2014 Annual Report

SMSF Professionals' Association of Australia

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Contents

Did you know

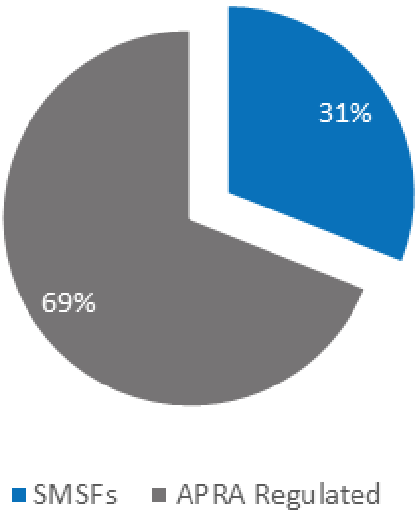
The Mercer World Pension Index released in October 2014 recognised the Australian retirement system as the second best system in the world, with the third largest pool of pension assets in the OECD.

SMSFs are the best performing, most efficient, largest and fastest growing sector of Superannuation in Australia, holding 65% of all Australian post retirement assets.

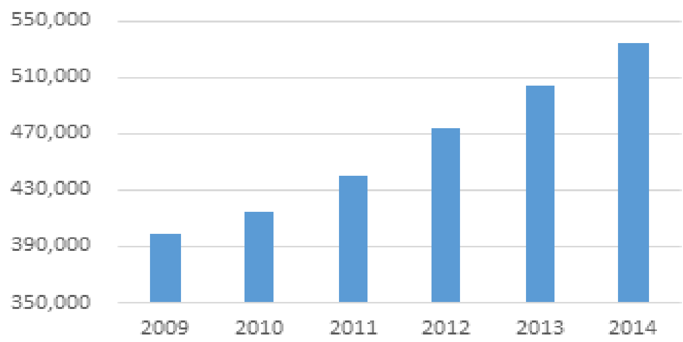
2014 Sector Highlights

BY 2033, SMSF ASSETS ARE PROJECTED TO REACH

$2.23 TRILLION



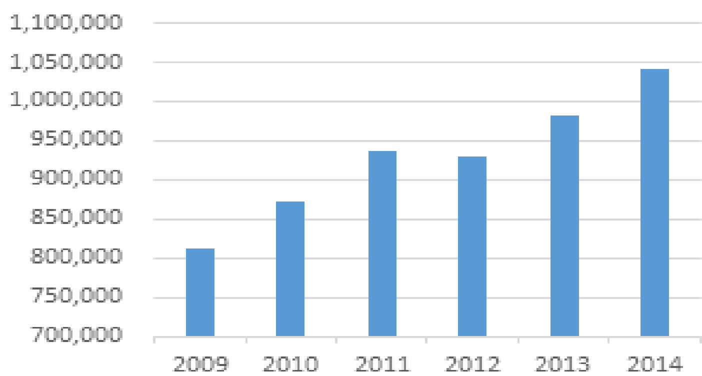
Total number of SMSFs



31%

SMSFs represent 31% of current Super balances

SMSF Average Fund Balance

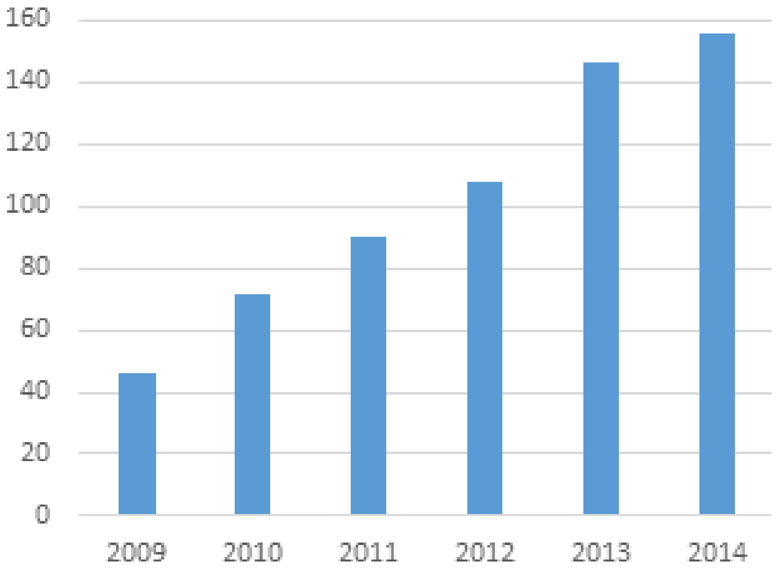


28%

SMSF Balances have increased by 28% over the past 6 years

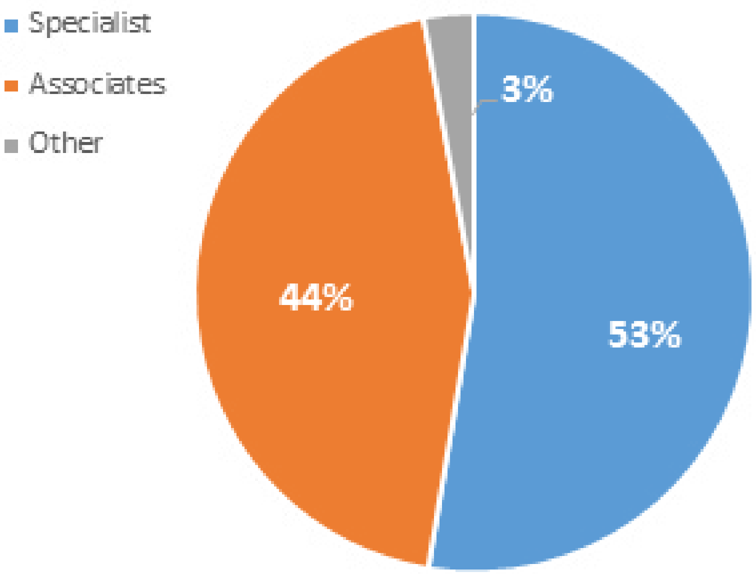
2014 SPAA Highlights

SPAA Education Events



7,500+ **People participated in SPAA Education**

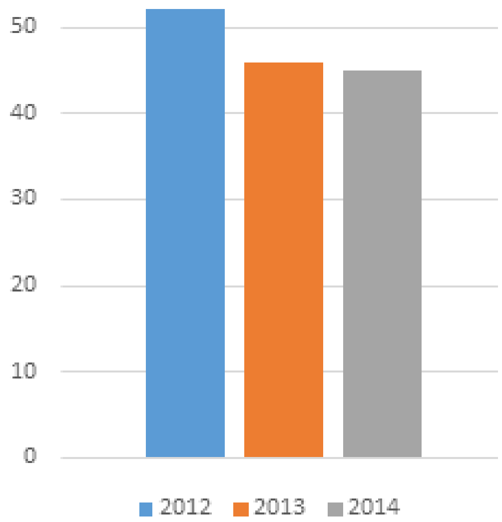
SPAA Membership Categories



Advocacy and Submissions

93,417

Submissions totalled 93,417 words over 271 pages, 38% of which were for the FSI



Social Media

11,000

SPAA has more than 11,000 social media connections

Financial Performance

	2014 ('000)
Revenue	5,404
Expenses	5,351
Profit (before income tax)	53
Member Funds	2,029

CEO Report

In the next few weeks, David Murray will deliver the Financial System Inquiry's (FSI) final report to the Federal Government. If it follows in the footsteps of its two predecessors, Campbell (1981) and Wallis (1997), it will have far-reaching ramifications for the finance and superannuation industries.

SPAA has been thinking long and hard how best to use this forum to quarantine the SMSF sector from any negative outcomes and to promote our agenda relating to financial advice and retirement incomes policy.

To this end, SPAA has achieved a significant win when the FSI adopted our recommendation to re-categorise "general" financial advice as "product information" or "sales information". The draft report, handed down in July, highlighted the important role SMSFs play in getting Australians engaged with their retirement savings, in delivering greater flexibility and control to SMSF members, as well as increasing competition across the super sector – all arguments SPAA advanced in its submission.

When delegates arrive at Melbourne's Convention and Exhibition Centre on 18 February for SPAA's 2015 National Conference there will be a new focus: to help delegates understand the self managed super fund lifecycle of accumulation, transition and drawdown, and how they can use that knowledge to benefit their clients. At a time when our industry is seeing the ongoing emergence of the SMSF professional, with a specialist skill set, having such a conference theme can only prove invaluable for all delegates and their businesses.

The decision to focus on trustees, their behaviours and motivations, and how this changes during the three stages of the SMSF "lifecycle" – fittingly the 2015 conference's title – reflects the emphasis SPAA is placing on delivering what members want from the Association. We know this to be true because the Feedback from more than 1,400 members at the 2014 National Conference, as well as the State Technical conferences, showed both events received their highest satisfaction ratings ever for the quality of their educational content – a tribute to the organising committees.

In terms of Education we are pleased to confirm that the SSA certification is recognised as RG146 SMSF Compliant.

Of course, none of this happens without people and this year SPAA has been fortunate to entice three new people into its ranks. Richard Hockney, with 27 years in banking, has joined as General Manager Corporate Development, Bruno Confalone as Superannuation Technical Legal Adviser and Joshua Geers, a Chartered Accountant, as Finance & Corporate Services Manager.

All are bringing valuable industry expertise to the SPAA team.

With 2015 on the horizon, SPAA is well into the planning stages for the next strategic planning cycle. The initiatives we have in the pipeline include:

- Development of the 2016-2020 Strategic Plan;
- Targeted national marketing campaign to educate trustees on why it is important to seek out a SPAA Specialist;
- Completing the development of a career pathway and multiple entry and exit points for SPAA Specialist Accreditation;
- Development of a three-year technology road-map to ensure that SPAA keeps up with technological change.

> "It all makes for an exciting year as we continue to build on our position of being the recognised leader in the SMSF space. But just as self managed superannuation is continually evolving, so too must SPAA to ensure we give our members all the support they need to remain at the forefront of our exciting industry. That is our commitment to you."

Andrea Slattery SSA™
Managing Director/ CEO

2012-2015 Strategic Planning

SPAA's current Strategic Planning Cycle will be complete in 2015.

The 2015 Financial Year will see the Board and Executive build a Strategic Plan to take the Association to 2020 and beyond.

VISION

The pre-eminent professional body leading a vibrant SMSF Sector

PURPOSE

The peak professional association for best practice in the SMSF Sector

Thought Leadership

What we have achieved this year and positions we have taken

- A key contributor in influencing the new Coalition Government to publicly pledge not to make any unexpected detrimental changes to Superannuation
- Effectively advocated for the proposed tax on pensions earnings over $100,000 not to be introduced by the Government
- Advocated for the refunding of excess non-concessional contributions, as announced in the 2014 Budget
- Submitted two major submissions to the Financial System Inquiry (FSI) advocating the health of the SMSF sector and suggesting significant policy reforms to financial advice and retirement income policy
- Recommended to the FSI to re-categorise "general" financial advice as "product information" or "sales information", this was adopted by the FSI panel
- Substantial submission to the Government's income stream regulation review, suggested a need for comprehensive tax and social security settings review to incentivise sensible drawdown of retirement savings
- Released three major research projects

Committee Representation

SPAA is a significant participant in consultation across the superannuation and financial advice industries including representation on the following:

- Treasury Tax Industry Advisory Group
- Treasury Revenue Group Stakeholder Committee
- Treasury Industry Working Group
- National Tax Liaison Group (ATO)
- Consultation Steering Group (ATO)
- Superannuation Industry Advisory Group (ATO)
- Superannuation Industry Relationship Network (ATO)
- Industry Advisory Group (ASIC)
- Superannuation Industry Austrade delegation to China

Focus for the next 12 months

1 The FSI Final Report is expected in November 2014 and will have a significant influence on the financial and superannuation system for years to come

2 SPAA's Thought Leadership Theme: 'Retirement Systems in 40 Years'

3 The Government will review the tax system through the Tax White Paper. SPAA will be a keen participant in ensuring taxation of Superannuation is measured appropriately and achieves superannuation's policy goals. We expect this to be a keenly contested policy area

4 SPAA will look to its 2015-2016 Budget Submission to continue advocating for sensible policy adjustments to superannuation and professional advice

Professionalism

What we have achieved this year

- SPAA developed the SSA Pathways Program to provide a support structure for those wishing to refresh their SMSF knowledge prior to completing the SPAA SMSF Specialist Advisor™ Accreditation
- Launch of the CPD Education Hub with appropriate classifications to navigate each member's CPD journey
- CPD Compass to give members an understanding of their CPD requirements.
- SSA Certification being recognised as RG146 SMSF Compliant
- SPAA Trustee Education Directive approved by the ATO
- Our National Conference and State Technical Conferences received their highest satisfaction ratings ever for quality educational content
- Developed case studies to stimulate group discussions at State Chapter events

Continuing Professional Development

- SPAA conducted over 150 CPD events across a variety of learning and education platforms
- Our biggest National Conference ever with over 1,400 delegates
- 40 webinars both live and recorded
- Face to face training via our Master Class Series to over 150 attendees
- More than 7,500 people involved in our CPD education program throughout the year

New Initiatives in 2015

1. Completing the development of a career pathway and multiple entry and exit points for SPAA Specialist Accreditation
2. Launch of an SMSF Higher Education Qualification
3. An innovative new format for the SPAA National Conference, playing to our strengths as the leader in SMSF Education
4. Advocacy work with the Parliamentary Joint Committee on Corporations and Financial Services (PJC) to lift the education standards in the Financial Services Industry and formal recognition of an emerging SMSF Profession

Member Services

What we have achieved this year in response to Member feedback

Increase profile of the Brand to trustees

- Analysis undertaken to inform our strategy to increase brand profile

Demand for Technical Desktop support

- Developing a Technical Resource Centre
- Pilot the SPAA Professional Mentoring Program to offer a technical help desk service for Specialists

Easier access to SPAA CPD

- Launch of the CPD Hub on the SPAA website
- Development of the CPD Compass to assist members to identify their CPD requirements
- Introduced case studies to stimulate quality group discussion at State Chapter events

Improve member understanding of SPAA services

- Improved daily news format for quality viewing on mobile devices
- Launched Linked-in Group
- Improved website to enhance the member experience
- Introduced a Retired Member category

Member Conduct & Discipline

As part of SPAA's ongoing commitment to professional excellence, CPD reviews were conducted on 10% of Specialist Members. As a result 13% of those members reviewed were advised that they need to do further education to maintain their SPAA membership.

	2014/15	2013/14	2012/13
Exclusion from Membership	0	1	3
Cancellation of Membership for a defined period	0	0	1
Reprimand	0	5	0
Practice Review	0	0	0
No action required	0	2	2
Investigation Ongoing	4	2	1

NB. The SPAA Disciplinary Table above records the action taken by SPAA against those members that have had a complaint made against them.

Focus for the next 12 months

1 Development of a 3 year Technology Roadmap to lead SPAA's planning to provide a quality experience for the members to maximise use of their member benefits

2 Engage the trustee to build trust and confidence in SPAA Specialists and seek them out

3 Improve the 'Find a Professional' experience

4 Work with state chapter committees to enhance local networking and learning opportunities

SMSF
Professionals'
Association
of Australia

SMSF Professionals' Association of Australia Limited

ACN 103 739 617

Financial Statements for the Year Ended 30 June 2014

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DIRECTORS' REPORT

Your directors present this report of the SMSF Professionals' Association of Australia (Association) for the financial year ended 30 June 2014.

Directors

The names of each person who has been a director during the year and at the date of this report are:

Peter Ian Crump – Chairman
Andrew Crawfurd Gale – Vice Chairman
Louise Janet Biti
Robin Lewis Bowerman
David Stewart Shirlow
Brett Nicholas Kenny
Andrea Elizabeth Slattery
Andrew John Hamilton

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Association during the financial year were to represent the SMSF Sector in Australia, to raise the standard of advice provided by all professionals through education and continual professional development to the SMSF industry, to lead the advocacy for the SMSF sector and to be the thought leader for professional SMSF advice both nationally and internationally.

The Association is committed to promoting a high standard of education and competency among SMSF professionals, assisting them to work within the regulatory framework and provide trusted advice, services and products to all stakeholders.

No significant changes in the nature of the entity's activities occurred during the financial year.

Financial Results

The Association generated a net profit after tax of $62,568 for the year ended 30 June 2014 (2013: $34,724). Total Revenue increased by 1.7% to $5.4m.

The directors' financial policy is to commit to a budget which allows the Association to enhance the value provided to its members through the broad range of products and services provided or reinvestment into long term initiatives of the Association.

This also aims to ensure that there are sufficient financial reserves in place to manage the Association through the economic cycles.

Dividends Paid or Recommended

As the Association is a company limited by Guarantee, the entity is precluded from paying a dividend following amendments to the Corporations Act 2001, effective 28 June 2010.

Review of Operations

The result for the year reflects continued improvement in the Association's financial performance. This year saw the commencement of a number of new strategic projects as well the appointment of several key personnel to invest in growing the Association's products and services to members.

These measures have seen an increase in members' funds from $1.99m to $2.029m during the year ended 30 June 2014. Financial Assets and Cash total $3.9m (2013: $3.69m) of which $1.5m is invested with the aim of producing investment income at a low level of risk.

Over the course of the investment cycle these assets will be reinvested in projects of strategic importance to the membership and thought leadership programs for the future.

Intangible assets decreased by $0.152m as a result of the write off of previous expenditure relating to website and systems development deemed to no longer be providing a benefit to the Association.

Significant Changes in State of Affairs

No significant changes in the entity's state of affairs occurred during the financial year.

DIRECTORS' REPORT

After Balance Date Events

On 1 August 2014, the Association sought a Private Ruling from the Australian Taxation Office seeking exemption from income tax for the 2014 financial year and retrospectively pursuant to section 50-1 of the Income Tax Assessment Act 1997. Should this application be successful this may reduce the effective tax rate of the Association in the future.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Future Developments

The entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Environmental Issues

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on Directors and Office Holders

Peter Ian Crump	—	Chairman.
Qualifications	—	Fellow of the Institute of Actuaries of Australia, Chartered Tax Adviser, Advanced Diploma of Financial Services (Financial Planning) and SMSF Specialist Advisor.
Experience	—	Peter provides strategic financial planning advice to his clients as well as actuarial advice to clients and lawyers on superannuation and family law issues.
Andrew Crawfurd Gale	—	Vice Chairman. Chairman of the Professional Standards Committee. Chairman of the Board Nomination and Remuneration Committee.
Qualifications	—	Fellow of the Institute of Actuaries of Australia, Bachelor of Arts majoring in Actuarial Studies (Macquarie), Masters of Business Administration (Macquarie).
Experience	—	Andrew has over 30 years' experience in the financial services industry, with particular areas of expertise in leadership and people, M&A, operations, corporate strategy, marketing, distribution, product management and design, wealth management, financial planning, and new ventures.
Andrea Slattery	—	Managing Director/CEO.
Qualifications	—	Masters Degree in Commerce from the University of South Australia, Bachelor of Arts in Accountancy, CPA, CPA Financial Planning Specialist, FAICD and SMSF Specialist Advisor.
Experience	—	Andrea has more than 22 years' experience in the SMSF and financial services industry as a thought leader in retirement and professional advice, specialising in strategic governance, membership services, stakeholder management and Government policy and advocacy.

DIRECTORS' REPORT

Louise Janet Biti	—	Director. Chairman of the Education Committee.
Qualifications	—	SMSF Specialist Advisor, Certified Financial Planner and Chartered Tax Adviser. Masters of Taxation (UNSW), Bachelor Economics, Bachelor Arts (Asian Studies) and Diploma of Financial Planning.
Experience	—	Louise has extensive experience within the financial services industry in both technical and executive roles. Louise has a prominent industry profile and is a frequent commentator on superannuation issues.
Robin Lewis Bowerman	—	Director. Chairman of the National Membership Committee.
Qualifications	—	Industry specialist and advisor.
Experience	—	Head of Market Strategy and Communications at Vanguard, Robin holds expertise in investor education, funds management, industry and regulatory related topics. Robin has over 15 years experience as a leading financial services writer, commentator and editor.
David Stewart Shirlow	—	Director. Chairman of the Regulatory Committee.
Qualifications	—	Law and Economics Degrees (University of Sydney), a practising member of the NSW Law Society, SMSF Specialist Advisor and Chartered Tax Adviser.
Experience	—	An Executive Director at Macquarie Bank where he manages government relations and technical media commentary on superannuation and related matters, David has worked in the financial services industry since 1985.
Brett Nicholas Kenny	—	Director. Company Secretary.
Qualifications	—	Bachelor of Economics, Fellow of Chartered Accountants Australia and New Zealand, Member of CPA Australia and SMSF Specialist Advisor.
Experience	—	Brett has been providing self-managed super fund services to clients for over 30 years specialising in strategic decision making and forecasting models along with tax, accounting and general commercial advice.
Andrew John Hamilton	—	Director.
Qualifications	—	Diploma of Financial Services and SMSF Specialist Advisor.
Experience	—	Andrew has over 25 years experience in all aspects of super, ranging from product design, software and hardware development, training programs, technical knowledge and understanding of compliance issues.

SMSF Professionals' Association of Australia Limited

ACN 103 739 617

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 9 meetings of directors (excluding committee meetings) were held. Attendances by each director were as follows:

	Directors Meetings	
	Number eligible to attend	Number attended
Peter Ian Crump - Chairman	9	9
Andrew Crawfurd Gale – Vice Chairman	9	6
Andrea Elizabeth Slattery	9	9
Louise Janet Biti	9	8
Robin Lewis Bowerman	9	8
Andrew John Hamilton	9	7
David Stewart Shirlow	9	8
Brett Nicholas Kenny	9	8

Indemnifying and Insurance of Officers or Auditor

No indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity.

Insurance premiums have been paid during the financial year totalling $8,726 (2013: $8,547) for all Directors and Officers. No insurance premiums have been paid for the auditor.

Directors' & Officers' Remuneration

The non-executive directors of the Association are appointed on an honorary basis and as a result do not receive any remuneration either directly or indirectly in their capacity as a Director of the Association. The Managing Director/CEO has been appointed by the board as an Executive Board Director.

Proceedings on Behalf of the Entity

No person has applied for leave of the Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings. The entity was not a party to any such proceedings during the year.

Members' Guarantee

Details of the members' guarantee are set out in Note 23 to the financial statements.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 7.

Signed in accordance with a resolution of the Board of Directors.

Director

Peter Ian Crump – Chairman

Dated this 29th day of SEPTEMBER 2014

Accru+
Harris Orchard

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO DIRECTORS OF
SMSF PROFESSIONALS' ASSOCIATION OF AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

Accru Harris Orchard

ACCRU+ HARRIS ORCHARD

BEN WILLINGTON
PARTNER

Signed at Dulwich this 29th day of September 2014.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		$	$
Revenue	2	5,404,440	5,314,731
Administration expenses		1,735,544	1,730,161
Technical & education expenses		3,232,867	3,093,024
Other expenses		383,127	391,103
Profit (loss) before income tax	3	52,902	100,443
Income tax expense (benefit)	4	(14,227)	65,719
Profit for the year		67,129	34,724
Other comprehensive income, net of income tax			
Net changes in fair value of available-for-sale financial assets		(4,561)	-
Other comprehensive income for the year		(4,561)	-
Total comprehensive income for the year		62,568	34,724

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014	2013
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,453,046	3,529,484
Trade and other receivables	6	56,962	139,586
Tax assets	9	54,293	23,363
Other financial assets	10	1,499,217	-
TOTAL CURRENT ASSETS		4,063,518	3,692,433
NON-CURRENT ASSETS			
Property, plant and equipment	7	89,001	97,426
Intangible assets	8	138,394	290,717
Deferred tax assets	9	45,042	30,815
TOTAL NON-CURRENT ASSETS		272,437	418,958
TOTAL ASSETS		4,335,955	4,111,391
CURRENT LIABILITIES			
Trade and other payables	11	2,032,985	1,871,088
Short-term provisions	12	158,448	162,222
TOTAL CURRENT LIABILITIES		2,191,433	2,033,310
NON-CURRENT LIABILITIES			
Long-term provisions	12	115,500	85,687
TOTAL NON-CURRENT LIABILITIES		115,500	85,687
TOTAL LIABILITIES		2,306,933	2,118,997
NET ASSETS		2,029,022	1,992,394
EQUITY			
Founding members contributions	13	60	26,000
Retained Earnings		2,028,962	1,966,394
TOTAL EQUITY		2,029,022	1,992,394

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Share Capital Ordinary Shares	Retained Earnings	Total
		$	$	$
Balance at 1 July 2012		26,000	1,931,670	1,957,670
Profit (loss) attributable to the entity		-	34,724	34,724
Total other comprehensive income for the year				
Balance at 30 June 2013		26,000	1,966,394	1,992,394
Balance at 1 July 2013		26,000	1,966,394	1,992,394
Profit (loss) attributable to the entity		-	67,129	67,129
Total other comprehensive income for the year		-	(4,561)	(4,561)
Return of capital	13	(25,940)	-	(25,940)
Balance at 30 June 2014		60	2,028,962	2,029,022

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and non-mutual income		5,394,267	5,155,753
Payments to suppliers and employees		(4,877,686)	(4,735,884)
Income taxes paid		(30,930)	(117,603)
Net cash generated from operating activities	19(b)	485,651	302,266
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(36,993)	(53,969)
Payments for intangible assets		(88,175)	(193,305)
Payments for investments		(1,503,778)	-
Fund distributions received		16,526	-
Interest received		76,271	146,983
Net cash used in investing activities		(1,536,149)	(100,291)
CASH FLOW FROM FINANCING ACTIVITIES			
Return of capital		(25,940)	-
Net cash used in financing activities		(25,940)	-
Net increase / (decrease) in cash held		(1,076,438)	201,975
Cash at beginning of the financial year		3,529,484	3,327,509
Cash at the end of the financial year	5	2,453,046	3,529,484

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The financial statements are for SMSF Professionals' Association of Australia Limited as an individual entity, incorporated and domiciled in Australia. SMSF Professionals' Association of Australia Limited is a company limited by guarantee.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Act 2001* applicable to Tier 3 Companies Limited by Guarantee.

The directors have elected under Section 334(5) of the Corporations Act 2001 to apply the following Accounting Standards:

- AASB 1053, Application of Tiers of Australian Accounting Standards; and
- AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements

These Accounting Standards are not required to be applied until annual reporting periods beginning on or after 1 July 2013.

AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements:

- Tier 1 – Australian Accounting Standards
- Tier 2 – Australian Accounting Standards – reduced disclosure requirements.

AASB 2010-2 makes amendments to each standard and interpretation, indicating the disclosures not required to be made by Tier 2 entities or inserting RDR paragraphs requiring simplified disclosures for Tier 2 entities.

The Association complies with Australian Accounting Standards – reduced disclosure requirements as issued by the Australian Accounting Standards Board.

The adoption of these standards has resulted in significantly reduced disclosures throughout the notes to the financial statements. There was no impact on the reporting financial position and performance of the Association.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a. **Revenue**

Revenue from the rendering of a service is recognised upon the delivery of the service to the members and customers. Accordingly, subscriptions and Association sponsorship revenue is recognised on a pro rata basis over the period to which they relate. Conference revenue is recognised upon completion of the event.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

All repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets is depreciated on a straight line or diminishing value basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The effective life used for each class of depreciable assets are:

Class of Fixed Asset	Effective Life (years)
Office equipment	2 – 6
Office improvements	5 – 40

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c. **Intangible assets**

Intangible assets comprise iMIS costs, including the website, and are recognised as the expenses are incurred. Costs are capitalised when it is probable that future economic benefits will flow; the costs can be measured reliably; and the nature of the costs and stage of development of the system and website are consistent with capitalisation under Australian Accounting Standards and Interpretations. Capitalised costs are amortised once the system and website are operational, over the useful life of the asset, which is estimated to be short.

The effective life used for each class of intangible assets are:

Class of Intangible Asset	Effective Life (years)
iMIS system and website	1 –3

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases were taken to income in year one on the basis of immateriality.

e **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables;. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

AFS financial assets

Listed shares and listed redeemable notes held by the Association that are traded in an active market are classified as AFS and are stated at fair value. Fair value is determined in a manner described in note 20. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Association's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. **Impairment of Assets**

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on revaluation of an asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

g. **Employee Benefits**

Provision is made for the entity's liability for employee benefits, including bonuses, arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured on a basis that approximates net present value.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

i. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Cash flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j. **Income Tax**

Non - member income of the Association is only assessable for tax, as member income is exempt under the Principle of Mutuality. Non member income includes sponsorship and conference income (less a proportion of expenses) and interest income.

The charge for current income tax expenses is based on the profit (loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements; and taxation losses. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. In accordance with Note 16 a Private Tax Ruling has been sought in relation to the Association's tax status.

k. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

l. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m. **Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association. Critical estimates include the percentage of time employees spend on mutual and non-mutual activities and the percentage of non-members attending conferences, in determining the provision for income tax.

o. **New Accounting Standards for Application in Future Periods**

The Australian Accounting Standards Board has issued new and amended Accounting Standards and interpretations that have mandatory application dates for future periods. The Association has decided against early adoption of these Standards and Interpretations.

Standard Name	**Effective date for entity**	**Requirements**	**Impact**
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 1053 – Application of Tiers of Australian Accounting Standards and amending standards AASB 2010-2, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11	30 June 2014	This standard allows for certain entities to reduce disclosures.	The entity is adopting RDR.
AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence – Reduced Disclosure Requirements	30 June 2014	Highlights the disclosures not required by AASB 1054 for entities applying for the RDR.	The entity is adopting RDR.
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements, AASB 138 Investments in Associates and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	30 June 2014	AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess. AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice. AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	The Group has no controlled entities; therefore, no changes are anticipated. The entity has no involvement with joint ventures, therefore there is no impact. The entity has no interests in other entities, therefore no changes are expected.
AASB 13 Fair Value Measurement. AASB 2011-8 – Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 6, 7, 8, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1308 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 * 132]	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which maybe needed. Some additional disclosures will be needed.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2011-4 – Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	30 June 2014	Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.	The entity is not a disclosing entity and therefore this will have no impact.
AASB 2011-6 – Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]	30 June 2014	This standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements.	Since the entity does not consolidate there is no impact on the adoption of this standard.
AASB 2011-7 – Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	30 June 2014	This standard provides many consequential changes due to the release of the new consolidation and joint venture standards.	The impact of this standard is expected to be minimal.
AASB 119 Employee Benefits (September 2011) AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) arising from Reduced Disclosure Requirements	30 June 2014	The main changes in this standard relate to the accounting for defined benefit plans and are as follows: - elimination of the option to defer the recognition of gains and losses (the 'corridor method'); - requiring remeasurements to be presented in other comprehensive income; and - enhancing the disclosure requirements.	Since the entity does not have a defined benefit plan, the adoption of these standards will not have any impact.
AASB 2010-10 – Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	30 June 2014	Make amendments to AASB 1	No impact since the entity is not a first-time adopter of IFRS.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7]	30 June 2014	Requires the inclusion of information about the effect or potential effect of netting arrangements.	There is no impact on disclosures as there are no offsetting arrangements currently in place.
AASB 2012-4 – Amendments to Australian Accounting Standards – Government Loans [AASB 1]	30 June 2014	Adds exception to retrospective application to Australian Accounting Standards for first time adopters.	No impact as these are not the first time adoption accounts for the entity.
AASB 2012-5 – Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	30 June 2014	AASB 1 – this standard clarifies that an entity can apply AASB 1 more than once. AASB 101 – clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments. AASB 116 – clarifies the classification of servicing equipment. AASB 132 and Interpretation – Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes. AASB 134 – provides clarification about segment reporting.	No extended impact on the entities financial position or performance.
AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20	30 June 2014	Allows transitional provisions for stripping costs in accordance with Interpretation 20.	There will be no impact as entity is not in the mining industry.
AASB 2012-9 Amendment to AASB 1048 arising from Withdrawal of Australian Interpretation 1039	30 June 2014	Removes reference to withdrawn Interpretation 1039.	No impact on the financial statements.
AASB 1055 – Budgetary Reporting AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements	30 June 2015	This standard specifies the nature of budgetary disclosures and circumstances for inclusion in the financial statements.	No impact as the entity is not a public sector entity.
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	There will be no impact to the entity as there are no offsetting arrangements currently in place.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

No other known or reliable estimable information relevant to assessing the possible impact of these Standards on the Entity is presently available, though it is anticipated that there will be no direct impact on the recognition and measurement criteria of amounts included in the Financial Statements.

The financial statements for the year ended 30 June 2014 (including comparatives) were approved and authorised for issue by the Board of Directors on the date shown in the Directors' Declaration.

	2014	2013
	$	$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue from operating activities		
— Education Programs	3,436,859	3,490,707
— Fund distributions	16,526	-
— Interest	76,271	146,983
— Other mutual and non mutual income	194,750	148,333
— Member subscriptions	1,680,034	1,528,708
	5,404,440	5,314,731

NOTE 3: PROFIT FOR THE YEAR

	2014	2013
a. **Expenses included in Administration or Other expenses**		
Auditor Remuneration		
— Audit services paid for 2012 year	-	23,050
— Audit services accrued for 2013 year	-	12,000
— Audit services paid for 2013 year	7,000	-
— Audit services accrued for 2014 year	-	-
— Audit services paid for 2014 year	5,000	-
Total Audit Remuneration, paid and accrued	12,000	35,050
Computer expenses	54,444	68,767
Consultants	165,042	189,635
Depreciation and Amortisation		
— Office equipment, furniture and equipment	30,646	31,455
— Intangible assets	240,498	172,805
Total Depreciation and Amortisation	271,144	204,260
Marketing	316,079	371,078
Rental expense on operating leases		
— minimum lease payments	190,943	139,231
Travel & accommodation – non board	135,564	211,143

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	$	$
NOTE 4 : INCOME TAX EXPENSE		
a. **The components of tax expense comprise:**		
Current tax	-	70,283
Deferred tax	(14,227)	(4,564)
	(14,227)	65,719
b. **The prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:**		
Prima facie tax payable / (benefit) on operating profit / (loss) before income tax at 30% (2013: 30%)	15,870	30,133
Add:		
Tax effect of non-deductible items	1,168,603	1,174,449
Tax effect of temporary differences	(10,227)	17,479
Income tax losses to be recognised in future periods	841	-
Less:		
Income tax losses recognised in current period	-	-
Tax effect of items not assessable for tax	1,191,361	1,156,342
Tax effect of permanent differences	(2,047)	-
Income tax attributable to entity	(14,227)	65,719

	2014	2013
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	1,316,084	1,350,331
Term deposits	1,136,962	2,179,153
	2,453,046	3,529,484

	2014	2013
NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	22,000	60,638
Other receivables	34,962	78,948
	56,962	139,586

	2014	2013
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Office equipment and furniture and fixtures at cost		
At cost	104,945	182,081
Less accumulated depreciation	(53,725)	(129,124)
	51,220	52,957
Office improvements		
At cost	77,560	84,204
Less accumulated depreciation	(39,779)	(39,735)
	37,781	44,469
Total property, plant and equipment	89,001	97,426

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment	Office Improvements	Total
	$	$	$
2013			
Balance at the beginning of the year	44,895	30,017	74,912
Additions at cost	30,815	23,154	53,969
Depreciation expense	(22,754)	(8,701)	(31,455)
Carrying amount at end of year	52,956	44,470	97,426
2014			
Balance at the beginning of the year	52,956	44,470	97,426
Additions at cost	30,510	6,482	36,992
Depreciation expense	(23,234)	(7,411)	(30,645)
Disposals	(9,012)	(5,760)	(14,772)
Carrying amount at end of year	51,220	37,781	89,001

	2014	2013
	$	$
NOTE 8: INTANGIBLE ASSETS		
IT System and website		
At cost	427,910	627,856
Accumulated amortisation	(289,516)	(337,139)
Accumulated Impairment	-	-
Net carrying value	138,394	290,717

IT System and website is amortised over a three year period.

Movements in Carrying Amounts

Movement in the carrying amounts for intangible assets between the beginning and the end of the current financial year:

	2014	2013
	$	$
Balance at the beginning of the year	290,717	270,217
Additions at cost	88,175	193,305
Amortisation expense	(240,498)	(172,805)
Carrying amount at end of year	138,394	290,717

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	**2013**
	$	**$**
NOTE 9: TAX ASSETS		
ASSETS		
Current		
Income Tax	54,293	23,363
	54,293	23,363
DEFERRED		
Deferred tax assets comprise:		
Provisions	45,042	30,815
	45,042	30,815
RECONCILIATIONS		
Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	30,815	26,251
(Charge) / credit to income statement	14,227	4,564
Closing balance	45,042	30,815

NOTE 10: OTHER ASSETS

Available-for-sale investments carried at fair value	1,499,217	-
	1,499,217	-
Current	1,499,217	-
	1,499,217	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	65,493	75,959
Sundry payables:		
— Net GST	127,039	116,984
— Other	255,031	65,744
Income received and receivable in advance:		
— Subscriptions	1,332,980	1,310,590
— Conferences – including related parties: $Nil (2013: $156,200)	252,442	301,811
	2,032,985	1,871,088

NOTE 12: PROVISIONS

	Short-term Employee Benefits	Long-term Employee Benefits	Total
	$	$	$
Opening balance at 1 July 2013	162,222	85,687	247,909
Additional provisions raised during year	304,938	29,813	334,751
Amounts used	(308,712)	-	(308,712)
Balance at 30 June 2014	158,448	115,500	273,948

	2014	2013
	$	$
Analysis of Total Provisions		
Current	158,448	162,222
Non-Current	115,500	85,687
	273,948	247,909

Provision for Long-term Employee Benefits

A provision is recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.

NOTE 13: FOUNDING MEMBERS CONTRIBUTIONS

Founding Member Contributions were subscribed in order to fund the establishment of SPAA, of which thirteen members initially contributed $2,000 each, totalling $26,000.

A resolution was passed on 20 November 2013 to approve that the Association repay the "Foundation Subscriptions" of $1,988 to the original five founding directors and $2,000 to the remaining eight members providing founding capital being returned of a total amount of $25,940.

The total contributed equity in the Association as at 30 June 2014 is $60 being the capital contributions of each of the founding directors of the Association of $12.

NOTE 14: CAPITAL AND LEASING COMMITMENTS

		2014	2013
		$	**$**
a.	**Operating Lease Commitments**		
	Non-cancellable operating leases contracted for but not capitalised in the financial statements		
	Payable — minimum lease payments		
	— not later than 12 months	136,500	136,500
	— later than 12 months but not later than 5 years	273,000	546,000
		409,500	682,500

NOTE 15: CONTINGENT LIABILITIES AND ASSETS

The Association has no contingent liabilities that it expects may become payable, which require disclosure in the financial statements.

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

On 1 August 2014, the Association sought a Private Ruling from the Australian Taxation Office seeking exemption from income tax for the 2014 financial year and retrospectively pursuant to section 50-1 of the Income Tax Assessment Act 1997. Should this application be successful this may reduce the effective tax rate of the association to zero and have a significant effect on current and deferred tax assets and liabilities.

No other events have occurred subsequent to the end of the financial reporting period, which requires adjustment in these financial statements.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the Association is set out below:

	2014	2013
	$	**$**
Short-term employee benefits	1,149,281	1,013,137
Post-employment benefits	91,497	118,881
	1,240,778	1,132,018

NOTE 18: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. No fees for professional services were paid to a firm related to a director. No material amount was outstanding at year end. Refer also Note 11 regarding conference income received in advance.

NOTE 19: CASH FLOW INFORMATION

		Note	2014	2013
			$	$
a.	**Reconciliation of Cash**			
	Cash and cash equivalents		2,453,046	3,529,484
		5	2,453,046	3,529,484
b.	**Reconciliation of Cashflow from Operations with Profit after Income Tax**			
	Profit (loss) after income tax		59,568	34,724
	Non cash flows			
	Depreciation and amortisation		271,144	204,260
	(Gain)/loss from write off of non-current assets		14,772	-
	(Gain)/loss from revaluation of financial assets		4,561	-
	Investment activities			
	Fund distribution received		(16,526)	-
	Interest received		(76,271)	(146,983)
	Changes in assets and liabilities			
	(Increase)/decrease in trade and other receivables		82,624	(11,996)
	Increase/(decrease) in trade and other payables		161,897	206,620
	(Increase)/decrease in deferred tax assets		(14,227)	(4,564)
	Increase/(decrease) in provisions		29,039	67,524
	Increase/(decrease) in current tax liabilities		(30,930)	(47,319)
	Net cash generated from operating activities		485,651	302,266

c. **Credit Stand-by Arrangements and Loan Facilities**

The Association has no formal credit stand-by arrangements.

NOTE 20: FINANCIAL RISK MANAGEMENT

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2014	2013
		$	$
Financial Assets			
Cash and cash equivalents	5	2,453,046	3,529,484
Trade receivables	6	56,962	139,586
Current tax asset	9	54,293	23,363
Other assets (Available-for-sale financial assets)	10	1,499,217	-
Total expected inflows within one year		4,063,518	3,692,433
Financial Liabilities			
Trade and other payables	11	2,032,985	1,871,088
Total expected outflows within one year		2,032,985	1,871,088
Net inflows on financial instruments within one year		2,030,533	1,821,345

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Risk Management Policies

Consisting of senior committee members, the finance committee's overall risk management strategy seeks to assist the Association in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Association is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, price risk and market risk.

a. **Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Association's exposure to interest rate risk and the effective weighted average interest rates on its financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing			
					Within 1 Year		1 to 5 Years	
	2014	2013	2014	2013	2014	2013	2014	2013
Financial Assets	%	%	$	$	$	$	$	$
Cash at bank	Nominal	Nominal	1,316,084	1,350,331	-	-	-	-
Deposits at call	2.79%	5.82%	1,136,962	2,179,153	-	-	-	-
Total Financial Assets			2,453,046	3,529,484	-	-	-	-

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

— preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;

— maintaining a reputable credit profile;

— managing credit risk related to financial assets;

— investing only in surplus cash with major financial institutions; and

— comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

c. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Association.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the finance committee has otherwise cleared as being financially sound. Where the Association is unable to ascertain a satisfactory credit risk profile in relation to a customer or counter party, then risk may be further managed by retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 6.

The Association does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Association. The trade receivables balance at 30 June 2014 and 30 June 2013 do not include any counter parties with external credit ratings.

Aged Analysis

The ageing analysis of receivables is as follows:

	2014 $	2013 $
0-30 days	22,000	47,988
31-60 days	-	-
61-90 days (past due not impaired)	-	-
61-90 days (considered impaired)	-	-
91+ days (past due not impaired)	-	12,650
91+ days (considered impaired)	-	-
Total	22,000	60,638

d. **Price risk**

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Association is not presently exposed to price risk other than to ensure the appropriateness of subscription rates for Membership; and of Sponsorship opportunities.

e. **Equity price risk**

Equity price risk arises from fluctuations in the market values of available-for-sale securities.

It is Association policy to hold only those investments quoted on the Australian Stock Exchange. The Association has engaged Evans & Partners to advise on the management of its investment portfolio. The board has approved risk and return parameters for investment in available-for-sale investments and receives reports from management and Evans & Partners on a bi-monthly basis regarding the performance of the investment portfolio. Buy, sell and portfolio re-balancing decisions are based on recommendations from Evans & Partners and approved by the finance committee and/or the Board.

f. **Market risk**

The Association is subject to the normal economic indicators including volatility in Stock markets, foreign exchange and interest rates.

g. **Sensitivity analysis**

In the directors' opinion a sensitivity analysis of reasonably possible variances in the above risks would not show material impacts on the Association's financial position or performance.

h. **Net fair values**

The fair values of financial assets and financial liabilities approximate the carrying values presented in the Statement of Financial Position at Balance Date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: CAPITAL MANAGEMENT

The directors control the capital of the entity to ensure that it can fund its operations and continue as a going concern.

Being a Company Limited by Guarantee, it has no Ordinary Shares other than Foundation Subscriptions, which are supported by financial assets and liabilities.

The entity has no external debt and there are no externally imposed capital requirements.

The directors effectively manage the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include Members' subscriptions and Sponsorship opportunities.

The Finance, Risk and Audit Committee determined the Association had an appropriate level of capital reserves to invest in a Tier 2 and Tier 3 securities by an external manager to be reviewed on a quarterly basis in line with its commitment to employ member capital for Members' benefits.

NOTE 22: ENTITY DETAILS

The registered office of the entity is:

SMSF Professional' Association of Australia Limited

SPAA House

Level 1, 366 King William Street
Adelaide
South Australia 5000

The principal place of business is:

SMSF Professional' Association of Australia Limited

SPAA House
Level 1, 366 King William Street
Adelaide,
South Australia 5000

NOTE 23: MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is an entity Limited by Guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the entity. At 30 June 2014 the number of members was 2,961 (2013: 2,731), so that the total amount that members of the entity are liable to contribute on winding up is $29,610 (2013: $27,310).

SMSF Professionals' Association of Australia Limited

ACN 103 739 617

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 8 to 29, are in accordance with the *Corporations Act 2001*:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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

Peter Ian Crump - Chairman

Dated this 29th day of SEPTEMBER 2014

Accru+ Harris Orchard

Independent Auditor's Report
To the members of SMSF Professionals' Association of Australia Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of SMSF Professionals' Association of Australia Limited. This comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that fives a true and fair view 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 report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of SMSF Professionals' Association of Australia Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

Opinion

In our opinion the financial report of SMSF Professionals' Association of Australia Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

Basis of Accounting

Without modifying our opinions, we draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Accru Harris Orchard

ACCRU+ HARRIS ORCHARD

BEN WILLINGTON
Partner

Signed at Dulwich this 29TH day of September 2014.

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Sydney + Melbourne + Brisbane
Perth + Adelaide + Hobart + Auckland