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INSTITUTE OF FINANCIAL ADVISERS

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE TWELVE MONTHS ENDED 30 JUNE 2006

	Note	<u>Association</u>		<u>National Office</u>	
		<u>June</u>	<u>June</u>	<u>June</u>	<u>June</u>
		<u>Twelve Months</u>	<u>Fifteen Months</u>	<u>Twelve Months</u>	<u>Fifteen Months</u>
		<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
		\$	\$	\$	\$
<b>REVENUE</b>					
Success Forum Surplus	3	73,709	327,678	73,709	327,678
Subscriptions Income		652,144	747,569	652,144	747,569
Other Revenue	2	276,511	277,846	144,038	150,577
<b>TOTAL REVENUE</b>		<b>1,002,364</b>	<b>1,353,093</b>	<b>869,891</b>	<b>1,225,824</b>
<b>EXPENDITURE</b>					
Accounting Fees		12,217	14,913	12,217	14,913
Audit Fees		6,165	8,382	6,165	8,382
Board Expenses		38,265	42,963	38,265	42,963
Branch Administration		4,133	6,177	-	-
Branch Meetings		99,317	85,279	-	-
Capitation Fee		-	-	23,300	20,013
College Expenses		6,843	51,980	6,843	51,980
Council & Committee Expenses	4	72,470	81,402	72,470	81,402
Computer / IT		10,205	10,017	10,205	10,017
Conference Expenses		31,771	46,452	31,771	46,452
Depreciation	7	16,515	17,380	16,515	17,380
Directors Fees		24,705	46,080	24,705	46,080
Financial Planning Standards Board		-	37,325	-	37,325
General and Administration	5	146,840	102,788	120,038	89,789
Legal Fees		24,039	90,051	24,039	90,051
Magazine		40,775	94,125	40,775	94,125
Prior Year Subscriptions Uncollectible		34,414	-	34,414	-
Professional Development Days	6	35,637	4,688	35,637	4,688
Marketing		89,643	59,158	81,535	37,855
Rent		25,160	29,952	25,160	29,952
Telephone & Tolls		19,785	21,498	19,785	21,498
Travel Expenses		26,675	8,903	26,675	8,903
Travel Expenses (International)		56,013	43,324	56,013	43,324
CEO Contract Management Services		91,232	-	91,232	-
Wages and Salaries		203,212	304,880	203,212	304,880
Website Maintenance		6,916	11,366	6,916	11,366
Website Costs Written Off		19,735	-	19,735	-
<b>TOTAL EXPENDITURE</b>		<b>1,142,682</b>	<b>1,219,083</b>	<b>1,027,622</b>	<b>1,113,338</b>
<b>Operating Surplus Before Taxation</b>		<b>(140,318)</b>	<b>134,010</b>	<b>(157,731)</b>	<b>112,486</b>
Income Tax Expense		5,121	10,273	4,167	9,752
<b>Net Surplus After Taxation</b>		<b>(145,439)</b>	<b>123,737</b>	<b>(161,898)</b>	<b>102,734</b>

The attached notes form part of these financial statements



INSTITUTE OF FINANCIAL ADVISERS  
STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE TWELVE MONTHS ENDED 30 JUNE 2006

	<u>Association</u>		<u>National Office</u>	
	<u>June</u>	<u>June</u>	<u>June</u>	<u>June</u>
	<u>Twelve Months</u>	<u>Fifteen Months</u>	<u>Twelve Months</u>	<u>Fifteen Months</u>
Note	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$	\$
Members Funds at Start of Year	522,531	398,794	451,054	348,320
Net Surplus After Taxation	(145,439)	123,737	(161,898)	102,734
<b>Members Funds at End of the Year</b>	<b>377,092</b>	<b>522,531</b>	<b>289,156</b>	<b>451,054</b>

The attached notes form part of these financial statements



INSTITUTE OF FINANCIAL ADVISERS  
STATEMENT OF FINANCIAL POSITION


AS AT 30 JUNE 2006

	Note	<u>Association</u>		<u>National Office</u>	
		<u>June</u> <u>2006</u> \$	<u>June</u> <u>2005</u> \$	<u>June</u> <u>2006</u> \$	<u>June</u> <u>2005</u> \$
<b>Members Funds</b>					
Accumulated Funds		377,092	522,531	289,156	451,054
<b>TOTAL MEMBERS FUNDS</b>		<b>377,092</b>	<b>522,531</b>	<b>289,156</b>	<b>451,054</b>
Represented by:					
<b>Current Assets</b>					
Bank Balances		211,852	377,419	127,347	296,680
Bonus Bonds		5,050	-	-	-
Accounts Receivable		148,880	219,347	148,880	219,347
Accrued Interest		1,762	3,202	1,762	3,202
Income Tax		-	-	1,549	-
Prepayments		3,694	6,783	3,694	6,783
Convention Loan		20,000	20,000	20,000	20,000
<b>Total Current Assets</b>		<b>391,238</b>	<b>626,751</b>	<b>303,232</b>	<b>546,012</b>
<b>Non-current Assets</b>					
Fixed Assets	7	78,396	33,805	78,396	33,805
Investments	8	1	1	1	1
<b>Total Non Current Assets</b>		<b>78,397</b>	<b>33,806</b>	<b>78,397</b>	<b>33,806</b>
<b>TOTAL ASSETS</b>		<b>469,635</b>	<b>660,557</b>	<b>381,629</b>	<b>579,818</b>
<b>Current Liabilities</b>					
Accounts Payable		92,475	136,386	92,473	127,787
Income Tax		68	1,640	-	977
<b>Total Current Liabilities</b>		<b>92,543</b>	<b>138,026</b>	<b>92,473</b>	<b>128,764</b>
<b>TOTAL LIABILITIES</b>		<b>92,543</b>	<b>138,026</b>	<b>92,473</b>	<b>128,764</b>
<b>NET ASSETS</b>		<b>377,092</b>	<b>522,531</b>	<b>289,156</b>	<b>451,054</b>

On behalf of the Board of the Association



President



Finance Director

Date: 24 October 2006

The attached notes form part of these financial statements



INSTITUTE OF FINANCIAL ADVISERS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED 30 JUNE 2006

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Financial Planners & Insurance Advisers Association Incorporated (the "Association") was formed on 1 April 1999 following the merger of the Association of Investment Advisers & Financial Planners Incorporated and the Insurance & Investment Advisers Association. The Association began trading as The Institute of Financial Advisers in April 2006 and formally changed its name in October 2006.

The Association is an incorporated society registered under the Incorporated Societies Act 1908. The activities of the Association are carried out through a number of branches which are partially funded by the Association.

The Financial Statements are for the reporting entity The Institute of Financial Advisers and the consolidated Financial Statements of the Group comprising The Institute of Financial Advisers and its Branches.

GENERAL ACCOUNTING POLICIES

Basis of Preparation

These Financial Statements have been prepared using accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical basis.

Basis of Consolidation

The Consolidated Financial Statements include the Association and its Branches accounted for using the purchase method. All significant inter entity transactions are eliminated on consolidation.

Differential Reporting

These Financial Statements form a general purpose financial report which has been prepared in accordance with the framework for Differential Reporting issued by the Institute of Chartered Accountants of New Zealand. The Association qualifies for differential reporting as it is not publicly accountable and it is not large. The Association has taken advantage of all available differential reporting exemptions.

SPECIFIC ACCOUNTING POLICIES

Accounts Receivable

Accounts Receivable are valued at estimated realisable value.

Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Foreign monetary assets and liabilities are translated into New Zealand dollars at the exchange rate ruling at balance date. Exchange variations arising from these translations are included in the Statement of Financial Performance.

Goods & Services Tax

These Financial Statements are prepared on a GST exclusive basis. All items in the Statement of Financial Position are stated on a GST exclusive basis, with the exception of Accounts Receivable and Accounts Payable which include GST invoiced.



INSTITUTE OF FINANCIAL ADVISERS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED 30 JUNE 2006

Income Tax

As a non-profit organisation, the Association is exempt from paying tax on Income earned from members. The Association is also exempt from paying tax on other income of up to \$1,000 from non-members.

Taxation expense is the total tax recorded on the return to the Inland Revenue Department.

Investments

Investments are recorded at cost.

Fixed Assets

Fixed assets are shown at original cost less accumulated depreciation.

The following straight line depreciation rates have been used:

Computer Software	30.00% - 48.00%
Fixtures & Fittings	9.60% - 48.00%
Office Equipment	9.60% - 48.00%
Website Development	36.00% - 48.00%
Database Development	48.00% - 48.00%

The following diminishing value depreciation rates have been used:

Fixtures & Fittings	15.60% - 24.00%
Office Equipment	26.40% - 26.40%

Change of Balance Date and Comparative Figures

In the prior year, the Association changed its year end from 31 March to 30 June. As a result, the comparative figures in the financial statements are for the fifteen month period ended 30 June 2005.

Changes in Accounting Policies

The accounting policies are unchanged and have been consistently applied.

2. OTHER REVENUE

	<u>Association</u>		<u>National Office</u>	
	<u>Twelve Months</u> <u>2006</u>	<u>Fifteen Months</u> <u>2005</u>	<u>Twelve Months</u> <u>2006</u>	<u>Fifteen Months</u> <u>2005</u>
	\$	\$	\$	\$
ATO	1,500	6,000	1,500	6,000
Branch Meeting Registrations	66,739	63,957	-	-
Interest	20,523	27,867	18,843	26,611
Magazine and Brochures	22,255	49,753	22,255	49,753
Member Survey	19,900	(3,000)	19,900	(3,000)
Sponsorship	72,046	92,261	31,080	40,500
Sundry Income	73,548	41,008	50,460	30,713
<b>TOTAL OTHER REVENUE</b>	<b>276,511</b>	<b>277,846</b>	<b>144,038</b>	<b>150,577</b>

INSTITUTE OF FINANCIAL ADVISERSNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFOR THE TWELVE MONTHS ENDED 30 JUNE 2006**3. SUCCESS FORUM SURPLUS**

	<u>Association</u>		<u>National Office</u>	
	<u>Twelve Months</u>	<u>Fifteen Months</u>	<u>Twelve Months</u>	<u>Fifteen Months</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$	\$
Registration Fees	297,605	538,130	297,605	538,130
Exhibition & Sponsorship	247,333	596,500	247,333	596,500
<b>Total Success Forum Income</b>	<b>544,938</b>	<b>1,134,630</b>	<b>544,938</b>	<b>1,134,630</b>
Business & Social	199,183	317,289	199,183	317,289
Stationery / Postage / Printing	25,132	50,457	25,132	50,457
Management Fees	81,454	144,965	81,454	144,965
Promotions & Gifts	27,298	61,612	27,298	61,612
Miscellaneous	36,624	30,713	36,624	30,713
Food & Beverage	101,538	201,916	101,538	201,916
<b>Total Success Forum Expenses</b>	<b>471,229</b>	<b>806,952</b>	<b>471,229</b>	<b>806,952</b>
<b>SUCCESS FORUM SURPLUS</b>	<b>73,709</b>	<b>327,678</b>	<b>73,709</b>	<b>327,678</b>

Two Success Forum Conferences were held in the 15 month period in 2005.

**4. COUNCIL AND COMMITTEE EXPENSES**

	<u>Association</u>		<u>National Office</u>	
	<u>Twelve Months</u>	<u>Fifteen Months</u>	<u>Twelve Months</u>	<u>Fifteen Months</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$	\$
Complaints Committee	16,726	21,915	16,726	21,915
Council Meetings	21,021	16,912	21,021	16,912
Disciplinary Committee	4,341	22,343	4,341	22,343
Membership & Certification Committee	29,354	17,384	29,354	17,384
PDC Committee	1,028	2,848	1,028	2,848
<b>TOTAL COUNCIL AND COMMITTEE EXPENSES</b>	<b>72,470</b>	<b>81,402</b>	<b>72,470</b>	<b>81,402</b>

**5. GENERAL AND ADMINISTRATION**

	<u>Association</u>		<u>National Office</u>	
	<u>Twelve Months</u>	<u>Fifteen Months</u>	<u>Twelve Months</u>	<u>Fifteen Months</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$	\$
Accident Compensation Levy	764	1,325	764	1,325
APLIC Membership Fees	2,441	2,169	2,441	2,169
ATO	1,466	6,767	1,466	6,767
Bank Fees	5,189	7,142	5,189	7,125
Cleaning	4,255	5,713	4,255	5,713
Commission	-	26	-	26
Consultants	10,330	2,880	10,330	2,880
Exchange Fluctuations	-	4,402	-	4,402
General Expenses	48,988	23,789	22,186	11,807
Hospitality	4,566	2,660	4,566	2,660
Insurance	13,419	9,949	13,419	9,949
Interest	-	119	-	119
IRD Penalties	752	84	752	84
Member Survey	8,680	7,370	8,680	7,370
Photocopier Lease	2,892	-	2,892	-
Postage	9,022	8,517	9,022	8,517
Power	1,577	2,051	1,577	2,051
Printing and Stationery	11,938	11,677	11,938	11,677
Scholarships	13,644	2,900	13,644	1,900
Staff Training	6,917	3,248	6,917	3,248
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>146,840</b>	<b>102,788</b>	<b>120,038</b>	<b>89,789</b>



**INSTITUTE OF FINANCIAL ADVISERS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS ENDED 30 JUNE 2006**

**6. PROFESSIONAL DEVELOPMENT DAYS**

	<u>Association</u>		<u>National Office</u>	
	<u>Twelve Months</u>	<u>Fifteen Months</u>	<u>Twelve Months</u>	<u>Fifteen Months</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$	\$
Total Expenses	71,993	4,821	71,993	4,821
Total Income	36,356	133	36,356	133
<b>TOTAL PROFESSIONAL DEVELOPMENT DAYS EXPENSES</b>	<b>35,637</b>	<b>4,688</b>	<b>35,637</b>	<b>4,688</b>

**7. FIXED ASSETS**

	<u>Association</u>		<u>National Office</u>	
	<u>Twelve Months</u>	<u>Fifteen Months</u>	<u>Twelve Months</u>	<u>Fifteen Months</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$	\$
<u>Computer Software</u>				
At Cost	28,504	5,266	28,504	5,266
Accumulated Depreciation	(5,414)	(5,018)	(5,414)	(5,018)
	<u>23,090</u>	<u>248</u>	<u>23,090</u>	<u>248</u>
Depreciation Charged This Year	396	660	396	660
<u>Fixtures &amp; Fittings</u>				
At Cost	7,004	2,308	7,004	2,308
Accumulated Depreciation	(2,662)	(1,689)	(2,662)	(1,689)
	<u>4,342</u>	<u>619</u>	<u>4,342</u>	<u>619</u>
Depreciation Charged This Year	973	410	973	410
<u>Office Equipment</u>				
At Cost	51,405	36,083	51,405	36,083
Accumulated Depreciation	(35,430)	(22,880)	(35,430)	(22,880)
	<u>15,975</u>	<u>13,203</u>	<u>15,975</u>	<u>13,203</u>
Depreciation Charged This Year	12,550	7,895	12,550	7,895
<u>Website Development</u>				
At Cost	19,313	26,778	19,313	26,778
Accumulated Depreciation	(1,801)	(7,043)	(1,801)	(7,043)
	<u>17,512</u>	<u>19,735</u>	<u>17,512</u>	<u>19,735</u>
Depreciation Charged This Year	1,523	8,415	1,523	8,415
<u>Database Development</u>				
At Cost	18,550	-	18,550	-
Accumulated Depreciation	(1,073)	-	(1,073)	-
	<u>17,477</u>	<u>17,477</u>	<u>17,477</u>	<u>17,477</u>
Depreciation Charged This Year	1,073	-	1,073	-
Total Depreciation Charged This Year	16,515	17,380	16,515	17,380
Total Net Book Value	<u>78,396</u>	<u>33,805</u>	<u>78,396</u>	<u>33,805</u>

INSTITUTE OF FINANCIAL ADVISERS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED 30 JUNE 2006

8. INVESTMENTS

On 1 October 2003 the Association acquired 777 Ordinary Shares (5%) in Adviserlink Ltd at a cost of \$1 and has an option to acquire further shares at a later date.

On 26 November 2003 the Association entered into a contract with Adviserlink Ltd for the provision of administration and advisory services.

Adviserlink Ltd has not been consolidated in these Financial Statements.

9. OPERATING LEASE COMMITMENTS

At balance date the Association had the following leasing commitments under non-cancellable operating leases.

	<u>Association</u>		<u>National Office</u>	
	<u>Twelve Months</u> <u>2006</u> \$	<u>Fifteen Months</u> <u>2005</u> \$	<u>Twelve Months</u> <u>2006</u> \$	<u>Fifteen Months</u> <u>2005</u> \$
Due Within One Year	30,237	20,967	30,237	20,967
Due Between One-Two Years	30,237	-	30,237	-
Due Between Two - Five Years	22,667		22,667	
	<u>83,141</u>	<u>20,967</u>	<u>83,141</u>	<u>20,967</u>

10. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Association and National Office did not have any contingent liabilities or capital commitments at 30 June 2006 (2005: nil).





**Audit Report**  
**To the Members of the**  
**Financial Planners & Insurance Advisers Association Inc**  
**Trading As Institute of Financial Advisors**

We have audited the financial report on pages 1 to 8. The financial report provides information about the past financial performance of the Institute of Financial Advisers & Group and its financial position as at 30 June 2006. This information is stated in accordance with the accounting policies set out on pages 4 and 5 of the financial report.

**Board Members Responsibilities**

The Board is responsible for the preparation of a financial report, which fairly reflects the financial position of the Institute of Financial Advisers & Group as at 30 June 2006 and the results of their operations for the year ended on that date.

**Auditors' Responsibilities**

It is our responsibility to express to you an independent opinion on the financial report presented by the Board.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Institute of Financial Advisers & Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards except that our work was limited as explained below. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than in our capacity as auditors we have no relationship with, or interests in, the Institute of Financial Advisers & Group.

**Qualified Opinion**

We were unable to satisfy ourselves, by any audit procedures, as to opening balances as at 1 July 2005 of the consolidated financial report (Association), as this is the first year we have audited the twelve regional branches which are included in the consolidated financial report. Any misstatement of these balances would affect the results for the year ended 30 June 2006 and the closing balances as at 30 June 2006. We do not issue an opinion on the comparative consolidated information.

In this respect alone we have not obtained all the information and explanations that we have required.

In our opinion except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence supporting consolidated opening balances the financial report on pages 1 to 8 fairly reflects the financial position of the Institute of Financial Advisers & Group as at 30 June 2006 and the results of its operations for the year ended on that date.

Our audit was completed on 24 October 2006 and our qualified opinion is expressed as at that date.



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**Wellington**

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