

FINSIA



ANNUAL REPORT

2018



## 1 // INTRODUCTION

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IN 2018, THE ROYAL COMMISSION PRESENTED A LEADERSHIP OPPORTUNITY FOR FINSIA AND FURTHER PROOF THAT ITS PURPOSE TO LIFT PROFESSIONAL STANDARDS IN THE INDUSTRY IS THE RIGHT ONE.

**FINSIA CONTINUES TO RECEIVE STRONG INDUSTRY SUPPORT AND HAS LAUNCHED THE EDUCATION ARM OF ITS PROFESSIONALISM STRATEGY TO DRIVE CULTURAL CHANGE TOWARDS HIGHER STANDARDS OF ETHICAL CONDUCT.**

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## 2 // **PRESIDENTS REPORT**

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WE HAVE MADE SIGNIFICANT  
PROGRESS AGAINST OUR  
PROFESSIONALISM STRATEGY.

7 MAJOR INSTITUTIONS HAVE SIGNED  
UP TO OUR PROFESSIONAL BANKING  
FUNDAMENTALS QUALIFICATION.

A handwritten signature in black ink, appearing to be 'D. Gall'.

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**DAVID GALL,**  
SF FIN  
President

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## 2 // PRESIDENTS REPORT

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## 2 // PRESIDENTS REPORT

The last twelve months have been very challenging for the financial services industry as we emerge from the Royal Commission, which shone a spotlight on misconduct and where we did not meet community expectations.

The Royal Commission was far broader than the 76 final recommendations and has challenged our industry on leadership, accountability, how we treat our customers, governance and culture.

Consumer trust has also not surprisingly dropped significantly during the last twelve months; our second annual Consumer Trust Survey shows trust plummeting 50% to a low of 19%.

As an industry we have a big job ahead of us in restoring trust and confidence in our sector, but this is a leadership opportunity for us all that we should actively embrace.

It has also reinforced that FINSIA's strategy and purpose to professionalise the financial services industry is the right one and this is the right time.

Over the last year we have made great progress in this mission. The team at FINSIA have done a tremendous job with key stakeholders such as institutions, industry bodies, regulators, government and our members to build strong advocacy in industry-wide professionalism, including establishing professional standards of conduct.

As well as shared good conduct standards we need consistent competency requirements, including the recognition and management of ethical issues.

FINSIA believes education, competency and

an uplift in ethical capability in financial professionals is crucial.

In May last year, the FINSIA team invested in its professionalism strategy, leveraging its partnership with the Chartered Banker Institute and successfully launched the Professional Banking Fundamentals (PBF) program to the Australian market. This is the first stage of the Chartered Banker qualifications pathway, which has seen seven major financial institutions sign up with close to 300 enrolments since its inception.

In the second part of 2018, FINSIA released to the market the next qualification on the Chartered Banker pathway, the Certified Professional Banker. We now have pilot programs with two financial institutions and are continuing to build on this in 2019.

In October, FINSIA also launched the Chartered Banker by Experience program which is a 12-week program designed for the experienced banking professional. On completion of the course the senior banker is awarded the global gold standard in banking - the Chartered Banker status.

The Chartered Banker status recognises senior bankers committed to the highest professional standards of ethics and capability. It's great to see we have received strong interest from senior executives about this program already.

FINSIA has continued to work closely with the Banking and Finance Oath, and the Chartered Institute for Securities and Investments to broaden our professionalism strategy across the financial services industry. As part of this, we have held 13 'Integrity Matters' workshops conducted with 152

attendees across Australia and New Zealand.

It was also extremely rewarding to experience the member support and participation of key industry leaders such as the regulators, industry bodies, institutions and the professionals who work in the industry at the reintroduction of the annual FINSIA Summit in October 2018 with over 250 delegates all focused on professionalism.

The investment in our education program is not only furthering our purpose but we expect it will also have a positive impact on our bottom line. We are in a solid financial position with a sound balance sheet which gives us the capability to invest and bring professionalisation to life.

We continue to grow our membership with over 550 new members joining FINSIA in 2018 which is a 28% increase from last year. We also had a 38% increase in revenue from our events program, which is invested back into developing education programs for our members.

This is my final President's Report and as I reflect on the journey of my four years as President and my nine years as a member, I am really proud of the strong leadership of FINSIA and the deep commitment to professionalisation of the industry. Chris Whitehead, our CEO, is a strong and experienced leader who really understands the challenge that the industry is facing and has given FINSIA an active voice in the areas that matter to our members.

I am a passionate believer in our strategy and feel excited for what we have so far achieved in building education programs and events that will raise

professional standards and help to rebuild trust, confidence and pride in our industry.

The increased Board capability, experience and the access this has given FINSIA across the financial services industry over the last four years has also been a great source of pride for me.

I would like to take this opportunity to thank my fellow Board members for their diligence and hard work, as well as the Regional and Industry councils, the Young Finance Professionals and the Women in Finance for the tremendous contribution they make to FINSIA, through sharing their knowledge and mentoring young professionals.

I would also like to thank Chris and his team for their hard work in executing on our strategy and the excellent progress they are making.

FINSIA is only a success because of its members and so it is with gratitude that I acknowledge your enduring contribution to the continued development of our industry.

I look forward to staying connected to FINSIA and its professionalism journey as it helps steer the industry and its leaders on the right path to restore consumer trust and pride for the finance professionals who work in the industry.

**DAVID GALL,**  
SF FIN  
President



## 3 // CHIEF EXECUTIVE OFFICER'S REPORT

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RESTORING TRUST IS  
CLEARLY GOOD FOR  
CUSTOMERS AND THE  
BOTTOM LINE.



**Christopher Whitehead**  
BSc, FAICD, F FIN  
Chief Executive Officer and Managing Director

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## 3 // CHIEF EXECUTIVE OFFICER'S REPORT

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## 3 // CHIEF EXECUTIVE OFFICER'S REPORT

In the last twelve months, the financial services industry has come under the spotlight over many short comings raised during the Royal Commission. Importantly, this has not detracted from FINSIA's professionalism strategy, instead it highlights the need for higher standards of ethical conduct to drive the right behaviour and provide consumers with better outcomes.

FINSIA has played an integral role in advocating for these standards across the industry throughout the year. I am pleased to report that with the help of our members we made detailed submissions responding to Commissioner Hayne's extensive inquiry into misconduct.

Ethics and professionalism are at the heart of many of the recommendations of the final report.

The response to the Royal Commission needs to drive a cultural change towards individual accountability, which is front and centre of FINSIA's professionalism strategy.

FINSIA's annual Consumer Trust Research following the Royal Commission proves there is a widening gap in trust with a 50% drop in consumer trust over the last 12 months. There evidently remains a strong business case for professionalism especially as our research shows that 24% of younger millennials are ready to swap

institutions to deal with more professionally qualified staff. In fact, the same sentiment is felt by 30% of customers up to the age of 44 whose spending and investing is at its peak.

Restoring trust is clearly good for customers and the bottom line.

We announced FINSIA's return to the education space as part of its professionalism strategy in 2017, and launched the Professional Banking Fundamentals (PBF) qualification. Since its inception there has been positive uptake across several financial institutions including pilot programs in three of the four major banks, with one of the newest banks to the market announcing that all its staff will need to complete the PBF.

We have also just announced the launch of professional qualifications in securities and investments in conjunction with the CISI. These qualifications include Global Financial Compliance, Risk in Financial Services, Managing Cyber Security, and Combatting Financial Crime.

As part of our ongoing partnership with the Chartered Institute of Securities and Investments (CISI), we have conducted 13 'Integrity in the Workplace' workshops across Australia and New Zealand. In addition to this suite of products we will shortly have available an on-line ethics test for bankers and securities

market professionals.

A key aspect of professionalism is continuous learning and FINSIA has introduced a CPD requirement for practicing members who are not already covered by the financial advice regime. To help its members attain their annual CPD points, FINSIA offers a suite of CPD options through its publications, workshops, professional qualifications, and events.

In the past 12 months it has been extremely rewarding to see thousands of members and non-members at more than 60 events across Australia and New Zealand. One of these signature events was the successful reintroduction of the annual FINISA Summit in October with over 250 delegates focused on raising professionalism.

In 2019, as the industry continues to evolve, FINSIA will provide the support for its members and individuals who work across the sector with more professional qualifications, access to relevant CPD, and engagement with a growing professional network.

Looking to the future, FINSIA is investigating certification programs in digital financial services, AI and green finance. This year's Summit will be focused on the drivers of change in institutional and securities markets. We will introduce an Asian perspective with the involvement

of Asian Securities Institutes Federation (ASIF) who will hold their AGM in conjunction with the Summit.

We became founding members of the Global Banking Education Standards Board in 2017 and since then have endorsed the Ethics Education standard. FINSIA will take part in the World Conference of Banking Institutes in the city of London in the later part of 2019 which is focused on driving cultural transformation. We encourage our members to attend and participate in this important event.

I would like to thank you our members for your support, those members who have been active on our Councils and Committees, participated in the development of our education offerings, helped in preparing all our 20 submissions, attending events, and being advocates of our shared beliefs.

We look forward to working with you to support the raising of professional standards and ensuring that we deliver better outcomes for our customers.

**Christopher Whitehead**

BSc, FAICD, F FIN

**Chief Executive Officer and Managing Director**





## 4 // JOURNEY OF PROFESSIONALISM

### INVESTING IN EDUCATION

PBF PILOTS WITH 7 MAJOR FINANCIAL INSTITUTIONS

**300** ENROLMENTS

**13 INTEGRITY IN THE WORKPLACE WORKSHOPS ACROSS NEW ZEALAND & AUSTRALIA**  
& ANNOUNCEMENT OF 'INTEGRITY MATTERS' ONLINE TEST

**FINSIA SUMMIT**  
RE-INTRODUCED IN FY18 FOCUSING ON BANKING WITH AROUND 250 ATTENDEES

**8K+** TOTAL MEMBERS  
NEW MEMBERS **551** IN 2018

**↑ 28%**  
FROM FY17



**DAME SUSAN RICE VISIT**  
FOCUSED ON IMPORTANCE OF RAISING STANDARDS OF CONDUCT AND COMPETENCY IN BANKING



ACTIVE ADVOCACY PARTICIPATION IN THE INDUSTRY

**20** SUBMISSIONS IN FY18



**ECONOMIC INDICATORS:**

10th year for annual event where over 280 FINSIA members joined 700 API members for economic update

### ANNUAL FUTURE OF FINANCE ROADSHOW

ATTRACTED OVER **400** ATTENDEES IN AUSTRALIA AND NZ FOCUSING ON AI

### CHARTERED BANKER BY EXPERIENCE

LAUNCHED IN DECEMBER 2018 WITH STRONG INTEREST FROM SENIOR BANKING EXECUTIVES



**CERTIFIED PROFESSIONAL BANKERS**  
LAUNCHED IN OCTOBER 2018. PILOT PROGRAM WITH 2 FINANCIAL INSTITUTIONS

### THE REGULATORS



ANNUAL SIGNATURE EVENT FOR OVER

**250**

INDUSTRY LEADERS FOCUSED ON KEY PRIORITIES OF THE REGULATORS FOR 2019



**ROYAL COMMISSION MEMBER TOWN HALLS & WEBINARS**

EXPERT PANELISTS KEPT MEMBERS UP TO DATE WITH THE RC TO OVER 350 MEMBERS



**65** EVENTS

IN FY18 WITH AROUND **3,500** ATTENDEES

### YOUNG FINANCE PROFESSIONAL AWARDS

**9 AWARD CATEGORIES,** OVER 30 SUBMISSIONS FROM YOUNG FINANCE PROFESSIONALS DEMONSTRATING PROFESSIONALISM FOR FUTURE LEADERS

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COUNCILS  
& COMMITTEES

## REGIONAL COUNCILS IN 2018

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

## NEW ZEALAND NATIONAL COUNCIL

Louise Unger	SA FIN
Andrew Springgay	SA FIN
Katherine Skinner	SA FIN
Shashi Kumar	SF FIN
Leon Grandy (Chair)	SF FIN
Phillip Meyer (Deputy Chair)	F FIN
Bernard McCrea	SF FIN
David Tripe	SF FIN

## NEW SOUTH WALES REGIONAL COUNCIL

Giles Gunesekera	SF FIN
Victoria Weekes	SF FIN
Robert Sinclair (Chair)	F FIN
Kate McCallum (Deputy & Chair)	FIN FIN
Belinda Cooney	SF FIN
Karolina Popic	F FIN
Mark Lumsden	SA FIN
Kathryn Illy	SA FIN
Samantha Clarke	SA FIN
Nathan Krieger (Deputy Chair)	F FIN
Bettina Pidcock	F FIN
Linda Maniaci	SF FIN

## QUEENSLAND REGIONAL COUNCIL

Sean Trainor	
Kerry McGowan (Chair)	SF FIN
Alasdair Jeffrey	F FIN
Richard Somerville	F FIN
Veronica Kregor	SA FIN
Erin Strang	SA FIN
Christopher Bell	F FIN
Philip Vickery (Chair)	F FIN
Jeremy White (Deputy Chair)	F FIN
Anne-Maree Keane	F FIN
Peta Tilse	SF FIN
Joanne Dwyer	A FIN
Peter Pontikis	SF FIN
Andrew Weeden	SA FIN

## SOUTH AUSTRALIA REGIONAL COUNCIL

Philip Roberts	SF FIN
Bruno Bellon (Chair)	SF FIN
Ida Wong Taylor (Chair)	SA FIN
Stuart Symons	SA FIN
Sheridan Wright-Walkley	SA FIN
Benjamin Owen	SA FIN
Joe Formichella	F FIN
Nicholas Karagiannis	SA FIN
Lan Lam	
John Montague (Deputy Chair)	SF FIN

## WESTERN AUSTRALIA REGIONAL COUNCIL

Adrienne Oliveri	SA FIN
Sinead Bannon	A FIN
Wayde Keyser	F FIN
Ian O'Brien	F FIN
Timothy Sullivan	SA FIN
Rohan Mishra (Chair)	SA FIN
Justin Van Ast	SA FIN
Emma Wright	SA FIN

## VICTORIA REGIONAL COUNCIL

Mark Sawyer	SA FIN
David Doyle	SA FIN
Jim Christodouleas	SA FIN
Stephen Daniels	SA FIN
Mandy Rashleigh	SA FIN
Robert Szyszko	F FIN
Joanne Edmonds	
Phillip Dolan	SF FIN
Sara Harman	SF FIN
Loretta Venten (Chair)	SF FIN
Bradley Upton	F FIN
Tania Hudson (Chair of Tasmania)	SF FIN
Paul Chin	SF FIN
Mark Topy	SF FIN

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COUNCILS  
& COMMITTEES

## INDUSTRY COUNCILS IN 2018

## FINANCIAL ADVICE AND SERVICES

Susan Rallings	F FIN
Professor Christine Brown	SF FIN
Bernard McCrea	SF FIN
Megan Aikman (Chair)	F FIN
Bruce Lanyon	SF FIN
Diana Bugarcic	SA FIN
Peta Tilse	SF FIN
Mark Spiers	F FIN
Sandra Bowley	SF FIN
Gary Mitchell	SF FIN
John Corcoran	

## FUNDS AND ASSET MANAGEMENT

Scot Thompson	SA FIN
Justin McMinn	
Carsten Murawski	
Stewart Brentnall	F FIN
Sylvia Falzon	SF FIN
Susanna Gorogh	SF FIN
Keri Pratt	SF FIN
Giles Gunsekera	SF FIN
Paul Chin	SF FIN
Brendan O'Connor	
Jonathan Armitage	
Sharon Davis	F FIN
Simon Hudson	F FIN
Jacki Chorazy	SA FIN
Paul Houry	SF FIN

## INSTITUTIONAL MARKETS

Catherine Black	F FIN
Suzette Williams	SA FIN
Connie Sokaris	F FIN
Adrienne Bloom	SF FIN
Andrew Kinasch	SA FIN
Luke Marriott	
Professor Jerry Parwada	
Anthony Carlton	SA FIN
Anastasia Economou	SF FIN
Clare Porta	SF FIN
Paul Travers (Chair)	SF FIN
Joanne Dawson	SF FIN
Alastair Findlay	

## RETAIL AND BUSINESS BANKING

Graham Heunis	
Adrian Lovney	
Siobhan Hayden	
Nicholle Lindner	F FIN
Daniel Biondi	SF FIN
David Boromeo	SA FIN
Monique Reynolds	SA FIN
Paul Presland	F FIN
Cindy Hansen	
Mike Currie	F FIN
Dr Harry Scheule	
Professor Allan Hodgson	SA FIN

# 5 COUNCILS & COMMITTEES

## COMMITTEES IN 2018

### DIVERSITY ADVISORY COUNCIL

Maria Trinci	SA FIN
Belinda Cooney	SF FIN
Jessye Lin	SA FIN
Katherine Howard	F FIN
Gavin Nelson	SA FIN
Sonja Steiner	F FIN
Helen Lorigan	SF FIN
Natalie Yan-Chatonsky	A FIN
Jacqui Henderson	
Anne Voursoukis	F FIN
Linda Maniaci (Chair)	SF FIN
Maebehe Garcia (Deputy Chair)	F FIN
Loretta Venten	
Victoria Weekes	SF FIN
Malini Raj	SF FIN

### AJAF EDITORIAL BOARD

Aaron Minney (Chair)	F FIN
Associate Professor Maurice Peat (Managing Editor)	F FIN
Dr Bruce Arnold	
Dr Anthony Brassil	
Associate Professor Robert Bianchi	
Dr Jean Canil	
Associate Professor Tony Carlton	
Professor Kevin Davis	SF FIN
Professor Steve Easton	
Marion Fahrer	F FIN
Dr Frank Liu	
Professor Alireza Tourani-Rad	F FIN
Professor Carole Comerton-Forde	
Professor Kim Hawtrey	SF FIN
Associate Prof Elaine Hutson	
Professor Fariboz Moshirian	

### NEW SOUTH WALES YFP

Elizabeth Mcguirk	
James Alexander	A FIN
Jasmine Tan (Chair)	SA FIN
Megan Lee (Deputy Chair)	A FIN
Michael Romano (Deputy Chair/Chair)	SA FIN
Mitchell Young	
Oluwafisayo Awosemo	SA FIN
Sam Koch	A FIN

### VICTORIA YFP

Aaron Lane	
Alex Lord (Chair)	F FIN
Caroline Ramsden	A FIN
Chad Barendse	A FIN
Dean Holloway	SA FIN
Eddy - Hyun Bae Yoo (Deputy Chair)	A FIN
Jayden Muscat	
Kerrydan Flory	A FIN
Mai Go	A FIN
Marco Fantozzi	A FIN
Mercedes Poutakidis	
Nicholas Tonkin	
Thuy Ngo (Deputy Chair)	

### SOUTH AUSTRALIA YFP

Adam Douglass	SA FIN
Aditya Harsh	A FIN
Andrew Giuliano	
Ben Caruso	A FIN
Ivan Oulianoff	A FIN
Jenna Dikih	
Oliver Ciancio	
Peter Tyson (Chair)	SA FIN
Syed Faiz	
Timothy Young (Deputy Chair)	A FIN

### WESTERN AUSTRALIA YFP

Benjamin Depiazzi (Deputy Chair)	
Cale Dewar	A FIN
Farren Smith	A FIN
Ian O'Brien	F FIN
Rachael Le Tessier (Chair)	A FIN
Shuhul Bhat	A FIN

### QUEENSLAND YFP

Adam Crombie (Deputy Chair/Chair)	SA FIN
Angus Goodyear	
Eloise Jolly	SA FIN
Naomi Benton	A FIN
Petra Kliese	
Sean Trainor (Chair)	SA FIN
Thomas Paul (Deputy Chair)	SA FIN
Vincent Ibrahim	



## 6 // CORPORATE GOVERNANCE

### 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.

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 [page 16](#). 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. Half of the elected directors in 2018 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 23](#).
- ✓ 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](#).
- ✓ The Board has established a Directors Nominations Committee as a 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.





## 6 // CORPORATE GOVERNANCE

### 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](http://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.

### 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 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.

**In 2018, half of the executives of the organisations were women.**

### 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 position 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 2018 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](http://Finsia.com), 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).



## 6 // CORPORATE GOVERNANCE

- ✓ 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 whistle-blower 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.



## 7 // 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, is Chief Customer Officer, Corporate and Institutional Banking, National Australia Bank.

Previous roles at National Australia Bank group chief risk officer, 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 FAICD SF FIN

**VICE PRESIDENT** // appointed May 2015  
**BOARD MEMBER** // appointed March 2013  
**REGION** // New South Wales and Australian Capital Territory

Victoria Weekes, is a professional non-executive director with more than 25 years' experience as a senior executive in the financial services sector.

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 ASX-listed URB Investments. 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, Audit, Finance, Risk Management and Compliance Committee**  
**Member, Nominations and Remuneration Committee**  
**Member, NSW Regional Council**  
**Member, Women in FINSIA Committee**



**CHRIS WHITEHEAD**  
BSC F FIN FAICD

**CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR** // appointed September 2016

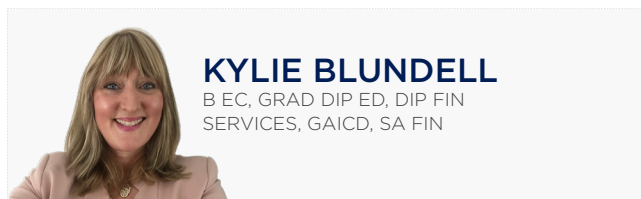
Chris, has been associated with the Australasian financial services industry for nearly 30 years.

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.

## 7 // DIRECTORS OF THE BOARD AND CEO



### KYLIE BLUNDELL

B EC, GRAD DIP ED, DIP FIN  
SERVICES, GAICD, SA FIN

#### HEAD OF STANDARDS & EDUCATION AND EXECUTIVE DIRECTOR // Appointed 18 September 2018

Kylie was appointed FINSIA Head of Standards and Education in 2017 as part of their new strategy to encourage the highest standards of professionalism and improve and enhance the knowledge and expertise of those engaged in banking and financial services.

Previously she held a number of senior roles predominantly in dealer services within financial advice in major banks within Australia. She has also been involved in the management of a financial advice remediation project.

She also has experience as a non-executive director in the not for profit sector.



### ALAN BARDWELL

CA GAICD SF FIN

#### DIRECTOR // Appointed 8 February 2019

Alan is a senior finance, risk and audit executive, with 37 years Australian and global experience in the banking, finance and securities Industry. This includes 16 years at Citigroup and 10 years with the Australian Securities Exchange until 2017 where he served as Chief Financial Officer and then Chief Risk Officer.

More recently, Alan has developed a non-executive director career and currently serve on the boards of Australian Military Bank, rt Health and Transport Health (a private health insurer), and Chair of Ku-ring-gai Financial Services Limited. Since February 2019 Alan has served on the FINSIA Board. Alan is also a consultant to advisory group The Risk Board and Chair of the Market Supervision and Compliance Committee that advises the Board of the Sydney Stock Exchange.

**Member, Audit, Finance, Risk Management and  
Compliance Committee**



### HELEN LORIGAN

BCOMM GAICD SF FIN

#### DIRECTOR // Appointed 8 February 2019

Helen is a Venture Partner with Sapien Ventures, a global venture capital firm and is involved in raising capital for investing in companies with technologies and unique value propositions which aim to disrupt traditional financial services business models. In October 2017, Helen was appointed as one of the 9 new Directors to the Board of CPA Australia and was appointed as a Director of FINSIA on 8 February 2019.

Prior to her work in venture capital, Helen has held roles from Chief Executive Officer, Elders Financial Planning and General Manager, Elders Wealth Management to various Executive General Management roles at the ANZ Group which included Head of Wealth Strategy and Head of Channel & Segment Marketing. Prior to ANZ, Helen was Chief Manager and Senior Executive, Managed Funds at CBA and General Manager, Superannuation at MLC.

Helen commenced her career in FMCG with Kimberly Clark as a Senior Product Manager followed by her role as Marketing Manager, Green Cards and with American Express. Helen's experience spans: Fintech, Financial Services, Superannuation, Mainframe and Cloud technologies, Blockchain, Private Equity & Venture Capital, Consumer Credit and FMCG throughout Australia, Asia and the USA.

**Member, Audit, Finance, Risk Management and  
Compliance Committee**



## 7 // DIRECTORS OF THE BOARD AND CEO



### IAN POLLARI

BCOMM MBA F FIN

**DIRECTOR** // Appointed October 2017

Mr Pollari, is a partner at KPMG and is currently the Head of KPMG's Banking Sector in Australia.

He is also the Global Co-Lead of KPMG's Fintech practice, and is on the board of Stone & Chalk.

Ian has over 17 years' experience servicing clients in the financial services industry and brings deep knowledge and insights into the experiences of local and international banks, payment providers and fintech companies in areas such as strategy development, market entry, digital innovation, regulation and risk management practices.

Ian frequently interacts with the government and regulators on emerging policy developments, such as the introduction of new regulatory

**Member, Nominations and Remuneration Committee**



### MARK SPIERS

BA CFP DIP AII CIP F FIN

**DIRECTOR** // Appointed May 2013

Mr Spiers, was Director, Wealth Strategy at BT Financial Group. Prior to this, as General Manager of Advice at BT Financial Group, Mark was responsible for all of the employed and self-employed financial advisers in the Westpac Group. Previously, 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, Audit, Finance, Risk Management and Compliance Committee**

**Member, Financial Advice and Services Industry Council**



### ROBINA XAVIER

MBUS(RES) PHD SF FIN GAICD FPRIA

**DIRECTOR** // Appointed June 2017

Professor Xavier, is Executive Dean of the QUT Business School. She has more than 25 years' experience in corporate consulting and education with specialist expertise in investor relations and crisis management.

Robina has worked as a consultant to both the private and public sectors in Australia, specialising in corporate and financial relations.

Robina has sat on several association/government/NGO advisory groups and has significant membership body experience as a former National President of the Australian peak industry body, the Public Relations Institute of Australia. She sits on the EQUIS Committee of the European Foundation for Management Development in Brussels. Robina is a director of Creative Enterprise Australia, Australia's only dedicated creative industries accelerator.





# 8

## ANNUAL FINANCIAL REPORT CONTENTS:

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## 8// 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 2018 and the lead auditor’s report thereon.

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

DIRECTOR	APPOINTED	RETIRED
<b>David Gall</b> BSc, BBus (Banking and Finance), MBA (Exec), SF FIN <b>President</b>	29 January 2010	
<b>Victoria Weekes</b> BComm, LLB, FAICD, SF FIN <b>Vice President</b>	4 March 2013	
<b>Catherine Aston</b> BEc, MComm, GAICD, TF ASFA, F FIN	18 August 2015	18 September 2018
<b>Bruno Bellon</b> BEcon, GDipAppFin (SecInst), GAICD, SF FIN	13 February 2015	16 March 2018
<b>Ian Pollari</b> BComm, MBA, F FIN	13 October 2017	
<b>Mark Spiers</b> BA, CFP, Dip All, CIP, F FIN	21 March 2013	
<b>Loretta Venten</b> BEc, GDip (Banking & Finance), MAICD, MFTA, SF FIN	29 June 2005	30 May 2018
<b>Robina Xavier</b> FPRIA, GAICD, SF FIN	12 June 2017	
<b>Alan Bardwell</b> BA (Hon) Economics (Accounting), CA, SF Fin, GAICD	8 February 2019	
<b>Helen Lorigan</b> BComm, GAICD, SF FIN	8 February 2019	
<b>Christopher Whitehead</b> BSc, FAICD, F FIN <b>Chief Executive Officer and Managing Director</b>	30 November 2016	
<b>Kylie Blundell</b> BEcon, PDipEd, GAICD, SA FIN Head of Standards and Education	18 September 2018	

### COMPANY SECRETARY

Mr Glenn Meekin (Chief Financial Officer) resigned as Company Secretary on 22 June 2018 and Mr Wilson Leung was appointed as the Company Secretary. He was also the Chief Operating Officer for the group. Mr Leung is an experienced executive having held senior positions with a number of listed and multinational companies across multiple industries including automotive financing and financial services companies.

### PRINCIPAL ACTIVITIES

The principal activity of the group during the course of the financial year was supporting the professionalisation of the financial services industry through educational qualifications, professional development, 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 \$2,656,740 (2017: loss of \$1,548,859).**



## 8// DIRECTORS REPORT - CONT

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.

### REVIEW OF OPERATIONS

Group revenue was generated primarily from member subscription fees of \$2,727,657 (2017: \$2,985,999) reflecting a decline in total membership numbers during the year. Membership services, professional development (PD) and conference income of \$211,781 was up this year (2017: \$152,623), with more PD events being held compared with the previous year. Income from other services of \$270,706 (2017: \$300,111) comprises of income from sub-leasing office space and mentoring services. During the financial year ended 31 December 2018, the group had launched various education programs and qualifications which had generated an income of \$145,497. Investments generated an income of \$665,779 (2017: \$689,425), being down due mainly to a lower distribution received from the managed funds being held by the group. When taking into account both trust distributions and unit price movements,

the investment returned \$355,905 (2017: \$886,575).

During the year the group continued to invest in developing the education qualifications and programs to support the professional developments of its members and the wider financial services industry. Total expenses (excluding changes in fair value of investments) increased by \$506,002 or 8.5% on the previous year due to significant investment to support the launch of the education programs and qualifications during the year. Staff expenses of \$3,274,009 (2017: \$2,879,269) increased by 13.7%. Full time equivalent (FTE) employee numbers had increased to 24 (2017: 22 FTE) to support execution of the new education strategy. The group also incurred education expenses of \$187,005 (2017: Nil) with the new education programs and qualifications launched during the year.

The net loss for the year was \$2,659,690, being \$857,021 or 48% worse than the prior year comparative (2017: loss of \$1,802,669). The net loss for the year includes an unrealised loss on changes in fair value of investments of \$244,281 which was previously

included in the Other Comprehensive Income. The change in classification and fair value changes in investment is due to adoption of new accounting standards during the financial year.

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. From an education qualifications and programs perspective, the group measures its performance primarily on the level of interest on its qualifications and programs included but not limited to the number of students enrolled into and successfully completed each of its education qualification or program from each of the major and regional banks.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The group has launched various

education qualifications and programs during the year. There was no other 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 affect the operations of the company, the results of those operations, or the state of affairs of the group in future financial years.

### LIKELY DEVELOPMENTS AND FUTURE RESULT

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.



## 8// DIRECTORS REPORT - CONT

### 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.

### 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	4 of 5	N/A	3 of 3
Victoria Weekes	4 of 5	5 of 5	3 of 3
Catherine Aston	3 of 3	2 of 2	N/A
Bruno Bellon	1 of 1	1 of 1	N/A
Ian Pollari	5 of 5	4 of 4	2 of 3
Mark Spiers	5 of 5	5 of 5	N/A
Loretta Venten	2 of 2	3 of 3	2 of 2
Robina Xavier	4 of 5	N/A	N/A
Alan Bardwell	N/A	N/A	N/A
Helen Lorigan	N/A	N/A	N/A
Christopher Whitehead	5 of 5	5 of 5	4 of 4
Kylie Blundell	N/A	N/A	N/A

### 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 21.

Signed in accordance with the resolution of the directors by:

DAVID GALL, SF FIN  
PRESIDENT

DATED: 1 APRIL 2019



## 8// AUDITOR'S INDEPENDENCE DECLARATION

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# Deloitte.

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The Board of Directors  
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The Board of Directors  
Financial Services Institute of  
Australasia Level 4, 16 Spring Street  
SYDNEY NSW 2000  
1 April 2019

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 2018, 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

GAILE TIMPERLEY  
PARTNER  
CHARTERED ACCOUNTANTS

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited





## 8// DIRECTORS' DECLARATION

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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

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DAVID GALL, SF FIN  
PRESIDENT

DATED: 1 APRIL 2019



## 8// CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

The notes on pages 29 to 47 are an integral part of these consolidated financial statements.

	NOTE	2018 \$	2017 \$
<b>Revenue</b>			
Member fees		2,727,657	2,985,999
Membership services		211,781	152,623
Education revenue		145,497	-
Other services		270,706	300,111
<b>Total revenue from operating activities</b>		<b>3,355,641</b>	<b>3,438,733</b>
<b>Expenses</b>			
Staff expenses		3,274,009	2,879,269
Consultants and contractor expenses		208,772	326,983
Premises expenses		579,039	549,852
Course and conference expenses		258,864	254,330
Education expenses		187,005	-
Promotion and advertising expenses		247,397	101,777
Digital media content		-	186,115
Policy and publication expenses		37,065	37,023
IT and telecommunication expenses		587,484	591,478
Travel and accommodation expenses		157,862	169,099
Printing, postage and stationery		42,758	71,325
Other expenses		256,547	204,089
Depreciation and amortisation		600,027	559,487
Changes in fair value of investments		244,281	-
<b>Total expenses from operating activities</b>		<b>6,681,110</b>	<b>5,930,827</b>
<b>Results from operating activities</b>		<b>(3,325,469)</b>	<b>(2,492,094)</b>
<b>Finance income</b>			
Interest income		65,593	61,033
Trust distribution		600,186	628,392
<b>Net finance income</b>		<b>665,779</b>	<b>689,425</b>
Loss before tax		(2,659,690)	(1,802,669)
Income tax	6	-	-
<b>Loss for the year</b>		<b>(2,659,690)</b>	<b>(1,802,669)</b>
<b>Items that may be reclassified to the profit and loss</b>			
Foreign currency translation differences		2,950	(4,373)
Unrealised gains/(loss) on Investments		-	258,183
<b>Other comprehensive (loss) / income, net of tax</b>		<b>2,950</b>	<b>253,810</b>
<b>Total comprehensive loss for the year</b>		<b>(2,656,740)</b>	<b>(1,548,859)</b>



## 8// CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31  
DECEMBER 2018

The notes on pages 29 to 47 are an integral part of these consolidated financial statements.

		2018	2017
	NOTE	\$	\$
<b>Current Assets</b>			
Cash and Cash Equivalents		4,935,455	1,510,621
Interest bearing deposits	7	192,256	760,784
Trade and other receivables	8	315,005	39,560
Prepayments		527,599	427,393
<b>Total Current Assets</b>		<b>5,970,315</b>	<b>2,738,358</b>
<b>Non-Current Assets</b>			
Other deposits		235,064	231,594
Plant and equipment	9	255,243	241,899
Intangible Assets	10	1,255,078	1,152,351
Other Financial Assets	11	11,137,920	17,375,797
<b>Total Non-Current Assets</b>		<b>12,883,305</b>	<b>19,001,641</b>
<b>Total Assets</b>		<b>18,853,620</b>	<b>21,739,999</b>
<b>Current Liabilities</b>			
Trade and other payables	12	570,622	701,885
Members' subscriptions received in advance Employee Provisions	13	1,293,120	1,408,479
Other Liabilities		96,066	89,072
		101,094	51,184
<b>Total Current Liabilities</b>		<b>2,060,902</b>	<b>2,250,620</b>
<b>Non-Current Liabilities</b>			
Employee Provisions	13	38,158	36,824
Provision for restoration of leased premises Other Liabilities	14	35,000	60,000
		164,691	180,946
<b>Total Non-Current Liabilities</b>		<b>237,849</b>	<b>277,770</b>
<b>Total Liabilities</b>		<b>2,298,751</b>	<b>2,528,390</b>
<b>Net Assets</b>		<b>16,554,869</b>	<b>19,211,609</b>
<b>Members' Funds</b>			
Retained earnings		16,580,487	18,613,824
Foreign currency translation reserve		(25,618)	(28,568)
Other Reserves - OCI unrealised gain		-	- 626,353
<b>Total Members' Funds</b>		<b>16,554,869</b>	<b>19,211,609</b>



## 8// CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2018

The unrealised gain on investment arose on the revaluation of available for sale financial assets. Due to a change in accounting policy as noted in Note 3, the reserves were transferred to retained earnings on 1 January 2018.

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

The notes on pages 29 to 47 are an integral part of these consolidated financial statements.

	Retained Earnings	Foreign Currency Translation Reserve	Unrealised Gains on Investments	Total Equity
	\$	\$	\$	\$
Opening balance 1 January 2017	20,416,493	(24,195)	368,170	20,760,468
Loss for the year	(1,802,669)	-	-	(1,802,669)
Total other comprehensive (loss)/income for the year	-	(4,373)	258,183	253,810
<b>Total comprehensive (loss)/income for the year</b>	<b>(1,802,669)</b>	<b>(4,373)</b>	<b>258,183</b>	<b>(1,548,859)</b>
<b>Closing balance 31 December 2017</b>	<b>18,613,824</b>	<b>(28,568)</b>	<b>626,353</b>	<b>19,211,609</b>
Opening balance 1 January 2018	18,613,824	(28,568)	626,353	19,211,609
Effect of adoption of new accounting standard	626,353	-	(626,353)	-
Loss for the year	(2,659,690)	-	-	(2,659,690)
Total other comprehensive income for the year	-	2,950	-	2,950
<b>Total comprehensive (loss)/income for the year</b>	<b>(2,659,690)</b>	<b>2,950</b>	<b>-</b>	<b>(2,656,740)</b>
<b>Closing balance 31 December 2018</b>	<b>16,580,487</b>	<b>(25,618)</b>	<b>-</b>	<b>16,554,869</b>



## 8// CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR  
ENDED 31  
DECEMBER 2018

The notes on pages 29 to 47 are an integral part of these consolidated financial statements.

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	3,300,401	3,615,349
Cash payments in the course of operations	(6,374,453)	(5,627,851)
Interest received	65,593	61,033
Trust distributions received	600,186	628,392
<b>Net cash flows used in operating activities</b>	<b>(2,408,273)</b>	<b>(1,323,077)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment and intangible assets	(746,852)	(129,747)
Proceeds from the disposal of plant and equipment and intangible assets	14,885	1,741
Proceeds/(placement) of interest bearing deposits	568,528	(760,784)
Proceeds from sale of investments	5,993,596	384,855
<b>Net cash flows from/(used in) investing activities</b>	<b>5,830,157</b>	<b>(503,935)</b>
Net increase/(decrease) in cash and cash equivalents	3,421,884	(1,827,012)
Cash and cash equivalents at beginning of the financial year	1,510,621	3,342,006
Effect of exchange rate fluctuations	2,950	(4,373)
<b>Cash and cash equivalents at end of the financial year</b>	<b>4,935,455</b>	<b>1,510,621</b>



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The consolidated financial statements for the year ended 31 December 2018 comprise the accounts of Financial Services Institute of Australasia, FINSIA Education, FINSIA NZ Limited and Securities Institute of Australia Pty Ltd (together referred to as the "group").

### 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.

The consolidated financial statements were authorised for issue in accordance with a resolution of directors on 15 March 2019.

#### (B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the basis of historical cost, except for certain 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.

#### RECOVERABILITY OF INTANGIBLE ASSET

During the year, the directors have considered the recoverability of the Group's

intangible assets which are comprised of development costs relating to the company's customer relationship management system, content management system as well as member portal and content development for Education courses. The intangible assets are included in the consolidated statement of financial position at 31 December 2018 with a combined carrying amount of \$1.3 million (31 December 2017: \$1.2 million).

In determining the recoverability of the intangible assets, the directors have considered the extent to which the assets embody future economic benefits to the Group, whether that be through forecast improvement in the Group's future results arising from the use of the intangible assets or by continuing to enable more cost-effective ongoing delivery of services. The development of a range of educational courses and accreditation programs in the financial year, some of which will be launched in the next financial year, is expected to generate increased revenue for the business. The additional costs incurred in FY18 in preparation for these launches in FY19 is expected to form the foundation for increased financial performance going forward. Directors have exercised

judgement in respect of forecast performance and estimated useful economic lives of the intangibles.

#### PAYROLL TAX

As at 31 December 2018, the Group has recorded a provision of \$12k for potential payroll tax obligations to the NSW Revenue Office in relation to salary costs paid by Financial Services Institute of Australasia ('FINSIA') for services rendered by employees of FINSIA Education in the reporting period. The directors have exercised judgement to the extent to which any payroll tax liability can be reliably estimated based on ongoing discussions with NSW Revenue office. A contingent liability has been recognised with further details to this as set out in note 20. Notes to annual financial statements

#### (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





## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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 twelve 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 after income tax of \$2,659,690 for the year ended 31 December 2018 (2017:\$1,802,669), generated net cash outflows from operations of \$2,408,273 (2017: \$1,323,077) and had net current assets of \$3,921,142 (2017: \$487,738) and net assets of \$16,554,869 (2017: \$19,211,609) at year end.
- Financial Services Institute of Australasia (the company) derived a profit before income tax for the year ended 31 December 2018 of \$423,561 (2017 loss: \$373,130), had a deficiency in current liabilities over current assets at 31 December 2018 of \$19,675,485 (2017: \$20,434,808) and a deficiency in net assets of \$18,909,715 (2017: \$19,247,094).

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.

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 twelve months from the date of the letter, or twelve months from the date of signing the consolidated financial statements for the year ended 31 December 2018. 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, FINSIA NZ Limited and Securities Institute of Australia Pty Ltd. 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.

#### (B) FOREIGN CURRENCY

##### (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



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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.

### (C) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated discounts or similar allowances. 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 twelve 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.

#### (iii) EDUCATION INCOME

Education income is recognised upon enrolment of the student.

#### (iv) 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.

### (D) 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 and such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction in rental expense on a straight-line basis.

### (E) 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 employee provisions 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) POST-EMPLOYMENT BENEFITS

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 plans 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.

### (F) TAXES

#### (i) INCOME TAXES

The company applies the principle of



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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.

### (G) 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.



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### Interest bearing deposits

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

### Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of

a financial asset, its carrying value is written off.

### Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected

credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### (ii) NON-DERIVATIVE FINANCIAL LIABILITIES

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.

### (H) 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.



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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.

### (I) INTANGIBLE ASSETS

#### (i) INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the asset's estimated useful life commencing from the time the asset is ready for use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Each intangible asset had been assessed separately and each asset had been assessed to have useful life of 5 years.

#### (ii) INTERNALLY-GENERATED INTANGIBLE ASSETS

Expenditure on research activities is recognised as an expense in the period in

which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets

is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The effective life of the intangible assets takes into account the estimated period in which any course material the group has considered to remain relevant to the industry as well as factoring in any contractual agreement with vendors and/or educational partners.

#### (iii) DERECOGNITION OF INTANGIBLE ASSETS

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying

amount of the asset are recognised in profit or loss when the asset is derecognised. Notes to annual financial statements

### (J) 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.





## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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.

### (j) 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.

### (k) 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.

The company had applied the exception under AASB9 Financial Instruments: Recognition and Measurement to not restate comparatives. The cumulative effect of initially applying the standards was \$626,353 charged to Retained Earnings, which was recognised in Retained Earnings as at 1 January 2018.





## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### (I) 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 2016-9 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	31 December 2019
<b>AASB16 Leases</b>	1 January 2019	31 December 2019
AASB 1058 Income of Not-For-Profit Entities, AASB 1058 Income for Not-For-Profit Entities (Appendix D), AASB 2018-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities	1 January 2019	31 December 2019
<b>AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration</b>	1 January 2019	31 December 2019
AASB Interpretation 23 Uncertainty Over Income Tax Treatments, AASB 2018-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	1 January 2019	31 December 2019
<b>Annual Improvements to IFRS Standards 2015-2018 Cycle</b>	1 January 2019	31 December 2019



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### 4. CRITICAL ACCOUNTING JUDGMENTS 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 is comprised 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 2018 with a carrying amount of \$1.3 million (31 December 2017: \$1.2 million).

In determining the recoverability of the intangible assets, the directors have considered the extent to which the assets embody future economic benefits to the Group, whether that be through forecast improvement in the Group's future results arising from the use of the intangible assets or by continuing to enable more cost-effective ongoing delivery of services. The development

of a range of educational courses and accreditation programs in the financial year, some of which will be launched in the next financial year, is expected to generate increased revenue for the business. The additional costs incurred in FY18 in preparation for these launches in FY19 is expected to form the foundation for increased financial performance going forward. Directors have exercised judgement in respect of forecast performance and estimated useful economic lives of the intangibles.

#### Payroll tax

As at 31 December 2018, the Group has recorded a provision of \$12k for potential payroll tax obligations to the NSW Revenue Office in relation to salary costs paid by FINSIA for services rendered by employees of FINSIA Education in the reporting period. The directors have exercised judgement to the extent to which any payroll tax liability can be reliably estimated based on ongoing discussions with NSW Revenue office. A contingent liability has been recognised with further details to this as set out in note 20.

### 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 2018 (2017: 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



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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 2018 amounted to \$690,761 (2017: \$706,158). This includes tax losses attributable to a controlled entity domiciled in New Zealand of \$150,368 (2017: \$150,251).

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.

### 7. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash on hand	500	500
Cash at bank	2,034,955	1,510,121
Term deposits with less than 3 months maturities	2,900,000	-
<b>Total</b>	<b>4,935,455</b>	<b>1,510,621</b>

### 8. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Trade receivables	58,897	9,898
Other receivables	248,742	25,638
Accrued income	7,366	4,024
<b>Total Trade and Other receivables</b>	<b>315,005</b>	<b>39,560</b>

Trade receivables are non-interest bearing and are generally on seven day (2017: seven day) terms.

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



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### 9. PLANT AND EQUIPMENT

	Office Equipment	Leasehold Furniture and Fittings	Leased Asset	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance at 1 January 2018	937,331	746,992	-	1,684,323
Additions	65,139	17,196	28,948	111,283
Disposals	(30,358)	(112,471)	-	(142,829)
<b>Balance at 31 December 2018</b>	<b>972,112</b>	<b>651,717</b>	<b>28,948</b>	<b>1,652,777</b>
<b>Accumulated Depreciation</b>				
Balance at 1 January 2018	923,524	518,900	-	1,442,424
Depreciation for the year	15,494	66,577	-	82,071
Disposals	(30,358)	(96,603)	-	(126,961)
<b>Balance at 31 December 2018</b>	<b>908,660</b>	<b>488,874</b>	<b>-</b>	<b>1,397,534</b>
<b>Carrying amount</b>				
As at 31 December 2017	13,807	228,092	-	241,899
As at 31 December 2018	63,452	162,843	28,948	255,243



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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 commencing from the time the asset is held 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. Each intangible asset had been assessed separately and each asset had been assessed to have useful life of 5 years.

### 10. INTANGIBLE ASSETS

	Software	Educational Course Content	Total
	\$	\$	\$
<b>Cost</b>			
Balance at 1 January 2017	2,313,745	-	2,313,745
Additions	-	72,603	72,603
<b>Balance at 31 December 2017</b>	<b>2,313,745</b>	<b>72,603</b>	<b>2,386,348</b>
Balance at 1 January 2018	2,313,745	72,603	2,386,348
Additions	-	620,683	620,683
<b>Balance at 31 December 2018</b>	<b>2,313,745</b>	<b>693,286</b>	<b>3,007,031</b>
<b>Accumulated Depreciation</b>			
Balance at 1 January 2017	771,248	-	771,248
Amortisation for the year	462,749	-	462,749
<b>Balance at 31 December 2017</b>	<b>1,233,997</b>	<b>-</b>	<b>1,233,997</b>
Balance at 1 January 2018	1,233,997	-	1,233,997
Amortisation for the year	461,958	55,998	517,956
<b>Balance at 31 December 2018</b>	<b>1,695,955</b>	<b>55,998</b>	<b>1,751,953</b>
<b>Carrying amount</b>			
As at 31 December 2017	1,079,748	72,603	1,152,351
As at 31 December 2018	617,790	637,288	1,255,078



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### 11. OTHER FINANCIAL ASSETS

The group had diversified its investments during the year and surplus funds were being held in various asset classes in accordance to the group's investment policy whereas in prior year, surplus funds were being held entirely within the Perpetual Income Credit Fund. The asset classes allocation were as follow:

	2018	2017
	\$	\$
Available for Sale Investment - carried at fair value	-	17,375,797
<i>Investment carried at fair value through profit or loss</i>		-
Cash Funds	1,986,921	-
Managed Funds - Diversified Income	3,955,596	-
Managed Funds - International Fixed Income	1,869,250	-
Managed Funds - Australian Fixed Interest	2,262,531	-
Managed Funds - Alternative Investments	1,063,622	-
	11,137,920	-
<b>Total Other Financial Assets</b>	<b>11,137,920</b>	<b>17,375,797</b>





## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### 12. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Trade payables	87,245	415,322
Accruals	483,377	286,563
<b>Total</b>	<b>570,622</b>	<b>701,885</b>

### 13. EMPLOYEE PROVISIONS

	2018	2017
	\$	\$
<b>Current</b>		
Annual leave	96,066	75,561
Long service leave	-	13,511
<b>Total Trade and Other receivables</b>	<b>96,066</b>	<b>89,072</b>
<b>Non Current</b>		
Long service leave	38,158	36,824
<b>Total</b>	<b>134,224</b>	<b>125,896</b>

### 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.

	2018	2017
	\$	\$
Provision for restoration of leased premises	35,000	60,000

### 15. OPERATING LEASES

	2018	2017
	\$	\$
<b>Payments recognised as an expense</b>		
Lease and sub-lease payments recognised as an expense	579,039	554,424

	2018	2017
	\$	\$
<b>Non-cancellable operating lease rentals are payable as follows:</b>		
Within one year	555,060	500,149
Between one and five years	2,109,601	822,455
More than five years	-	-
<b>Total</b>	<b>2,664,661</b>	<b>1,322,604</b>

The group leases all its offices and printers 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.



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### 16. KEY MANAGEMENT PERSONNEL

#### DIRECTORS

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

David Gall

Victoria Weekes

Catherine Aston  
(resigned 18 September 2018)

Bruno Bellon  
(resigned 16 March 2018)

Ian Pollari

Mark Spiers

Loretta Venten  
(resigned 30 May 2018)

Robina Xavier

Christopher Whitehead

Kylie Blundell  
(appointed 18 September 2018)

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. The CEO remuneration is considered by the Nominations and Remuneration Committee with a recommendation put forward for Board approval. During the year, an Executive Director was appointed to fill a casual vacancy on the board.

#### KEY MANAGEMENT PERSONNEL

Christopher Whitehead	Chief Executive Officer & Managing Director
Wilson Leung	Chief Operating Officer & Company Secretary (appointed 30 April 2018)
Glenn Meekin	Chief Financial Officer & Company Secretary (resigned 22 June 2018)
Kylie Blundell	Head of Standards and Education
Anita Poppi	Head of Corporate Affairs & Marketing
John Jeffery	Head of BD & Membership Services
Dimitri Diamantes	Head of Policy (appointed 26 September 2018)
Caroline Falshaw	Head of Industry Affairs and Policy (resigned 6 July 2018)
Rachael Corby	Head of Events and CPD

#### KEY MANAGEMENT PERSONNEL COMPENSATION

	2018	2017
	\$	\$
Total compensation	1,534,994	1,271,412



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### 16. KEY MANAGEMENT PERSONNEL - CONT

#### LOANS TO KEY MANAGEMENT PERSONNEL

There are no loans between key management personnel and the group.

Other transactions with key management personnel and their related parties  
There are no other transactions conducted between the group and key management personnel or their related parties, apart from those disclosed above relating to compensation, that were conducted other than in accordance with normal employee relationships on terms more favourable than those reasonably expected under arm's length dealing with an unrelated person.

### 17. SUBSIDIARIES

Details of the group's subsidiaries at the end of the reporting period are as follows:

NAME OF SUBSIDIARY	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION	OWNERSHIP 2018	INTEREST 2017
<b>FINSIA Education</b>	Supporting the professionalisation of the financial services industry through education, professional development, information services, policy research & publications	Australia	100%	100%
<b>FINSIA NZ Ltd</b>	Membership services	New Zealand	100%	100%
<b>Securities Institute of Australia Pty Ltd</b>	Dormant company	Australia	100%	100%



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### 18. CONTROLLING ENTITY DISCLOSURE

As at, and throughout the financial year ended 31 December 2018 the parent entity of the group was Financial Services Institute of Australasia.

	2018	2017
	\$	\$
<b>Results of controlling entity</b>		
Profit/(Loss) for the year	423,561	(373,130)
Other comprehensive profit (loss) for the year	2,950	(29,863)
<b>Total comprehensive loss for the year</b>	<b>426,511</b>	<b>(402,993)</b>
Current Assets	1,433,081	844,843
Total Assets	2,344,588	2,166,491
Current Liabilities	21,108,566	21,279,651
Total Liabilities	21,254,303	21,413,585
<b>Members' Funds</b>	<b>(18,909,715)</b>	<b>(19,247,094)</b>
Total Assets include:		
- Loan to Finsia NZ Limited	542,193	562,611
Current Liabilities include:		
- Loan from Finsia Education	19,296,336	19,412,903
<b>Net Current Liabilities</b>	<b>(19,675,485)</b>	<b>(20,434,808)</b>
<b>Net Assets</b>	<b>(18,909,715)</b>	<b>(19,247,094)</b>



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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

	2018	2017
	\$	\$
<b>a) Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents at the end of the financial year, as shown in the Statement of Cash Flow, are reconciled to the related items in the Statement of Financial Position as follows:		
Cash and Cash Equivalents at the end of the financial year	4,935,455	1,510,621
<b>(b) Reconciliation of loss after tax to net cash flows from operations</b>		
Loss after income tax	(2,659,690)	(1,802,669)
<b>Add non-cash items</b>		
Depreciation and amortisation	600,027	559,487
(Profit)/Loss on disposal of fixed assets	15,869	(1,591)
Unrealised loss on fair value of financial assets	244,281	-
<b>Changes in assets and liabilities during the financial year:</b>		
Decrease/(increase) in receivables	(278,915)	(3,380)
(Increase)/decrease in prepayments	(100,206)	(223,587)
Increase/(decrease) in trade payables	(122,609)	341,931
Decrease in membership subscriptions in advance	(115,359)	(148,981)
(Decrease)/increase in provisions	8,329	(44,287)
<b>Net cash flows used in operating activities</b>	<b>(2,408,273)</b>	<b>(1,323,077)</b>



## 8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

### 20. CONTINGENT LIABILITIES

The group has issued bank guarantees amounting to \$235,064 (2017: \$217,199) in favour of landlords as security for office leases in Sydney and Melbourne.

As at 31 December 2018, the group has recorded a provision of \$12k for potential payroll tax obligations to the NSW Revenue Office in relation to salary costs paid by FINSIA for services rendered by employees of FINSIA Education in the reporting period. While no assessment has been made by the NSW Revenue Office to date, it is possible that payroll tax could also be determined to be payable retrospectively. FINSIA had made a voluntary disclosure to the NSW Revenue office and discussions with NSW Revenue are ongoing regarding this matter. As such the amount payable could vary from the amount currently provided for in the financial statements should there be a requirement to pay payroll tax retrospectively. Should this be the case the possible liability has been estimated at an average of \$70k - \$100K per annum over the past 3 years, excluding any interest and penalties.

### 21. EVENTS SUBSEQUENT TO BALANCE DATE

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





## 8// INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCIAL SERVICES INSTITUTE OF AUSTRALASIA

# Deloitte.

### *Opinion*

We have audited the financial report of Financial Services Institute of Australasia and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of their financial performance for the year then ended; and
- (ii) 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 Group 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 the directors of Financial Services Institute of Australasia, would be in the same terms if given to the 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 directors are responsible for the other information. The other information comprises the information included in the Group's Director's Report for the year ended 31 December 2018, 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.

### *Responsibilities of the 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.

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited



## 8// INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCIAL SERVICES INSTITUTE OF AUSTRALASIA

### Deloitte.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

DELOITTE TOUCHE TOHMATSU

GAILE TIMPERLEY  
PARTNER  
CHARTERED ACCOUNTANTS

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