



SMSF ASSOCIATION

ANNUAL REPORT

2016









## SMSF ASSOCIATION

---

### ANNUAL REPORT CONTENTS

---

#### CHIEF EXECUTIVE'S REPORT 03

2016 HIGHLIGHTS 05

OUR STRATEGY 07

OUR BELIEFS 08

OUR VALUES 09

OUR OBJECTIVES 10

FINANCIAL 11

LEADING THE SMSF SECTOR 11

CUSTOMER CLIENT CENTRIC 14

EMPLOYEES 14

2016 MEMBERSHIP SURVEY 14

FOCUS FOR THE NEXT 12 MONTHS 14

STRATEGIC PARTNERSHIPS 15

#### FINANCIAL STATEMENTS 18

DIRECTOR'S REPORT 19

AUDITOR'S INDEPENDENCE DECLARATION 24

STATEMENT OF PROFIT & LOSS 25

STATEMENT OF FINANCIAL POSITION 26

STATEMENT OF CHANGES IN EQUITY 27

STATEMENT OF CASH FLOWS 28

NOTES TO THE FINANCIAL STATEMENTS 29

DIRECTOR'S DECLARATION 47

INDEPENDENT AUDITOR'S REPORT 48

---

## Chief Executive's Report

2016 is a year to remember for the far-reaching changes to superannuation introduced by the Federal Government in the May Federal Budget, the most significant changes in more than a decade. Some changes we supported and had long advocated for, others we opposed. In particular, we were critical of the proposal to reduce the concessional contribution cap to \$25,000 and place a lifetime limit of \$500,000 on non-concessional contributions (NCC).

Roll forward four months and the Federal Government decided to amend its \$500,000 limit with a new measure to cut the annual NCC cap from \$180,000 to \$100,000 and limit NCCs to people with superannuation balances of less than \$1.6 million. Quite clearly an annual cap of \$100,000, with a three-year bring-forward of up to \$300,000, gives people a better opportunity to save an adequate superannuation balance for retirement than that afforded by the \$500,000 lifetime cap. It was a decision we welcomed.

I mention these changes in government policy as a way of underlining just how important it is for the SMSF profession and sector to craft, as far as possible, its own future. In my opinion, the more our destiny is taken into our own hands, the more we can insulate our profession and sector, and the clients we service, from the vagaries of the inevitable changes in superannuation policy. Now is the time for us to work together to build the future.

Rest assured your Association will continue to work closely with government to help them understand the value and importance of the SMSF sector and the financial services sector and the importance of building consumer confidence in the system. Superannuation must remain the primary savings vehicle for all Australians and within this system I know that SMSFs will continue to remain industry leaders.

A major achievement at the start of the year was the Board approval of the 2016-2020 Strategic Plan that focuses on five core areas:

- (1) Creating the financial capacity to pursue our goals;
- (2) Leading the SMSF Sector by being the trusted source of information, education, policy positions and standards;
- (3) Drive an exceptional client centric experience;
- (4) To have a skilled, engaged and passionate workforce; and
- (5) Grow and maintain sustainable, strong and mutual strategic partnerships while maintaining independence.

In line with our Strategic Plan we continue to invest in Technology, Marketing and Brand awareness. We have now transitioned to our new technology platform and website for an improved member and customer experience. In scoping the project, there was a long wish list of requests for improvement from members and staff, none more important than a single sign-on, improved CPD event registration, better search performance for 'Find a Specialist' and an online technical resource centre to name a few. Our website design is setting a new benchmark among our peers featuring the 'Feed' to make technical resources more readily available to members and a personalised membership dashboard so members can have a better experience with the Association.

When reviewing 2016, it's hard to bypass the success of the National Conference held in Adelaide as a key highlight for the year. With more than 1500 delegates, many factors combined to ensure that it was a memorable event. The introduction of the technical workshops for our Specialist members was a great success where leaders in our industry were able to use real-life client scenarios as case studies. Secondly, attendance by the Treasurer, the Honourable Scott Morrison, highlighted what an important event our conference has become on the financial services calendar.

As the peak Association for the SMSF sector, we have always represented, supported and offered services to trustees. So, our decision to formalise this relationship and offer trustees membership of the Association is based on the firm belief and solid research that better-informed and -educated trustees are more likely to seek specialist advice.

With this in mind we have developed our Trustee Knowledge Centre website to target those SMSF trustees needing information to grow their confidence and trust in the system, as well as assist our members educate and inform their own clients.

It is anticipated to be a big year ahead as we continue to lead the SMSF sector. Thank you for your feedback to ensure that we remain focused on the benefits that you require to remain at the forefront of our industry.



**Andrea Slattery**  
Managing Director/Chief Executive Officer









**2016 Highlights:** There are more assets in SMSFs. SMSFs report higher balances. SMSF balances have increased over the past two years. **The average balance of \$1.11 million.** Approximately 1/3 of Association members are and serviced by SMSF Association. **86 SMSFs are set up every year.** 1/3 of Association members have more than 100 funds. **Four out of five SMSF Accreditation has positive business growth. An 11% increase in Specialist Advisors in 2016.**



more than \$620 billion in  
present 30% of superannuation  
have increased by 14.8% in  
**average SMSF has a balance**  
tely 60% of SMSFs are advised  
ation members. **On average**  
**by day in Australia.** Over  
advised and serviced more  
five members agree that  
sitively contributed to their  
**increase in SMSF Association**  
**16.**





SMSF ASSOCIATION

---

ANNUAL REPORT  
OUR STRATEGY

---

07

#### Our Strategy:

Our 2020 Strategic Plan outlines how we are going to pursue our vision to **‘enable Australians to take greater control of their own destiny through a sustainable SMSF community.’** As part of the ongoing review of our strategy we have articulated a set of beliefs and values that encapsulate our purpose.





## Our Beliefs

- We believe that every Australian has the right to a good quality of life in retirement.
- We believe that every Australian has the right to control their own destiny.
- We believe that how well we live in retirement is a function of how well we have managed our super and who has advised us.
- We believe that better outcomes arise when professional advisors and trustees are armed with the best and latest information, especially in the growing and sometimes complex world of self-managed super funds.
- We believe that insisting on tight controls, accrediting and educating advisors, and providing accurate and appropriate information to trustees is the best way to ensure that self-managed super funds continue to provide their promised benefits.
- We believe that a healthy SMSF sector contributes strongly to long term capital and national prosperity.
- We are here to improve the quality of advisors, the knowledge of trustees and the credibility and health of a vibrant SMSF community.

**We are the SMSF Association**

SMSF ASSOCIATION

---

ANNUAL REPORT  
OUR BELIEFS

---

08



SMSF ASSOCIATION

---

ANNUAL REPORT  
OUR VALUES

---

09

Our Values:

---

**Leadership**

Influence / Strategic

**Professionalism**

Knowledge / Intelligence

**Integrity**

Reliability / Ethical

**Sustainability**

Innovation / Enabler

---



## Our Objectives

### Strategic Partnerships

Sustain and grow strong mutually and financially beneficial partnerships



### Financial

Achieve performance that enables reinvestment for future development and growth



### Employees

A skilled, passionate and engaged workforce



### Leading the SMSF Sector

The standard setter for SMSF education and professionalism



### Customer-Client Centric

Drive an exceptional client experience for all members and stakeholders



## Financial

As part of our 2020 Strategic Plan, we are continuing to invest financial resources into new Technology, Marketing and Branding. This is reflected in the net loss after tax of \$277,721 for the 2016 financial year. The result for the year also reflects:

- Investment of approximately \$140k into new website and systems to improve our members experience
- Developing new Education Courses including University qualifications and career pathways as an SMSF Professional
- Technical services including an online resource centre which boasts over 150 technical Q&As and growing; technical papers; videos and education resources; and high quality technical events
- Continued print media and radio campaigns to promote our Specialists to trustees
- Growth in the number of members attaining our Specialist Accreditations
- Continued growth in Membership Revenue while reducing Membership dues for our Associate members

The priorities for financial investment in 2017 will include:

- Completion of the new website for professionals
- Investment in additional technical content and support for our members
- Additional marketing campaigns to continue to promote our Specialists and members

## Leading the SMSF Sector

The last year has been an incredibly busy year for the SMSF Association, with the most significant changes to superannuation in ten years being announced in the 2016 Federal Budget. While there were a number of changes to the superannuation system announced that we did not agree with, there were a number of policies that the Association had been advocating for that were announced in the Budget. These included:

- Allowing carry forward of unused concessional caps
- Stopping the concessional contribution caps being lowered below \$25,000
- Removing the 10% rule for deductible contributions
- Streamlining contribution rules for over 65s
- Enshrining the objective of superannuation
- Repealing the anti-detriment provisions
- Retaining transition to retirement legislation
- Ensuring SMSFs were not excluded from offering deferred annuity streams

Since the Budget, our advocacy has resulted in improvements in the Government's superannuation package. To date significant successes have been the Government abandoning its proposed \$500,000 lifetime non-concessional contribution cap and shifting to an annual cap and ensuring that SMSFs are allowed to offer deferred income streams in retirement, not just large funds or product providers. Both these changes will ensure that SMSF trustees will have better opportunities to enjoy a secure and dignified retirement.

One of the key activities the Association takes in its role of leading the SMSF sector is publishing research to assist advisers deliver advice to trustees and shape policy and thinking. Notable research has included:

- Intimate with SMSF Report (NAB)
- Research on Women and SMSFs (CBA)
- Research with Accurium on SMSF trustees achieving a secure retirement
- Research prepared by Rice Warner analysing SMSF contribution patterns and impact of Budget changes

2016/17 shapes up as another busy 12 months with the focus on

- Reviewing draft Government legislation arising from the 2016 Budget
- The introduction of a new independent financial advice standard setting statutory body in 2017 bringing changes to the education and ethical standards for advisers
- The Productivity Commission review into competition and efficiency of superannuation





SMSF ASSOCIATION

---

ANNUAL REPORT  
OUR OBJECTIVES

---





SMSF ASSOCIATION

---

ANNUAL REPORT  
OUR OBJECTIVES

---

13





## Customer Client Centric

Our members are the core of why we exist. We are always striving to evolve and deliver new products and services to meet our members' changing needs.

### 2016 Membership survey

From the 2016 membership survey there were a number of clear areas where our members continue to look for our support: These included:

- Additional technical resources to support the changes facing the Superannuation and Financial Services sector
- Suggestions on improvements to our CPD program
- Improvements to our website to help with event bookings and searching for resources and other information
- More marketing and brand recognition of our Specialists and members

We were also really pleased that more than 85% of our members had a positive view of our membership and were happy with how we communicated with them.

Thank you to all of our members who participated in the survey. It is important in helping us shape the future of the Association.

## The next 12 months

As part of the feedback from the member survey we look forward to rolling out the following changes over the next 12 months to our members:

- Providing the Legislative and Regulatory update as a complimentary webinar to our members
- Tailoring CPD topics during 2017 to help inform members about upcoming changes to the sector
- Additional resources to go towards more targeted marketing to consumers to promote our Specialists and members
- Launching more 'on-demand' recordings for our members to access
- Rolling out further improvements to Find a Specialist to make searching even easier
- Rebuilding our education platform to improve the online delivery of our content
- More access to video and online learning tools

### The new Association Website

We have now launched the Association's new website based on feedback from previous member surveys and workshops with our membership. We have focused on delivering a simple experience and navigation to help our members with their key interactions with us.

We are also really excited to launch our new member only resource called the 'Feed' which provides one centralised source of all of the technical information from the Association. We will be continuing to develop new content to expand this as the one stop shop SMSF technical resource for our members.

## Employees

As a component of the SMSF Association 2020 Strategic Plan we have transitioned to a new leadership structure to support our Managing Director/CEO, Andrea Slattery. The leadership team includes:

- Jordan George leading Policy and Government Relations ably supported by Peter Hogan as the Technical Guru;
- Liz Ward leading your Learning Experience and Professionalism;
- Jessica Beare leading your Marketing and Communications;
- Craig Jameson leading our Business Development and Stakeholder Relationships Management;
- Josh Geers leading your Membership Services and our Corporate Office; and
- Each has been appointed to our Executive Committee to lead the service provision for you as members.

We have initiated mandatory professional development for all employees to improve their understanding of superannuation, the SMSF sector and your needs.

In addition to our employees, we are supported by in excess of 200 member volunteers as event facilitators, speakers, writers, mentors, advisory and community committees. We understand that volunteers have an enormous impact on the health and well-being of our community. Success of the SMSF Association has been built on the time and efforts of our member volunteers, thank you for your generous contribution.

**Strategic Partnerships**

Our 2020 Strategic Objective is to grow and maintain sustainable and strong, mutually commercial Strategic Partnerships whilst maintaining our integrity and independence. We recognise that one of the biggest mistakes businesses make is trying to do everything alone. In order to successfully achieve our objective we must form beneficial Strategic Partnerships.

We seek Strategic Partnerships to:

- Grow the SMSF Association brand as the lead voice for the sector;
- Support the SMSF Association in continuing to build integrity in the industry;
- Reinforce SMSFs role as the preferred savings vehicle for a good quality of life in retirement;
- Strengthen our authority by engaging with partners who share our interests in developing independent research for us to interpret, inform and influence the policy debate;
- Support opportunities for the Association to drive thought leadership programs, influencing national and international retirement frameworks and systems;
- Deliver excellence in service areas; and
- Enhance our competitive position in an increasingly dynamic and changing environment by reducing costs and increasing flexibility through strategic partnerships, thereby minimising risk.

Successful Partnerships for the 2016 Financial Year include:

1. An alliance with the ATO including:
  - Technical collaboration
  - Developing strategies to grow confidence in the sector
  - Education, training and resources
  - Research program
  - Secondment program
2. A multi-dimensional partnership program to support the development of Independent Research for the SMSF Association to inform and advocate for the integrity of the SMSF, Superannuation, Tax Advice and Financial Services industries.















SMSF ASSOCIATION

ANNUAL REPORT  
FINANCIAL  
STATEMENTS

18





## SMSF Association Ltd

### Directors' Report 30 June 2016

The Directors present their report on SMSF Association Ltd for the financial year ended 30 June 2016.

#### 1. General Information

##### Information on Directors and Officeholders

The names, qualifications, experience and special responsibilities of each person who has been a Director during the year and as at the date of this report are:

Andrew Crawford Gale

Qualifications

Fellow of the Institute of Actuaries of Australia, Bachelor of Arts majoring in Actuarial Studies (Macquarie), Masters of Business Administration (Macquarie), Fellow of the Australian Institute of Company Directors.

Experience

Andrew has over 30 years experience in the financial services industry, with particular areas of expertise in boards and governance, M&A, operations, corporate strategy, marketing, distribution, product management, wealth management, financial planning, and new ventures.

Special responsibilities

Chairman

Robin Lewis Bowerman

Qualifications

Member of the Australian Institute of Company Directors.

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.

Special responsibilities

Vice Chairman

Andrea Elizabeth Slattery

Qualifications

Masters in Commerce (University of South Australia), Bachelor of Arts in Accountancy (University of South Australia), Member of CPA Australia, CPA Australia Financial Planning Specialist, Fellow of the Australian Institute of Company Directors and SMSF Association SMSF Specialist Advisor.

Experience

Andrea has more than 26 years experience in the SMSF and financial services industry, with particular expertise as a leader in retirement systems, financial services, professional advice, Government and Regulatory advocacy, new ventures, corporate governance, membership services and strategic stakeholder management.

Special responsibilities

Managing Director, Chief Executive Officer

Peter Ian Crump

Qualifications

Certified Financial Planner, Fellow of the Institute of Actuaries of Australia, Bachelor of Arts majoring in Actuarial Studies (Macquarie), Chartered Tax Adviser, Advanced Diploma of Financial Services (Financial Planning), Graduate of the Australian Institute of Company Directors and SMSF Association 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.

Special responsibilities

Director, Chairman of the Governance and Risk Committee



## SMSF Association Ltd

### Directors' Report

30 June 2016

#### 1. General Information continued

##### Information on Directors and Officeholders continued

David Stewart Shirlow

Qualifications

Law and Economics Degrees (University of Sydney), SMSF Association SMSF Specialist Advisor and Chartered Tax Adviser.

Experience

David has been involved in the financial services industry since 1985, including operating a legal practice and policy consultancy specialising in superannuation matters and managing superannuation-related technical and government policy matters as an Executive Director of Macquarie Bank.

Special responsibilities

Director, Chairman of the Public Policy Committee

Brett Nicholas Kenny

Qualifications

Bachelor of Economics, Fellow of Chartered Accountants Australia and New Zealand, Member of CPA Australia, SMSF Association 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.

Special responsibilities

Director, Company Secretary, Chairman of the Finance and Audit Committee, Chairman of the National Membership Committee

Andrew John Hamilton

Qualifications

Diploma of Financial Services, SMSF Association SMSF Specialist Advisor.

Experience

Andrew has a wealth of knowledge and experience, gained from more than 25 years of working in the SMSF industry, both within the private and corporate sectors. Having established and operated a successful start up SMSF company, Andrew then moved into the corporate sector, further broadening his SMSF exposure.

Special responsibilities

Director

Cath Mary Mulcare

Qualifications

Bachelor of Economics, Fellow of Chartered Accountants Australia and New Zealand, Member of the Australian Institute of Company Directors.

Experience

Cath has strong finance, governance, risk management and regulatory experience and has worked across a range of industries with a strong focus on not for profit organisations.

Special responsibilities

Director



## SMSF Association Ltd

# Directors' Report

30 June 2016

### 1. General Information continued

#### Information on Directors and Officeholders continued

Deborah Ralston  
(appointed 1 July 2016)

##### Qualifications

Master of Economics, PhD in Finance, Fellow of CPA Australia, Fellow of Australian Institute of Company Directors, Senior Fellow Finsia

##### Experience

Deborah is a Professor of Finance at Monash University. She has had a number of senior appointments in Australian Universities, and most recently as Executive Director of the Australian Centre for Financial Studies. She has over 20 years of experience as a Non-executive Director on public and private sector boards. She is currently a Director of ASX Listed Mortgage Choice where she is Chair of the Investment Committee for Mortgage Choice Financial Planning. In 2015 she was appointed as the Chair of ASIC's Digital Finance Advisory Committee and is actively engaged in the fintech community.

##### Special responsibilities

Director

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

### Review of Operations

The SMSF Association Ltd generated a net loss after tax of \$ 277,721 (2015: \$7,960 profit after tax).

The result for the year reflects continued growth in our Specialist accreditation and Association membership. In line with our Strategic Plan we continued to invest into new Technology, Marketing and Branding in the 2016 financial year. In addition the Association executed plans to engage Trustees directly with education and information services.

### Principal Activities

As the peak body for the SMSF sector in Australia, the principal activities of the Association during the financial year were to raise the standard of advice provided by professionals; through education and professional development; advance the knowledge of the members, trustees, Government, service providers and the public; and to continue to build consumer confidence in the financial services industry.

The Association leads advocacy on behalf of the SMSF sector with Government regulators, and is a recognised thought leader in financial services both nationally and internationally.

No changes in the nature of the SMSF Association Ltd's activities occurred during the financial year.

### Strategic Objectives

The Association's short and long term objectives are to:

- Lead and advocate on behalf of the SMSF sector, enabling sustainable growth and national prosperity
- Continue to raise the standard of professionalism and ethical behaviour within the financial services industry
- Advance member education and knowledge in relation to the SMSF sector
- Engage SMSF trustees through education to advance their knowledge and improve consumer confidence

As part of achieving the above strategic objectives the Board and the Executive have committed to a new Strategic Plan to 2020. This strategic plan will be reviewed on an annual basis to maintain relevance and take advantage of opportunities as they arise.

## **SMSF Association Ltd**

### **Directors' Report**

**30 June 2016**

#### **1. General Information continued**

##### **Members' Guarantee**

SMSF Association Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called upon from each member is \$10.00 towards meeting any outstanding obligations of the company. At 30 June 2016 there were 3,037 members.

At 30 June 2016 the collective liability of members was \$ 30,370.

##### **Payments and other benefits**

In accordance with the SMSF Association Ltd constitution section 22.3 the Directors of the SMSF Association Ltd received remuneration in their capacity as a Director of the Association.

#### **2. Other Items**

##### **Significant changes in state of affairs**

There have been no significant changes in the state of affairs of the SMSF Association Ltd during the year.

##### **Events after the reporting date**

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

##### **Future Developments**

The SMSF Association's strategic plan to 2020 focuses on five core areas to achieve our strategic objectives:

- Creating the financial capacity to pursue our goals
- Leading the SMSF Sector by being the trusted source of information, education, policy positions and standards
- Drive an exceptional client centric experience
- To have a skilled, engaged and passionate workforce
- Grow and maintain sustainable, strong and mutual strategic partnerships while maintaining independence

The SMSF Association Ltd will continue to develop products and services to increase knowledge and information services for both trustees and professionals to enable them to make informed decisions.

##### **Environmental Issues**

The SMSF Association Ltd's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

##### **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.





## SMSF Association Ltd

### Directors' Report

30 June 2016

#### Meetings of Directors

During the financial year, six meetings of directors (excluding Committees of Directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Peter Ian Crump	6	6
Andrew Crawford Gale	6	6
Robin Lewis Bowerman	6	4
David Stewart Shirlow	6	6
Brett Nicholas Kenny	6	6
Andrea Elizabeth Slattery	6	6
Andrew John Hamilton	6	4
Cath Mary Mulcare	6	6
Deborah Ralston	-	-

#### Indemnification and insurance of officers and auditors

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 SMSF Association Ltd.

Insurance premiums have been paid during the financial year for Directors and Officers Liability and Professional Indemnity for the year ended 30 June 2016. No insurance premiums have been paid for the auditor.

#### Proceedings on behalf of Association

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

#### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2016 has been received and can be found on page 6 of the financial report.

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

Director: .....  
Andrew Crawford Gale - Chairman

Dated this 30 day of September 2016

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**To the Directors of SMSF Association Ltd:**

As lead auditor for the audit of SMSF Association Ltd for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

- + no contraventions of the independence requirements of the Corporations Act 2001 in relation to the audit; and
- + no contraventions of any applicable code of professional conduct in relation to the audit.

*Accru Harris Orchard*  
**ACCRU<sup>+</sup> HARRIS ORCHARD**

**BEN WILLINGTON  
DIRECTOR**

Signed at Dulwich this 30<sup>th</sup> day of September 2016.



**SMSF Association Ltd**

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2016**

	Note	2016 \$	2015 \$
Revenue	4	5,733,387	5,850,922
Education and technical expense		(3,693,121)	(3,563,880)
Depreciation and amortisation expense		(92,654)	(103,930)
Other expenses	5(a)	(2,228,509)	(2,178,131)
<b>Profit before income tax</b>		<b>(280,897)</b>	<b>4,981</b>
Income tax expense		24,294	(28,964)
<b>Profit (loss) from continuing operations</b>		<b>(256,603)</b>	<b>(23,983)</b>
<b>Profit (loss) for the year</b>		<b>(256,603)</b>	<b>(23,983)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>			
Fair value adjustment to available for sale assets	4	(21,118)	31,943
<b>Other comprehensive income for the year, net of tax</b>		<b>(21,118)</b>	<b>31,943</b>
<b>Total comprehensive income for the year</b>		<b>(277,721)</b>	<b>7,960</b>

**SMSF Association Ltd**

**Statement of Financial Position**

**As at 30 June 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	2,058,983	2,590,088
Trade and other receivables	8	131,366	36,616
Other financial assets	9	1,642,741	1,509,819
Other assets	12	46,571	98,949
<b>TOTAL CURRENT ASSETS</b>		<b>3,879,661</b>	<b>4,235,472</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	74,497	78,942
Deferred tax assets		40,372	16,078
Intangible assets	11	157,697	85,587
<b>TOTAL NON-CURRENT ASSETS</b>		<b>272,566</b>	<b>180,607</b>
<b>TOTAL ASSETS</b>		<b>4,152,227</b>	<b>4,416,079</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	351,712	443,514
Employee benefits	15	324,692	267,166
Deferred income	14	1,673,029	1,668,417
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,349,433</b>	<b>2,379,097</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	15	43,533	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>43,533</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,392,966</b>	<b>2,379,097</b>
<b>NET ASSETS</b>		<b>1,759,261</b>	<b>2,036,982</b>
<b>EQUITY</b>			
Issued capital		60	60
Retained earnings		1,759,201	2,036,922
<b>TOTAL EQUITY</b>		<b>1,759,261</b>	<b>2,036,982</b>



**SMSF Association Ltd**

**Statement of Changes in Equity**  
**For the Year Ended 30 June 2016**

**2016**

	Ordinary Shares \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2015</b>	60	2,036,922	2,036,982
Profit attributable to members of the Association	-	(256,603)	(256,603)
Total other comprehensive income for the period	-	(21,118)	(21,118)
<b>Balance at 30 June 2016</b>	<b>60</b>	<b>1,759,201</b>	<b>1,759,261</b>

**2015**

	Ordinary Shares \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2014</b>	60	2,028,962	2,029,022
Profit attributable to members of the Association	-	(23,983)	(23,983)
Total other comprehensive income for the period	-	31,943	31,943
<b>Balance at 30 June 2015</b>	<b>60</b>	<b>2,036,922</b>	<b>2,036,982</b>

## SMSF Association Ltd

### Statement of Cash Flows For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from members and non-mutual income		5,546,055	5,693,411
Payments to suppliers and employees		<u>(5,859,995)</u>	<u>(5,700,637)</u>
Net cash provided by/(used in) operating activities	22	<u>(313,940)</u>	<u>(7,226)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payments for property, plant and equipment		(24,554)	(19,013)
Payments for intangible assets		(135,765)	(22,051)
Receipts (payments) for investments		(154,040)	21,343
Fund distributions received		51,758	97,048
Interest received		<u>45,436</u>	<u>66,941</u>
Net cash provided by/(used by) investing activities		<u>(217,165)</u>	<u>144,268</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net increase/(decrease) in cash and cash equivalents held		(531,105)	137,042
Cash and cash equivalents at beginning of year		<u>2,590,088</u>	<u>2,453,046</u>
Cash and cash equivalents at end of financial year	7	<u><u>2,058,983</u></u>	<u><u>2,590,088</u></u>





## SMSF Association Ltd

# Notes to the Financial Statements

For the Year Ended 30 June 2016

The financial report covers SMSF Association Ltd as an individual entity. SMSF Association Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of SMSF Association Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 22 September 2016.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* applicable to Tier 3 Companies Limited by Guarantee.

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Only non-member income of the SMSF Association Ltd is assessable for tax, as member income is excluded under the principle of mutuality.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## SMSF Association Ltd

# Notes to the Financial Statements

For the Year Ended 30 June 2016

## 2 Summary of Significant Accounting Policies continued

### (a) Income Tax continued

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

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.

### (b) Leases

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

### (c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the SMSF Association Ltd and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

#### (i) Interest revenue

Interest is recognised using the effective interest method.

#### (ii) Dividend revenue

Dividends are recognised when the entity's right to receive payment is established.



**SMSF Association Ltd**

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2016**

**2 Summary of Significant Accounting Policies continued**

**(c) Revenue and other income continued**

**(iii) Rendering of services**

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

**(iv) Subscriptions, conferences and sponsorship**

Revenue from the provision of membership subscriptions and sponsorship is recognised on a straight line basis over the financial year to which they relate. Conference and sponsorship revenue linked with an identifiable event is recognised on completion of the event.

**(v) Other income**

Other income is recognised on an accruals basis when the SMSF Association Ltd is entitled to it.

**(d) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

**(e) Property, Plant and Equipment**

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

## SMSF Association Ltd

# Notes to the Financial Statements

For the Year Ended 30 June 2016

## 2 Summary of Significant Accounting Policies continued

### (e) Property, Plant and Equipment continued

#### (i) Plant and equipment

Plant and equipment are measured using the cost model.

#### (ii) Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the assets useful life to the SMSF Association Ltd, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Furniture, Fixtures and Fittings	2 to 6 years
Office Equipment	2 to 6 years
Office improvements	5 to 40 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

### (f) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the SMSF Association Ltd becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

## SMSF Association Ltd

# Notes to the Financial Statements

## For the Year Ended 30 June 2016

### 2 Summary of Significant Accounting Policies continued

#### (f) Financial instruments continued

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The SMSF Association Ltd's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the SMSF Association Ltd renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the SMSF Association Ltd does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the SMSF Association Ltd's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.



## SMSF Association Ltd

# Notes to the Financial Statements

## For the Year Ended 30 June 2016

### 2 Summary of Significant Accounting Policies continued

#### (f) Financial instruments continued

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The SMSF Association Ltd's available-for-sale financial assets include listed securities and its investments managed by Evans & Partners.

All other available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated statement of profit or loss and other comprehensive income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

##### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. The SMSF Association Ltd's financial liabilities include trade and other payables (including finance lease liabilities) which are measured at amortised cost using the effective interest rate method.

##### *Impairment of financial assets*

At the end of the reporting period the SMSF Association Ltd assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

## SMSF Association Ltd

# Notes to the Financial Statements

## For the Year Ended 30 June 2016

### 2 Summary of Significant Accounting Policies continued

#### (f) Financial instruments continued

##### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

#### (g) Impairment of non-financial assets

At the end of each reporting period the SMSF Association Ltd determines whether there is evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

#### (h) Intangible Assets

##### (i) Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Trademarks have an indefinite life and are carried at cost less any accumulated amortisation and any impairment losses.

##### (ii) Software

Software (computer software and website costs) has a finite life and is carried at cost less any accumulated amortisation and impairment losses.

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 software and website intangible assets are 1 to 3 years.

## SMSF Association Ltd

# Notes to the Financial Statements

## For the Year Ended 30 June 2016

### 2 Summary of Significant Accounting Policies continued

#### (h) Intangible Assets continued

##### (iii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

#### (i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (j) Employee benefits

Provision is made for the SMSF Association Ltd's liability for employee benefits including Long Service Leave and Annual Leave arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the SMSF Association Ltd does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

##### Termination benefits

Termination benefits are those benefits paid to an employee as a result of either the entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Termination benefits are recorded as a provision at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

#### (k) Provisions

Provisions are recognised when the SMSF Association Ltd 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.



## **SMSF Association Ltd**

# **Notes to the Financial Statements**

## **For the Year Ended 30 June 2016**

### **2 Summary of Significant Accounting Policies continued**

#### **(k) Provisions continued**

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### **3 Critical Accounting Estimates and Judgments**

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - impairment of property, plant and equipment**

The SMSF Association Ltd assesses impairment at the end of each reporting period by evaluating conditions specific to the SMSF Association Ltd that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### **Key estimates - fair value of financial instruments**

The SMSF Association Ltd has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

#### **Key estimates - provisions**

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

#### **Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

## SMSF Association Ltd

### Notes to the Financial Statements

For the Year Ended 30 June 2016

#### 4 Revenue and Other Income

##### Revenue from continuing operations

	2016 \$	2015 \$
Membership revenue		
- member subscriptions	1,848,772	1,835,449
<b>Total Membership Revenue</b>	<b>1,848,772</b>	<b>1,835,449</b>
Other revenue		
- education programs	3,648,688	3,718,299
- other mutual and non-mutual income	138,733	133,183
- interest received	51,758	66,941
- fund distributions	45,436	97,050
<b>Total Other Revenue</b>	<b>3,884,615</b>	<b>4,015,473</b>
<b>Total Revenue</b>	<b>5,733,387</b>	<b>5,850,922</b>
Other Comprehensive Income		
Fair value adjustment to available for sale assets	(21,118)	31,943

#### 5 Result for the Year

##### (a) Expenses included in Administration or Other expenses

	2016 \$	2015 \$
Depreciation and Amortisation		
Property, plant and equipment	25,052	29,071
Computer software, other	67,602	63,566
Patents, trademarks and other rights	-	11,293
<b>Total Depreciation and Amortisation</b>	<b>92,654</b>	<b>103,930</b>
Rent	160,308	195,939
Marketing	579,858	567,243
Travel	148,402	147,698
Consulting and professional fees	41,425	44,066
IT Expenses	54,940	123,858

**SMSF Association Ltd**

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2016**

**6 Income Tax Expense**

(a) The major components of tax expense (income) comprise:

	2016 \$	2015 \$
Current tax expense		
Income tax - current period	(24,294)	28,964
	<u>(24,294)</u>	<u>28,964</u>

(b) Reconciliation of income tax to accounting profit:  
Prima facie tax payable / (benefit) on operating profit /  
(loss) before income tax at 30% (2015: 30%)

	(84,269)	1,494
Add:		
Tax effect of:		
- non-deductible items	1,250,378	1,231,294
- temporary differences	(13,187)	41,611
- income tax losses to be recognised in future periods	-	31,813
	<u>1,152,922</u>	<u>1,306,212</u>
Less:		
Tax effect of:		
- tax effect of items not assessable for tax	1,158,731	1,278,639
- tax effect of permanent differences	(7,747)	(1,391)
Recoupment of prior year tax losses not previously brought to account	26,232	-
Income tax expense	<u>(24,294)</u>	<u>28,964</u>

**7 Cash and cash equivalents**

	2016 \$	2015 \$
Cash at bank and in hand	1,415,786	1,411,181
Deposits at call	643,197	1,178,907
	<u>2,058,983</u>	<u>2,590,088</u>



## SMSF Association Ltd

### Notes to the Financial Statements

For the Year Ended 30 June 2016

#### 8 Trade and other receivables

	2016	2015
	\$	\$
CURRENT		
Trade receivables	69,190	26,143
Other receivables	62,176	10,473
<b>Total current trade and other receivables</b>	<b>131,366</b>	<b>36,616</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

#### 9 Other financial assets

	2016	2015
	\$	\$
CURRENT		
Available for sale financial assets	1,642,741	1,509,819

Available-for-sale financial assets are comprised of investments in the ordinary issued capital of various entities.

#### 10 Property, plant and equipment

	2016	2015
	\$	\$
Office equipment		
At cost	-	121,854
Accumulated depreciation	-	(81,123)
<b>Total plant and equipment</b>	<b>-</b>	<b>40,731</b>
Furniture, fixtures and fittings		
At cost	172,759	75,016
Accumulated depreciation	(98,494)	(37,070)
<b>Total furniture, fixtures and fittings</b>	<b>74,265</b>	<b>37,946</b>
Leasehold improvements		
At cost	4,648	4,648
Accumulated depreciation	(4,416)	(4,383)
<b>Total improvements</b>	<b>232</b>	<b>265</b>
<b>Total plant and equipment</b>	<b>74,497</b>	<b>78,942</b>

**SMSF Association Ltd**

**Notes to the Financial Statements**

**For the Year Ended 30 June 2016**

**10 Property, plant and equipment continued**

**(a) 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 \$	Furniture, Fixtures and Fittings \$	Leasehold Improvements \$	Total \$
<b>Year ended 30 June 2016</b>				
Balance at the beginning of year	40,731	37,946	265	78,942
Additions	14,194	10,360	-	24,554
Disposals - written down value	-	(3,955)	-	(3,955)
Net transfers	(37,535)	37,535	-	-
Depreciation expense	(17,390)	(7,621)	(33)	(25,044)
<b>Balance at the end of the year</b>	<b>-</b>	<b>74,265</b>	<b>232</b>	<b>74,497</b>

**11 Intangible Assets**

	2016 \$	2015 \$
Patents, trademarks and other rights		
Cost	18,987	22,052
<b>Net carrying value</b>	<b>18,987</b>	<b>22,052</b>
Computer software and website		
Cost	142,777	416,617
Accumulated amortisation and impairment	(4,067)	(353,082)
<b>Net carrying value</b>	<b>138,710</b>	<b>63,535</b>
<b>Total Intangibles</b>	<b>157,697</b>	<b>85,587</b>

**(a) Movements in carrying amounts of intangible assets**

	Patents, trademarks and other rights \$	Computer software and website \$	Total \$
<b>Year ended 30 June 2016</b>			
Balance at the beginning of year	22,052	63,535	85,587
Additions	-	142,777	142,777
Amortisation	(3,065)	(4,067)	(7,132)
Disposals - written down value	-	(63,535)	(63,535)
<b>Closing value at 30 June 2016</b>	<b>18,987</b>	<b>138,710</b>	<b>157,697</b>

# SMSF Association Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 12 Other assets

CURRENT  
Prepayments

2016	2015
\$	\$
46,571	98,949

### 13 Trade and other payables

CURRENT  
Trade payables  
Other payables

2016	2015
\$	\$
158,798	124,550
192,914	318,964
<b>351,712</b>	<b>443,514</b>

### 14 Deferred Income

Membership subscriptions  
Sponsorship income  
Education income

2016	2015
\$	\$
1,287,399	1,299,083
129,180	84,733
256,450	284,601
<b>1,673,029</b>	<b>1,668,417</b>

### 15 Employee Benefits

Current liabilities  
Employee benefits

2016	2015
\$	\$
324,692	267,166
<b>324,692</b>	<b>267,166</b>

Non-current liabilities  
Employee benefits

2016	2015
\$	\$
43,533	-
<b>43,533</b>	<b>-</b>

### 16 Leasing Commitments

#### (a) Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year
- between one year and five years

2016	2015
\$	\$
155,356	184,212
18,719	184,212
<b>174,075</b>	<b>368,424</b>



## SMSF Association Ltd

### Notes to the Financial Statements For the Year Ended 30 June 2016

#### 17 Fair Value Measurement

The SMSF Association Ltd measures the Financial Assets managed by Evans & Partners at fair value on a recurring basis.

##### Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by Association:

	Level 1	Level 2	Level 3	Total
30 June 2016	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Investments with Evans & Partners	1,642,741	-	-	1,642,741
<b>30 June 2015</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Investments with Evans & Partners	1,509,819	-	-	1,509,819

##### Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

##### Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

## SMSF Association Ltd

### Notes to the Financial Statements For the Year Ended 30 June 2016

#### 17 Fair Value Measurement continued

##### Net Fair Values

##### *Fair value estimation*

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

	2016		2015	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2,058,983	2,058,983	2,590,088	2,590,088
Trade and other receivables	131,366	141,366	36,616	36,616
	<b>2,190,349</b>	<b>2,200,349</b>	<b>2,626,704</b>	<b>2,626,704</b>
Available-for-sale financial assets:				
at fair value				
- listed investments	1,642,741	1,642,741	1,509,819	1,509,819
	<b>1,642,741</b>	<b>1,642,741</b>	<b>1,509,819</b>	<b>1,509,819</b>
<b>Total financial assets</b>	<b>3,833,090</b>	<b>3,843,090</b>	<b>4,136,523</b>	<b>4,136,523</b>
<b>Financial liabilities</b>				
Trade and other payables	158,798	158,798	124,550	124,550
Credit cards	7,098	7,098	13,457	13,457
<b>Total financial liabilities</b>	<b>165,896</b>	<b>165,896</b>	<b>138,007</b>	<b>138,007</b>

## SMSF Association Ltd

# Notes to the Financial Statements

For the Year Ended 30 June 2016

## 18 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of SMSF Association Ltd during the year are as follows:

	2016	2015
	\$	\$
Short-term benefits	1,544,521	1,262,356
Post-employment benefits	110,475	90,596
	<b>1,654,996</b>	<b>1,352,952</b>

### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 19: Related Parties & Key Management Personnel.

## 19 Related Parties & Key Management Personnel

### (a) The SMSF Association Ltd's main related parties are as follows:

#### (i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 18: Interests of Key Management Personnel.

#### (ii) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

## 20 Contingencies

In the opinion of the Directors, the SMSF Association Ltd did not have any contingencies at 30 June 2016 (30 June 2015: None).

## 21 Events Occurring After the Reporting Date

The financial report was authorised for issue on 22 September 2016 by the Board of Directors.

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



## SMSF Association Ltd

### Notes to the Financial Statements For the Year Ended 30 June 2016

#### 22 Cash Flow Information

##### (a) Reconciliation of cash

	2016	2015
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	2,058,983	2,590,088

##### (b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Profit (loss) for the year	(277,721)	7,960
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	92,654	103,930
- unrealised (gains)/losses on investments	21,118	(31,941)
- fund distributions received	(51,958)	(97,050)
- interest received	(45,436)	(66,942)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(42,372)	(42,900)
- (increase)/decrease in deferred tax receivable	(24,294)	28,964
- increase/(decrease) in trade and other payables	(77,181)	43,242
- increase/(decrease) in income taxes payable	(10,009)	54,293
- increase/(decrease) in employee benefits	101,259	(6,782)
Cashflow from operations	<u>(313,940)</u>	<u>(7,226)</u>

#### 23 Company Details

The registered office of and principal place of business of the company is:

SMSF Association Ltd  
SMSF House  
Level 1, 366 King William Street  
Adelaide SA 5000



## SMSF Association Ltd

### Directors' Declaration

The Directors of the SMSF Association Ltd declare that:

1. The financial statements and notes, as set out on pages 7 to 29, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the SMSF Association Ltd.
2. In the Directors' opinion, there are reasonable grounds to believe that the SMSF Association Ltd 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.

A handwritten signature in black ink, reading 'Andrew Gale'.

Director .....  
Andrew Crawford Gale - Chairman

Dated this 30 day of September 2016

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SMSF ASSOCIATION LTD**

**Report on the Financial Report**

We have audited the accompanying financial report of SMSF Association Ltd. This comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement 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 gives 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 Association Ltd, 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 Association Ltd is in accordance with the Corporations Act 2001, including:

- + giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- + complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001

  
**ACCRU<sup>+</sup> HARRIS ORCHARD**

**BEN WILLINGTON  
DIRECTOR**

Signed at Dulwich this 6<sup>th</sup> day of October 2016.