

Financial Executives Institute of Australia

31 March 2012

(a company limited by guarantee, ABN 92 000 601 954)

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Financial Executives International of Australia changed its name to
Financial Executives Institute of Australia with effect from 1 March 2012

Financial Executives Institute of Australia

Directors' Report 31 March 2012

Your directors present their report on Financial Executives Institute of Australia ("FEI") for the year ended 31 March 2012.

DIRECTORS

The following persons were directors of FEI during the whole of the financial year and continue in office at the date of this report:

Timothy J Regan (President)
Dieter S Adamsas
Joanne (Jodie) M Baker
Edward M Conway
W Peter Day

Raymond M Gunston
Slavko Planinic
Julie E Raffe (Vice President)
J Craig U White

P John Nesbitt was appointed as a director on 23 August 2011 and continues in office at the date of this report.

David P Craig was appointed as a director on 29 February 2012 and continues in office at the date of this report.

Gail M Evans and Carlos M Mendes were directors from the beginning of the financial year until their resignations on 9 November 2011.

Robin A Cumming was the Secretary of FEI during the whole of the financial year and continues in office at the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of FEI is to operate as a not-for-profit association for financial executives in Australia. During the year there was no significant change in the nature of FEI's activities and FEI continued to focus on peer networking and mentoring the next generation of senior financial executives.

REVIEW OF OPERATIONS

The surplus after tax of FEI for the year ended 31 March 2012 was \$16,907, compared with a surplus after tax in the previous year of \$35,228.

FEI is registered as a company limited by guarantee and has no share capital. The Memorandum of Association does not permit distributions to members.

Significant changes in the state of affairs

During the year there were no significant changes in the affairs of FEI other than those referred to in the statements or notes thereto.

Change of name

On 29 February 2012 FEI held an extraordinary general meeting which approved some changes in the constitution (mainly relating to the election of directors) and a change in name of the association to Financial Executives Institute of Australia, which was effective from 1 March 2012.

Financial Executives Institute of Australia

Directors' Report 31 March 2012 (Continued)

Matters subsequent to the end of the financial year

There has not been any matter or circumstances arising since the end of the financial year that has significantly affected or may significantly affect the operations of FEI, the results of those operations, or the state of affairs of FEI in financial years subsequent to the year under review.

Likely developments

It is not expected that there will be any material change in FEI's operations subsequent to the year under review.

Environmental regulations

FEI is not materially affected by any environmental regulation in respect of its activities.

Information on the Directors and the Secretary

Dieter S Adamsas Appointed 11 September 2001
Chairman of Geotech Group. Formerly Deputy Chief Executive Officer, Chief Financial Officer and Director of Leighton Holdings Limited
40 years in industry and finance

Joanne (Jodie) M Baker Appointed 30 August 2004
Head of Business, Credit Performance & Controls, Institutional Bank, Australia and New Zealand Banking Group Limited
28 years in banking and finance

Edward M Conway Appointed 30 August 2005
Chief Financial Officer, VISA Global Logistics Pty Limited
24 years in industry, finance and accounting

David P Craig Appointed 29 February 2012
Chief Financial Officer, Commonwealth Bank of Australia.
35 years in finance, consulting and accounting

W Peter Day Appointed 5 April 2007
Non-executive Company Director and formerly Executive General Manager Finance of Amcor Limited. Non-executive director of the following listed companies: Ansell Limited, Centro Retail Trust, Orbital Corporation Limited and SAI Global Limited.
35 years in industry, finance and accounting

Raymond M Gunston Appointed 29 July 2009
Chief Financial Officer, Tatts Group Limited. Non-executive director of the following listed company: Sigma Pharmaceuticals Limited.
32 years in industry, banking, finance, consulting and teaching

P John Nesbitt Appointed 23 August 2011
Chief Financial Officer, Suncorp Group Limited.
31 years in industry, finance and accounting

Financial Executives Institute of Australia

**Directors' Report
31 March 2012
(Continued)**

Slavko Planinic Appointed 20 August 2008
Chief Financial Officer, ABB Australia Pty Limited
26 years in industry, finance and accounting

Julie E Raffé Appointed 30 August 2005
Chief Financial Officer, Village Roadshow Limited
28 years in industry, finance and accounting

Timothy J Regan (President) Appointed 3 September 2003
Chief Operating Officer and Chief Financial Officer of The George Institute for Global Health.
Formerly Chief Financial Officer and Chief Operating Officer of Mirvac Group.
Non-executive director of the following listed company: Thomas & Coffey Limited
26 years in industry, finance and accounting

J Craig U White Appointed 20 August 2008
Chief Financial Officer of Billabong International Limited
27 years in industry, finance and accounting

Robin A Cumming (Secretary) Appointed 21 April 2004
Formerly Chief Financial Officer of Petsec Energy Limited and of Export Finance and Insurance Corporation.
44 years in industry, consulting and finance

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Auditor

PricewaterhouseCoopers continues in office as auditor in accordance with Section 327 of the *Corporations Act 2001*.

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



Timothy J Regan
President and Director

15 May 2012



Auditor's Independence Declaration

As lead auditor for the audit of Financial Executives Institute of Australia for the year ended 31 March 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Financial Executives Institute of Australia during the period.

A handwritten signature in black ink, appearing to read 'B Entwistle', is written in a cursive style.

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
15 May 2012

Financial Executives Institute of Australia

Statement of Comprehensive Income
for the year ended 31 March 2012

	Note	31 March 2012 \$	31 March 2011 \$
Revenue from continuing operations	2	329,708	303,318
Other income	2	12,012	10,243
Luncheon seminar costs		(55,577)	(52,819)
Office expenses	3	(16,529)	(18,824)
Employee benefits expenses and consultant expense		(224,453)	(185,398)
Other expenses		(28,254)	(21,292)
Surplus before income tax expense		<u>16,907</u>	<u>35,228</u>
Income tax expense	4	<u>-</u>	<u>-</u>
Surplus for the year		16,907	35,228
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>16,907</u>	<u>35,228</u>

The above income statement should be read in conjunction with the accompanying notes.

Financial Executives Institute of Australia

**Balance Sheet
as at 31 March 2012**

	Note	31 March 2012 \$	31 March 2011 \$
Assets			
Current assets			
Cash and cash equivalents	5	230,539	202,030
Prepayments		-	-
Trade and other receivables		5,300	2,750
Total current assets		235,839	204,780
Total assets		235,839	204,780
Liabilities			
Current liabilities			
Trade and other payables		44,914	30,599
Deferred income		14,714	14,877
Total current liabilities		59,628	45,476
Total liabilities		59,628	45,476
Net assets		176,211	159,304
Equity			
Accumulated funds at beginning of year		159,304	124,076
Surplus for year		16,907	35,228
Accumulated funds at end of year		176,211	159,304

The above balance sheet should be read in conjunction with the accompanying notes.

**Statement of changes in equity
for the year ended 31 March 2012**

	Note	31 March 2012 \$	31 March 2011 \$
Total accumulated funds at the beginning of the financial year		159,304	124,076
Surplus for the year		16,907	35,228
Total accumulated funds at the end of the financial year		176,211	159,304

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Financial Executives Institute of Australia

**Cash flow statement
for the year ended 31 March 2012**

	Note	31 March 2012 \$	31 March 2011 \$
Cash flow from operating activities			
Receipts from customers <i>(inclusive of goods & services tax)</i>		358,300	342,448
Payments to suppliers and employees <i>(inclusive of goods & services tax)</i>		(341,803)	(304,068)
		16,947	38,380
Interest received		12,012	10,243
Net cash inflow from operating activities		28,509	48,623
Cash flow from investing activities		-	-
Cash flow from financing activities		-	-
Net increase in cash held		28,509	48,623
Cash and cash equivalents at the beginning of the financial year		202,030	153,407
Cash and cash equivalents at the end of the financial year	5	230,539	202,030

The above cash flow statement should be read in conjunction with the accompanying notes.

Financial Executives Institute of Australia

**Notes to the financial statements
31 March 2012**

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Special purpose financial report

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the Corporations Act 2001 requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the directors to meet the needs of the members.

(ii) New and amended standards adopted by the company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 April 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 April 2011.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. No areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are applicable.

(b) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax

Financial Executives Institute of Australia

**Notes to the financial statements
31 March 2012
(continued)**

bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties including duties and taxes paid.

(d) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(e) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(g) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service and any accumulating sick leave expected to be settled after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included under payables.

Financial Executives Institute of Australia

Notes to the financial statements

31 March 2012

(continued)

2 Revenue

	31 March 2012	31 March 2011
	\$	\$
From continuing operations		
Membership fees (including enrolments in mid-tier company CFO programs)	30,508	24,486
Membership and mentoring program fees paid by companies on behalf of members	243,900	219,250
Luncheon seminar fees and luncheon sponsorship	55,300	59,582
	<u>329,708</u>	<u>303,318</u>
Other income		
Interest income	<u>12,012</u>	<u>10,243</u>

3 Expenses

The office expenses are made up of:

	31 March 2012	31 March 2011
	\$	\$
Rent and office charges	7,790	9,988
Website expenses	3,428	1,550
Telephone, printing, postage and computer costs	5,311	7,286
Total office expenses	<u>16,529</u>	<u>18,824</u>

Part of the telephone, internet, printing and postage charges are included in the rent and office charges of the serviced office.

4 Income tax

The Company is taxed on its investment income and on the net income from non-members, less deductions applicable to that income. The taxable profit in the year ended 31 March 2012 was \$411, resulting in a carried forward tax loss at 31 March 2011 of \$43,072.

Financial Executives Institute of Australia

Notes to the financial statements

31 March 2012

(continued)

5 Cash at bank and on deposit

	31 March 2012 \$	31 March 2011 \$
Cash at bank		
Cheque account (Westpac Banking Corporation)	2,107	(990)
Interest bearing account (Westpac Banking Corporation)	228,432	203,020
Total cash at bank and on deposit	<u>230,539</u>	<u>202,030</u>

6 Events occurring after the reporting date

No events have occurred since the reporting date that would materially affect the financial statements.

7 Guarantee

Financial Executives Institute of Australia is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute up to a maximum of \$20 each towards meeting outstanding obligations of the company.

Financial Executives Institute of Australia

**Directors' declaration
31 March 2012**

Directors' declaration

As stated in Note 1(a) to the financial statements, in the directors' opinion the company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet the *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1(a).

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the company's financial position as at 31 March 2012 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Timothy J Regan
President and Director

15 May 2012



Independent auditor's report to the members of Financial Executives Institute of Australia

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Financial Executives Institute of Australia (the company), which comprises the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

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

- (a) giving a true and fair view of the company's financial position as at 31 March 2012 and of its performance for the period ended on that date, and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of Financial Executives Institute of Australia.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Financial Executives Institute of Australia (the company) for the period ended 31 March 2012 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that appears to read 'B Entwistle'.

Brett Entwistle
Partner

Sydney
15 May 2012