

Fund Executives Association Limited

ABN 21 086 016 131

Annual Report

30 June 2020

Fund Executives Association Limited
Annual report as at and for the year ended 30 June 2020

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Directors' report for the year ended 30 June 2020

The Directors present their report together with the financial report of Fund Executives Association Limited ("the Association" or "FEAL") for the financial year ended 30 June 2020 and the auditor's report thereon.

1. Directors

Name and qualifications	Experience and special responsibilities
<p>Jane Perry <i>BA, BSc, Dip Ed</i> (Re-appointed 5 August 2020)</p>	<p>Jane is an independent Director of FEAL and was first appointed to the role of Chair in August 2016. Jane is a non-executive Director on the BT Financial Group Superannuation Boards and QIC. She was previously the CEO of Qantas Super and formerly CEO of JP Morgan Treasury and Securities Services for Australia and New Zealand.</p>
<p>Paul Dean Watson <i>Diploma Financial Planning, Diploma SM, PLD (HBS), FASFA, FAIST</i> (Re-appointed 20 November 2019)</p>	<p>Paul was re-appointed as a FEAL Director in April 2016. Paul is Group Executive, Member Experience at HOSTPLUS. Paul was the chair of FEAL's Programme Committee from 2011 to 2016, and was previously a FEAL Director from 2006 to 2011. Paul is a member of the ASFA's Superannuation System Design Policy Council.</p> <p>Paul was presented with the FEAL Fund Executive of the Year award in 2006.</p>
<p>Joseph Vincent John Farrugia <i>B.Ec, Dip SM, FASFA, FAIST, ANZIIIF (Snr Assoc) (CIP)</i> (Re-appointed 16 November 2016)</p>	<p>Joe first joined the Board in 1999 as one of the inaugural Directors and was Deputy Chair of FEAL. He was Fund Secretary of Catholic Super in Melbourne from September 1990. Joe resigned from the FEAL Board on 1 October 2019 on his retirement from Catholic Super.</p>
<p>Deborah Jane Blakey <i>B.Sc, CFP, FAIST, GAICD</i> (Re-appointed 20 November 2019)</p>	<p>Debby Blakey joined the FEAL board in late 2013. As the CEO of HESTA, Debby brings more than 20 years' experience in superannuation and financial planning, having worked extensively as an employee benefit consultant and fund executive.</p> <p>Debby was presented with the FEAL Fund Executive of the Year award in 2018.</p>

<p>Julie Hermine Lander <i>B. Bus, FAIST, MAHRI, Grad Certificate in Organisational Leadership</i> (Re-appointed 15 November 2017)</p>	<p>Julie first became a FEAL Director in August 2011. She has been the Chief Executive Officer of CareSuper since 2002. Julie's experience in superannuation has been developed over 25 years with corporate and industry superannuation funds. She is a Director and member of the Policy Committee of AIST and a Director of the Business Chamber of Co-operatives and Mutuals. Prior to joining CareSuper, Julie worked for professional service firms and membership organisations, including 13 years as National HR Manager for a major employer organisation and five years in manufacturing.</p>
<p>Robyn Anne Petrou <i>B.Ec, Dip SM, FAIST, FIML, GAICD, Post Grad Certificates in Management and Organisational Leadership</i> (Re-appointed 29 November 2018)</p>	<p>Robyn was appointed to the role of Chair of the FEAL Finance Committee in 2015. Robyn has over 23 years experience in superannuation and is currently the Chief Executive Officer of Energy Super. She has previously held roles as Manager – Compliance, Operations and Strategy, and Senior Vice-President of a superannuation administration company.</p> <p>Robyn was presented with the FEAL Fund Executive of the Year award in 2013.</p>
<p>Leeanne Cherise Turner <i>Dip Financial Services, GAICD, Stanford Graduate of Business Exec Ed</i> (Re-appointed 29 November 2018)</p>	<p>Leeanne has over 30 years' experience in the superannuation industry having worked across a broad spectrum of superannuation funds, at various levels.</p> <p>She is the CEO of MTAA Super having been promoted from Deputy CEO in 2011. Prior to joining MTAA Super, Leeanne was CEO of AvSuper. Leeanne is a Director of ASFA and ISA.</p> <p>Leeanne was presented with the FEAL Fund Executive of the Year award in 2014.</p>
<p>Doug Carmichael <i>Bachelor of Commerce</i> (Appointed 29 November 2018)</p>	<p>Doug was appointed CEO of Commonwealth Bank Group Super in 2010. Doug has been a member of the FEAL Program Committee since September 2015 and is currently Chair of the Committee. He has also been a FEAL mentor for the FEAL Mentoring Initiative since 2015. Doug resigned from the FEAL Board on 12 August 2019 on his retirement from Commonwealth Bank Group Super.</p>

<p>Graeme Arnott <i>FASFA, BSc, Chartered Accountant</i> (Appointed 6 June 2019)</p>	<p>Graeme is Deputy CEO of First State Super having been Chief Executive Officer of StatePlus from October 2016 to July 2019 after nine years as Chief Operating Officer and Deputy CEO at First State Super. Prior to this Graeme spent sixteen years in senior management roles at JP Morgan, following a period with Price Waterhouse.</p>
<p>Ross Piper <i>BSc, Grad Dip of Education, MBA</i> (Appointed 12 August 2019)</p>	<p>Ross is the CEO of Christian Super. He has over 25 years of leadership and management experience in corporate and non-profit contexts. Prior to Ross' appointment as Christian Super CEO in Jan 2018, he was COO with World Vision Australia and also served with World Vision International for several years in the Middle East.</p>

2. Company Secretary

Joanna Davison was appointed as Company Secretary on 28 November 2013.

Joanna has had a long career in the financial services industry as a fund manager and senior executive. Prior to joining FEAL, Joanna was the Regional Managing Director at Colonial First State Global Asset Management and earlier a Director at Russell Investments. Joanna has an MA from Cambridge University, is a Senior Fellow of FINSIA, and a member of AICD.

3. Directors' meeting attendance

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Association during the financial year are:

Director	No. of meetings attended	No. of meetings eligible to attend
Jane Perry	5	5
Joseph Farrugia	1	1
Robyn Petrou	5	5
Julie Lander	5	5
Debby Blakey	5	5
Leeanne Turner	5	5
Paul Watson	4	5
Doug Carmichael	1	1
Graeme Arnott	5	5
Ross Piper	4	4

4. Objectives and strategies

The Association is dedicated to supporting the professional development of leaders in the superannuation industry. FEAL provides members with unique opportunities to discuss industry issues and learn from the insights and experiences of their peers. The Association's programs include: a conference and forum, national luncheon briefings, presentations, scholarships, and awards. In addition, the Association delivers a customised executive education program in partnership with Melbourne Business School that responds to the unique needs of senior executives working in superannuation.

The Association's long-term objective is to support the professional development and leadership capacity of executives working in the Australian superannuation industry. Each event and program is developed in response to a specific need or opportunity to enhance learning, development and networking among our membership.

The Association's short-term objectives include the successful delivery and promotion of membership, the expansion of the MBS Executive Education Program and a commitment to identify and develop opportunities for the Association to partner with organisations that can extend the value we offer to fund executives.

The Association measures its success based on the following Key Result Areas:

- **Engaging fund executives:** The extent to which the Association maintains high levels of engagement with fund executives in the Australian superannuation industry. This is measured by attendance at FEAL conferences, lunches and events and the number of applicants for scholarship and award programs.
- **Masters in Organisational Leadership:** The extent to which the Association has built industry recognition and awareness of the FEAL Masters in Organisational Leadership delivered in partnership with Melbourne Business School. This is measured by attendance and new enrolments in the program.
- **Engage superannuation fund CEOs:** The extent to which the Association supports superannuation fund senior executives. This is measured by the direct involvement of senior executives in FEAL programs and the extent to which the fund CEO encourages and endorses staff participation in FEAL programs and initiatives.
- **Corporate membership:** The extent to which the Association attracts new corporate members as a means of expanding its reach to fund executives. This is measured by the retention and recruitment of new corporate members.
- **Respond to members' needs:** The extent to which the Association is able to develop new initiatives and adapt existing programs to respond to the changing needs of our membership.

5. Principal activities

The principal activity of the Association during the course of the financial year was to assist in the professional development of fund executives through a variety of programs including business events, scholarships and customised executive education programs.

There were no significant changes in the nature of the activities of the Association during the year.

6. Review of operations and performance measurements

The loss after tax of the Association for the year ended 30 June 2020 was \$69,324 (2019: Profit \$9,677) due to a higher than usual amount of sponsorship revenue being carried forward into the next financial year.

Review of operations

The Association's rate of growth was impacted by the novel coronavirus ("COVID-19") with a number of events delayed into the next financial year. Virtual events have been well attended.

Total members' funds have decreased to \$483,402 as at 30 June 2020 (2019: \$552,726).

Performance measurements

The Association continues to measure its performance based on the retention and engagement of members and the extent to which members participate and benefit from the Association's programs and activities. Membership levels have decreased due to a decline in the number of corporate members as a result of fund mergers. Attendance at the Association's programs remains strong despite the impact of COVID-19. The Association's Executive Education Program, delivered on line in partnership with Melbourne Business School, continues to retain and attract new students.

Likely developments

Further information about the likely developments in the operations of the Association and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Association.

7. COVID-19

COVID-19 was declared a worldwide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global financial markets. Governments across the globe have enforced restrictions to limit the spread of the virus, whilst most governments have implemented economic stimulus packages. Despite these measures, there is still considerable economic uncertainty, especially with the perceived threat of a 'second wave' outbreak, and fears of a sustained recession.

As a result of COVID-19, the operations and the financial performance of the Association have been impacted in the second half of the financial year. The Association implemented plans to mitigate the impacts on both the employees as well as to the members of the Association. Due

to social distancing measures, majority of the events scheduled between March and June 2020 have been postponed to a later part in the calendar year. Where possible, events have been held virtually through technological platforms such as Zoom.

The scale and duration of the COVID-19 pandemic remains uncertain and are likely to have a negative impact on income and operational activities in the following year. It is not possible to estimate the near-term and longer-term effects of the pandemic or Government's varying requirements and efforts to combat the outbreak and support businesses. It is not practicable to provide a quantitative or qualitative estimate of the potential future impacts of this outbreak at this time.

8. Association particulars

Fund Executives Association Limited is incorporated in Australia. The address of the registered office is Suite 319, 160 Castlereagh Street, Sydney NSW 2000.

9. Members' liabilities

The Association is a company limited by guarantee. In the event of a winding up of the Association, each member undertakes to contribute an amount not exceeding \$1 to the Association to pay outstanding liabilities and the costs of winding up. (Article 16.1 of the constitution was amended at the 2019 AGM and the amount reduced from \$100 per member to \$1 per member). The amendment was made due to the strong financial position of the Association.

The number of members as at 30 June 2020 was 686 (2019: 804) of which 661 members are drawn from 25 corporate member organisations, 25 are registered as individual members with 5 registered as FEAL life members. The total amount that members of the Association are liable to contribute if the Association is wound up is \$686 (2019: \$80,400).

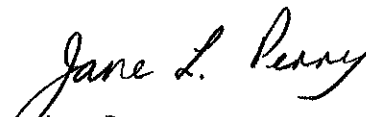
10. Indemnification of officers and auditors

Since the end of the previous financial year, the Association has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Association.

11. Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' report for financial year ended 30 June 2020.

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


Jane Perry
Chair

Dated at Sydney this 8th day of October 2020.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Fund Executives Association Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Fund Executives Association Limited for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Andrew Reeves
Partner

Sydney
8 October 2020

Fund Executives Association Limited

**Statement of Comprehensive Income
For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
Income	4	733,039	1,062,205
Total revenue		733,039	1,062,205
Marketing expenses		(168,658)	(220,737)
Administration expenses		(121,676)	(182,562)
Personnel expenses	5	(526,236)	(562,078)
Other expenses		(30,993)	(101,728)
Total expenses		(847,564)	(1,067,105)
Surplus/(deficit) before finance costs		(114,525)	(4,900)
Interest income		7,636	11,079
Interest expense		(969)	-
Surplus/(deficit) before income tax		(107,858)	6,179
Income tax benefit/(expense)	6	38,534	3,498
Surplus/(deficit) after income tax for the year		(69,324)	9,677
Other comprehensive income		-	-
Total comprehensive income for the year		(69,324)	9,677

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

Fund Executives Association Limited

**Statement of Changes in Members' Funds
For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
Assets			
Cash and cash equivalents	7	807,716	902,907
Other receivables		26,035	2,385
Current tax receivable		29,000	8,058
Prepayments		46,975	59,716
Total current assets		909,726	973,066
Deferred tax assets	8	107,388	97,880
Property plant and equipment	9	14,787	6,181
Total non-current assets		122,175	104,061
Total assets		1,031,901	1,077,127
Liabilities			
Payables	10	30,983	48,178
Employee benefits	11	31,849	19,137
Unearned income		427,116	356,127
Provision for awards expenses		-	61,000
Total current liabilities		489,948	484,442
Employee benefits	11	48,170	39,959
Lease Liability		10,382	-
Total non-current liabilities		58,551	39,959
Total liabilities		548,499	524,401
Net assets		483,402	552,726
Members' funds			
Retained surplus		483,402	552,726
Total members' funds		483,402	552,726

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

Fund Executives Association Limited
Statement of Changes in Members' Funds
For the year ended 30 June 2020

	Retained Surplus \$
Balance at 1 July 2018	543,049
Surplus for the year	9,677
Other comprehensive income	-
Total comprehensive income for the year	9,677
Balance at 30 June 2019	552,726
Balance at 1 July 2019	552,726
Deficit for the year	(69,324)
Other comprehensive income	-
Total comprehensive income for the year	(69,324)
Balance at 30 June 2020	483,402

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

Fund Executives Association Limited

**Statement of Cash Flows
For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Cash receipts from members and sponsors		733,039	1,095,571
Cash payments to suppliers and employees		(818,379)	(1,036,620)
Income tax paid/received		8,058	(15,948)
Net cash from/(used in) operating activities	7	(77,282)	43,003
Cash flows from investing activities			
Acquisition of Assets		(4,322)	-
Interest received		7,636	11,079
Net cash from investing activities		3,314	11,079
Cash flows from financing activities			
Payment of lease liabilities		(21,222)	-
Net cash from financing activities		(21,222)	-
Net increase in cash and cash equivalents		(95,191)	54,082
Cash and cash equivalents at beginning of the financial year		902,907	848,825
Cash and cash equivalents at end of the financial year	7	807,716	902,907

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

1. Reporting entity

The financial statements are for Fund Executives Association Limited ("the Association") as an individual entity. The Association is a company domiciled in Australia. The Association's registered office is Suite 319, 160 Castlereagh Street, Sydney NSW 2000.

The Association is a not-for-profit entity and is primarily involved in the professional development of superannuation fund executives delivered through a variety of initiatives, including a national conference, a fund executive forum, scholarships, award programs and other industry research publications.

The Association is a public company limited by guarantee. In the event of winding up the Association, each member undertakes to contribute an amount not exceeding \$1 to the Association to pay outstanding liabilities and the costs of winding up. The number of members as at 30 June 2020 was 686 (2019: 804).

2. Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Board of Directors has determined that based on AASB 1053 *Application of Tiers of Accounting Standards*, the Association is not publicly accountable and has therefore applied Tier 2 reporting requirements.

The financial statements were approved by the Board of Directors on 8 October 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Association's functional currency. All financial information presented in Australian dollars has been rounded to the nearest dollar amount unless stated otherwise.

(d) Use of estimates and judgements

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

The preparation of financial statements in conformity with AASBs requires management to make 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 estimate is revised and in any future periods affected.

3. Significant accounting policies

(a) Financial instruments

The Association initially recognises loans, receivables and deposits on the date that they are originated.

The Association derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Association is recognised as a separate asset or liability.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Financial liabilities are recognised initially on the date at which the Association becomes a party to the contractual provisions of the instrument. The Association derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Association has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(b) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Association, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The depreciation rates for the current and comparative periods are as follows:

- Plant and equipment 7.5% - 40%
- Furniture and fittings 7.5%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Impairment

Financial assets

At each reporting period, the Association assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Society recognises loss allowances at an amount equal to lifetime expected credit losses ("ECL") on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs result from all possible default events over the expected life of the trade receivables and are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between cash flows due to the Association in accordance with the contract and the cash flows that the Association expects to receive.

The Association analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL, including forecasts of interest rates and inflation, as well as the financial stress of counterparties and their ability to operate as a going concern. Debts that are known to be uncollectable are written off when identified.

3. Significant accounting policies (continued)

(c) Impairment (continued)

Non-financial assets

The carrying amounts of the Association's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets the "cash-generating unit" or "CGU".

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of comprehensive income.

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

(d) Employee benefits

Defined contribution superannuation plans

A defined contribution superannuation plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Association's net obligation in respect of long-term employee benefits, other than defined contribution plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government securities that have maturity dates approximating the terms of the Association's obligations.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3. Significant accounting policies (continued)

(e) Revenue

Membership, sponsorship and event income

Membership, sponsorship and event income are recognised on an accrual basis. Where sponsorship or event income is received prior to year end and relates to the following year, it is treated as unearned income and brought to account as income in the following year.

(f) Finance income

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

(g) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(j) New standards and interpretations adopted

AASB 16 Leases

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. AASB 16 includes disclosure requirements to provide more information about the amount, timing and uncertainty of cash flows arising from leases. Lessor accounting is substantially unchanged compared to the current accounting guidance. Under the current lessee accounting model the Association is required to distinguish between finance leases, which are recognised on balance sheet, and operating leases, which are not.

AASB 16 introduces a single, on-balance sheet lessee accounting model and requires lessees to present a right-of-use asset and a corresponding lease liability on the balance sheet for most leases. AASB 16 is effective for annual periods beginning on or after 1 January 2019. The Association adopted AASB 16 on 1 January 2019 using the modified retrospective approach with the cumulative effect adjustment recognised in retained earnings without restating comparatives. The Association elected to apply the following practical expedients on transition:

- to apply AASB 16 to all contracts that were previously identified as leases under AASB 117 and IFRIC 4;
- to use hindsight when determining the lease term where the lease contains extension or termination options;
- to discount lease liabilities using the Association's incremental borrowing rate in each currency as at 1 January 2019;
- to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- to rely on the previous assessments of whether leases were considered onerous.

As a result of adoption, the Association recognised additional liabilities of \$31,604 based on the present value of the remaining rental payments and corresponding right-of-use assets of \$31,604. There is no impact associated with this change in accounting on the retained earnings. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The incremental borrowing rate used is the comparable rate that the Association would expect to pay to borrow a similar amount, for a similar term and with similar collateral, which was estimated to be 5%.

Fund Executives Association Limited

**Notes to the Financial Statements
For the year ended 30 June 2020**

	2020	2019
	\$	\$
4 Income		
Membership income	202,865	211,253
Event income	157,295	163,640
Sponsorship income	302,000	459,000
Scholarship income	20,000	174,928
ATO cashflow boost	50,000	-
Miscellaneous income	879	53,384
	733,039	1,062,205
5 Personnel expenses		
Wages and salaries	409,894	431,316
Bonuses	49,516	48,035
(Decrease)/increase in liability for annual leave	12,712	(9,127)
(Decrease)/increase in liability for long service leave	8,210	24,016
Contributions to defined contribution superannuation plans	38,608	40,981
Other associated personnel expenses	4,718	24,316
Director fees	2,578	2,541
	526,236	562,078
6 Income tax		
Current tax expense		
Current period	(48,042)	8,426
Prior period adjustment	-	-
	(48,042)	8,426
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	9,508	(11,924)
	9,508	(11,924)
Total income tax (benefit)/expense	(38,534)	(3,498)

Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
6 Income tax (continued)		
Numerical reconciliation between tax expense and pre-tax accounting profit		
Association's pre-tax (loss)/income	(107,858)	6,179
Income tax (benefit)/expense using the Association's statutory rate 27.5% (2019: 27.5%)	(29,660)	1,699
Non assessable mutual income	(79,919)	98,976
Non-deductible expenses	75,899	(98,714)
Under/(over) provision in prior year	(2,528)	-
Non assessable Income	(13,750)	-
Non assessable expenses	1,916	-
Tax losses utilised	-	1,537
	(48,042)	3,498
7 Cash and cash equivalents		
Bank balances	291,875	396,298
Cash on hand	200	200
Call deposits (maturing within 6 months)	515,641	506,409
	807,716	902,907
Reconciliation of cash flows from operating activities		
Cash flows from operating activities		
Net profit after tax	(69,324)	9,677
Adjustments for		
Depreciation expense	27,320	1,956
Finance income	(7,636)	(11,079)
(Increase)/decrease in receivables	(23,650)	(85)
(Increase)/decrease in prepayments	12,741	3,083
(Increase)/decrease in current and deferred tax assets	(30,450)	(19,446)
Increase/(decrease) in payables	(17,195)	13,642
Increase/(decrease) in employee benefits	20,923	14,889
Increase/(decrease) in unearned income	70,989	30,366
Increase/(decrease) in provision for awards expenses	(61,000)	-
Net cash (used in)/from operating activities	(77,282)	43,003

Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
8 Deferred tax assets and liabilities		
Recognised deferred tax assets and liabilities are attributable to the following:		
Assets		
Provision for annual leave	31,849	19,137
Provision for long service leave	48,170	39,959
Unearned income	305,109	235,228
Accrued expenses	-	61,000
Superannuation Accrued	5,855	2,989
	390,983	358,313
Liabilities		
Interest receivable	(483)	(2,385)
	(483)	(2,385)
Net assets subject to tax timing differences	390,500	355,928
Net deferred tax asset at Association's tax rate 27.5%	107,388	97,880

9 Property, plant and equipment

	Plant and Equipment \$	Furniture and Fittings \$	Right of Use Assets \$
Cost			
Balance at 1 July 2018	11,063	23,977	-
Additions	-	-	-
Balance at 30 June 2019	11,063	23,977	-
Balance at 1 July 2019	11,063	23,977	-
Recognition of Right of Use Assets	-	-	31,604
Additions	4,322	-	-
Balance at 30 June 2020	15,385	23,977	31,604

Fund Executives Association Limited

**Notes to the Financial Statements
For the year ended 30 June 2020**

Depreciation

Acc. Dep balance at 1 July 2018	5,722	21,182	-
Depreciation for the year	1,215	740	-
Acc. Dep balance at 30 June 2019	6,937	21,922	-
Acc Dep. balance at 1 July 2019	6,937	21,922	-
Depreciation for the year	5,063	1,188	21,069
Acc. Dep balance at 30 June 2020	12,000	23,110	21,069

Carrying amounts

At 1 July 2018	5,341	2,795	-
At 30 June 2019	4,126	2,055	-

Carrying amounts

At 1 July 2019	4,126	2,055	-
At 30 June 2020	3,385	867	10,535

	2020	2019
	\$	\$
10 Payables		
GST payable	15,613	35,822
PAYG tax payable	9,515	9,367
Superannuation Payable	5,855	2,989
	30,983	48,178

11 Employee benefits

Current

Liability for annual leave	31,849	19,137
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Non-current

Liability for long service leave	48,170	39,959
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12. Members' funds

The Association is a company limited by guarantee. There is no equity in the form of share capital contributed by the members.

13. Financial instruments and financial risk management

The Association has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

This note presents information about the Association's exposure to both risks, its objectives, policies and processing for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. The Association aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Association's cash and cash equivalents and receivables.

Management manages credit risk by placing cash and bank deposits with financial institutions which are regulated and management does not expect any counterparty to fail to meet its obligations. Management has not established any credit limits due to the nature of the Association's operations. The Association does not have any material credit risk exposure to any single debtor.

The Association's maximum credit exposure at 30 June 2020 was \$833,751 (2019: \$905,292) represented by the Association's exposure to cash and cash equivalents, and receivables.

There are no financial assets that are past due or impaired at 30 June 2020 (2019: NIL).

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due.

The Association's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they come due, both under normal and distressed situations.

At 30 June 2020 and 30 June 2019, all financial liabilities had a maturity of less than six months.

	2020	2019
	\$	\$
14 Operating leases		
Non-cancellable operating lease payable are as follows:		
Less than one year	12,803	25,607
Between one and five years	-	12,803
	<u>12,803</u>	<u>38,410</u>

The Association leases office premises under operating leases.

15 Related parties

The following persons were directors of the Association during the whole of the financial year and up to the date of this report unless otherwise stated:

Jane Perry (Independent Chair)	Paul Watson
Joseph Farrugia (retired 1 October 2019)	Graeme Arnott
Debby Blakey	Doug Carmichael (retired 12 August 2019)
Leeanne Turner	Ross Piper (appointed 12 August 2019)
Robyn Petrou	Joanna Davison
Julie Lander	

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

	2020	2019
	\$	\$
Short-term employee benefits	386,491	377,295
Post-employment benefits	48,170	39,959
	<u>434,661</u>	<u>417,254</u>

With the exception of the Independent Chair, FEAL directors serve in an honorary capacity and are not remunerated. There were no other related party transactions during the year.

16. Subsequent events

There have been no events subsequent to the reporting date which would have a material effect on the Association's financial statements at 30 June 2020.

17. Auditor's remuneration

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

18. Subsequent events

At the date of signing the financial statements, there remains uncertainty as to the likely duration and impact of COVID-19 on the Australian economy and the operations of the Association. The Association has considered the impact of the pandemic and have assessed no changes required to the financial statements subsequent to the end of the financial year. The Association continues to monitor the potential impact of COVID-19 on the operations and financial position and performance.

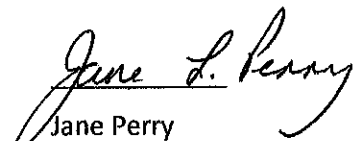
Other than the matter outlined above, there have been no other events subsequent to the balance date which would have a material effect on the Association's financial statements at 30 June 2020.

Directors' declaration

In the opinion of the directors of Fund Executives Association Limited ('the Association'):

- (a) the Association is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 9 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Association's financial position as at 30 June 2020 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 8th day of October 2020 in accordance with a resolution of the directors.


Jane Perry
Chair



Independent Auditor's Report

To the members of Fund Executives Association Limited

Opinion

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

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

- giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2020
- Statement of comprehensive income, Statement of changes in members' funds, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

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

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

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

Other Information

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

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

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our Auditor's Report.

KPMG

Andrew Reeves
Partner

Sydney
8 October 2020