMMITTEES IN 2016

Queensland

- Clair Barrett A Fin *(Chair)*
- Luke Fraser SA Fin *(Deputy Chair)*
- Naomi Benton A Fin
- Samantha Bird A Fin
- Harriet Campbell A Fin
- Alex Cottrell A Fin
- Michael Hamlin A Fin
- Janis Luhrs
- Andrew McAfee
- Sean Trainor A Fin
- Gordon Wilkie A Fin

New South Wales

- Jasmine Tan SA Fin *(Chair)*
- Megan Lee A Fin *(Deputy Chair)*
- Dane Kobus *(Deputy Chair)*
- Katherine Chen
- Sam Koch A Fin
- Eloise de Cure-Ryan
- Kyra Hannaford
- Rowena O'Neill SA Fin
- Biljana Tasevska

Victoria

- Chad Barendse A Fin *(Chair)*
- Jarryd Begbie A Fin *(Deputy Chair)*
- Yoni Cukierman A Fin
- Jonathan Hanley
- Dean Holloway A Fin
- Hong Hon F Fin
- Mitchell King
- Aaron Lane
- Alex Lee
- Alex Lord SA Fin
- Coral Lou
- Thuy Ngo
- Anne Osborn F Fin
- James Simpson
- Dzung Tran A Fin
- Ernie Turner SA Fin
- Steven Wang

South Australia and Northern Territory

- Peter Tyson SA Fin *(Chair)*
- Chris Eddington *(Deputy Chair)*
- Jessica Besednjak A Fin
- Nicole Bradshaw
- Adam Douglass SA Fin
- Oliver Ciancio

South Australia and Northern Territory – *cont'd*

- Andrew Guiliano
- Blake Halligan SA Fin
- Aditya Harsh A Fin
- Alyssa Hennessy
- Divine Mdaya
- Sarah Mackay
- Jarrod Wilksch

Western Australia

- Sean Vincent SA Fin *(Chair)*
- Ian O'Brien SA Fin *(Deputy Chair)*
- Sebastian Bednarczyk SA Fin
- Olivia Cole A Fin
- Damien Cribben A Fin
- Cale Dewar A Fin
- Rachael Le Tessier A Fin
- Sevi Rich A Fin
- Hedley Roost
- Lachlan Stretton F Fin
- Imogen Sturrock A Fin

CORPORATE GOVERNANCE

The Board is focused on ensuring stakeholders are informed of our activities and that the confidence of our members is preserved.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

» The Board is responsible for the overall corporate governance of FINSIA, including its corporate planning.

» The Board has a management framework, including a system of internal control, a business risk management process and established ethical standards.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

» The FINSIA Constitution determines the composition of the Board, with directors subject to election by a direct national vote by members.

» The Chief Executive Officer and Managing Director is the only director who is a member of management. The Chair and Board members are independent directors.

» As a membership organisation, we derive strength from the involvement of the directors as members committed to the enhancement of FINSIA's objectives.

Selection of directors

» The directors in office at the date of this statement are set out in the directors' report on page 20.

» Biographical details outlining skills, experience and expertise relevant to the position of the director are provided in the Board profile on pages 15 to 17. Other directorships are also included.

» FINSIA is committed to ensuring gender diversity in the composition of its Board of directors in accordance with Principle 3 of the ASX Corporate Governance Principles and Recommendations. Three of eight elected directors in 2016 are women. The Board has an induction program in place for new directors.

Nominations committee

» The Nominations and Remuneration Committee comprises the President, Vice President, Managing Director and two other directors or as otherwise determined by the Board from time to time.

» The composition and attendance at meetings of the Nominations and Remuneration Committee are shown in the directors' report on page 22.

» The constitution provides for a maximum of nine directors and a minimum of seven. No director may serve more than three three-year terms.

» In its consideration of candidates for the Board, the Nominations and Remuneration Committee seeks continuity of expertise and representation of regions and industry sectors, as serving directors conclude their tenure on the Board. This committee utilises a skills matrix to identify potential directors with diverse skills.

» The Board-endorsed guidelines for attributes required of directors are outlined in the Board Charter, which is available at finsia.com/about.

» Directors nominations committee — the Board has established a new sub-committee of the Nominations and Remuneration Committee to assist the selection and election of Directors to the Board. Details of the terms of reference and the members of the committee are available on our website at finsia.com/about.

Board performance

» The Board regularly undertakes board performance reviews.

Regional representation

» The Board appoints Regional Councils, which include representatives from various business sectors. Members of Regional Councils are FINSIA members.

Independent professional advice

» Each director has the right to seek independent professional advice at FINSIA's expense. The President's prior approval is required, which is not to be withheld unreasonably.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

» The Board acts ethically and responsibly in its decision-making and the Code of Conduct is available at finsia.com/about.

» Directors are required to disclose transactions between themselves, their firms or associated entities and FINSIA, including payment for services.

» The Board takes seriously its legal obligations and has regard to the reasonable expectations of all stakeholders.

FINSIA IS A FOUNDING MEMBER OF THE ASX CORPORATE GOVERNANCE COUNCIL AND FINSIA'S CHIEF EXECUTIVE OFFICER IS A MEMBER OF THE COUNCIL. FINSIA'S BOARD HAS ENDORSED THE CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS THIRD EDITION.

Conflicts of interest

- Board policy requires that if there is, or could be, a conflict of interest for directors, then those directors do not receive relevant board papers, do not participate in those discussions or vote, and also absent themselves from the meeting room when those discussions are held.
- The policy provides for a register of interests and directors are required to notify any changes to their register of interests at each board meeting.

Diversity policy

- Although not a listed entity covered by the ASX Corporate Governance Principles and Recommendations, discloses the proportion of women in the whole organisation, at senior executive and board levels in accordance with the recommendations in Principle 3.

Measurable objectives

The FINSIA Board has adopted the following measurable objectives for achieving gender diversity across the organisation's business.

The objectives were to be met by December 2016.

Proportion of women in FINSIA *as at December 2016*	
FINSIA employees	59%
On the Board	38%

Objective *as at December 2016*	**Measurement**
Membership 35% of new members recruited in 2015-16 are female	**28%**
Professional development and events 33% of speakers at all FINSIA events are female	**29%**
Publication 40% of all authors in all publications are women	**40%**
Career programs 50% increase in female participation in FINSIA mentoring programs on 2010 figures	**25%**

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

- In accordance with the ASX principle, the Chief Executive Officer and the Chief Financial Officer have provided signed statements to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.
- To provide rigour and accountability, declarations are made by each of the operational managers that all material liabilities have been identified and communicated to the finance department as part of the year end accounting process.
- Members of the Audit, Finance, Risk Management and Compliance Committee (Audit Committee) are all non-executive directors, and the chair of the committee is not the chair of the Board.
- Membership of the committee during 2016 is set out in the directors' report on page 22.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

- FINSIA discloses to members and other key stakeholders material information that may affect the organisation from time to time.
- Our website, finsia.com/about, provides comprehensive and up-to-date information about member benefits and services, professional development events, careers information, FINSIA news and media releases, advocacy initiatives and corporate governance.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

- The Board carefully considers the rights of all members of FINSIA and provides members with information about FINSIA's financial situation, performance and governance, major initiatives and future strategy, alliances and partnerships, and policy and advocacy by a range of methods.
- Communications include the annual report, *JASSA* and *InFinance*, the FINSIA website and the annual general meeting (AGM).

- The external auditor is invited to attend the AGM and be available to answer questions about the conduct of the audit, and the preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

- The Board has established policies on risk oversight and management. In addition, the Chief Executive Officer and the Chief Financial Officer have stated to the Board in writing that:
  - the integrity of financial statements is founded on a system of risk management and internal compliance and control that implements the policies adopted by the Board.
  - the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- FINSIA has adequate risk management and compliance controls in place.
- The Board also, on a regular basis, receives reports about the strength of the risk management framework and processes.
- IT infrastructure and services are outsourced to an external hosting facility. In the event of a significant business disruption the outsourced provider has a Business Continuity Plan (BCP) in place for effective recovery procedures that are reviewed on an annual basis.
- The Audit, Finance, Risk Management and Compliance Committee reviews the status of risk and compliance. The risk register, which is used to identify, assess, monitor and manage material risk throughout the organisation, is considered by management on a monthly basis and reported to each meeting of the Audit, Finance, Risk Management and Compliance Committee and the Board.
- A fraud control plan and a whistleblower policy are also in place.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee

- The Remuneration Committee is combined with the Nominations Committee and comprises the President, Vice President, Managing Director and two other directors, or as determined by the Board from time to time.
- Attendance at meetings of the committee is shown in the directors' report on page 22.
- We have an annual salary and bonus review process for all staff. Payments of any salary and bonus amounts are market-driven, performance-based and discretionary.
- We operate a variable incentive program, which has delivered an enhanced capability to drive individual employee performance and to reward high performance and further support FINSIA's performance culture.
- The constitution prohibits remuneration of any director in his or her capacity as a member of the Board, other than any salary payment due to the director as a FINSIA employee.
- The non-executive directors act in an honorary role and no board fees nor remuneration have been paid to the directors.

DIRECTORS OF THE BOARD AND CEO

David Gall

BSc BBus (Banking and Finance)
MBA (Exec) SF Fin

President
appointed May 2015

Board member appointed
January 2010

Region: Victoria and Tasmania

Mr Gall, 49, is Group Chief Risk Officer, National Australia Bank.

Previous roles at National Australia Bank include executive general manager, working capital services, and executive general manager corporate banking and specialised businesses. He worked at St George Bank (including five years with Barclays Bank Australia) between 1989 and 2008. During that time he held various senior roles including group executive strategy, group executive retail business and general manager corporate and business banking.

Mr Gall joined the Australasian Institute of Banking & Finance in 1991 and was named its Young Banker of the Year in 1995.

Chair, Nominations and Remuneration Committee

Victoria Weekes

BComm LLB SF Fin FAICD

Vice President
appointed May 2015

Board member appointed
March 2013

Region: New South Wales and Australian Capital Territory

Ms Weekes, 55, is a professional non-executive director with more than 25 years experience as a senior executive in the financial services sector having held key leadership roles in Citigroup and Westpac.

Currently Victoria is the Independent Chair of OnePath Custodians, the ANZ Bank's public offer retail superannuation fund and is a non-executive director of the online stockbroking business ANZ Share Investing. Victoria is also the Chair of NSW Treasury and a member of the ASIC Markets Disciplinary Panel.

Victoria has been a member of FINSIA and its predecessor organisation the Securities Institute since 1996.

Member, NSW Regional Council

Member, Women in FINSIA Committee

Chair, Audit, Finance, Risk Management and Compliance Committee

Member, Nominations and Remuneration Committee

Chris Whitehead

BSc F Fin FAICD

CEO and Managing Director
appointed September 2016

Chris, 56, has been associated with the Australasian financial services industry for nearly 30 years. Previously, he was CEO of CUA, Australia's largest customer-owned financial institution, Regional Director, Bank of Scotland and CEO, BankWest Retail Bank.

He has extensive experience as a non-executive director including in the payments, wealth management and insurance sectors.

Commencing his career in IT, Chris maintains a keen interest in the ongoing impact of technology on financial services.

RECOGNISING THE CHALLENGES AND CHANGE FACING THE INDUSTRY THE BOARD OF FINSIA ARE ENSURING THAT THIS ORGANISATION PLAYS A SIGNIFICANT ROLE IN RESPONSE. HAVING APPOINTED A NEW CEO IN 2016 THE BOARD ARE STRONGLY SUPPORTIVE OF FINSIA PROVIDING LEADERSHIP IN RAISING PROFESSIONAL STANDARDS.

Cathy Aston

BEcon (Macq) MComm (UNSW)
F Fin GAICD TFASFA

Director
appointed August 2015

Region: New South Wales and Australian Capital Territory

Ms Aston, 53, is an experienced executive and non-executive director of digital and telecommunications businesses across the Asia-Pacific.

Cathy is currently a non-executive director of IMB Bank Ltd, Southern Phone Ltd and the Australian Brandenburg Orchestra. She is an Advisory Board member of Avanseus Holdings Ltd (Singapore) and former Chair of Pillar Administration.

Ms Aston has a broad commercial background with senior roles in finance, marketing, strategy and business transformation. Previous positions include Executive Director, Digital Business at Telstra Corporation, Finance Director, Telstra International (Hong Kong) and Managing Director, Mobitel Pvt Ltd (Sri Lanka).

Member, Audit, Finance, Risk Management and Compliance Committee

Bruno Bellon

BEcon GDipAppFin (SecInst)
SF Fin MAICD

Director
appointed February 2015

Region: South Australia and Northern Territory

Mr Bellon, 46, is a Director, Financial Markets with the Commonwealth Bank of Australia.

He previously worked as Portfolio Manager for the South Australian Government Financing Authority (SAFA).

Prior to this, he held corporate banking and treasury roles with ANZ Bank and SGIC.

He has been a member of FINSIA since 2011 and previously the Securities Institute of Australia (SIA) since 1995. He is a member of the SA/NT Regional Council and a former lecturer and course assessor for SIA in several subjects.

Member, South Australia and Northern Territory Regional Council

Member, Audit, Finance, Risk Management and Compliance Committee

Alasdair Jeffrey

MBA BBus BA F Fin

Director
appointed October 2010

Region: Queensland

Mr Jeffrey, 48, is executive director of Rowland and leads the firm's investor relations practice. He has 25 years' experience in financial communication and investor relations in Australia and overseas. Prior to Joining Rowland, Mr Jeffrey was executive vice president of investor relations for a FTSE-100 and Nasdaq listed company in London from 1997 to 2003. He has managed public affairs, corporate and investor communication programs for companies in Australia, the United Kingdom and the United States.

He has been a member of FINSIA since 2007 and is a member of the Queensland Regional Council.

Member, Queensland Regional Council

Member, Nominations and Remuneration Committee

Warwick Negus

B Bus MComm SF Fin

Director
appointed March 2010

Region: New South Wales and Australian Capital Territory

Mr Negus, 55, was appointed as VP of FINSIA in April 2010. He was CEO of Colonial First State Global Asset Management 2005 to 2008. Prior to this position he was CEO of 452 Capital Pty Ltd, a boutique Australian fund management company he co-founded in 2002. Mr Negus worked in various management roles as a MD of Goldman Sachs (1993–2002), including the investment banking division, the Asian asset management business, and global emerging markets and global equities located in Hong Kong, Singapore, London and Sydney. Previously, he was VP and Portfolio Manager at Bankers Trust Australia, and International Lending Manager at CBA.

Mr Negus is a director of ASX listed Washington H Soul Pattinson & Co, Bank of Queensland and Virgin Australia Holdings. He is also the Chairman of URB Investments Limited. He is member of Council of UNSW, director Terrace Tower Group and a member of the Sydney Advisory Board of the Salvation Army.

Member, Nominations and Remuneration Committee

Mark Spiers

BA CFP Dip AII CIP F Fin GAICD

Director
appointed March 2013

Region: New South Wales and Australian Capital Territory

Mr Spiers, 57, is General Manager of Advice at BT Financial Group. In this role, Mark is responsible for all of the employed and self-employed financial advisers in the Westpac Group. Prior to this Mark held various executive advice-related roles at ING and AMP.

Mark is actively involved in the development and raising of standards in the financial planning profession through Board, and industry committee positions.

He has served as Director and Deputy Chair of the Financial Planning Association.

Member, Financial Advice and Services Industry Council

Member, Audit, Finance, Risk Management and Compliance Committee

Loretta Venten

BEc GDip (Banking & Finance)
SF Fin MAICD MFTA

Director
appointed June 2005

Region: Victoria and Tasmania

Ms Venten, 53, is an Executive Director, Loan Markets & Syndications at Commonwealth Bank of Australia.

She has had various roles at the bank since 1984 in loan markets/syndicated lending, debt capital markets, corporate banking, branch lending and branch banking.

She is a director of MIS Funding No 1 Pty Ltd and a past member of the management committee of the Asia Pacific Loan Market Association (APLMA) Australian Branch (2000–2010).

Member, Victoria Regional Council

Member, Women in FINSIA Committee

Member, Audit, Finance, Risk Management and Compliance Committee

ANNUAL FINANCIAL REPORT

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report of the Financial Services Institute of Australasia (the "Group"), being the Company and its controlled entities for the financial year ended 31 December 2016 and the lead auditor's report thereon.

DIRECTORS

The names of the Group's directors in office during the financial year and until the date of this report are:

DIRECTOR	APPOINTED	RETIRED
David Gall BSc, BBus (Banking and Finance), MBA (Exec), SF Fin President	29 January 2010	
Victoria Weekes BComm, LLB, FAICD, SF Fin Vice President	4 March 2013	
Catherine Aston BA, MCom, GAICD, F ASFA, F Fin	18 August 2015	
Bruno Bellon BEcon GDipAppFin (SecInst), GAICD, SF Fin	13 February 2015	
Alasdair Jeffrey BBus, MBA, BA, F Fin	26 October 2010	
Warwick Negus BBus, MCom, SF Fin	8 March 2010	
Mark Spiers BA, CFP, Dip AII, CIP, F Fin	21 March 2013	
Loretta Venten BEc, GDip (Banking & Finance), MAICD, MFTA, SF Fin	29 June 2005	
Christopher Whitehead BSc, FAICD, F Fin Chief Executive Officer and Managing Director	30 November 2016	
Russell Thomas BA LLB, LLM, MCom, F Fin Chief Executive Officer and Managing Director	10 February 2011	18 January 2016

PRINCIPAL ACTIVITIES

The principal activities of the group during the course of the financial year were the provision of membership services, professional development and networking events, information services, mentoring, and policy research.

REVIEW OF FINANCIAL RESULT

The total comprehensive loss before tax for the year was a loss of $2,504,674 (2015: loss of $3,485,537).

The objective of the group is to be self-financing and to ensure the maintenance of its high standards of service and professionalism.

The group is a company limited by guarantee and no dividends are payable.

DIRECTORS' REPORT

CONTINUED

REVIEW OF OPERATIONS

Group revenue was generated primarily from member subscription fees of $3,313,761 (2015: $3,597,365) reflecting a decline in total membership numbers during the year. Membership services, professional development (PD) and conference income of $138,495 was lower (2015: $333,484), with slightly fewer PD events run, compared with the previous year. Income from other services comprises of income from our programs, such as mentoring, as well as income from sub-leasing office space. Investments generated an income of $788,146 (2015: $777,759), slightly higher than the previous year due to a stronger return on the investment in the Perpetual Credit Income Fund, offset by a lower return on the term deposits held by the group.

Total expenses were down 14.3% on the previous year due to cost containment measures. Staff expenses of $3,326,475 (2015: $3,642,602) reduced by 8.7%. Full time equivalent (FTE) employee numbers as at the end of the year reduced to 16 (2015: 22.4 FTE) in line with the reduction of staff costs. Generally other costs declined, partially offset by an increase in IT and Telecommunication costs incurred in the first half of the year for the further development of our digital offering and in amortisation and depreciation costs, with an additional $110,199 cost incurred due to a full year being charged for the amortisation of intangible assets.

The group measures its performance in relation to a wide range of quantitative and qualitative key performance indicators (KPIs) including but not limited to net profit/(loss), various revenue, cost and margin KPIs, the number, retention and acquisition of members, member satisfaction, engagement, and participation rates, the number of attendees at professional development programs and satisfaction outcomes, the quality of the group publications and policy campaign outcomes.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the group during the financial year.

SIGNIFICANT EVENTS AFTER YEAR END

There were no subsequent events after year end which in the directors' opinion would significantly affect the operation of the group, the results of those operations, or the state of affairs of the group in future financial years.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

There are no likely developments in the operations of the group which would affect the results of future operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the group paid a premium in respect of a contract insuring the directors, company secretary and executive officers of the group and of any related body corporate against a liability incurred as such a director, company secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the group or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' REPORT
CONTINUED

MEETING ATTENDANCES

The meeting attendance of directors during the year is set out below.

DIRECTOR	BOARD	AUDIT, FINANCE, RISK MANAGEMENT & COMPLIANCE COMMITTEE	NOMINATIONS & REMUNERATION COMMITTEE
David Gall	6 of 6		2 of 2
Victoria Weekes	6 of 6	5 of 5	1 of 2
Catherine Aston	6 of 6	5 of 5	
Bruno Bellon	6 of 6	4 of 5	
Alasdair Jeffrey	4 of 6		2 of 2
Warwick Negus	4 of 6		1 of 2
Mark Spiers	5 of 6	5 of 5	
Loretta Venten	6 of 6	4 of 5	
Christopher Whitehead	3 of 3	1 of 1	1 of 1

LIABILITIES OF MEMBERS

The liability of the members of the company is limited. Every member undertakes to contribute to the assets in the event of it being wound up whilst they are a member or within one year after they cease to be a member. The contribution is for payment of the debts and liabilities contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up and for an adjustment to the rights of contributories among themselves. The amount of contribution is limited to a maximum of two dollars per member.

LEAD AUDITOR'S INDEPENDENCE DECLARATION.

A copy of the lead auditor's independence declaration is set out on page 25.

Signed in accordance with the resolution of the directors by:

David Gall SF Fin
President

Dated: 30 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FINANCIAL SERVICES INSTITUTE OF AUSTRALASIA

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney NSW 2000
Tel: +61 2 9322 7000
Fax: +61 2 9322 7001
www.deloitte.com.au

OPINION

We have audited the accompanying financial report of Financial Services Institute of Australasia, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 26 to 44.

In our opinion, the financial report of Financial Services Institute of Australasia is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Financial Services Institute of Australasia in accordance with the auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to directors of Financial Services Institute of Australasia, would be in the same terms if given to directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The Board of Directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FINANCIAL SERVICES INSTITUTE OF AUSTRALASIA

CONTINUED

RESPONSIBILITIES OF DIRECTORS' FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the ability of Financial Services Institute of Australasia to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the consolidated entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Pearce

Gaile Pearce
Partner, Chartered Accountants
Sydney, 30 March 2017

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ACN 092 223 240
Grosvenor Place
225 George Street
Sydney NSW 2000
Tel: +61 2 9322 7000
Fax: +61 2 9322 7001
www.deloitte.com.au

The Board of Directors
Financial Services Institute of Australasia
Level 18, 1 Bligh Street
Sydney NSW 2000

30 March 2017

Dear Board Members

Financial Services Institute of Australasia

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Financial Services Institute of Australasia.

As lead audit partner for the audit of the financial statements of Financial Services Institute of Australasia for the financial year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Pearce

Gaile Pearce
Partner
Chartered Accountants

DIRECTORS' DECLARATION

The directors of Financial Services Institute of Australasia (the "company") declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s. 295(5) of the *Corporations Act 2001*.

On behalf of the directors

David Gall SF Fin
President

Dated: 30 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	7	3,342,006	3,096,346
Interest-bearing deposits		–	3,127,146
Trade and other receivables	8	35,520	95,121
Prepayments		203,806	210,252
Total Current Assets		**3,581,332**	**6,528,865**
NON-CURRENT ASSETS			
Other deposits		617,110	605,974
Plant and equipment	9	281,643	354,273
Intangible assets	10	1,542,497	2,005,246
Financial assets – available for sale	11	17,117,614	16,570,248
Total Non-Current Assets		**19,558,864**	**19,535,741**
Total Assets		**23,140,196**	**26,064,606**
CURRENT LIABILITIES			
Trade and other payables	12	359,954	356,024
Members' subscriptions received in advance		1,557,460	1,757,247
Employee provisions	13	57,775	152,978
Other liabilities		76,445	89,911
Total Current Liabilities		**2,051,634**	**2,356,160**
NON-CURRENT LIABILITIES			
Employee provisions	13	23,650	107,297
Provision for restoration of leased premises	14	35,000	35,000
Other liabilities		269,444	301,007
Total Non-Current Liabilities		**328,094**	**443,304**
Total Liabilities		**2,379,728**	**2,799,464**
Net Assets		**20,760,468**	**23,265,142**
MEMBERS' FUNDS			
Retained earnings		20,416,493	23,032,671
Foreign currency translation reserve		(24,195)	(25,552)
Other reserves – OCI unrealised gain		368,170	258,023
Total Members' Funds		**20,760,468**	**23,265,142**

The notes on pages 31 to 44 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Note	$	$
REVENUE			
Member fees		3,313,761	3,597,365
Membership services		138,495	333,484
Other services		261,491	177,075
Total revenue from operating activities		**3,713,747**	**4,107,924**
EXPENSES			
Staff expenses		3,326,475	3,642,602
Consultants and contractor expenses		357,660	655,162
Premises expenses		794,045	820,696
Course and conference expenses		174,201	421,503
Promotion and advertising expenses		260,994	494,712
Digital media content		269,280	279,054
Policy and publication expenses		91,691	375,971
IT and telecommunication expenses		699,679	299,898
Travel and accommodation expenses		144,131	309,171
Printing, postage and stationery		134,294	148,203
Other expenses		322,991	428,934
Depreciation and amortisation		542,630	432,431
Total expenses from operating activities		**7,118,071**	**8,308,337**
Results from operating activities		**(3,404,324)**	**(4,200,413)**
FINANCE INCOME			
Interest income		122,518	264,192
Trust distribution		665,628	513,567
Net finance income		**788,146**	**777,759**
Loss before tax		(2,616,178)	(3,422,654)
Income tax	6	–	–
Loss for the year		**(2,616,178)**	**(3,422,654)**
ITEMS THAT MAY BE RECLASSIFIED TO THE PROFIT AND LOSS			
Foreign currency translation differences		1,357	(4,767)
Unrealised gains on Investments		110,147	(58,116)
Other comprehensive income/(loss), net of tax		111,504	(62,883)
Total comprehensive loss for the year		**(2,504,674)**	**(3,485,537)**

The notes on pages 31 to 44 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	UNREALISED GAINS ON INVESTMENTS	TOTAL EQUITY
	$	$	$	$
Opening balance 1 January 2015	26,455,325	(20,785)	316,139	26,750,679
Loss for the year	(3,422,654)	–	–	(3,422,654)
Total other comprehensive loss for the year	–	(4,767)	(58,116)	(62,883)
Total comprehensive loss for the year	(3,422,654)	(4,767)	(58,116)	(3,485,537)
Closing balance 31 December 2015	**23,032,671**	**(25,552)**	**258,023**	**23,265,142**
Opening balance 1 January 2016	23,032,671	(25,552)	258,023	23,265,142
Loss for the year	(2,616,178)	–	–	(2,616,178)
Total other comprehensive income for the year	–	1,357	110,147	111,504
Total comprehensive (loss)/income for the year	(2,616,178)	1,357	110,147	(2,504,674)
Closing balance 31 December 2016	**20,416,493**	**(24,195)**	**368,170**	**20,760,468**

The notes on pages 31 to 44 are an integral part of these consolidated financial statements.

The entity has no share capital, hence the consolidated statement of changes in equity only contains retained earnings and other comprehensive income.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		3,877,772	4,490,505
Cash payments in the course of operations		(7,140,346)	(8,950,616)
Interest received		122,518	264,190
Trust distribution paid		228,409	–
Net cash flows used in operating activities	18	**(2,911,647)**	**(4,195,921)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment and intangible assets		(7,251)	(1,358,866)
Proceeds from interest-bearing deposits		3,163,201	6,791,320
Net cash flows from investing activities		**3,155,950**	**5,432,454**
Net increase in cash and cash equivalents		244,303	1,236,533
Cash and cash equivalents at beginning of the financial year		3,096,346	1,864,580
Effect of exchange rate fluctuations		1,357	(4,767)
Cash and cash equivalents at end of the financial year	7	**3,342,006**	**3,096,346**

The notes on pages 31 to 44 are an integral part of these consolidated financial statements.

NOTES TO ANNUAL FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements for the year ended 31 December 2016 comprise the accounts of Financial Services Institute of Australasia, Finsia Education and Finsia NZ Limited (together referred to as the "group").

The consolidated financial statements were authorised for issue in accordance with a resolution of directors on 30 March 2017.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group, as well as other requirements of the law.

For the purposes of preparing the financial statements, the economic entity is a not-for-profit group.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at fair value. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

(C) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, 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 estimates are revised and in any future periods affected.

(D) FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the group's functional currency.

(E) GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business for a period of at least 12 months from the date these consolidated financial statements are approved.

The directors note the following conditions which they have considered in assessing the appropriateness of the going concern assumption:

- The group reported a loss before income tax of $2,616,178 for the year ended 31 December 2016 (2015: $3,422,654), generated net cash outflows from operations of $2,911,647 (2015: $4,195,921), and had net current assets of $1,529,698 (2015: $4,172,705) and net assets of $20,760,468 (2015: $23,265,142) at year end.
- Financial Services Institute of Australasia (the company) incurred a loss before income tax for the year ended 31 December 2016 of $2,498,964 (2015: $2,929,061), had a deficiency in current liabilities over current assets at 31 December 2016 of $20,343,695 (2015: $18,285,103) and a deficiency in net assets of $18,844,101 (2015: $16,361,338).

The continuation of the company as a going concern is dependent on Finsia Education, a controlled entity of the Financial Services Institute of Australasia, providing continued financial support to the company.

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

Finsia Education has issued a letter of support to the company, Financial Services Institute of Australasia, committing to provide continued financial support to enable it to continue to operate and meet its obligations as and when they fall due. This letter of support will remain in place until the later of, a minimum of 12 months from the date of the letter, or 12 months from the date of signing the consolidated financial statements for the year ended 31 December 2016. As a result, the financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

The consolidated financial statements comprise the aggregated accounts of Financial Services Institute of Australasia and its subsidiaries, Finsia Education and Finsia NZ Limited. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(B) FOREIGN CURRENCY

(I) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated to the functional currencies at exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(II) FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

(C) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(I) MEMBERSHIP FEES

Annual membership subscriptions are recognised as revenue pro rata over the period of the membership. The date of payment of the initial annual membership subscriptions runs from the date of joining for 12 months and is not refundable. Subscriptions relating to periods beyond the current financial year are shown in the statement of financial position as members' subscriptions in advance.

(II) MEMBERSHIP SERVICES AND OTHER SERVICES

Revenue from rendering of a service is recognised upon delivery of the service to the members.

(D) FINANCE INCOME

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

(E) LEASE PAYMENTS

Operating lease payments 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.

(F) EMPLOYEE BENEFITS

(I) WAGES, SALARIES, ANNUAL LEAVE

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(II) LONG SERVICE LEAVE

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using publicly available, standardised set of discount rates for the purpose of discounting employee benefits liabilities under Australian Accounting Standards (AASB 119).

(III) SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefit obligations are recognised in the provision for employee benefits and measured as the present value of expected future payments and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(IV) DEFINED CONTRIBUTION PLANS

A defined contribution 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 pension 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. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

(G) TAXES

(I) INCOME TAXES

The company applies the principle of mutuality to its revenue and expenses in assessing its income tax liability. Under this principle, income derived from members of the group represents mutual income and is not subject to income tax. Accordingly, expenses in association with mutual activities are not deductible for taxation purposes. All other receipts and payments are classified in accordance with taxation legislation.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax amounts are recognised for all taxable and/or deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

(II) GOODS AND SERVICES TAX (GST)

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

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

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.

(H) FINANCIAL INSTRUMENTS

(I) NON-DERIVATIVE FINANCIAL ASSETS

The group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group 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 group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following non-derivative financial assets:

LOANS AND RECEIVABLES

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are recognised at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, interest-bearing deposits and trade and other receivables.

An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances held by financial institutions which are regulated. Cash and cash equivalents in the consolidated statement of financial position comprises of cash at banks and on hand and short term deposits with maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

INTEREST-BEARING DEPOSITS

Interest-bearing deposits comprise fixed term deposits with original maturities of 12 months or less that are not otherwise classified as cash or cash equivalents. Interest-bearing deposits are held by financial institutions which are regulated.

AVAILABLE FOR SALE FINANCIAL ASSETS (AFS FINANCIAL ASSETS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

AFS investment funds held by the company are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS investment funds are recognised in other comprehensive income and accumulated under the heading of unrealised gains on investments. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the unrealised gains on investments is reclassified to profit or loss.

Distributions on AFS investment funds are recognised in profit or loss when the company's right to receive the distributions is established.

(II) NON-DERIVATIVE FINANCIAL LIABILITIES

The group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument.

The group 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 group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade and other payables.

(I) PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life as follows:

- Plant and equipment: 3 years
- Leasehold fixtures and fittings: 1-6 years

The asset's residual values and useful life are reviewed at the end of each financial year-end and adjusted if appropriate. Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within expenses from operating activities.

NOTES TO ANNUAL FINANCIAL STATEMENTS
CONTINUED

(J) INTANGIBLE ASSETS
Intangible assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the asset's estimated useful life of five years to the company commencing from the time the asset is ready for use. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being accounted for on a prospective basis.

When certain events or changes in operating conditions occur, an impairment review is performed in order to ensure that the carrying value of an intangible asset is not lower than its recoverable amount.

(K) IMPAIRMENT
(I) NON-DERIVATIVE 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 group on terms that the group would not consider otherwise, and indications that a debtor will enter bankruptcy. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The group considers evidence of impairment for receivables at a specific asset level.

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 loans and receivables. Interest on the impaired asset continues to be recognised.

When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(II) NON-FINANCIAL ASSETS
The carrying amounts of the group's non-financial 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. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount. The group is considered one CGU.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset. Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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.

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

(L) PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of a discount is recognised as a finance cost.

(M) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

(N) STANDARDS AND INTERPRETATIONS ISSUED NOT YET ADOPTED

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet adopted.

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial report of the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	31 December 2018
AASB 1058 Income of Not-for-Profit Entities, AASB 1058 Income of Not-for-Profit Entities (Appendix D), AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	31 December 2019
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	31 December 2016
AASB 16 Leases	1 January 2019	31 December 2019
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017	31 December 2017

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in note 3, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(A) KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

RECOVERABILITY OF INTANGIBLE ASSET

During the year, the directors have considered the recoverability of the company's intangible asset which comprise of development costs relating to the company's customer relationship management system, content management system as well as member portal. This intangible asset is included in the consolidated statement of financial position at 31 December 2016 with a carrying amount of $1.5 million (31 December 2015: $2.0 million).

The intangible asset is expected to provide economic benefits to the company through cost savings as well as various efforts aimed at developing and tailoring new membership offering to attract new members while retaining existing members. The directors are confident that the carrying amount of the asset will be recovered in full. The recoverability of the intangible will be closely monitored and an adjustment will be made in future periods if future market activity indicates that such adjustments are appropriate.

5. LIABILITIES OF MEMBERS

The liability of the members of the group is limited. Every member undertakes to contribute to the assets in the event of it being wound up whilst they are a member or within one year after they cease to be a member. The contribution is for payment of the debts and liabilities contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up and for an adjustment to the rights of contributories among themselves.
The amount of contribution is limited to a maximum of two dollars per member.

6. INCOME TAX

The group adopts the liability method of tax effect accounting. The group had no liability for tax at 31 December 2016 (2015: Nil).

In assessing its potential income tax liability, the company applies the principle of mutuality to its revenue and expenses. Revenue in the form of receipts from members represents mutual receipts and is not subject to income tax. Expenses associated with mutual activities are not deductible by the company for income tax purposes. All other receipts and payments of the company are classified for income tax purposes in accordance with income tax legislation.

The deferred tax assets relating to timing differences and any deferred tax assets relating to tax losses are not carried forward unless it is probable there will be future taxable profit, against which the unused tax losses can be utilised. Potential deferred tax assets not brought to account at 31 December 2016 amounted to $818,116 (2015: $715,066).
This includes tax losses attributable to a controlled entity domiciled in New Zealand of $159,448 (2015: $158,906).

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

The potential deferred tax assets will only be obtained if taxable income is derived in future periods, relevant taxation laws remain unchanged and the conditions for deductibility imposed by law continue to be met.

Finsia Education, a subsidiary entity, is a charitable institution and is income tax exempt under Subdivision 50-B of the *Income Tax Assessment Act 1997*. As a result tax effect accounting is not required for Finsia Education.

	2016	2015
	$	$
Prima facie income tax benefit calculated at 30% on the loss	(784,853)	(1,026,796)
Increase in income tax expense due to:		
Tax loss attributable to tax exempt controlled entity	61,897	181,088
Other non-assessable items	619,906	811,013
	(103,050)	**(34,695)**
Income tax benefit attributable to loss is made up of:		
Current income tax benefit	(103,050)	(34,695)
Current year tax benefit not recognised	103,050	34,695
Income tax expense/(benefit)	–	–

7. CASH AND CASH EQUIVALENTS

	2016	2015
	$	$
Cash on hand	500	500
Cash at bank	1,341,506	3,095,846
Term deposits with less than three months maturities	2,000,000	–
Total	**3,342,006**	**3,096,346**

8. TRADE AND OTHER RECEIVABLES

	2016	2015
	$	$
Trade receivables	1,036	5,720
Less allowance for doubtful debts	–	–
	1,036	**5,720**
Other receivables	31,121	38,852
Accrued income – interest receivable	3,363	50,549
Total trade and other receivables	**35,520**	**95,121**

Trade receivables are non–interest-bearing and are generally on seven day (2015: seven day) terms.

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

9. PLANT AND EQUIPMENT

	Office Equipment	Leasehold Furniture and Fittings	Total
	$	$	$
COST			
Balance at 1 January 2016	931,637	709,683	1,641,320
Additions	4,650	2,601	7,251
Write-off	–	(11,744)	(11,744)
Balance at 31 December 2016	**936,287**	**700,540**	**1,636,827**
ACCUMULATED DEPRECIATION			
Balance at 1 January 2016	906,684	380,363	1,287,047
Depreciation for the year	16,998	62,883	79,881
Write-off	–	(11,744)	(11,744)
Balance at 31 December 2016	**923,682**	**431,502**	**1,355,184**
CARRYING AMOUNT			
As at 31 December 2015	24,953	329,320	354,273
As at 31 December 2016	12,605	269,038	281,643

10. INTANGIBLE ASSETS

	2016	2015
	$	$
DIGITAL PLATFORM, CRM, CMS DEVELOPMENT COSTS		
Cost	2,313,745	2,313,745
Accumulated amortisation expense	(771,248)	(308,499)
Net carrying value	**1,542,497**	**2,005,246**
RECONCILIATION OF INTANGIBLE ASSETS		
Balance at 1 January	2,005,246	977,486
Additions	–	1,336,259
Amortisation expense	(462,749)	(308,499)
Closing carrying amount at 31 December	**1,542,497**	**2,005,246**

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. The group carries out an impairment review of its intangible assets when a change in circumstances or situation indicates that those assets may have suffered an impairment loss.

Amortisation is recognised in profit or loss on a straight-line basis over the asset's estimated useful life of five years commencing from the time the asset is held ready for use, which occurred in mid-2015. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being accounted for on a prospective basis.

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

11. OTHER FINANCIAL ASSETS

The Perpetual Credit Income Fund (The Fund) invests in a diversified range of income generating assets and aims to provide the group with regular income, consistent above benchmark returns, and with low volatility. The fund's approach to delivering returns and managing risk is through an active and risk-aware investment process which invests in a diversified core portfolio of liquid investment grade securities. The fund can also invest in other fixed income securities such as mortgages, infrastructure debt and private debt. The Fund aims to outperform the UBS Bank Bill Index by 2% (before fees) over rolling three year periods.

The group holds units in the fund which change in price based on the unpaid distribution income and movement in asset value. The multiplication of the unit price by the number of units held is deemed to be the fair value of the fund at the reporting date. Unrealised movement in the fund's unit price is recognised by the group in other comprehensive income, whilst distributions are taken as income by the group quarterly.

	2016	2015
	$	$
Unit purchased initial investment	15,000,000	15,000,000
Unrealised gains on investment	368,170	258,023
Trust distribution reinvested (accumulative)	1,749,444	1,312,225
Perpetual Credit Income Fund	**17,117,614**	**16,570,248**

12. TRADE AND OTHER PAYABLES

	2016	2015
	$	$
Trade payables and accruals	359,954	356,024

13. EMPLOYEE BENEFITS

	2016	2015
	$	$
CURRENT		
Annual leave	45,639	82,368
Long service leave	12,136	70,610
	57,775	**152,978**
NON-CURRENT		
Long service leave	23,650	107,297
Total	**81,425**	**260,275**
Number of employees at 31 December (FTE)	16	22.4

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

14. PROVISION FOR RESTORATION OF LEASED PREMISES

In accordance with the provisions of its lease agreements, the group must restore leased premises to their original condition at the termination of the leases. The greatest uncertainty in estimating the provision is the costs that will ultimately be incurred, however a reliable estimate has been made based on the size and fit-out of the premises.

	2016	2015
	$	$
Provision for restoration of leased premises	35,000	35,000

15. OPERATING LEASES

	2016	2015
	$	$
Non-cancellable operating lease rentals are payable as follows:		
Within one year	884,062	851,105
Between one and five years	1,518,808	2,117,623
More than five years	–	285,247
Total	**2,402,870**	**3,253,975**

The group leases all its offices under operating leases. These leases run for periods up to five years. The group does not have any option to purchase the leased assets at the expiry of the lease period.

16. KEY MANAGEMENT PERSONNEL

DIRECTORS

The directors of Financial Services Institute of Australasia during the year were:

David Gall	Warwick Negus
Victoria Weekes	Mark Spiers
Catherine Aston	Russell Thomas (resigned 18 January 2016)
Bruno Bellon	Loretta Venten
Alasdair Jeffrey	Christopher Whitehead (appointed 30 November 2016)

The non-executive directors of the company are appointed on an honorary basis and as result do not receive remuneration directly or indirectly in their capacity as directors from the company or any related party. The CEO was appointed by the board as an executive director and is remunerated as an employee of the company.

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

Transactions entered into during the year with directors and their related parties were within normal customer relationships on terms and conditions no more favourable than those available to other members or customers.

Christopher Whitehead*	Chief Executive Officer & Managing Director (appointed 26 September 2016)
Glenn Meekin	Chief Financial Officer & Company Secretary (appointed 15 June 2016)
Russell Thomas	Chief Executive Officer & Managing Director (resigned 18 January 2016)
David O'Kane	Chief Operating Officer & Company Secretary (resigned 30 June 2016)
Angie Corkhill	Director, Member Relations (resigned 11 March 2016)
Jane Endacott**	Executive General Manager – Commercial & Capability (resigned 16 December 2016)

* Christopher Whitehead was appointed Chief Executive Officer on 26 September 2016 and was appointed to board as Executive Director on 30 November 2016.
** Jane Endacott was appointed Acting CEO on 18 January 2016 and held this position until the appointment of Christopher Whitehead as CEO on 26 September 2016.

17. CONTROLLING ENTITY DISCLOSURE

As at, and throughout the financial year ended 31 December 2016 the parent entity of the group was Financial Services Institute of Australasia.

	2016	2015
	$	$
RESULTS OF CONTROLLING ENTITY		
Loss for the period	(2,498,964)	(2,929,061)
Total comprehensive loss for the period	**(2,498,964)**	**(2,929,061)**
Current assets	1,176,193	881,803
Total assets	3,000,335	3,241,321
Current liabilities	21,519,888	19,166,906
Total liabilities	21,844,436	19,602,659
Members' funds (deficiency of funds)	**(18,844,101)**	**(16,361,338)**
Total assets include:		
– Loan to Finsia NZ Limited	637,009	620,808
Current liabilities include:		
– Loan from Finsia Education	19,581,748	16,994,159
Net current liabilities	**(20,343,695)**	**(18,285,103)**

The loans represent the intercompany transfer of revenue received by Financial Services Institute of Australasia to Finsia Education, net of cost of recharge. The loan payable to Finsia Education is a non-interest bearing loan and there is no set time period for the repayment of this loan.

NOTES TO ANNUAL FINANCIAL STATEMENTS

CONTINUED

FINSIA NZ LIMITED

This represents a loan from Financial Services Institute of Australasia to Finsia NZ Limited. The loan is non-interest bearing and without a fixed repayment schedule. The company has issued a letter of support to Finsia NZ Limited to provide ongoing support to enable it to continue to meet its obligations as, and when, they fall due. The loan has been recognised as an additional investment in the subsidiary.

GOING CONCERN – LETTER OF SUPPORT

The controlled entities of Financial Services Institute of Australasia are Finsia Education and Finsia NZ Limited.

As outlined in note 2(e), Finsia Education has issued a letter of support to Financial Services Institute of Australasia to assist it in continuing to meet its obligations as, and when, they fall due.

18. RECONCILIATION OF LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

	2016	2015
	$	$
Loss for the year	(2,616,178)	(3,422,654)
Add non-cash items:		
Depreciation and amortisation	542,630	432,431
	(2,073,548)	**(2,990,223)**
Movements in working capital:		
Decrease/(increase) in receivables	12,415	(28,212)
Decrease in prepayments	6,446	114,772
Increase/(decrease) in trade payables and accruals	3,930	(631,594)
(Decrease) in membership subscriptions in advance	(199,787)	(165,743)
(Decrease)/increase in provisions	(223,884)	18,647
(Increase) in other financial assets	(437,219)	(513,568)
Net cash flows used in operating activities	**(2,911,647)**	**(4,195,921)**

19. EVENTS SUBSEQUENT TO BALANCE DATE

There were no subsequent events after year end which in the directors' opinion would affect the operation of the group.

CONTACT DETAILS

AUSTRALIA

National Office
Level 18, 1 Bligh Street
Sydney NSW 2000

T 61 2 9275 7900
1300 346 742

F 61 2 9275 7999

VICTORIA AND TASMANIA

Level 46, 525 Collins Street
Melbourne VIC 3000

T 61 3 9666 1000

F 61 3 9666 1099

INTERNATIONAL

PO Box H99
Australia Square
NSW 1215 Australia

T 61 2 9275 7900

F 61 2 9275 7999

www.facebook.com/finsiayfp

www.finsia.com/linkedin

www.finsia.com/twitter

Finsia.com

Finsia – Financial Services Institute of Australasia
ABN 96 066 027 389 ACN 066 027 389
Finsia NZ Ltd GST 96 458 150

FINSIA.COM