



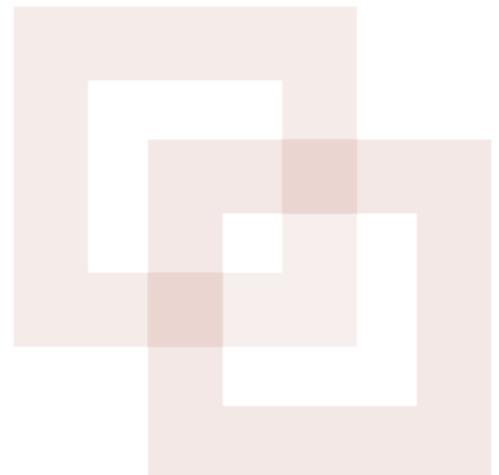
Financial Planning
Institute of Southern Africa

SETTING THE STANDARD

ANNUAL REPORT 2009



"...the professional body for the financial planning profession in South Africa."



The Organisation

The Financial Planning Institute is regarded as the leading independent professional body for financial planners in South Africa that ensures South Africans have access to, and value, competent financial planning. Professionalism in financial planning rests on competence and ethics. As the custodian of the profession, the FPI is uncompromising in establishing and maintaining world class professional financial planning standards, ensuring that members remain competent and ethical to retain their professional status. Many top financial institutions regard the FPI as an independent standards partner and members include both general practitioners and specialists in particular sectors of financial planning.

History

The FPI was originally formed in 1981 as the Institute of Life and Pension Advisors (ILPA) to improve levels of professionalism amongst financial planners and advisors. To ensure that financial planners in South Africa met international standards, in 1998, the Financial Planning Institute affiliated with the CERTIFIED FINANCIAL PLANNER® Board of Standards in the United States and in April 2000 adopted its new name to more accurately reflect its role as the custodian of competency and ethical standards. The FPI is recognised internationally and is a founding affiliate member of the international Financial Planning Standards Board Ltd (FPSB), along with 23 other affiliate member countries.

Vision

To be the recognised and respected Professional Body for the Financial Planning profession in Southern Africa.

Mission

The main object and business of the FPI is to advance and promote the profession of financial planning, to raise the status of professional financial planners, and to protect the public they serve through the following activities:

Leadership

- Establish and uphold the premier positioning of FPI and its professional designations.
 - Promote transformation in the financial planning industry.
 - Define and grow the financial planning market space.
 - Protect FPI and associated trademarks/brands.
 - Improve communications transparency.
 - Secure long-term sustainability.

Standards

- Establish standards of excellence for professional financial planners.
 - Ensure compliance with certification standards.
 - Facilitate cross-border practices.

Recognition and Awareness

- Promote awareness of the financial planning profession and FPI's professional designations.
 - Gain recognition for financial planning as a distinct profession.
 - Position FPI professionals as the financial planners of choice.
 - Promote career pathways in financial planning.
 - Promote world class value propositions.

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Chairperson's Report

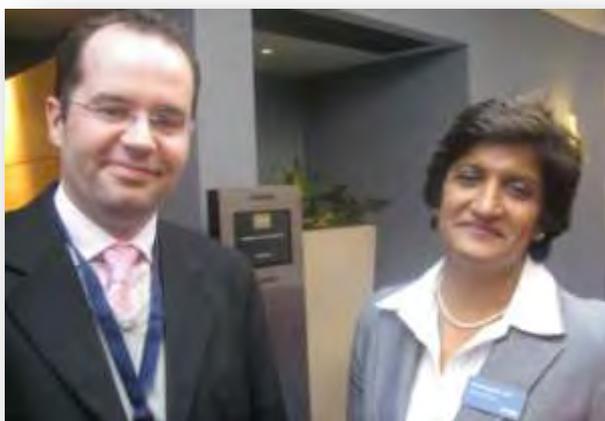
2009 was indeed a challenging year for the financial planning profession, consumers and the broader financial services industry. The global recession and many unfortunate incidents in the international financial services industry left consumers wondering where to turn to for advice.

With economies worldwide on the slow road to recovery, 2010 and beyond brings many opportunities for FPI financial planners to further establish themselves as trusted advisors of consumers through our commitment to internationally benchmarked competency standards and professionalism.

The past year has seen the **formal appointment of Chief Operating Officer, Mr Godfrey Nti**, as Chief Executive Officer on 01 July 2009. Godfrey acted in this position since 01 April 2009, following the resignation of Mr John Arnesen.

Members will recall that we **amended our Articles of Association** at a Special General Meeting of members held on 04 February 2009, bringing about the establishment of a board smaller in numbers than the previous few years.

Now a bit more than a year after the change in board structure took effect at last year's Annual General Meeting, I am pleased to report that the revised structure is working well and brought with it much greater efficiency. Change brings fresh perspectives and new approaches and the institute has advanced many of its major projects in the past year.



Ms Prem Govender, former FPI Chairperson, was appointed to the Financial Planning Standards Board Ltd (FPSB) Board of Directors with effect from 01 January 2009. A requirement of taking up this new international position is that she could not hold an FPSB Affiliate Board leadership position and therefore resigned as FPI Chairperson with effect from 01 January 2009. As Vice Chairperson, I was privileged to be appointed as the new FPI Chairperson.

We are very proud of Prem's appointment!

Pictured on the left are Prem and I when we attended the FPSB Council Meeting in Dublin in November.

We celebrated the **FPSB's 5th anniversary on 01 December 2009** and also participated actively in all internationally-driven FPSB developments during 2009, ensuring that South Africa is consistently viewed as a key participant in the development of international best practice.

On 29 June 2009, FPI **was appointed by the Financial Services Board (FSB) as a Representative and Examination Body** for the purposes of delivering the Regulatory Examinations and also obtained exemptions from certain Level 2 Regulatory Examinations for CFP[®] professional members. We trust this appointment will be of assistance to our members.

Milpark Business School was approved as an NQF level 7 provider for the Post Graduate Diploma in Financial Planning, which increased the number of education partners to five, including University of the Free State, Nelson Mandela Metropolitan University, University of Johannesburg and University of Stellenbosch.

To ensure that the **value proposition** for members remains at a world-class level, we negotiated free subscription for members to the LexisNexis online Act monitoring service from 2010. The Board also approved the **advertising of non-FPI products and services** to our members, provided these will assist with the advancement of the profession.

We are very proud of our other activities and accomplishments in 2009, which included:

- ✓ Hosting a very successful Convention at Emperors Palace attended by just under 1 000 delegates.
- ✓ Running another highly credible Financial Planner of the Year Competition, won by Alec Riddle.
- ✓ Running three NQF level 5 exam sessions for 2 611 learners with an average pass rate of 60%.
- ✓ Successfully running 42 CPD events across the country plus eight national Refresher Workshops for CFP® professionals attended by over 700 delegates.
- ✓ Participating in the formulation of the new global Continuous Professional Development (CPD), Experience and Cross Border Certification policies which were approved at the FPSB Council meeting in Dublin in November.
- ✓ Participating in the Citadel Words on Money, SA Best Practice of the Year and SASI Teach Children to Save campaign to promote the profession.
- ✓ Running the first ever national newspaper feature to promote financial planning and the financial planning profession.

We welcomed **207 new CERTIFIED FINANCIAL PLANNER®/CFP® professionals** who joined the FPI community of over 3 600 professionals in South Africa, as well as the global professional community of well over 125 000 CFP® professionals practicing in 23 FPSB countries worldwide. We also welcomed **41 AFP™ and 38 RFP™ professionals** who we wish well on their career paths.



***FPI Board of Directors
as at 31 December 2009***

Back row from the left: Godfrey Nti (CEO), Esther Venter, Sankie Morata, Louis van Vuren, Ronald King, Artwell Hlengwa and Sheshi Kaniki.

Front row from the left: Nasrat Edoe Sirkissoon, Gerhardt Meyer (Chairperson), Solly Keetse (Vice Chairperson) and Prem Govender. Andrew Crawford is not present in this picture.

Outgoing board members in 2009: Carl Hartmann, Wessel Oosthuizen, Roger Whitlock, Alan McCulloch, Mike Abel, HO du Plessis, Derek McGowan, Patrick King, Jackie Palframan, Renita Vink, Mitzie Ginsburg, Hassen Sheik Ebrahim, Ron Dicks, Danie van Zyl, Johann Maree, Elias Masilela, Willie Snyman and Craig Kiggen.

In closing, the FPI is very proud of the long and strategic relationships it has developed over the years with the regulators, policymakers, industry associations and other key stakeholders in support of the financial planning profession.

I would like to thank my fellow board members, outgoing and new, for their commitment and enthusiasm throughout the past year. I would also like to thank Godfrey and all our volunteers for their excellent leadership and our diligent staff who contribute in so many ways to making the institute what it is.

It is an honour to assist in guiding its future.

Gerhardt Meyer CFP®
FPI Chairperson

Chief Executive Officer's Report



Well, what a year 2009 has been! I was very honoured to have been appointed as the new FPI Chief Executive Officer on 01 July 2009 after the resignation of my predecessor, Mr John Arnesen in April. With many exciting initiatives planned for 2009, my task was made easier with the assistance of our dedicated staff, volunteers and a new board, whose support I greatly appreciate.

Our future is clear: FPI must stay true to our **vision of being the recognised and respected body for the financial planning profession** by delivering a world class value proposition to all our stakeholders. We must offer our members an unrivalled sense of belonging as well as confidence in our ability to speak for the financial planning profession, prioritise transformation initiatives, achieve sustainable growth in our membership base even as we strengthen our certification and practise standards, break down barriers to consumers recognising financial planning as a distinct professional practice, build stronger relationships with our education and certification value-chain partners in general, consistently and positively influence the future direction of regulation that will affect the profession by leveraging our

international outreach as well as the goodwill of our growing number of members who are willing to volunteer their expertise for the development of the profession and most importantly, we must be seen to be protecting the public that our members serve.

Last year, we made significant progress in terms of our **key strategic objectives** while navigating the challenges of the global financial crisis and its ripples in the domestic economy. We were appointed by the FSB as an Examination Body for the purpose of developing and delivering regulatory examinations for the financial services industry, secured exemptions for our CFP® designation from certain of the regulatory examinations, appointed Milpark Business School as an NQF level 7 provider partner to name a few, all the while laying the foundation for even further exciting initiatives for 2010 and beyond.

We remain a proud member of the **Financial Planning Standards Board (FPSB)**, which has, as a mission, to establish global standards and a professional framework for the practice of financial planning.

Working through the FPSB, we took significant steps towards establishing global certification standards by approving new standards for Cross Border, Experience and Continued Professional Development. These developments represent an important step towards establishing financial planning as a global profession with the CFP® mark as its symbol of excellence. We will start the all important work of implementing these new standards in 2010 and beyond.

The **FPSB conducted an assessment of FPI** operations against ISO 17024 Standards for Certification Bodies. This served as an important international benchmarking exercise for FPI. I am glad to report that we achieved a **79% compliance score**. We plan to implement the recommendations that came out this assessment in the years to come, with the hope of becoming fully compliant with ISO17024 in the next three years.

Pictured from the left are Ms Ramey Becker, Director of Communications, and Ms Tamara Monroe, Director of Legal Services, from the FPSB, in South Africa for the assessment.



We strengthened the **voice of the profession** on important issues such as National Health Insurance and Social Security and Retirement Reform by stepping up our participation within Business Unity South Africa (BUSA) where we are a member and also on other joint industry working groups.

We continued to build on the **strong relationships** that FPI has developed over the years with policymakers, regulators and industry associations such as National Treasury, Financial Services Board, Pension Fund Adjudicator, SAQA, SARS, Council of Medical Schemes, INSETA, South African Savings Institute, the FAIS Ombudsman, FIA and ASISA to name a few. We are very proud of these relationships and look forward to fostering even stronger relationships with these institutions in the future.

Transformation is a key FPI strategic objective. In 2009, a BEE rating of the business was performed resulting in a **level 5 BBEE status** contributor status from ratings agency BEE Verification Agency CC with an overall score of 62.8% and an 80% procurement contributor level. The overall target is to obtain a score of 70% within two years in line with the overall company transformation plan. We will therefore continue investing resources in advancing the company BEE status in a sustainable manner and while we are happy with this result, we are acutely aware that it will take more effort, especially in the area of transformation in our membership base.

We are proud to also present a **healthy financial position** of the institute during the year under review. This good performance was achieved as a result of the efforts of our highly motivated and committed employees and volunteers who are consistently focused on offering quality service.

The board is the focal point of **governance** in the organisation. During the year the board made amendments to the Articles of Association relating to the size and composition of the FPI Board. We conducted elections in all elected positions envisaged by the Articles of Association, Regional Committee Regulation and ISG Committee Regulation. These elections included the following:

- 7 Regional Committees;
- 7 ISG Committees;
- Regional Director;
- ISG Director;
- 3 Nationally Elected Directors; and
- 5 Directors appointed by the elected Board members

In 2010 and beyond FPI will continue focusing on vital strategic initiatives to take the institute to new heights: establishing the Examination Body operation, reinforcing our core value proposition of professional competence and also delivering on fringe values to our members, strengthening certification and practise standards, improving communication to our members, significantly uplifting the enforcement of these standards, significantly enhancing our technical capacity and delivery, implementing initiatives that will serve to secure a future pipeline of financial planners, increasing member participation in their respective regions, and implementing volunteer initiatives to encourage more members to volunteer their expertise.

I wish to thank all our members, Board of Directors, volunteers and employees whose immeasurable support enabled us to emerge from 2009 stronger! The future, though challenging, remains bright for the FPI, our members and the financial planning profession.

Godfrey Nti
CEO

Certification and Membership Services

In 2009, the FPI's **Education Committee** agreed that a number of sub-committees would be established in order to create a more structured and focused approach to education. The following sub-committees were constituted by the Education Committee:

- Education Provider Committee
- CFP® professional Board Assessment Committee
- AFP™ professional Board Assessment Committee
- RFP™ professional Board Assessment Committee

2009 was also a landmark year when we offered the **first AFP™ Professional Board Assessment** with our four universities participating in the assessment. A total of 50 candidates were assessed with an overall pass rate of 53%.

In addition to these examinations, the FPI offered the **RFP™ Professional Board Assessment** and its annual AFP™ Professional Board Assessment to learners in October who had obtained an appropriate NQF Level 5 or NQF Level 6 qualification from an accredited institution (other than the FPI) and who wished to take up membership.



We were very pleased that, with the FSB's Fit and Proper deadline for FAIS credits looming, the **number of candidate registrations** for the RFP™ Board Assessments were higher than expected. We ran three NQF level 5 exam sessions for **2 611 learners with an average pass rate of 60%**. We also continued to offer the Health Care Workshops and assessments during 2009.

Our **accreditation as a provider** was extended until 30 April 2010 pending the outcome of the INSETA audit which was scheduled for mid October 2009 but this was subsequently re-scheduled for early in 2010. INSETA verification and certification for all examinations was done in 2009 while the National Certificate: Financial Services: Wealth Management (SAQA ID: 23973) expired and is currently being taught out.

The first draft of the **FPI's Disciplinary Policy for Board Assessments and Board Assessment Policy**, aligned to the FPSB's Curriculum and Assessment Framework, was submitted to the Education Committee and work is currently being done to finalise these new policies for implementation in 2010.

Work on the conversion of **FPI Code of Ethics and Professional Responsibility** to align to the FPSB Code of Conduct, Ethics and Practice Standards was started in 2009 and will be finalised in 2010. This review is being done to ensure compliance with the FPSB requirements as members are bound to adapt and enforce these standards in their respective territories and jurisdictions. The FPSB expects that clients of financial planning professionals will benefit from a globally accepted set of conduct, ethical and practice standards for financial planning professionals. This is to ensure global certainty in respect of financial planning and includes:

- Establishing the level of practice expected of a financial planning professional engaged in the delivery of the financial planning process and plan to a client.
- Establishing norms of professional practice and allowing for consistent delivery of financial planning and advice by financial planning professionals and thereafter enforced in a disciplined and consistent manner.
- Clarifying the respective roles and responsibilities of financial planning professionals and their clients in financial planning engagements.
- Enhancing the value of the financial planning process, by adhering to these rules and to be subjected to the consequent and consistent enforcement of these rules.

In addition, as a result of the 2009 FPSB assessment, the **Membership Regulations** and all certification and re-certification policies and procedures are being reviewed.

Certification and Membership Services (cont.)

At the end of 2009, the **overall number of FPI members** reduced by 15% year-on-year. We were however very pleased that the number of CFP® professionals increased and is in line with the historic growth rate.

Level	31 December 2008	31 December 2009	% Movement
CFP® professional	3 397	3607	6%
AFP™ professional	1 662	1328	-20%
RFP™ professional	2 923	1773	-39%
Trainee Financial Planner™	20	60	200%
Total	8 002	6 768	-15%



*Pictured on the left: Father and son, Jurg and Johann Steyn, who were both inducted as CFP® professionals at the **Stellenbosch Induction Ceremony for CFP® professionals** held on 19 March 2009 at the University of Stellenbosch.*

This was a great achievement and testament to the dedication of those who aspire to join the CFP® professional community.

No **member audits** were conducted in 2009. A comprehensive audit plan has however been developed for 2010 and includes remedial measures for those in contravention of the certification standards. Part of the plan includes activities and communications to educate members about their certification.

During 2009, we finalised five **disciplinary cases** and continued to receive complaints and to take the necessary action. Increased communication with the regulator, FAIS Ombudman's office and key stakeholders is planned for 2010 to ensure that we continue to protect the consumer and our trademark designations, CFP® professional, AFP™ and RFP™ professional.

By adhering to **ethical standards**, financial planning professionals agree to provide financial planning in the best interest of clients and with the highest ethical and professional standards and agree to uphold and promote the interests of the financial planning profession for the benefit of society in general.

The focus for 2010 will be on activities to protect FPI and associated trademarks and brands, to establish certification standards of excellence for professional financial planners and ensure compliance with these standards as well as develop and promote career pathways for those wishing to advance or enter the profession.

I wish to thank all volunteer members for their time, support and commitment to the FPI and look forward to an even greater year ahead!

Anthony Campher CFP®
Head: Certification and Membership Services



A key driver to sustain future growth and stability for the FPI is the ability to **attract and retain members**. This was the focus of the FPI during 2009 as well as the foundation for planning the 2010 activities. During the year, we undertook to ensure that, while faced with an unstable economic climate and a possible reduction in membership, that activities to enhance the status of our members and promote financial planning, not only to consumers but to industry, were undertaken.

During the first quarter of 2009, we ran a **newspaper feature** in partnership with the Independent Newspaper Group in the major national newspapers which included The Star, Pretoria News, Cape Times, The Mercury, The Herald and Weekend Post.

The intention was to educate, reassure and enthuse approximately 1,5 million readers countrywide on the need for financial planning, dealing with a professional financial planner and to develop a financial plan.

We had the pleasure of attending the **Stellenbosch University Induction Ceremony for CFP® professionals** in February to welcome 31 new CFP® professionals. This was the third group emerging out of the University of Stellenbosch Post Graduate Diploma in Financial Planning programme and as usual, they represented an outstanding group of new entrants into the profession of financial planning.

In July, we participated in the **South African Savings Institute's (SASI) National Savings Awareness Campaign, "Teach Children To Save" (TCTS) initiative**. Following the success of the pilot launch in 2008, the custodians of TCTS SA, SASI and the Banking Association, adopted the initiative as an annual event. As with the pilot, TCTS SA 2009 lessons were conducted by financial sector service providers who volunteered to visit schools during July 2009 Savings Month to deliver one hour savings lessons to grade 4 - 7 learners. FPI members were also invited to participate and play their part in raising awareness of the importance of savings and increasing financial literacy amongst our youth.

Publicity through various print media continues to create maximum awareness for the FPI and financial planning, with over 300 articles appearing in leading financial magazines, newspapers and other print media creating a total advertising value equivalent (AVE) of over R5 million. We also continued to use the global CFP® professional and the other FPI advertising campaigns to promote the CFP® mark and AFP™ and RFP™ marks.

For the fourth year, we participated in the **Magnet Young Professional Survey** run by the Stockholm-based company, Magnet Communications, which delivered remarkable results about the young professional members regarding their expectation of the future careers, remuneration, employer preference and professionalism.

Members were kept updated via the FPI magazine, *The Financial Planner*, which has been established as the journal of choice for a practising financial planner. We also continued to issue alerts for important news items as well as the regular newsletters and the website. The 8th to 11th editions of the quarterly global electronic magazine, *FP Connections*, issued by the Financial Planning Association (FPA) in the United States, was distributed to members to keep them informed of international financial planning practices and trends.

We held 42 successful **Continued Professional Development (CPD) events** in the seven FPI regions across the country plus eight national Refresher Workshops for CFP® professionals attended by over 700 delegates. These included regional breakfasts, quarterly mini conventions and afternoon sessions.

Marketing and Business Development (cont.)

The **2009 Annual FPI Convention** “*The Changing Landscape*” was held on 02 and 03 June at Emperors Palace and was a great success, being rated by delegates as the best FPI Convention to date. More than 900 delegates attended from across South Africa and listened to local experts on a wide range of topics in keeping with the theme. In addition to the great line up of speakers, the exhibition featured over 30 exhibitors. Delegates were able to network and interact with peers and companies exhibiting the very latest products, services and technology in the marketplace.



All top achievers were recognised at the Convention Gala Dinner.

The **Overall Top Student** for the Post Graduate Diploma in Financial Planning was awarded to A Trinder-Smith and the **Overall Top Student for the FPI Case Study** went to Miss N van der Linde. We also awarded the top candidates in the Advanced Post Graduate Diploma in Financial Planning categories.

Alec Riddle, *pictured on the left*, was announced as the **2009 FPI/Personal Finance Financial Planner of the Year**. Accepting the award, Alec said it was a privilege to be chosen to be one of the FPI’s ambassador’s for the coming year. In addition to Alec being awarded as the winner, three finalists were recognised in the competition: Spalding Fourie, Mike Sacks and Reg Thomson.



The University of Free State in conjunction with the FPI, also held their graduation and **Induction Ceremony for CFP® professionals** with over 200 new CFP® professionals being inducted.

Some of the initiatives planned for 2010 include:

- World Financial Planning Day on 21 April
- Financial Planning Week in October with national consumer clinics
- Career days and high school road shows
- CFP® professional Brand Ambassador campaign
- New annual member surveys
- Website advertising opportunities
- Webinars

Financial planning has long been one of the fastest growing professions worldwide. Against the backdrop of unprecedented economic challenges over the last few years in the local and global arena, this has been a favourable time for financial planners to take centre stage.

We will continue to promote awareness of the financial planning profession and FPI’s professional designations, position FPI professionals as the financial planners of choice and promote world class value propositions. We will also continue to establish and uphold the premier positioning of FPI and its professional designations, improve communications to all our members and key stakeholders and ensure that we implement strategies to define and grow the financial planning market space.

Thank you to our members for their support throughout this challenging year! Thank you also to our board, the volunteers in the regions and our committees who assist by volunteering their valuable time!

Mersey Booysen CFP®
Head: Marketing and Business Development

Technical Services

The focus of Technical Services is to represent the FPI as the **legitimate and authoritative voice of the financial planning profession** on all issues affecting financial planning professionals as well as to ensure the effective delivery of technical information to our members in order to keep them abreast of changes affecting the financial planning industry.

In order to achieve this effectively, we secured **free subscription to the LexisNexis online Act monitoring service** from 2010.

The FPI's **Industry Sector Groups (ISG) and Technical Committee** met quarterly during 2009 and many issues relating to these sectors

were discussed. A quarterly Technical Committee communication was established at the end of 2009 in order to keep members informed of the many important legislative and industry changes.

The ISG committees are as follows:

Industry Sector Group (ISG)

Employee Benefits
Estates and Trust Planning
Health Care Planning
Investment Planning
Personal Financial Planning
Risk Planning
Tax Planning

Chairperson

Jennifer Grefen
David Thomson
Andre Jacobs
Janet Hugo
Lialuma Phafuli
Andrew Crawford (Technical Committee, ISG Director)
Jerry Botha

Andrew Crawford was nominated by the FPI to represent the institute on the **BUSA Social Security and Retirement Reform working group**, to ensure that the FPI is able to influence future discussions affecting the policy and implementation of social reform.

During 2009 a task team investigating the **legislative recognition of financial planning** was established. The task team was appointed by the board and members include Ronald King (Chairperson), Gerhardt Meyer, Godfrey Nti, Solly Keetse, Johann Maree, Arno Burger, Paul Rabenowitz and Mersey Booyen.

The FPSB also formed a task team during 2009 and dialogue between the 23 affiliate member countries started at the November FPSB Council meeting in Dublin. The FPSB will be drafting a position paper that will cover this and outline a framework for the professional body model that would include input from members on the framework for financial planner professionalism, an oversight model for financial planning and the need to connect these to FPSB's program and legislation defining the financial planning space.



The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 31 December 2009.

General review

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 the financial statements and related information.

The auditors are responsible to report on the fair presentation of the financial statements. The 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 the 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.

The 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 the approval of shareholders. It is possible that amendments may be required prior to shareholder approval being given.

Financial results

	2009 R	2008 R
The company retained a surplus of:	1 204 290	58 934

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

	2009 R	2008 R
The company acquired assets to the value of:	314 686	1 775 091
The company disposed of assets to the value of:	49 170	-

Dividends

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

Director's Report (cont.)

Directors

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

Name	Nationality	Date appointed	Date resigned
CP Hartman	South African	01/12/2004	02/06/2009
GE Meyer	South African	01/12/2004	-
HOvZ du Plessis	South African	01/12/2004	02/06/2009
WM Oosthuizen	South African	10/08/2005	02/06/2009
RG Whitlock	British	02/12/2005	02/06/2009
AA McCulloch	British	24/02/2006	02/06/2009
JL Arnesen	South African	26/07/2006	30/04/2009
MS Abel	South African	17/11/2006	02/06/2009
DM McGowan	South African	14/02/2007	02/06/2009
RP King	South African	03/04/2007	02/06/2009
JB Palframan	South African	30/05/2007	02/06/2009
R Vink	South African	04/06/2007	02/06/2009
MM Ginsburg	South African	27/06/2007	02/06/2009
SE Hassen	South African	15/08/2007	02/06/2009
RD Dicks	South African	28/05/2008	02/06/2009
DJ van Zyl	South African	28/05/2008	02/06/2009
JW Maree	South African	28/05/2008	02/06/2009
E Masilela	South African	03/07/2008	02/06/2009
WJ Snyman	South African	20/08/2008	02/06/2009
CP Kiggen	South African	08/10/2008	02/06/2009
GN Nti	Cameroonian	01/05/2009	-
R King	South African	02/06/2009	-
RG Govender	South African	01/12/2004	-
MS Keetse	South African	01/07/2005	-
LT Janse van Vuren	South African	01/12/2004	-
AS Crawford	South African	30/05/2007	-
S Kaniki	Tanzanian	02/06/2009	-
MA Hlengwa	South African	25/06/2008	-
E Venter	South African	28/05/2008	-
NSE Sirkissoon	South African	02/12/2009	-
SS Morata	South African	02/12/2009	-

Auditors

Zeelie De Kock will continue in office in accordance with section 270(2) of the Companies Act.

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 statement of financial position as at 31 December 2009, the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 16.

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.

Auditors' 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 the 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 the 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 the financial statements fairly present, in all material aspects, the financial position of the company as at 31 December 2009, 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.



Registered Auditors

**Florida Park
19 May 2010**

Statement of Financial Position

	Notes	2009 R	2008 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	1 019 388	1 940 866
Intangible assets	3	-	30 000
Current assets			
Trade and other receivables		8 747 691	7 431 286
Bank and cash balances	8.3	560 067	303 759
		8 187 624	7 127 527
TOTAL ASSETS		9 767 079	9 372 152
RESERVES AND LIABILITIES			
Reserves			
General reserves	4	7 627 453	6 423 163
Retained earnings		5 000 000	5 000 000
		2 627 453	1 423 163
Current liabilities			
Trade and other payables		2 139 626	2 948 989
Short-term provisions	6	1 643 322	2 493 631
		496 304	455 358
TOTAL RESERVES AND LIABILITIES		9 767 079	9 372 152

Statement of Comprehensive Income

	Notes	2009 R	2008 R
Revenue	1.6	14 803 386	15 881 815
Operating surplus before other income and other expenses			
		2 626 051	1 130 813
Other income			
Change in accounting estimate	7	902 030	689 772
Interest received	7	111 495	103 356
		790 535	586 416
Expenses			
Amortisation of FPSB contribution	7	2 323 791	1 761 651
Auditors remuneration	7	30 000	30 000
Depreciation	7	175 510	119 818
Executive directors remuneration	7	1 268 489	952 451
		849 792	659 382
Total comprehensive surplus for the year		1 204 290	58 934

Statement of Changes in Reserves

	General reserves R	Retained surplus R	Total R
Balance at 31 December 2007	5 000 000	1 364 229	6 364 229
Total comprehensive surplus for the year	-	58 934	58 934
Balance at 31 December 2008	5 000 000	1 423 163	6 423 163
Total comprehensive surplus for the year	-	1 204 290	1 204 290
Balance at 31 December 2009	5 000 000	2 627 453	7 627 453

Statement of Cash Flow

	Notes	2009 R	2008 R
Net cash retained in operating activities		1 325 613	3 033 028
Cash receipts from customers		14 547 078	16 034 662
Cash paid to suppliers and employees		(14 012 000)	(13 588 050)
Cash generated from operating activities	8.1	535 078	2 446 612
Interest received		790 535	586 416
Cash flows from investing activities		(265 516)	(1 774 991)
Purchase of property, plant and equipment	8.2	(314 686)	(1 775 091)
To increase operating capacity		(314 686)	(1 775 091)
Disposal of property, plant and equipment		49 170	-
Disposal of investments		-	100
Net increase in cash and cash equivalents		1 060 097	1 258 037
Cash and cash equivalents at beginning of year		7 127 527	5 869 490
Cash and cash equivalents at end of year	8.3	8 187 624	7 127 527

Notes to the Financial Statements

1. Accounting policies

The following are the principal accounting policies of the company, which are consistent in all material respects with those applied in the previous year:

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice as approved by the Accounting Practices Board, and the Companies Act of South Africa.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- (b) are expected to be used during more than one period.

Items of property plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date.

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

Subsequent to initial recognition, items of property plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to profit or loss so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following useful lives are used for the depreciation of property, plant and equipment:

	Years
Leasehold improvements	6 - 7
Computer equipment	4 - 9
Computer software	2 - 1
Furniture and fittings	4 - 15

The residual values, useful lives and economic consumption patterns for all items of property, plant and equipment are regularly reviewed and, if necessary, the consequent depreciable amounts, rates and methods are adjusted at each balance sheet date.

Any changes are accounted for as changes in accounting estimates and included in profit or loss for the current and future periods by adjusting the relevant future depreciation charges.

Gains or losses on disposal are calculated by deducting the carrying value from the proceeds on the date of disposal and are included in profit or loss.

1.3 Intangible assets

The intangible assets are purchased and have a finite life. Amortisation is recorded by a charge to income computed on the straight line basis, after adjusting for residual value at the end of their useful life, so as to write off the cost of the assets over their expected useful lives. The expected useful lives are as follows:

	Estimated useful life
Licence fee	5 years

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 year end 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 is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration receivable and represents amounts receivable or receivable for services provided, net of discount and VAT and where there is reasonable assurance that the income will be received and all attaching conditions will be complied with.

Revenue from subscriptions and training is accounted for when received.

In these financial statements, surplus is used instead of profit as the company is not profit driven, yet could generate surplus revenue over cost.

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 instrument

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.

Notes to the Financial Statements (cont.)

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:

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.

1.9 Provisions

Provisions are recognised when:

- The company has a present legal or constructive obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions shall not be recognised for future operating losses.

2. Property, plant and equipment

	2009			2008		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Leasehold improvements	62 985	(51 777)	11 208	62 985	(42 818)	20 167
Computer equipment	934 885	(643 303)	291 582	836 836	(512 338)	324 498
Computer software	2 471 898	(1 861 340)	610 558	2 257 751	(890 120)	1 367 631
Furniture and fittings	379 339	(273 299)	106 040	475 317	(276 747)	198 570
	3 849 107	(2 829 719)	1 019 388	3 632 889	(1 722 023)	1 910 866

Notes to the Financial Statements (cont.)

The carrying amounts for 2008 can be reconciled as follows:

	Carrying value at beg. of year	Additions	Change in accounting estimate	Depreciation	Carrying value at end of year
	R	R	R	R	R
Leasehold improvements	12 198	6 300	13 327	(11 658)	20 167
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	103 356	(952 451)	1 910 866

The carrying amounts for 2009 can be reconciled as follows:

	Carrying value at beg. of year	Additions	Change in accounting estimate	Disposals	Depreciation	Carrying value at end of year
	R	R	R	R	R	R
Leasehold improvements	20 167	-	2 249	-	(11 208)	11 208
Computer equipment	324 498	100 539	35 526	-	(168 981)	291 582
Computer software	1 367 631	214 147	51 400	-	(1 022 620)	610 558
Furniture and fittings	198 570	-	22 320	(49 170)	(65 680)	106 040
	1 910 866	314 686	111 495	(49 170)	(1 268 489)	1 019 388

3. Intangible assets

The company paid a founding contribution of USD50,000 to the FPSB, which is not recoverable and will be amortised over the lifetime of the benefit of the contribution, being 5 years, as determined by management.

	2009 R	2008 R
Remaining portion of the contribution	30 000	60 000
Amortisation	(30 000)	(30 000)
	-	30 000

Notes to the Financial Statements (cont.)

4. General Reserves

	2009 R	2008 R
Transferred from retained surplus	5 000 000	5 000 000

5. Income tax expense

The company's activities are exempt from Income Tax in accordance with section 10(1)(d)(iii) / (iv)(aa) / (iv)(bb) of the Income Tax Act. Accordingly, no income tax or deferred tax is provided for.

6. Short-term provisions

	2009 R		2008 R	
	Bonuses	Leave pay	Total	Total
Carrying amount at beginning of year	182 310	273 048	455 358	224 629
Increase/(decrease) in provisions	80 025	(39 079)	40 946	230 729
Carrying amount at the end year	262 335	233 969	496 304	455 358

7. Net surplus for the year

Surplus from operations is arrived at after taking into account the following:

	2009 R	2008 R
Income		
Change in accounting estimate	111 495	103 356
Interest received	790 535	586 416
Expenses		
Amortisation of FPSB contribution	30 000	30 000
Auditors' remuneration	175 510	119 818
Audit fees	150 000	113 600
Under provision - previous year	25 510	6 218
Depreciation	1 268 489	952 451
Leasehold improvements	11 208	11 658
Computer equipment	168 981	156 567
Computer software	1 022 620	705 009
Furniture and fittings	65 680	79 217
Directors remuneration	849 792	659 382

Notes to the Financial Statements (cont.)

8. Notes to the statement of cash flows

8.1 Reconciliation of net surplus before taxation to cash flows from operations

	2009 R	2008 R
Net surplus	1 204 290	58 934
Adjustments for :		
Amortisation of intangible asset	30 000	30 000
Change in accounting estimate	(111 495)	(103 356)
Depreciation	1 268 489	952 451
Interest received	(790 535)	(586 416)
Leave pay provision	40 946	230 729
Operating profit before working capital changes	1 641 695	582 342
Working capital changes	(1 106 617)	1 864 270
Decrease in trade and other receivables	(256 308)	152 847
Increase in trade and other payables	(850 309)	1 711 423
Cash generated from operating activities	535 078	2 446 612

8.2 Property, plant and equipment

Property, plant and equipment acquired during the year:

	2009 R	2008 R
By means of cash payments	314 686	1 775 091

8.3 Cash and cash equivalents

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

	2009 R	2008 R
Bank and cash balances	80 468	75 239
Investment in money market instruments	8 107 156	7 052 288
	8 187 624	7 127 527

9. Related party disclosures

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

Relationship	Name
Directors	As disclosed on the directors' report
Professional Body	Financial Planning Standards Board

Notes to the Financial Statements (cont.)

9.1 The following transactions were carried out with related parties:

	2009 R	2008 R
Professional body fees		
Financial Planning Standards Board	983 071	1 076 000
Executive directors remuneration		
Management fees received	849 792	659 382

10. 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.

11. Financial instruments

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out under the policies approved by management.

Market risk

Cash flow and fair value interest rate: As the company has significant interest bearing assets, the company income and operating cash flows are dependent of changes in market interest rates. The company's interest rate risk arises from interest bearing assets. Interest rate exposure is not analysed on a specific basis. The company's cash resources are placed with major South African financial institutions of high credit standing and approved by the executive committee comprising senior executives.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk, consist principally of cash resources and trade receivables.

The company's cash resources are placed with major South African financial institutions of high credit standing and approved by the executive committee comprising senior executives. Receivables are reflected net of doubtful debt provisions, which are considered adequate. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company's credit risk in respect of amounts owing by related parties is also limited as the parties from whom the amounts are due, are related to the company.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

11. Financial instruments (cont.)

Financial risk management

▪ Credit risk

The ageing of trade and other receivables at the reporting date was:

	2009 R	2008 R
Not past due	227 503	229 329
60 days	20 697	-
90 days	70 140	-
Provision for doubtful debt	(200 055)	-
Other receivables	441 782	74 430
	560 067	303 759

▪ Fair Value

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

▪ Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The executive directors are involved in the daily operations of the company and the necessary decisions regarding capital risk management are made as and when necessary.

▪ Foreign currency risk

The company is affiliated to Financial Planning Standards Board (FPSB) and undertakes transactions denominated in USD.

Exposure is mainly attributable to timing difference between the obligation and payment date of affiliation fees.

Average rate USD 1.00:	R8.45
Year end rate USD 1.00:	R7.37

▪ Interest rate risk

The company's activities expose it primarily to the financial risks of changes in interest rates. This exposure is limited to the cash funds, cash deposits and money market investments.

A decrease of 100 basis points would decrease finance income by R81,072 (2008: R70,523); an equal change in the opposite direction would have increased finance income by the same amount.

Human Resources

The year under review was a defining year for FPI with a number of changes in personnel. At the end of April 2009, John Arnesen resigned as CEO of the FPI. In July 2009, Godfrey Nti, previously FPI Chief Operations Officer, was appointed as the new CEO of the institute. Godfrey managed to steady FPI amidst a year full of challenges.

In addition, Ms Bonnie Mincher, Learning Manager, resigned in August and Mr Anthony Campher was appointed in October to fill this position. Sue Taylor, our bookkeeper left to join her son's business and her position was filled by Cathryn Stevens. Melanie van Heerden (Frontline Services) and Charmaine Bekker (Debtors Clerk) also left the FPI. Charmaine was replaced by Carol Hardie.

The FPI was able to employ **qualified personnel** during the year with extensive experience for all positions to ensure that the institute meets its objectives. Key to the implementation of the FPI's strategic objectives is the filling of all senior management positions.

At the end of 2008, FPI conducted an **internal employee survey** to assess employee perception of their work environment. To ensure objectivity, an external organisation was contracted to administer this exercise. From the results of the survey, the FPI identified areas that require improvement.

As part of instituting corrective action plans to address the shortcomings identified during the survey as well as ensuring delivery on the set objectives, management revisited the **performance evaluation system** in order to align it with the expected outcomes of the organisation. The objective is to encourage a culture of performance and reward top performers accordingly. The performance management system will be used to monitor and improve the performance of staff members within the organisation. Quarterly reviews will be conducted and employees rewarded, based on their assessed performance in the form of annual bonuses.

To enhance interpersonal relations, FPI staff participated in various **strategy sessions** during the year as well as a year-end function to celebrate the festive season. These sessions are valuable in motivating and improving staff morale and ensuring a common understanding of the institute's goals. During the year under review, various internal training sessions were conducted for staff to improve their knowledge of external as well as internal changes in the financial planning industry which affect FPI.



Staff enjoying the 2009 Year End function

Staff at the Angela Day Cooking Session





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