FINANCIAL PLANNING INSTITUTE OF SOUTHERN AFRICA

ANNUAL REPORT 2008

FPI
Financial Planning
Institute of Southern Africa
SETTING THE STANDARD

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FINANCIAL PLANNING INSTITUTE
OF SOUTHERN AFRICA

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The year under review was a challenging year for everyone in the financial services industry. In particular, it was challenging for financial planners.

The market crisis proved, in most instances, to be the biggest test yet of the financial plans that we have put in place for our clients. More than ever, it was important for us to help consumers understand and remember the importance of sticking to their financial plans and not making the behavioral mistakes so often associated with market changes of much lesser significance.

" Despite the challenges of the year, the FPI again took significant steps on our journey to be the recognised and respected professional body for the financial planning profession in South Africa. "

Some of the highlights of the year included:

- Our previous Chairperson, Prem Govender, being appointed to the Board of the Financial Planning Standards Board Ltd. (FPSB);

- The launch of our own magazine, *The Financial Planner*, which was very well received by members and industry;

- Supporting the Black Brokers Forum in their very successful high school speech contest that focuses on educating learners on insurance and financial planning needs;

- Interacting with various regulatory and policymaking bodies in relation to the many legislative changes made and still under discussion. This included participation in various forums addressing retirement and social security
- reform

The above is not meant as a comprehensive list and members would have taken note of the various other activities and achievements communicated during the year in the weekly *CEO Blog*.

The board also reviewed and agreed on the strategic direction of the FPI for the next four years and the implementation thereof is well under way.

At the end of April 2009, Mr John Arnesen resigned as CEO of the FPI. On behalf of the members, staff and board, I extend my sincere appreciation to John for the great work done both locally and internationally.

Thank you also to the Board, staff and volunteer committee members for their contribution during the year. It is your hard work and dedication that is building the financial planning profession.

Gerhardt Meyer
Chairperson

While 2008 was a challenging year, we had many great achievements with the financial planning community growing steadily worldwide. The number of CFP® professionals increased to 115 000, which represented a year-on-year increase of about 8%.

At the FPI Board strategic planning session held during the year, the Board unanimously agreed to remain true to our mission of becoming the recognised and respected professional body for financial planners in South Africa focusing on four areas of delivery; Promotion, Learning, Standards and Technical Insight.

Prem Govender was appointed to the Financial Planning Standards Board Ltd. (FPSB) Board of Directors and therefore had to resign as Chairperson of the FPI. Prem has made a huge contribution to the FPI and will continue to contribute to the promotion of the financial planning profession globally.

Gerhardt Meyer, FPI Vice Chairperson, was appointed as the Chairperson from 1 January 2009 until the next AGM. The Board unanimously elected Solly Keetse to the position of Vice Chairperson from 1 January 2009.

Godfrey Nti
Acting CEO

The Financial Intermediaries Association (FIA)/FPI cooperation agreement was signed in August. This bilateral agreement gives recognition to the FIA as the Trade Association for the intermediary industry in SA and the FPI as the Professional Body for financial planning in SA. Seen in the picture below, the agreement being signed by John Arnesen (left), past CEO of the FPI and Ben Rossouw (right), past CEO of the FIA.

During 2008, we continued to build on our relationships with our key stakeholders; Financial Services Board, National Treasury, FAIS Ombud, INSETA, South African Qualifications Authority, South African Revenue Services and Business Unity South Africa(BUSA).

The FAIS Fit and Proper regulations, effective 1 January 2010, were announced at the FSB conference held on 17 October 2008. The FSB CEO opened the conference by asking "What does it mean to be Fit and Proper?" In answering the question, he highlighted the following aspects:

- it is your responsibility to become truly professional;
- you must take full responsibility of your clients and yourself;
- you must give a professional service to your clients;
- you must do your part to build a professional industry.

This was a great affirmation of what we are already committed to in order to promote the financial planning profession.

International

We continue to play an important role within the structures of the FPSB. Prem Govender, Gerhardt Meyer and John Arnesen represented the FPI at various FPSB Council Meetings of the 23 affiliates representing 115 000 CFP® professionals.

Some of the key outcomes of the FPSB 3-year strategic planning were:

- Adoption and commitment to the FPSB Strategic Plan.

- Acceptance of FPSB Ireland and TFPA Thailand as full affiliate members of FPSB.
- Recommitment from all affiliates to promote the vital importance of CFP® professionals during the global financial crisis.
- Acceptance of the revised FPSB Standards for:
  - ✓ Ethics
  - ✓ Professional Responsibility
  - ✓ Practice Standards
  - ✓ Rules of Conduct
  - ✓ Assessment Framework

In line with our commitment to the FPSB, we agreed to assist the FPSB in investigating ways of taking the CFP® mark into the rest of Africa. In this regard, we were invited to attend an intra-Africa business conference. The broad consensus was that other than South Africa, the countries which presented the greatest opportunity were Egypt, Nigeria, Morocco, Algeria and Botswana. We await feedback on further developments.

The FPSB, in the quest to promote worldwide professional standards in financial planning, compiled the Financial Planner Competency Profile. This is a comprehensive analysis that identifies the abilities, professional skills and body of knowledge required to perform the task of a professional financial planner and defines the globally accepted set of competency standards for financial planning professionals.

FPI Board of Directors

Elections were conducted in three Regional Committees and four Industry Sector Groups. We wish to congratulate those members who took up their new positions as Chairpersons and as Directors of the FPI Board and also congratulate those Chairpersons who were re-elected for a new term of office.

The following members were elected as the Chairpersons in each Region and ISG : North Region - Danie van Zyl, Western Cape Region - Esther Venter, Eastern Cape Region - Jackie Palframan (re-elected), Personal Financial Planning - Johann Maree, Tax Planning - Ronald Dicks, Investment Planning - Solly Keetse (re-elected). In addition, Sankie Morata was elected as the Vice Chairperson for the Estate and Trust Planning ISG.

We wish to thank HO du Plessis, Betty Gillespie, Peter Nieuwoudt and Renita Vink, outgoing Regional and ISG Chairpersons as well as Marlize Strydom, the outgoing Vice Chairperson for the Estate and Trust Planning ISG, for their support and commitment to the FPI.

Due to work commitments, Danie van Zyl and Johann Maree resigned from the FPI Board of Directors in August and October respectively. We thank Danie and Johann for their valued contribution. In terms of the FPI Articles of Association and constitution, Danie was replaced by Willie Snyman, Vice Chairperson of the Pretoria Region, and Craig Kiggen, Vice Chairperson of the Personal Financial Planning ISG. In addition, due to the appointment of Solly Keetse as FPI Vice Chairperson on 1 January 2009, Janet Hugo, Investment ISG Vice Chairperson, was welcomed as a Board Director.

After the May 2008 AGM, we welcomed Elias Masilela, Chairman of SASI (South African Savings Institute) and Artwell Hlengwa, Deputy President of the BBF (Black Brokers Forum) as new co-opted board members. Mike Abel, Hassen Sheik Ebrahim and Patrick King were again co-opted as board members for the next cycle Hassen Sheik Ebrahim however resigned as a Director of the Board on 31 December 2008 due to ill health. We thank these co-opted board members for their time, support and commitment to the FPI!

Financial Overview

In keeping with our strategic cash reserve policy, and in spite of the global and local economic turmoil, we were able to grow our strategic cash reserves by a further R300 000, bringing the Institute's strategic cash reserve balance to R3.4 million.

In the year under review we were not immune to the global economic crisis as we ended the year with just below 8 500 members, a reduction from the previous 2007 count of 11 500. Net surplus for the Institute decreased from R2.8 million in 2007 to R60 000 in the year under review.

Promotion

The Marketing & Membership Committee had a busy year with many activities to promote the financial planning profession.

Advertising

The CFP® professional advertising campaign was a highlight in 2008. This advertising campaign, developed by the FPSB, was run worldwide by the various international affiliates in order to promote the CFP® mark. In addition, the local advertising campaign for the 3 FPI marks was also run in various media.

Mersey Booysen
Chief Membership Officer

Communication

The FPI weekly *CEO Blog* was introduced during 2008 to provide members with regular feedback on weekly activities. In addition various alerts, newsletters and the global quarterly electronic magazine, *FP Connections*, to provide members with local updates on activities and insight into global financial planning trends and developments, was distributed to members.

We also introduced a dedicated Frontline Services Team at the end of the year to assist members on all aspects of their membership.

The first meeting of the FPSB Communications Advisory Panel, made up of representatives from the various international affiliates including the FPI, took place in December 2008. This panel will be developing global communication campaigns and activities to standardise these globally.

Annual Convention

The Annual FPI Convention and Exhibition on 28 & 29 May at Gallagher Estate was a great success with 86% of delegates rating it good to very good. Thank you to those delegates who attended and for providing us with your valuable feedback.

More than 1 200 delegates once again attended from across South Africa and listened to local and international experts on a wide range of topics. The Convention also saw the highest number of international speakers we have had to date. We were also honoured to have FPSB CEO, Noel Maye, as our guest.

The Exhibition featured over 30 exhibitors. All the major industry players exhibited and delegates had the opportunity to interact with companies showcasing the very latest in the marketplace. 96% of exhibitors rated their overall impression of the Exhibition to be good to excellent.

Awards

At the Convention Gala Dinner, we recognised the top achievers in the Post Graduate and Advanced Post Graduate Diploma in Financial Planning and wish them well in the careers as professional financial planners.

In addition to the awards at the gala dinner, the FPI in conjunction with the University of the Free State, held the Graduation and CFP® professional Induction Ceremony. Over 190 candidates who graduated were inducted as CFP professionals. In total, we welcomed 304 new CFP professionals during 2008 who graduated from University of Free State and University of Stellenbosch University. We also welcomed 9 new AFP™ professional and 8 new RFP™ professionals from the universities.

John Campbell was awarded the winner of the 2008 *Financial Planner of the Year* competition at the Convention Gala Dinner. Arno Burger and Spalding Fourie received the runner up awards and the finalists in the competition were Alec Riddle, Dawie Klopper, Barry O'Mahony and Reg Thomson.

Research

For the first time we conducted a *Member Satisfaction Survey*. A total of 1 338 members responded which represented about 11.4% of the membership base, supplying us with a representative sample the results of which will assist us in creating future member retention and acquisition strategies.

We again participated in the *Magnet Young Professional Survey* which delivered interesting results from our young professional members regarding various aspects of their expectations of their future careers, including remuneration, employer preferences and professionalism.

In addition, during July, we commissioned Nielsen to conduct *market research* regarding consumer awareness about financial planning. The Nielsen study (survey sample of 2 457 consumers) indicated that 46% of our target audience go to a family member for financial planning advice! When probed, the same potential clients of FPI financial planners indicated that, without doubt, they would prefer advice from a professional financial planner. In the FPI Member Satisfaction Survey we however discovered that only 38% of our members educate the consumer about the FPI and our profession and only 68% indicate their FPI professional designation on their business stationery. This indicates that there is a huge opportunity for all our members to advocate the profession and to increase consumer awareness about the importance of professional financial planning.

Journal

The Financial Planner, the FPI journal for professional financial planners was launched at the Annual FPI Convention. The new FPI journal aims to be the leading journal for professional financial planners in South Africa. We received great feedback from members and we thank those who contributed to making this a great success!

PR & Media

We continue to receive reporting in the media from MSA (Monitoring SA). During the period 1 January 2008 to 31 December 2008, just under 400 articles appeared in various media regarding the FPI, our members and the industry. This represented a total AVE (Advertising Value Equivalent) of approximately R9mil. This was largely due to the ongoing support we received from the media during the year.

Learning

The Education Committee provided guidance and direction to the FPI with regards to its Professional Board Assessments, its CPD events and its relationships with Higher Education partners.

Educators Forum

The FPI Educators Forum was introduced during 2008. This Forum consists of representatives from the University of the Free State, University of Stellenbosch, University of Johannesburg, Nelson Mandela Metropolitan University, Milpark Business School and the FPI.

The purpose of this Forum is to ensure that the curriculum of the various qualifications offered by these institutions is aligned to the FPSB Curriculum Framework. This impressive group of education institutions is testimony to the tremendous progress which the FPI has made in furthering the financial planning profession.

FPSB Education Advisory Panel

The FPI is a participant on the FPSB's Education Advisory Panel, which consists of international education and training specialists. This panel is responsible for constructing and delivering a global curriculum framework for financial planning. The work of this committee and that of the FPSB Certification Committee provided the foundation of the FPSB's Curriculum Framework.

The FPI will be reviewing its experience requirements and will introduce a more structured process for the assessment of candidate experience. This is in line with the global standards work being done by the FPSB.

Board Assessments

With effect from January 2008, candidates were required to complete the FPI's RFP1, RFP2 and RFP3 board exams successfully to obtain the full NQF level 5 qualification before becoming a member at RFP™ professional level.

In 2009 candidates who are already in possession of an appropriate NQF Level 5 certificate from an institution other than the FPI will be able to write the RFP™ Professional Board Assessment in order to gain membership as an RFP™ Professional.

The AFP™ Professional Board Assessment, was for the first time, open to both members and non members, and was written in October 2008. This examination was open to those who were in possession of (or in the final year of obtaining) an appropriate NQF level 6 qualification.

CPD Workshops, Courses and CPD Events

The FPI ran a number of workshops for the Healthcare examinations during 2008. In addition, a 45-credit skills programme was added to the FPI's offerings, "Risk for Health care Advisors" in July 2008.

113 CPD events were held nationally in the 7 FPI regions. These consisted of regional breakfasts, quarterly mini conventions and afternoon sessions with successful attendance in most regions.

A number of national workshops also took place with the Employee Benefits Workshop being very well attended. The CFP® Refresher workshops, held during November, with over 700 attendees nationally, provided delegates with important industry updates by Marius Botha and Wessel Oosthuizen.

Standards

Code of Ethics and Professional Responsibilty

The FPSB Global Standards documents were approved at the FPSB council meeting in China, which incorporated the 8 Ethics Principles (Integrity, Client first, Objectivity, Competence, Fairness, Confidentiality, Professionalism and Diligence), Practice standards and Rules of Conduct. This document is regarded as one of the cornerstones of the Financial Planning profession as well as for the enforcement of these rules and principles. It was agreed by the FPI Standards Committee that a task team localise these documents to align the FPI Code of Ethics & Professional Responsibility.

Commissioner of Oaths

Due to the ongoing work done by the FPI Standards Department, CFP® professionals were granted Commissioner of Oaths Status *ex officio* in February 2008.

Member Audits

During the first 6 months of 2008 we ran the first member audit, to ensure the overall compliance of members in respect of our international and local regulations. A follow up audit is planned for the latter half of 2009. The areas of focus will again be the use of the marks of the Institute, CPD points and to ensure that members are in good standing.

Member Discipline

In respect of the activities of the Disciplinary Committee, we received various complaints in respect of violations of our code of conduct. These cases were dealt with on an individual basis based on their merits and where necessary, referred to the Disciplinary Committee for further action.

Five disciplinary cases were finalised during 2008, a first for the FPI. As a result of disciplinary action taken against one of the members, an independent article appeared in the media. This is an indication of our commitment to ensuring that our members are meeting our codes and ultimately that the consumer's best interest are served when dealing with our professional financial planners.

Technical Insight

Industry Sector Groups (ISG) & Technical Committee

The ISG committees remained active and volunteers on these committees played a very valuable role.

A key issue identified by the ISGs through the Technical Committee (made up of the chairpersons of the 7 ISG's) was Social Security and Retirement Reform and we participated, with aid of volunteer representatives, in the development of various response documents via BUSA and the Joint Industry Forum.

In closing, the FPI, as the Professional Body for financial planners in South Africa, continues to be committed to its six strategic focus areas:

- Establishing and monitoring Professional Ethics and Practice Standards;
- Establishing and monitoring Education Standards;
- Facilitating formalised Experiential Learning;
- Supporting Continuous Professional Development (CPD);
- Building public awareness of the value of professional Financial Planning advice;
- Advocating the role of the Profession to policy makers as appropriate.

The FPI also recognises the role of the Financial Services Board (FSB) and other industry regulators and legislators and will work in partnership with the aforementioned to ensure the public is professionally served and protected.

Godfrey Nti
Acting CEO

The directors have pleasure in submitting their report together with the audited annual consolidated financial statements for the year ended 31 December 2008.

General review of business and operations

The company continued to operate as the professional body for the financial planning industry

Statements of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of these financial statements and related information.

The auditors are responsible to report on the fair presentation of these financial statements. These financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act.

The directors are also responsible for the company's system of internal financial controls. This is designed to provide reasonable, but not absolute, assurance as to the reliability of these financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

These financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

These financial statements will be presented at the company annual general meeting for approval of shareholders. It is possible that amendments may be required prior to shareholder approval being given.

Financial results	**2008**	**2007**
	R	**R**
The company retained a surplus of:	58 934	3 047 256
The group retained a surplus of:		2 844 524

Post balance sheet events

No material fact or circumstance, which requires comment, has occurred between the accounting date and the date of this report.

Property, plant and equipment	**2008**	**2007**
	R	**R**
The company acquired assets to the value of:	1 775 091	442 549

Dividends

No dividends were declared or proposed during the year under review.

Directors

The directors of the company during the accounting period and up to the date of this report were as follows:

Director	Nationality	Date appointed	Date resigned
PF Nieuwoudt	South African	01/12/2004	28/05/2008
LT Janse van Vuren	South African	01/12/2004	
RG Govender	South African	01/12/2004	-
GE Meyer	South African	01/12/2004	-
RD Dicks	South African	28/05/2008	-
CCP Hartmann	South African	01/12/2004	-
H O vZ du Plessis	South African	01/12/2004	28/05/2008
MS Keetse	South African	01/07/2005	-
WM Oosthuizen	South African	10/08/2005	-
BL Gillespie	Dutch	02/12/2005	28/05/2008
RG Whitlock	British	02/12/2005	-
AA McCulloch	British	24/02/2006	-
JL Arnesen	South African	26/07/2006	-
MS Abel	South African	17/11/2006	-
DM McGowan	South African	14/02/2007	-
RP King	South African	03/04/2007	-
AS Crawford	South African	30/05/2007	-
JB Palframan	South African	30/05/2007	-
R Vink	South African	04/06/2007	28/05/2008
H Sheik Ebrahim	South African	15/08/2007	31/12/2008
MM Ginsburg	South African	27/06/2007	-
J Maree	South African	28/05/2008	07/10/2008
DJ van Zyl	South African	28/05/2008	20/08/2008
MA Hlengwa	South African	28/06/2008	-
E Venter	South African	28/05/2008	-
WJ Snyman	South African	20/08/2008	-
CP Kiggen	South African	08/10/2008	-
E Masilela	South African	03/07/2008	-

TO THE MEMBERS OF FINANCIAL PLANNING INSTITUTE OF SOUTHERN AFRICA

(ASSOCIATION INCORPORATED UNDER SECTION 21)

Report on the financial statements

We have audited the annual financial statements of Financial Planning Institute of Southern Africa (Association Incorporated under Section 21), which comprise the directors' report, the balance sheet and consolidated balance sheet as at 31 December 2008, the income statement and consolidated income statement, the statement of changes in equity and consolidated statement of change in equity and cash flow statement and consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 19.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in these financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of these financial statements, 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 these financial statements 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 appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of these financial statements.

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

Opinion

In our opinion these financial statements fairly present, in all material aspects, the financial position of the company and its subsidiary as at 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa.

Zeelie De Kock

Registered Auditors

per P ZEELIE

Florida Park
30 April 2009

Balance Sheet

	Notes	Company 2008 R	Company 2007 R	Group 2007 R
ASSETS				
Non-current assets		1,940,865	1,044,970	1,044,870
Property, plant and equipment	2	1,910,865	984,870	984,870
Intangible Assets	3	30,000	60,000	60,000
Investment in subsidiary	4	-	100	-
Current assets		7,431,286	6,414,888	6,483,155
Trade and other receivables		303,759	456,606	487,752
Bank and cash balances		7,127,527	5,958,282	5,995,403
TOTAL ASSETS		**9,327,151**	**7,459,858**	**7,528,025**
EQUITY AND LIABILITIES				
Equity		6,423,152	6,364,218	6,206,821
General reserves	5	5,000,000	5,000,000	5,000,000
Retained surpluses		1,423,152	1,364,218	1,206,821
Current liabilities		2,948,999	1,095,640	1,321,204
Trade and other payables		2,493,641	782,219	868,516
Taxation payable	6	-	-	10,879
Short – term provisions	7	455,358	224,629	224,629
Bank overdraft	8	-	88,792	217,180
TOTAL EQUITY AND LIABILITIES		**9,372,151**	**7,459,858**	**7,528,025**

Income Statement

	Notes	Company 2008 R	Company 2007 R	Group 2007 R
Revenue		15,881,815	9,914,635	14,753,671
Cost of sales		4,472,933	-	3,100,322
Operating surplus before other income and expense		1,130,813	3,076,218	2,788,388
Other Income		689,772	1,015,850	1,045,547
Change in accounting estimate	9	103,356	565,665	565,665
Interest received	9	586,416	450,185	479,882
Expenses		1,761,651	1,044,812	1,742,841
Amortisation of FPSB contribution	9	30,000	83,653	83,653
Auditors remuneration	9	119,818	80,000	120,000
Depreciation	9	952,451	373,991	373,991
Directors remuneration	9	659,382	507,168	1,165,197
Net surplus after taxation		58,934	3,047,256	2,845,387

Statement of Changes in Equity

Company	General reserves	Retained surpluses	Other reserves	Total
	R	R	R	R
Balance at 31 December 2006	2,500,000	816,962	45,335	3,047,256
Net surplus for the year	-	3,047,256	-	-
Fair value adjustment on investment	-	-	(45,335)	(45,335)
Transfer directly to reserve	2,500,000	(2,500,000)		
Balance at 31 December 2007	5,000,000	1,364,218	-	6,364,218-
Net surplus for the year	-	58,934	-	58,934
Balance at 31 December 2008	5,000,000	1,423,152	-	6,423,152

Group	General reserves	Retained surpluses	Other reserves	Total
	R	R	R	R
Balance at 31 December 2006	2,500,000	862,297	-	3,362,297
Net surplus for the year	-	2,844,524	-	2,844,524
Transfer directly to reserve	2,500,000	(2,500,000)	-	-
Balance at 31 December 2007	**5,000,000**	**1,206,821**	**-**	**6,206,821**

Cash Flow Statement

	Notes	Company 2008 R	Company 2007 R	Group 2007 R
Net cash retained in operating activities		3,033,028	4,043,556	3,127,991
Cash receipts from customers		16,034,662	11,396,758	15,596,444
Cash paid to suppliers and employees		(13,588,050)	(7,931,776)	(12,948,335)
Cash generated from /(utilized by) operating activities	10.1	2.446,612	3.593,371	2,648,109
Interest received		586,416	450,185	479,882
Cash flows from investing activities		(1,774,991)	(442,549)	(442,549)
Purchase of property, plant and equipment	10.2	(1,775,091)	(442,549)	(442,549)
To increase operating capacity		(1,775,091)	(442,549)	(442,549)
Disposal of investments		100	-	-
Net increase in cash and cash equivalents		1,258,037	3,601,007	2,685,442
Cash and cash equivalents at beginning of the year		5,869,490	2,268,483	3,092,781
Cash and cash equivalents at end of the year	10.3	**7,127,527**	**5,869,490**	**5,778,223**

1. Accounting policies

The following are the principal accounting policies of the company and its subsidiary, which are consistent in all material respects with those applied in the previous year, except as otherwise indicated, and comply with South African Statements of Generally Accepted Accounting Practice and the Companies Act of South Africa.

1.1 Basis of preparation

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

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that the future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation. Other than freehold land and buildings on which depreciation is not provided, depreciation is recorded by a charge to income computed on the straight line basis so as to write off the cost of the assets over their expected useful lives.
Freehold land and buildings are not depreciated.

Expenditure on additions and improvements to property, plant and equipment including the cost of related interest is capitalised as the expenditure is incurred.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as a difference between the net disposal proceeds, if any and the carrying amount of the item.

1.3 Investment in subsidiary

Investments in subsidiaries are recognised at cost.

1.4 Leased assets

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligations incurred under operating leases are charged to the income statement in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

Where assets are acquired under finance lease agreements that transfer to the corporation substantially all the risks and rewards of ownership, their cash cost equivalent is capitalised. The capital element of the leasing commitment is disclosed under long-term liabilities. Lease rentals are apportioned between capital and interest elements, using the effective interest rate method.

1.5 Impairments

The carrying value of the assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their estimated recoverable amount.

1.6 Revenue

Revenue comprises the invoiced value of membership fees received, recorded in the financial statements at the date services provided to customers. Revenue, which excludes Value Added Tax, comprises of the rendering of services and interest received.

Revenue from the rendering of services is recognised on an accrual basis in accordance with the substance of the agreement. Interest received is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company.

1.7 Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange ruling on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Gains and losses arising from the settlement of such transactions are recognised in the income statement in the period in which they occur.

1.8 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified as at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instruments are added to the fair value.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.
- Financial assets classified as available-for-sale or at fair value through profit or loss, including derivatives, are measured at fair values. Fair value, for this purpose, is market value if listed, or a value arrived at by using appropriate valuation models, if unlisted.
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

After initial recognition financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- Other financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- Where financial assets and financial liabilities are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process and when the financial asset or financial liability is derecognised or impaired.
- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.
- A gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

The particular recognition methods adopted are disclosed in the individual policies stated below:

Loans to/ from group companies
These include loans to and from subsidiaries.

Trade and other receivables
Trade and other receivables originated by the enterprise are classified at cost less impairment.

Cash and cash equivalents
Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash.

Cash and cash equivalents are measured at fair value.

Trade and other payables
Trade and other payables are recognised at their original debt value less principal payments.

Risks

In the normal course of its operations, the company is exposed to currency and credit risk. The company manages these risks as follows:

- **Foreign currency risk**

  Foreign currency risk is created due to the influence of exchange rate fluctuations. The company has a policy not to take out cover on outstanding foreign currency transactions due to the fact that these take place on an ad hoc basis.

- **Credit Risk**

  The company has no significant concentrations of credit risk. Cash is placed with substantial financial institutions. Trade receivables are regularly monitored and assessed and, where necessary, an adequate level of provision is maintained.

- **Fair value**

  The directors are of the opinion that the carrying value of financial instruments approximates fair value.

Cash flows

For the purposes of the cash flow statement, cash includes cash on hand, deposits held on call with banks, investments in money market instruments, and bank overdrafts.

1.9 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or different period, directly in equity, or
- a business combination

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.10 Consolidations

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. Property, plant and equipment

Company and consolidated

	2008			2007		
	Cost/Valuation	Accum. Depr.	Carrying Value	Cost/Valuation	Accum. Depr.	Carrying Value
	R	R	R	R	R	R
Leasehold Improvements	62,985	(42,819)	20,166	56,685	(44,487)	12,198
Computer Equipment	836,836	(512,338)	324,498	745,976	(408,258)	337,718
Computer Software	2,257,751	(890,120)	1,367,631	637,022	(219,186)	417,836
Furniture and Fittings	475,317	(276,747)	198,570	418,117	(200,999)	217,118
	3,632,889	(1,722,024)	1,910,865	1,857,800	(872,930)	984,870

The carrying amounts for 2008 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Changes in accounting estimate	Depreciation	Carrying value at end of year
	R	R	R	R	R
Leasehold Improvements	12,198	6,300	13,326	(11,658)	20,166
Computer Equipment	337,718	90,861	52,486	(156,567)	324,498
Computer Software	417,836	1,620,730	34,074	(705,009)	1,367,631
Furniture and Fittings	217,118	57,200	3,469	(79,217)	198,570
	984,870	1,775,091	103,355	(952,451)	1,910,865

	Company 2008	Company 2007	Group 2007
	R	R	R

2. Founding contribution - FPSB

The Financial Planning Institute of South Africa paid a founding contribution of $50,000 to the FPSB, which is non recoverable. The Company took over this contribution, which will be amortized over the lifetime of the benefit of the contribution, being 5 years, as determined by management.

	Company 2008	Company 2007	Group 2007
Remaining portion of the contribution	60,000	143,653	143,653
Amortisation	(30,000)	(83,653)	(83,653)
Carrying value of the FPSB Contributions	**30,000**	**60,000**	**60,000**

3. Investment in subsidiary

	Company 2008	Company 2007	Group 2007
FPI Ventures (Pty) Ltd - 100 Ordinary shares of R1 each			
Caring amount - beginning of the year	100	45,435	-
Fair value (reversal)/adjustment	-	(45,335)	-
Restructuring	(100)	-	-
Caring amount - end of the year	-	100	-

4. General Reserves

	Company 2008	Company 2007	Group 2007
Transfer from retained surplus during the year	5,000,000	5,000,000	5,000,000

	Company 2008 R	Company 2007 R	Group 2007 R
5. Taxation Payable			
Taxation – current year	-	-	-
Taxation – prior year	-	-	10,879
			10,879
6. Short – term provisions			
Provision for leave pay	273,048	-	-
Provision for management bonuses	182,310	224,629	224,629
Carrying amount at end of year	**455, 358**	**224,629**	**224,629**
7. Bank overdraft			
Bank overdrafts at year end	-	88,792	88,792
8. Net surplus for the year			
Profit from operations is arrived at after taking into account the following:			
Amortisation of the FPSB contributions	30,000	83,653	83,653
Auditors remuneration	119,818	80,000	120,000
Audit fees	113,600	80,000	120,000
Overprovision	6,218	(10,623)	-
Depreciation	952,451	373,991	373,991
Leasehold improvements	11,658	12,200	12,200
Computer equipment	156,567	114,262	114,262
Computer software	705,009	163,597	163,597
Furniture and fittings	79,217	83,932	83,932
Directors remuneration	**659,382**	**507,168**	**1,165,197**

9. Notes to the cash flow

10.1 Reconciliation of net (deficit) / surplus before taxation to cash flows from operations

	Company 2008 R	Company 2007 R	Group 2007 R
Net surplus before taxation	58,934	3,047,256	2,845,387
Adjustments for :			
Amortisation of intangible asset	30,000	83,653	83,653
Change in accounting estimate	(103,356)	(565,665)	(565,665)
Depreciation	952,451	373,991	373,991
Interest received	(586,416)	(450,185)	(479,882)
Leave pay provision	230,729	-	-
Operating profit before working capital changes	582,342	2,489,050	2,257,484
Working capital changes			
Decrease in trade and other receivables	152,847	1,156,863)	516,650
Increase in trade and other payables	1,711,423	(52,542)	(126,025)
Cash generated from operations	**2,446,612**	**3,593,371**	**2,648,109**

	Company 2008 R	Company 2007 R	Group 2007 R
10.2 Property, plant and equipment			
During the period, the company acquired property, plant and equipment. Cash payments for the whole amount were made to purchase property, plant and equipment.	1,775,091	442,549	442,549

10.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Company 2008 R	Company 2007 R	Group 2007 R
Cash on hand and balances with banks	7,127,527	5,958,282	5,995,403
Bank overdraft	-	(88,792)	(88,792)
	7,127,527	**5,869,490**	**5,906,611**

10. Related parties

The following parties are related to the company:

As a section 21 company, the ownership vests in the fully paid members of the company.

Relationship	Name
Directors	As disclosed on the directors report

11.1 Outstanding balances arising from related party transactions included in trade and other receivables:

	Company 2008 R	Company 2007 R	Group 2007 R
FPI Ventures (Pty) Ltd	**-**	**56,282**	**-**

11.2 Directors remuneration

For management services:

	Company 2008 R	Company 2007 R	Group 2007 R
JL Arnesen	659,382	507,168	455,579
CD Anschutz	-	-	405,990
GN Nti	-	-	115,366

11. Functional and presentation currency

Functional and presentation currencies are both stated in South African Rand unless otherwise indicated. Functional currency is the currency of the primary economic environment in which the company operates. Presentation currency represents the currency in which the financial statements are presented.

12. Change in accounting estimates

During the year the useful life of the property, plant and equipment was reassessed to give a better indication of the economic benefit that will flow to the company due to the usage of the specific property, plant and equipment.

13. Future restructure of the group

The board of directors of the company appointed a committee to consider the transfer of the business of its subsidiary, FPI Ventures (Pty) Ltd, into the company. Should it be decided that the business be transferred, the subsidiary would probably have no further business, may be deregistered, and may then not be recognised as a going concern.

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