FINSIA

2019

ANNUAL REPORT

1 // INTRODUCTION

2 // FY19 PRESIDENTS REPORT

CULTURE & CONDUCT IS AT THE HEART OF WHAT WE DO.

HELPING THE FINANCIAL SERVICES INDUSTRY TO DELIVER THE BEST OUTCOMES FOR ITS CUSTOMERS, ITS PEOPLE AND THE COMMUNITY THROUGH THE HIGHEST STANDARDS OF PROFESSIONALISATION IS AT THE HEART OF FINSIA'S PURPOSE.

VICTORIA WEEKES,
BCOMM LLB FAICD SF FIN
President

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2 // FY19 PRESIDENTS REPORT

Writing my first President's report for FINSIA is impossible to do without looking through a COVID-19 lens and the uncertainty facing our industry and the community at this time.

There is certainly no way of looking at the banking and financial services sector through rose-tinted glasses, given the enormity of the current challenges we face on top of those already in place after the findings of the Royal Commission.

Twelve months ago, I said how honoured and privileged I was to be appointed FINSIA's President and my belief in the path we had forged. I am now more certain than ever that helping the financial services industry to deliver the best outcomes for its customers, its people and the community through the highest standards of professionalisation is at the heart of FINSIA's purpose.

That the industry has had to face heightened community expectations along with ever-increasing regulatory change has highlighted the critical role of building professionalism across our industry and supporting and engaging with our members.

In 2019 FINSIA led the sector's dialogue around the need for industry based ethical professional standards, engaging government, regulators, major financial institutions and new entrants, industry groups and you, FINSIA's members. While we received encouraging signs of support from key stakeholders, there is more work to be done to establish industry professional standards, which are recognised as having value for our people, the industry and consumers.

In 2019 the FINSIA Board took the opportunity to review our progress and refresh our professionalism strategy. That process confirmed to us that professional standards and professional qualifications are central to what FINSIA stands for and the role we play in the financial services sector. The refreshed strategy has increased our focus on establishing industry professional standards as the foundation for educational qualifications, as well as strengthening engagement with our members on FINSIA's professionalism strategy.

As Chris' Report details, FINSIA continued the rollout of our new professional qualifications to positive industry feedback and it was pleasing to see such a strong take up, amongst both seasoned executives in our industry and new industry entrants. We also continued the expansion of our education offerings to include institutional and securities markets, a process which is ongoing, and to build on the strategic partnerships with internationally recognised bodies like Chartered Banker Institute and Chartered Institute of Securities & Investments. The experience and quality of our graduates positions them as role models for professionalism in our industry and great FINSIA advocates as we face the challenges that 2020 will bring.

A key part of FINSIA's strategy continues to be connecting our members with leading content and with each other, and to promote, and support an engaged professional community. To that end, in 2019 we sought to improve and build on both what we deliver to members, and how we deliver it, whether through face to face major events, industry roundtables, working groups, professional development programs, or our increasingly popular webinar series. As well as increased engagement from these activities in 2019, we sought to learn from your feedback and feedback from consumers, and Chris' Report provides further detail on these initiatives.

As FINSIA's President, the strong message from 2019 was the role FINSIA must play in bringing the industry in Australia together to respond to the shared challenge of rebuilding community trust and pride of our people in the financial services sector. For me, lessons from the UK experience demonstrated that a renewed focus on core skills, ethics and professionalism at all levels drives better outcomes for customers and the industry. I am strongly of the view that we should build on these lessons and from our own experience in 2019, to accelerate progress in restoring confidence in Australia's financial services sector.

I believe FINSIA is ideally placed to be a leader in that campaign through the establishment of professional standards and providing high quality, relevant professional education and membership which stands for something. The FINSIA Board acknowledges we need to re-double our efforts in 2020 to achieve that vision for our members and we seek your ongoing support in advocating for ethical professionalism and FINSIA's role in embedding it into the fabric of our industry.

While the focus of our strategy in 2019 was deliberately outward facing, to our members, the industry and to customers, we seek to apply the same principles internally to FINSIA as an organisation and to our people. The Board acknowledges that we must improve our financial sustainability. To do this we will continue to apply a targeted and prudent approach to investment in quality professional educational qualifications and services our members value, while maintaining strong cost disciplines.

I would like to thank all our Councils - the Regional and Industry Councils, the Young Finance Professionals and the Diversity Advisory Council – and our Qualifications Working Groups for the tremendous work they do from advocacy to mentoring, events, education, standards and much more. I would also like to extend my warmest thanks to my fellow board members and, in particular David Gall, who steps down this year after many years of committed service including as FINSIA's President.

I am excited to lead a highly experienced and capable Board with 3 new board directors being appointed during 2019 - Westpac Chief Risk Officer David Stephen F FIN, National Australia Bank Executive General Manager, Growth Sector Cameron Fuller F FIN and Commonwealth Bank of Australia Executive General Manager, Regional and Agribusiness Banking Grant Cairns F FIN.

Of course, very special thanks must go to Chris, his leadership team and all the FINSIA staff for their incredible commitment, hard work and agility in executing our strategy to meet the challenges we all face. No doubt 2020 will be another busy year.

Finally, I would like to thank all our members for your loyalty, commitment and belief that restoring trust through professionalisation is the way forward for our industry.

VICTORIA WEEKES,
BCOMM LLB FAICD SF FIN
President

3 // CHIEF EXECUTIVE OFFICER'S REPORT

ETHICAL PROFESSIONALISM IS THE FOUNDATION OF SUSTAINED COMMUNITY TRUST AND LONGTERM PERFORMANCE.

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

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3 // CHIEF EXECUTIVE OFFICER'S REPORT

Summing-up 2019 four months into 2020 feels slightly surreal, given events in Australia and globally. The drought, subsequent bush fires and COVID-19 make 2019 feel like a lifetime ago.

But we should not ignore the huge strides made in another incredibly busy year for FINSIA.

The beginning of the year saw the final report of the Royal Commission published in which Kenneth Hayne's 76 recommendations could arguably be summed up as the need for a cultural shift to earn back trust from customers.

Whilst the report spoke to the importance of ethics and professionalism, we were disappointed that amongst its recommendations it did not explicitly define a path to improvement in these aspects -tending to focus on legislation over co-regulation. We remain committed to the view that driving ethical professionalism supports principles-based regulation - which is more effective, efficient and better for our industry's customers.

FINSIA's ambitious return to education commenced mid-2018 with the launch of Professional Banking Fundamentals, specifically adapted for the Australian market and targeting staff right across the enterprise. During 2019 a number of banks commenced pilot programs - with 220 graduating in 2019 becoming a part of our FINSIA Graduate GFIN community.

We unveiled the Chartered Banker by Experience program at the end of 2018, giving seasoned senior executives a chance to fast track using their knowledge and understanding of the industry to achieve recognition under the global gold standard qualification in banking. During 2019 much of our focus was on the more specialised Certified Professional Banker focused on consumer credit and business banking. This has been followed most recently by the Chartered Banker by study program, "Banking and Leadership In The Digital Age targeted at future executives and strategists.

Our partnership with the Chartered Institute of Securities and Investments and the release of courses in Managing Cyber Security, Combatting Financial Crime, Risk in Financial Services, and Global Financial Compliance offer financial services professionals' opportunities to up-skill given the digital transformation underway and the emerging risks business executives need to manage.

In supporting our financial advisor members, FINSIA applied for and was successful in being granted accreditation from the Taxation Practitioners Board on 12 November 2019 as a Recognised Tax (Financial) Advisor Association (RTFAA).

The Royal Commission and its outcomes were the subject of the first of our now regular webinars. The purpose of the increase in these well-attended sessions was to ensure many more members across Australia have access to events that count towards Continuing Professional Development requirements - another key tenet of our professionalisation strategy.

A busy schedule of events included a packed AGM in June where banking veteran and AMP Chairman David Murray praised FINSIA's return to the education space. Outgoing President David Gall in his final AGM address expressed excitement about the portfolio of education programs being built by FINSIA to raise professional standards and help to rebuild trust, confidence and pride in our industry.

During the middle of 2019 we had a busy schedule of significant events:

- A joint conference with the Banking and Finance Oath gave us the opportunity to reflect on the growing acceptance of the need to have a customer-focused reboot.
- A series of roadshows in conjunction with the Australian Financial Complaints Authority proved popular and demonstrated there remains significant dissatisfaction on the part of customers.
- Our ever-popular Future of Finance series saw the team from Decoded debunking the myths around all things to do with AI and block chain.
- The Summit in Melbourne that focused on the drivers of change in institutional and securities markets saw futurist author and former Barack Obama advisor Brett King give a keynote speech outlining the lessons banks need to take on board to survive.

FINSIA also led a delegation of senior executives from Australian banks on a fact-finding mission to the World Conference of Banking Institutes in the UK, which is widely seen as being further down the road to restoring trust in financial services. We had a wide range of very valuable private briefings from senior UK industry figures. This delegation highlighted the role FINSIA can play in bringing the industry and senior figures here in Australia together to discuss the shared challenge of maintaining and growing community trust.

Later in the year, at our annual The Regulators lunch both ASIC and APRA issued salutary warnings of remediation costs of dealing with issues revealed in the Royal Commission rising above $10bn. They also, along with Deputy Governor of the RBA Guy De Belle spoke to the importance of professionalism – culture, competency and conduct.

Our increased focus on New Zealand and our members there resulted in a busy year with several well attended events.
We had Adrian Orr, Reserve Bank Governor speak about the need for Banks to bolster their balance sheets with more capital. This was in the context of warning younger bankers that markets do not go up all the time and they needed to get prepared as inevitably a downturn would occur at some point.

We ended the year with our 11th webinar looking at the lessons from the UK in restoring trust.

While never imagining we would be in the situation we are currently facing through the impact of COVID19, it was fortunate we gained experience in the hosting of webinars and already planned to have more in 2020.

Complementing our professionalism strategy and advocacy, two of FINSIA's regular surveys provided important insights on work still to be done in the financial services sector. Our consumer financial literacy survey revealed significant gaps in financial decision-making and some basic skills on the part of customers. This highlights the need for further work by the industry and FINSIA to respond to this gap.

Another persistent gap was highlighted by FINSIA's benchmark Gender Divide survey

3 // **CHIEF EXECUTIVE OFFICER'S REPORT** CONTINUED

– the 30% gender pay gap - which our industry experiences and has not yet been able to close despite industry focus. FINSIA's belief in ethical professionalism, to which fairness is fundamental, is what drives our continued commitment to diversity, in our education, mentoring and professional programs.

Post COV19 we are looking to expand FINSIA's professional education offerings, including the complete rollout of the Certified Professional Banker modules, expand our offerings in securities and investments, and our local offerings for our New Zealand members.

Last year 92% of FINSIA members renewed their membership, which is a strong result compared to similar institutes. However, restoring membership growth to former levels is dependent upon industry-supported and community respected professional qualifications. Our investments are timely and vital for the industry and will also move FINSIA to a sustainable footing.

It is now imperative that we achieve a strong return on these investments through adoption at scale such that we can continue to invest further, especially in other industry segments relevant to our members. We are working with institutions to incorporate and as necessary customise these qualifications to their unique needs, including recognition of prior learning for individuals as well as the accreditation of non-FINSIA programs that contribute to the same learning outcomes.

FINSIA is a membership organisation, and a charity. We seek to best apply our limited resources to supporting our members through events and publications and professional development opportunities such as mentoring and now professional qualifications. However, we can only be sustainable in the longer term through active support and advocacy from our members and much higher industry participation.

So, I would like to say thank you for all your help. I look forward to working with you to support FINSIA's purpose of raising professional standards and ensuring that we deliver better outcomes for our industry's people and customers.

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

4 // JOURNEY OF PROFESSIONALISM

EDUCATION PROGRAMMES 2019

THE FUTURE OF FINANCE SERIES

ATTRACTED OVER
420
ATTENDEES IN AUS AND NZ

- COMPLIMENTARY FOR MEMBERS
- HIGH CALIBRE SPEAKERS
- FOCUSED ON GLOBAL & FUTURE TRENDS

ECONOMIC INDICATORS

11TH YEAR

191
REGISTRATIONS

2019 GRADUATES

15	CHARTERED BANKERS
15	BUSINESS BANKING
4	CONSUMER CREDIT
220	PROFESSIONAL BANKING FUNDAMENTALS

TOTAL 254 GRADUATES

75
EVENTS
IN FY19 WITH AROUND
3,781 ATTENDEES

THE SUMMIT

2ND CONSECUTIVE YEAR

134 ATTENDEES

TOTAL NUMBER OF COHORT NUMBERS

PROFESSIONAL BANKING FUNDAMENTALS
4 PBF COHORTS WITH 145 STUDENTS

CHARTERED BANKER BY EXPERIENCE
2 CBBE COHORTS WITH 15 PARTICIPANTS

CERTIFIED PROFESSIONAL BANKERS
2 CPB COHORTS WITH 66 STUDENTS

THE REGULATORS

ANNUAL SIGNATURE EVENT FOR OVER
244
INDUSTRY LEADERS FOCUSED ON KEY PRIORITIES OF THE REGULATORS FOR 2020

WEBINARS

1729
REGISTRATIONS

- INTRODUCED WEBINARS
- COMPLIMENTARY FOR MEMBERS
- 10 INDIVIDUAL WEBINARS
- EXPERT SPEAKERS

UK DELEGATION OF 10 PARTICIPANTS AND APPROXIMATELY 20 BRIEFINGS

AT THE 23RD WORLD CONFERENCE OF BANKING INSTITUTES (WCBI)

SUBMISSIONS & SURVEYS

5TH BIANNUAL GENDER DIVIDE SURVEY

SECOND
CONSUMER SURVEY

+ 4 SUBMISSIONS
RELATING TO FASEA EDUCATION REQUIREMENTS AND ON FINTECH & REGTECH

5 COUNCILS &COMMITTEES

REGIONAL COUNCILS IN 2019

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

NEW ZEALAND NATIONAL COUNCIL	
Bernard McCrea	SF FIN
Adam Ward	F FIN
Leon Grandy	SF FIN
David Tripe	SF FIN
Phillip Meyer	F FIN
Ian Perera	F FIN
Phillip Meyer	F FIN

NEW SOUTH WALES REGIONAL COUNCIL	
Mark Lumsden	SA FIN
Kathryn Illy	SA FIN
Bettina Pidcock	F FIN
Samantha Clarke	SA FIN
Nathan Krieger	F FIN
Andrew Butler	SF FIN
Linda Maniaci	SF FIN
Kate McCallum	SF FIN

QUEENSLAND REGIONAL COUNCIL	
Veronica Kregor	SA FIN
Erin Strang	SA FIN
Christopher Bell	F FIN
Rachel Elfverson	SA FIN
Kerry McGowan	SF FIN
Peter Pontikis	SF FIN
Andrew Weeden	SA FIN
Joanne Dwyer	A FIN
Jeremy White	F FIN
Philip Vickery	F FIN
Anne-Maree Keane	SF FIN
Peta Tilse	SF FIN

SOUTH AUSTRALIA REGIONAL COUNCIL	
Sheridan Wright-Walkley	SA FIN
Ida Wong Taylor	SA FIN
Joe Formichella	F FIN
Nicholas Karagiannis	SA FIN
Lan Lam	
Benjamin Owen	SA FIN
Enza Ferraro	
John Montague	SF FIN
Todd Finney	F FIN
Kylie Allen	F FIN

WESTERN AUSTRALIA REGIONAL COUNCIL	
Timothy Sullivan	SA FIN
Adrianne Oliveri	SA FIN
Wayde Keyser	F FIN
Emma Wright	SA FIN
Phillip Barker	F FIN
Sinead Bannon	A FIN
Rohan Mishra	SA FIN
Ian O'Brien	F FIN
Brendon Kay	A FIN

VICTORIA REGIONAL COUNCIL	
Bradley Upton	F FIN
Tania Hudson	SF FIN
Mark Topy	SF FIN
Paul Chin	SF FIN
Stephen Daniels	F FIN
Alex Lord	F FIN
Mandy Rashleigh	SA FIN
Robert Szyszko	F FIN
Jim Christodouleas	F FIN
David Doyle	SA FIN
Sara Harman	SF FIN
Zekija Glamocic	F FIN
Phillip Dolan	SF FIN

5 COUNCILS &COMMITTEES

INDUSTRY COUNCILS IN 2019

FINANCIAL ADVICE AND SERVICES	
Bruce Lanyon	SF FIN
Diana Bugarcic	SA FIN
Peta Tilse	SF FIN
Sandra Bowley	SF FIN
Bernard McCrea	SF FIN
Vicky Ampoulos	SF FIN
Louis Geronazzo	F FIN
Megan Aikman	F FIN
John Corcoran	F FIN
Louise Trevaskis	F FIN
Susanna Gorogh	SF FIN
Simon Hudson	F FIN
Giles Gunesekera	SF FIN
Paul Chin	SF FIN
Paul Khoury	SF FIN
Brendan O'Connor	
Sharon Davis	F FIN
Scot Thompson	SA FIN
Wesley Hatch	F FIN

DIVERSITY ADVISORY COUNCIL	
Gavin Nelson	SA FIN
Linda Maniaci	SF FIN
Malini Raj	SF FIN
Maebehe Garcia	F FIN
Anne Voursoukis	F FIN
Sonja Steiner	F FIN
Helen Lorigan	SF FIN
Natalie Yan-Chatonsky	A FIN
Lisa Lintern	A FIN

INSTITUTIONAL MARKETS	
Andrew Butler	SF FIN
Jerry Parwada	
Anthony Carlton	SA FIN
Anastasia Economou	SF FIN
Joanne Dawson	SA FIN
Luke Marriott	
Connie Sokaris	F FIN
Ian Perera	F FIN
David Cox	F FIN
Alastair Findlay	F FIN
Adrienne Neilson	
Greg Morris	F FIN
Paul Travers	SF FIN
Andrew Kinasch	SA FIN

RETAIL AND BUSINESS BANKING	
Siobhan Hayden	
Daniel Biondi	SF FIN
David Boromeo	SA FIN
Monique Reynolds	F FIN
Cindy Hansen	F FIN
Mike Currie	F FIN
Harry Scheule	
Allan Hodgson	SA FIN
Adrian Lovney	F FIN
Edward Box	F FIN
Paul Collins	F FIN
John Debenham	SF FIN
Adam Ward	F FIN

5 COUNCILS &COMMITTEES

COMMITTEES IN 2019

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 Comer-ton-Forde	
Professor Kim Hawtrey	SF FIN
Associate Prof Elaine Hutson	
Professor Fariboz Moshirian	

YFP COMMITTEES IN 2019

WESTERN AUSTRALIA YFP	
Boris Divis	
Lincoln Meeking	
Elodie Castagna	
Amanda Bourke	
Emmanuel Ranga	
Stefan Deselys-Claite	
Benjamin Depiazzi	
Lashan Wanigasekera	
Daniel Chiew	

NEW SOUTH WALES YFP	
Michael Romano	SA FIN
Cameron Howlett	
Shuhul Bhat	A FIN
Elizabeth Mcguirk	

VICTORIA YFP	
Nicholas Tonkin	
Marco Fantozzi	A FIN
Drew Garrett	A FIN
Caroline Ramsden	A FIN
Kerrydan Flory	A FIN
Mai Go	A FIN
Mercedes Poutakidis	
Tao Li	A FIN
Inneke Kusumah	A FIN

SOUTH AUSTRALIA YFP	
Timothy Young	A FIN
Peter Tyson	SA FIN
Elena Theori	
Elliott Richardson	
Maggie Beukes	
Ivan Oulianoff	
Ben Caruso	A FIN
John Metevelis	

QUEENSLAND YFP	
Nadine Mudalige	G FIN
Adam Crombie	SA FIN
Brigitte Stafford	G FIN
Petra Kliese	
Angus Goodyear	A FIN
Jenna Nash	A FIN
David Maffescioni	
Eloise Jolly	
Thomas Paul	SA FIN

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.
- Introduced a new 3 level complaint handling process for handling complaints from members about the association's corporate governance, operational procedures and accountability. This new process can be found on our website www.finsia.com. We have not received any such complaints from any members in 2019.

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 19.
- Biographical details outlining skills, experience and expertise relevant to the position of the director are provided in the Board profile on page 15. 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. A third of the elected directors in 2019 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 21.
- 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.

6 // CORPORATE GOVERNANCE

Board performance

The Board regularly undertakes board performance reviews.

Regional representation

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

Independent professional advice

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

PRINCIPLE 3
ACT ETHICALLY AND RESPONSIBLY

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

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

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

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 2019, 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 2019 is set out in the directors' report on page 21.

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, 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

6 // CORPORATE GOVERNANCE

and governance, major initiatives and future strategy, alliances and partnerships, and policy and advocacy by a range of methods.

Communications include the annual report, JASSA and InFinance, the FINSIA website and the annual general meeting (AGM).

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

PRINCIPLE 7 RECOGNISE AND MANAGE RISK

The Board has established policies on risk oversight and management. In addition, the Chief Executive Officer and the Chief Financial Officer have stated to the Board in writing that:

- the integrity of financial statements is founded on a system of risk management and internal compliance and control that implements the policies adopted by the Board.

- the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

FINSIA has adequate risk management and compliance controls in place.

The Board also, on a regular basis, receives reports about the strength of the risk management framework and processes.

IT infrastructure and services are outsourced to an external hosting facility. In the event of a significant business disruption the outsourced provider has a Business Continuity Plan (BCP) in place for effective recovery procedures that are reviewed on an annual basis.

The Audit, Finance, Risk Management and Compliance Committee reviews the status of risk and compliance. The risk register, which is used to identify, assess, monitor and manage material risk throughout the organisation, is considered by management on a monthly basis and reported to each meeting of the Audit, Finance, Risk Management and Compliance Committee and the Board.

The management and Board had established an operational risk framework and risk register of FINSIA and its controlled entities. This is being reviewed regularly at board and board committee meetings to manage operational risk of the business.

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 21.

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

VICTORIA WEEKES
BCOMM LLB FAICD SF FIN

PRESIDENT // Appointed 30 July 2019
BOARD MEMBER // Appointed March 2013
REGION // New South Wales and Australian Capital Territory

Victoria 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 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, Board Advisory Committee
Chair, Nominations & Remuneration Committee

DAVID GALL
BSC BBUS (BANKING AND FINANCE) MBA (EXEC) SF FIN

INTERIM VICE PRESIDENT // Appointed 30 July 2019
BOARD MEMBER // Appointed January 2010
REGION // Victoria and Tasmania

David 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.

Member, Nominations and Remuneration Committee Member, Board Advisory Committee

CHRIS WHITEHEAD
BSC FAICD CHARTERED BANKER F FIN

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR
// Appointed September 2016

Chris was appointed FINSIA CEO in September 2016. He 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.

GRANT CAIRNS
B COMM M APP FIN CA MCBI F FIN

VICE PRESIDENT // Appointed 20 April 2020

Grant is the Executive General Manger, Regional & Agribusiness Banking of Commonwealth Bank of Australia. Mr Cairns is an advocate for professionalism in banking and the importance of ongoing education to serve customers in an evolving industry. He spent five years with KPMG working in audit for large listed companies gaining valuable risk management experience. He joined Equigroup (IT leasing specialists) in 1999 in Business Development where he was involved in structuring operating leases in conjunction with Commonwealth Bank Asset Finance. He joined McCarroll's Automotive Group in 2002 as General Manager.

Mr Cairns joined Commonwealth Bank in 2005. Over the 14 years, he has led product, distribution and operations teams in Institutional, Corporate and Business Banking. Mr Cairns was appointed Executive General Manager, Regional & Agribusiness Banking in 2016. He has also been a member of the CEO Circle since 2012.

Grant Cairns was appointed as Vice President to the FINSIA Board in April 2020.

Member, Board Advisory 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 20 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 regulations.

Member, Audit, Finance, Risk Management and Compliance Committee
Member, Nominations and Remuneration Committee Chair, Board Advisory Committee

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.

Chair, Audit, Finance, Risk Management and Compliance Committee

PROF ROBINA XAVIER
MBUS(RES) PHD SF FIN
GAICD FPRIA

DIRECTOR // Appointed June 2017

Robina is the Deputy Vice-Chancellor and Vice President (Education) of QUT. Before her appointment to her current position she was the Executive Dean of the QUT Business School.

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.

Member, Board Advisory 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 online marketplaces and in fintech, Blockchain and SaaS enterprise software companies.
In October 2017, Helen was appointed as Director to the Board of CPA Australia and in 2020 was appointed as a member of the Finance Committee of the Board of the SP Jain School of Global Management.
Helen has served as a Director of FINSIA since February 2019.**

Helen has held roles from Chief Executive Officer, Elders Financial Planning and General Manager, Elders Wealth Management to 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.

Member, Audit, Finance, Risk Management and Compliance Committee
Member, Board Advisory Committee

7 // DIRECTORS OF THE BOARD AND CEO

DAVID STEPHEN
BBUS F FIN

DIRECTOR // Appointed 29 May 2019

David is the Chief Risk Officer of Westpac Group and am a senior banker with over 30 years' experience in financial services. He has been a CRO in both the UK and Australia. David's experience spans retail, commercial and investment banking in Australia, UK, US and Asia. The majority of his experience has been focused on risk management and compliance.

At Westpac David has primary responsibility for the risk agenda across the Group including risk strategy, frameworks and day to day management. He chairs the Group Risk and Compliance Committee, Westpac's senior most Executive Risk Committee. David is also a Board member of the International Financial Risk Institute, an industry organisation for Chief Risk Officers of financial institutions globally, with a mandate to promote and enhance best practice of risk management within banks.

David is passionate about ensuring banks are well run, fulfilling shareholder, regulatory and community expectations.

Member, Audit, Finance, Risk Management and Compliance Committee

CAMERON FULLER
B.COMM CA GAICD F FIN

DIRECTOR // Appointed 29 May 2019

Cameron is the Executive General Manager, Growth Sector of National Australia Bank. Commenced in June 2018, Cameron sits on the Business & Private Bank (B&PB) Leadership Team.

Cameron joined NAB in April 2016 as General Manager, NAB Health. Prior to joining NAB, Cameron was a senior banker at ANZ for ten years. Prior to ANZ, Cameron developed strong expertise in the health industry at Mayne Group, where he was for five years, as CFO of Mayne Pharma and as Head of Investor Relations for Mayne Group. Cameron also worked at PMP Limited, then Australia's largest printing and magazine publishing business, for three years as Corporate Development Manager.

Cameron started his career with PwC, where he spent eight years. A Chartered Accountant, Cameron holds a Bachelor of Commerce from Melbourne University, and a Post Graduate Diploma in Finance & Investment from FINSIA.

Member, Nominations and Remuneration Committee

8

ANNUAL FINANCIAL REPORT
CONTENTS:

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 2019 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
Victoria Weekes BComm, LLB, FAICD, SF FIN **President**	4 March 2013	
David Gall BSc, BBus (Banking and Finance), MBA (Exec), SF FIN **Vice President**	29 January 2010	
Robina Xavier FPRIA, GAICD, SF FIN	12 June 2017	
Ian Pollari BComm, MBA, F FIN	13 October 2017	
Alan Bardwell BA (Hon) Economics (Accounting), CA, SF Fin, GAICD	8 February 2019	
Helen Lorigan BComm, GAICD, SF FIN	8 February 2019	
David Stephen B BUS, F FIN	29 May 2019	
Cameron Fuller B COMM, CA, GAICD, F FIN	29 May 2019	
Grant Cairns B Comm, M App Fin, CA, MCBI, F Fin	03 June 2019	
Christopher Whitehead BSc, FAICD, F FIN **Chief Executive Officer and Managing Director**	30 November 2016	
Mark Spiers BA, CFP, Dip AII, CIP, F Fin	21 March 2013	29 May 2019
Kylie Blundell BEcon, PDipEd, GAICD, SA FIN Head of Standards and Education	18 September 2018	29 May 2019

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.

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 FINANCIAL RESULT

The total comprehensive loss before tax for the year was a loss of $2,873,754 (2018: loss of $2,656,740).

8// DIRECTORS REPORT - CONT

REVIEW OF OPERATIONS

During the year the Group continued its focus on investing and building a professional education business while actively managing cost. Group revenue was generated primarily from member subscription fees of $2,576,242 (2018: $2,727,657) reflecting a decline in total membership numbers during the year. Membership services, professional development (PD) and conference income of $164,891 was down this year (2018: $211,781), with a lower turnout for the PD events during the year. Income from other services of $139,707 (2018: $270,706) comprises of income from sub-leasing office space and mentoring services. During the financial year ended 31 December 2019, the group had launched various education programs and qualifications which had generated an income of $312,709 (2018: $145,497). Investments generated an income of $655,521 (2018: $665,779), 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 $535,847 (2018: $355,905).

With significant investment made in the last 2 years in developing the education qualifications and programs to support the professional developments of its members and the wider financial services industry, the group has built a highly scalable professional education business as it continues to focus on streamlining its operations and automate existing processes to drive operational efficiency. Total expenses (excluding depreciation and amortisation and changes in fair value of investments) decreased by $52,622 from $5,836,802 to $5,784,180. This reduction was achieved despite the group incurring higher education expenses of $413,712 (2018: $187,005) in support of the various education programs and qualifications.

The net loss for the year was $2,877,894, being $218,204 or 8% worse than the prior year comparative (2018: loss of $2,659,690).

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 uptake in 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.

The payroll tax liability which was disclosed in last year's annual report has been resolved during the financial year with no penalty or interest being imposed on the outstanding amount. FINSIA is now registered for payroll tax while FINSIA Education remains exempt from payroll tax by the virtue that it is a charitable organisation.

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

On 30 January 2020, the World Health Organisation Director-General declared the outbreak of novel coronavirus (2019-nCoV) a Public Health Emergency of International Concern. The emerging macro- economic risks of this outbreak may affect demand for services in 2020 and therefore the recoverability of intangible assets in future periods, however the financial impacts have yet to be determined. The outbreak has also resulted in significant turmoil in global stock markets. The Group operates within a conservative investment policy that invests in a range of managed funds (as opposed to direct equities or other more volatile investments) and although the impact cannot be reliably estimated at this stage, this is expected to reduce the risk that it will be significant.

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
Victoria Weekes	6 of 7	5 of 5	1 of 4
David Gall	6 of 7	N/A	4 of 4
Robina Xavier	5 of 7	N/A	N/A
Ian Pollari	7 of 7	4 of 5	4 of 4
Alan Bardwell	6 of 7	5 of 5	N/A
Helen Lorigan	7 of 7	5 of 5	N/A
David Stephen	2 of 3	2 of 2	N/A
Cameron Fuller	2 of 3	N/A	0 of 1
Grant Cairns	3 of 3	N/A	N/A
Christopher Whitehead	7 of 7	5 of 5	4 of 4
Mark Spiers	1 of 4	1 of 2	N/A
Kylie Blundell	3 of 4	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 22.

Signed in accordance with the resolution of the directors by:

VICTORIA WEEKES BCOMM, LLB, FAICD, SF FIN
PRESIDENT

DATED: 7 APRIL 2020

8// AUDITOR'S INDEPENDENCE DECLARATION

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
7 April 2020

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 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Timperley

GAILE TIMPERLEY
PARTNER
CHARTERED ACCOUNTANTS

8// DIRECTORS' DECLARATION

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

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

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

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

On behalf of the directors

VICTORIA WEEKES SF FIN
PRESIDENT

DATED: 7 APRIL 2020

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

FOR THE YEAR ENDED 31 DECEMBER 2019

The notes on pages 28 to 46 are an integral part of these consolidated financial statements.

	NOTE	2019 $	2018 $
Revenue			
Member fees		2,576,242	2,727,657
Membership services		164,891	211,781
Education revenue		312,709	145,497
Other services		139,707	270,706
Total revenue from operating activities		**3,193,549**	**3,355,641**
Expenses			
Staff expenses		3,444,188	3,274,009
Consultants and contractor expenses		55,822	208,772
Premises expenses		202,361	579,039
Course and conference expenses		154,819	258,864
Education expenses		413,712	187,005
Promotion and advertising expenses		211,584	247,397
Policy and publication expenses		17,214	37,065
IT and telecommunication expenses		627,182	587,484
Travel and accommodation expenses		176,901	157,862
Printing, postage and stationery		34,363	42,758
Other expenses		446,034	256,547
Depreciation and amortisation		963,435	600,027
Changes in fair value of investments		(20,651)	244,281
Total expenses from operating activities		**6,726,998**	**6,681,110**
Results from operating activities		**(3,533,449)**	**(3,325,469)**
Finance income			
Interest income		140,325	65,593
Trust distribution		515,196	600,186
Net finance income		**655,521**	**665,779**
Loss before tax		(2,877,928)	(2,659,690)
Income tax	6	-	-
Loss for the year		**(2,877,928)**	**(2,659,690)**
Items that may be reclassified to the profit and loss			
Foreign currency translation differences		4,174	2,950
Other comprehensive (loss) / income, net of tax		**4,174**	**2,950**
Total comprehensive loss for the year		**(2,873,754)**	**(2,656,740)**

8// CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

The notes on pages 28 to 46 are an integral part of these consolidated financial statements.

	NOTE	2019 $	2018 $
Current Assets			
Cash and Cash Equivalents	7	2,191,756	4,935,455
Interest bearing deposits		197,640	192,256
Trade and other receivables	8	520,183	315,005
Prepayments		443,454	527,599
Total Current Assets		**3,353,033**	**5,970,315**
Non-Current Assets			
Other deposits		155,307	235,063
Plant and equipment	9	78,852	255,243
Intangible Assets	10	1,152,227	1,255,078
Other Financial Assets	11	11,271,104	11,137,920
Right-of-use assets	12	916,327	-
Total Non-Current Assets		**13,573,817**	**12,883,304**
Total Assets		**16,926,850**	**18,853,619**
Current Liabilities			
Trade and other payables	13	753,199	570,622
Members' subscriptions received in advance Employee		1,251,226	1,293,120
Employee Provisions	14	114,445	96,066
Other Liabilities		-	101,094
Lease liabilities - right-of-use assets	15	260,603	-
Total Current Liabilities		**2,379,473**	**2,060,902**
Non-Current Liabilities			
Employee Provisions	14	50,136	38,158
Provision for restoration of leased premises		-	35,000
Other Liabilities		-	164,690
Lease liabilities - right-of-use assets	15	816,126	-
Total Non-Current Liabilities		**866,262**	**237,848**
Total Liabilities		**3,245,735**	**2,298,750**
Net Assets		**13,681,115**	**16,554,869**
Members' Funds			
Retained earnings		13,702,559	16,580,487
Foreign currency translation reserve		(21,444)	(25,618)
Total Members' Funds		**13,681,115**	**16,554,869**

8// CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

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 28 to 46 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 2018	18,613,824	(28,568)	626,353	19,211,608
Effect of adoption of new accounting standard	626,353	-	(626,353)	-
Loss for the year	(2,659,690)	-	-	(2,659,690)
Total other comprehensive loss for the year	-	2,950	-	2,950
Total comprehensive loss for the year	(2,659,690)	2,950	**-**	(2,656,740)
Closing balance 31 December 2018	**16,580,487**	**(25,618)**	**-**	**16,554,869**
Opening balance 1 January 2019	16,580,487	(25,618)	-	16,554,869
Loss for the year	(2,877,928)	-	-	(2,877,928)
Total other comprehensive loss for the year Total	-	4,174	-	4,174
Total comprehensive loss for the year	(2,877,928)	4,174	**-**	(2,873,754)
Closing balance 31 December 2019	**13,702,559**	**(21,444)**	**-**	**13,681,115**

8// CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

The notes on pages 28 to 46 are an integral part of these consolidated financial statements.

	2019	2018
	$	$
Cash flows from operating activities		
Cash receipts in the course of operations	3,359,094	3,300,401
Cash payments in the course of operations	(6,060,906)	(6,374,453)
Interest received	140,325	65,593
Trust distributions received	515,196	600,186
Net cash flows used in operating activities	**(2,046,293)**	**(2,408,273)**
Cash flows from investing activities		
Payments for plant and equipment and intangible assets	(543,475)	(746,852)
Proceeds from the disposal of plant and equipment and intangible assets	-	14,885
Net (placement)/proceeds of interest-bearing deposits	(5,382)	568,528
Proceeds from sale of investments	350,000	5,993,596
Payments for investments	(350,000)	-
Net cash (used in) /generated from investing activities	**(548,857)**	**5,830,157**
Cash flows from financing activities		
Repayment of lease liabilities	(152,723)	-
Net cash (used in) /generated from financing activities	**(152,723)**	**-**
Net (decrease)/increase in cash and cash equivalents	(2,747,873)	3,421,884
Cash and cash equivalents at beginning of the financial year	4,935,455	1,510,621
Effect of exchange rate fluctuations	4,174	2,950
Cash and cash equivalents at end of the financial year	**2,191,756**	**4,935,455**

8// NOTES TO ANNUAL FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements for the year ended 31 December 2019 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 23 March 2020 .

(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 2019 with a combined carrying amount of $1.2 million (31 December 2018: $1.3 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.

(D) FUNCTIONAL AND PRESENTATION CURRENCY

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

(E) GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business for a period of at least 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 before income tax of $2,877,928 for the year ended 31 December 2019 (2018: $2,659,690), generated net cash outflows from operations of $2,046,293 (2018: $2,408,273) and had net current assets of $973,560 (2018: $3,909,413) and net assets of $13,681,115 (2018: $16,554,869) at year end.

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

• Financial Services Institute of Australasia (the company) derived a loss before income tax for the year ended 31 December 2019 of $182,221 (2018 profit: $423,561), had a deficiency in current liabilities over current assets at 31 December 2019 of $19,660,173 (2018: $19,675,485) and a deficiency in net assets of $18,385,072 (2018: $18,909,715).

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 2019. 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.

(ii) FOREIGN OPERATIONS

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

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

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

(C) 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

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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.

(D) TAXES

(i) INCOME TAXES

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

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

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

(ii) GOODS AND SERVICES TAX (GST)

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

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

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

(E) 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

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

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

The group has the following non-derivative financial assets:

Loans and receivables

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

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

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

Cash and cash equivalents

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

Interest bearing deposits

Interest bearing deposits comprise fixed term deposits with original maturities of 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 measures 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.

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

(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.

(F) PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life as follows

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

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

(G) 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 live 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.

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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.

(H) IMPAIRMENT

(i) NON-DERIVATIVE FINANCIAL ASSETS

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, and indications that a debtor will enter bankruptcy. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

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

(ii) NON-FINANCIAL ASSETS

The carrying amounts of the group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount. The group is considered one CGU.

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

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

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

(I) PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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.

(J) AMENDMENTS TO ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The Group 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 an accounting period that begins on or after 1 January 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 16 Leases
- AASB 15 *Revenue from Contracts with Customers* (AASB 15)
- AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058)
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation*
- *Guidance for Not-for-Profit Entities* (AASB 2016-8)
- AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* (AASB 2018-8)

IMPACT OF INITIAL APPLICATION OF AASB 16 LEASES

In the current year, the Group has applied AASB 16 that is effective for annual periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of AASB 16 for the Company is 1 January 2019.

The Group has applied AASB 16 using the modified retrospective approach, whereas Right-of-use Assets value equates Lease Liability value at date of initial adoption on 01 January 2019, with no restatement of the comparative information.

IMPACT OF THE NEW DEFINITION OF A LEASE

The Company has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 17 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 17.

The Company applies the definition of a lease and related guidance set out in AASB 16 to all contracts entered into or changed on or after 1 January 2019. Management has assessed that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

IMPACT ON LESSEE ACCOUNTING

(i) FORMER OPERATING LEASES: AASB 16 CHANGES HOW THE COMPANY ACCOUNTS FOR LEASES PREVIOUSLY CLASSIFIED AS OPERATING LEASES UNDER AASB 17, WHICH WERE OFF BALANCE SHEET.

Applying AASB 16, for all leases (except as noted below), the Company:

- Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

(ii) FORMER FINANCE LEASES

The main differences between AASB 16 and AASB 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. AASB 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 17. This change did not have a material effect on the Company's financial statements.

Impact of Initial adoption of AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

In the current year, the Company has applied AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers which is effective for an annual period that begins on or after 1 January 2019.

The Group has applied AASB 1058 and AASB 15 in accordance with the modified retrospective (cumulative catch-up) method where the comparative years are not restated. Instead, the Group has recognised the cumulative effect of initially applying AASB 1058 and AASB 15 for the first time for the year ending 31 December 2019 against retained earnings as at 1 January 2019. The Group has also elected to apply AASB 1058 and AASB 15 retrospectively only to contracts and transactions that are not 'completed contracts' as at 1 January 2019.

Overview of AASB 1058 and AASB 15 requirements

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements in AASB 1058 is that when a NFP Company enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the Company to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

An example of a 'related amount' is AASB 15 and in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to any excess above the related amounts that would be immediate income recognition under AASB 1058.

Under AASB 15, a Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition, which is more prescriptive than AASB 118.

General impact of application

The Company has applied the new income requirements to its main revenue/income streams, as listed below:

- Membership fees
- Member services and other services
- Education income
- Finance income

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

(i) MEMBERSHIP FEES

Annual membership subscriptions are recognised as revenue, on a straight-line basis, over the period of the membership, which management has determined is aligned with the performance obligation being satisfied overtime. 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 at a point in time upon enrolment of the student as this is the point at which the student takes control of the education module and the entities performance obligations are satisfied. At the point of enrolment access, the module is transferred, and the customer controls the right to access that module in its complete form at that date.

(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.

AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*

In the current year, the Company has applied AASB 2018-8 which is effective for an annual period that begins on or after 1 January 2019.

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, member portal and education assets. This intangible asset is included in the consolidated statement of financial position at 31 December 2019 with a carrying amount of $1.2 million (31 December 2018: $1.3 million).

The intangible asset is expected to continue to provide economic benefits to the company through ongoing cost savings as well as various efforts aimed at developing and tailoring new membership offerings to attract new members while retaining existing members. The directors are confident that the carrying amount of the asset will be recovered in full.

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.

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

6. INCOME TAX

The group adopts the liability method of tax effect accounting. The group had no liability for tax at 31 December 2019 (2018: Nil).

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

The deferred tax assets relating to timing differences and any deferred tax assets relating to tax losses are not carried forward unless it is probable there will be future taxable profit, against which the unused tax losses can be utilised. Potential deferred tax assets not brought to account at 31 December 2019 amounted to $703,714 (2018: $690,761). This includes tax losses attributable to a controlled entity domiciled in New Zealand of $169,144 (2017: $150,368).

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

	2019	2018
	$	$
Cash on hand	-	500
Cash at bank	1,491,756	2,034,955
Term deposits with less than 3 months maturities	700,000	2,900,000
Total	**2,191,756**	**4,935,455**

8. TRADE AND OTHER RECEIVABLES

	2019	2018
	$	$
Trade receivables	28,826	58,897
Other receivables	487,484	248,742
Accrued income	3,873	7,366
Total Trade and Other receivables	**520,183**	**315,005**

Trade receivables are non-interest bearing and are generally on seven-day (2018: seven-day) terms.

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

9. PLANT AND EQUIPMENT

	Office Equipment	Leasehold Furniture and Fittings	Total
	$	$	$
Cost			
Balance at 1 January 2018	937,331	746,992	1,684,323
Additions	65,139	46,144	111,283
Disposals	(30,358)	(112,471)	(142,829)
Balance at 31 December 2018	**972,112**	**680,665**	**1,652,777**
Balance at 1 January 2019	972,112	680,665	1,652,777
Additions	11,365	-	11,365
Disposals	-	398,480	398,480
Balance at 31 December 2019	**983,477**	**282,185**	**1,265,662**
Accumulated Depreciation			
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)
Balance at 31 December 2018	**908,660**	**488,874**	**1,397,534**
Balance at 1 January 2019	908,660	488,874	1,397,534
Additions	28,892	36,166	65,058
Disposals	-	(275,782)	(275,782)
Balance at 31 December 2019	**937,552**	**249,258**	**1,186,810**
Carrying amount			
As at 31 December 2018	63,452	191,791	255,243
As at 31 December 2019	45,925	32,927	78,852

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
	$	$	$
Cost			
Balance at 1 January 2018	2,313,745	72,603	2,386,348
Additions	-	620,683	620,683
Balance at 31 December 2018	**2,313,745**	**693,286**	**3,007,031**
Balance at 1 January 2019	2,313,745	693,286	3,007,031
Additions	-	532,110	532,110
Balance at 31 December 2019	**2,313,745**	**1,225,396**	**3,539,141**
Accumulated Depreciation			
Balance at 1 January 2019	1,233,997	-	1,233,997
Amortisation for the year	461,958	55,998	517,956
Balance at 31 December 2018	**1,695,955**	**55,998**	**1,751,953**
Balance at 1 January 2019	1,695,955	55,998	1,751,953
Amortisation for the year	517,749	117,212	634,961
Balance at 31 December 2019	**2,213,704**	**173,210**	**2,386,914**
Carrying amount			
As at 31 December 2018	617,790	637,288	1,255,078
As at 31 December 2019	100,041	1,052,186	1,152,227

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

11. OTHER FINANCIAL ASSETS

	2019	2018
	$	$
Investment carried at fair value through profit or loss		
Cash Funds	6,939	1,986,921
Managed Funds - International Fixed Income	1,758,373	1,869,250
Managed Funds - Australian Fixed Interest	8,379,681	6,218,126
Managed Funds - Alternative Investments	1,126,111	1,063,622
Total Other Financial Assets	**11,271,104**	**11,137,920**

12. RIGHT-OF-USE ASSETS

	2019	2018
	$	$
Right-of-use assets	1,179,743	-
Less: Accumulated depreciation	(263,416)	-
Total	**916,327**	**-**

Reconciliations

Reconciliations of the written down values at the beginning and end of the financial year are set out below:

	Right-of-use-assets
	$
Balance at 1 January 2019	1,179,743
Depreciation	(263,416)
Balance at 31 December 2019	**916,327**

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

13. TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade payables	52,544	87,245
Accruals	700,655	483,377
Total	**753,199**	**570,622**

14. EMPLOYEE PROVISIONS

	2019 $	2018 $
Current		
Annual leave	114,445	96,066
Non Current		
Long service leave	50,136	38,158
Total	**164,581**	**134,224**

15. LEASE LIABILITIES – RIGHT-OF-USE ASSETS

	2019 $	2018 $
Lease liability - current	260,603	-
Lease liability – non-current	816,126	-
Total	**1,076,729**	**-**

Reconciliations

Reconciliations of the written down values at the beginning and end of the financial year are set out below:

	Right-of-use-assets $
Balance at 1 January 2019	1,179,743
Interest	49,709
Repayment of lease liabilities	(152,723)
Balance at 31 December 2019	**1,076,729**

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

16. RELATED PARTIES

DIRECTORS

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

Victoria Weekes
David Gall
Robina Xavier
Ian Pollari
Alan Bardwell (appointed on 8 February 2019)
Helen Lorigan (appointed on 8 February 2019)
David Stephen (appointed on 29 May 2019)
Cameron Fuller (appointed on 29 May 2019)
Grant Cairns (appointed on 3 June 2019)
Christopher Whitehead
Mark Spiers (resigned on 29 May 2019)

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
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 (resigned on 7 February 2020)
Rachael Corby	Head of Events and CPD

KEY MANAGEMENT PERSONNEL COMPENSATION

	2019 $	2018 $
Total compensation	1,562,568	1,534,994

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

16. RELATED PARTIES - CONT

KEY MANAGEMENT PERSONNEL COMPENSATION

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 INTEREST 2019	2018
FINSIA Education	Supporting the professionalisation of the financial services industry through education, professional development, information services, policy research & publications	Australia	100%	100%
FINSIA NZ Ltd	Membership services	New Zealand	100%	100%

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

18. CONTROLLING ENTITY DISCLOSURE

As at, and throughout the financial year ended 31 December 2019 the parent entity of the group was Financial Services Institute of Australasia.

	2019 $	2018 $
Results of controlling entity		
(Loss)/Profit for the year	(182,221)	423,561
Other comprehensive profit for the year	4,174	2,950
Total comprehensive (loss)/profit for the year	**(178,047)**	**426,511**
Current Assets	1,047,317	1,433,081
Total Assets	3,155,565	2,344,588
Current Liabilities	20,707,490	21,108,566
Total Liabilities	21,540,637	21,254,303
Members' Funds	**(18,385,072)**	**(18,909,715)**
Total Assets include:		
- Loan to Finsia NZ Limited	572,183	542,193
Current Liabilities include:		19,296,336
- Loan from Finsia Education	19,518,933	
Net Current Liabilities	**(19,660,173)**	**(19,675,485)**
Net Assets	**(18,385,072)**	**(18,909,715)**

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

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

	2019	2018
	$	$
a) Reconciliation of cash and cash equivalents		
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	2,191,756	4,935,455
(b) Reconciliation of loss after tax to net cash flows from operations		
Loss after income tax	(2,877,928)	(2,659,690)
Add non-cash items		
Depreciation and amortisation	963,435	600,027
(Profit)/Loss on disposal of fixed assets	122,698	15,869
Finance costs – lease liabilities	49,709	-
Release of lease incentive and make good provision	(300,784)	-
Unrealised loss on fair value of financial assets	(20,651)	244,281
Changes in assets and liabilities during the financial year:		
Decrease/(increase) in receivables	(237,955)	(278,915)
Decrease/(increase) in prepayments	84,143	(100,206)
(Decrease) in trade payables	182,577	(122,609)
(Decrease) in membership subscriptions in advance	(41,894)	(115,359)
Increase in provisions	30,357	8,329
Net cash flows used in operating activities	**(2,046,293)**	**(2,408,273)**

8// NOTES TO ANNUAL FINANCIAL STATEMENTS - CONT

20. CONTINGENT LIABILITIES

The group has issued bank guarantees amounting to $197,640 (2018: $235,065) in favour of landlords as security for office leases in Sydney. The security of the office lease for Melbourne was released during 2019 when the Melbourne office was relocated to Level 23, Collins Square Tower 5, 727 Collins Street, Melbourne.

21. EVENTS SUBSEQUENT TO BALANCE DATE

On 30 January 2020, the World Health Organisation Director-General declared the outbreak of novel coronavirus (2019-nCoV) a Public Health Emergency of International Concern. The emerging macro- economic risks of this outbreak may affect demand for services in 2020 and therefore the recoverability of intangible assets in future periods, however the financial impacts have yet to be determined. The outbreak has also resulted in significant turmoil in global stock markets. The Group operates within a conservative investment policy that invests in a range of managed funds (as opposed to direct equities or other more volatile investments) and although the impact cannot be reliably estimated at this stage, this is expected to reduce the risk that it will be significant.

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 2019, 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 2019 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 2019, 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.

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.

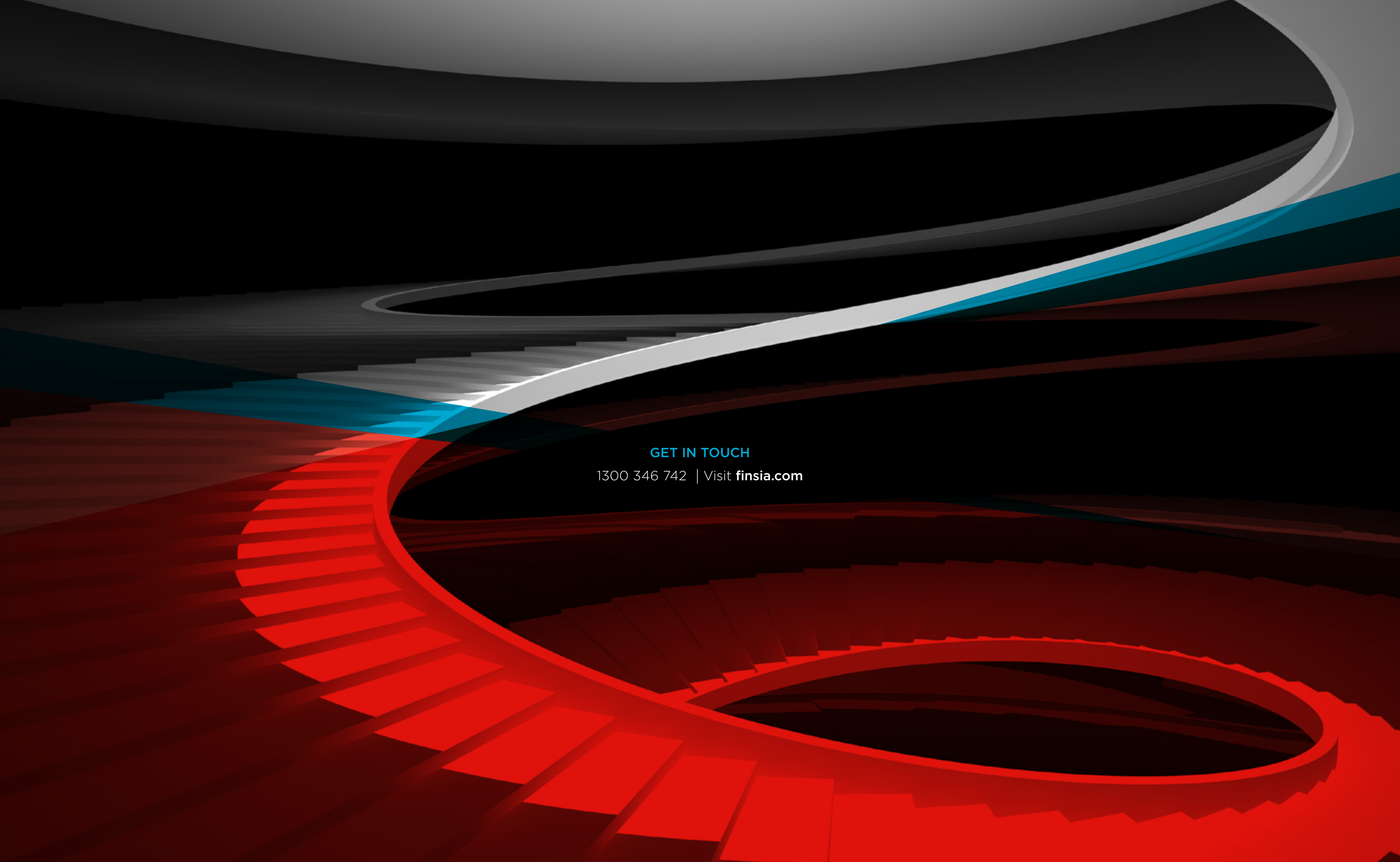
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Timperley

GAILE TIMPERLEY
PARTNER
CHARTERED ACCOUNTANTS
SYDNEY, 07 APRIL 2020



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