



SMSF Association
Annual Report
2018



SMSF Association

Annual Report

Contents



SMSF Association Annual Report

Contents

| | |
|---|-----------|
| Chair's Report | 03 |
| CEO's Report | 05 |
| Patron's Report | 08 |
| Highlights | 09 |
| A Year in Review | 13 |
| Our Strategy | 15 |
| Financial Summary | 17 |
| Policy and Advocacy | 19 |
| Education and Technical | 21 |
| Membership | 23 |
| Our Board, Association and Advisory Committees | 29 |
| Corporate Governance | 31 |
| Our Directors | 33 |
| Financial Statements | 38 |

3 SMSF Association Annual Report

Chair's Report

There is no denying that this is a time of uncertainty in the self-managed super fund sector. But while there are many challenges before us, it is important not to lose focus on the opportunities existing for well-qualified SMSF professionals. The need for quality advice from trusted advisors has never been greater.

As a professional body, the SMSF Association is vitally aware of the role we play in supporting your endeavours and building value for your membership. We do that through our on-going CPD and education offerings, technical updates and through undertaking advocacy on your behalf.

As members you will be well aware of the range of CPD and education activities undertaken by the Association; our public policy responses and advocacy may be less evident. Through this work we pride ourselves in being a trusted source of advice on the sector, especially with policy makers in Canberra, in representing the views of members, as well as protecting the long-term integrity of SMSFs.

It has been an incredibly busy time for policy and advocacy this year, with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the Productivity Commission Draft Report into Competition and Efficiency in Superannuation, the ASIC SMSF Advice Report, budget

recommendations on a three-year SMSF audit cycle, and the FASEA reforms.

Although we saw some disappointing insights into advisor conduct through the Royal Commission and the ASIC report, a common and dominant theme has been the importance of professionalism and specialist education when advising on SMSFs. We reaffirm our commitment to bring you the most current and highest quality on-going technical education, enshrining the SMSF Specialist Advisor and SMSF Specialist Auditor designations as the pinnacle of professionalism.

Both the Productivity Commission and ASIC have noted the need for greater financial literacy on the part of SMSF trustees. Indeed, we have seen a real drive from trustees to have a better understanding of their own responsibilities and to connect with SMSF professionals. This was well demonstrated at the SMSF Trustee Expo held in Melbourne in April, and we will take that further with SMSF Week in November, bringing together advisors and SMSF members for shared insights.

The draft Productivity Commission report released in May contained some surprising recommendations. Despite acknowledging the difficulties involved in comparing the performance of APRA-regulated superannuation funds and SMSFs, the draft report made some courageous statements concerning the minimum efficient size of SMSFs.

Our response was thorough and included not only very detailed performance data from platform providers BGL and Class, but also the views of our practitioner members on this subject. The submission was compelling, and well refuted



Chair's Report

the proposed \$1m threshold. We look forward to the Productivity Commission's response on the issue.

The Federal Budget announcement concerning a proposed three-year SMSF audit cycle caught us somewhat unaware. Since then we have conducted extensive consultation with our members. Our final submission concluded that, while there may be a subset of SMSFs that would benefit from the small economies of scale achievable, the policy would not achieve a reduction in costs and efficiency or provide sufficient incentives for the entire sector. Furthermore, the design and application to alter the current system to incorporate what is a good fund, trigger events, monitoring and staggering of three-year audits, especially early on, may be so difficult that the costs and complexity would outweigh the benefits.

FASEA reforms have also been a key focus of our deliberations. Once again, we have consulted widely with members and made several submissions to reflect your views on education standards, CPD, and recognised prior learning.

One of the major public policy issues facing Australia is to ensure that we have a fair, coherent and sustainable retirement income policy framework that deals with the drawdown phase in an efficient manner with appropriate incentive structures. Accordingly, we have established the Alliance for a Fairer Retirement System with eleven other national associations to promote the shared goals of encouraging self-funded retirees to maintain confidence in our retirement framework and to reduce pressure on the public purse during their retirement. The ALP's stated intention to remove cash

refunds on franking credits has been a matter of great concern both to our professionals and trustees.

From a Board perspective we take the issue of governance very seriously. We are going through a period of Board renewal at present and we are very sad to lose long standing Board members Peter Crump and Brett Kenny. Peter is a former Chair of the SMSF Association Board and Chair of the Governance and Risk Committee, and Brett has given outstanding service as Chair of both the Membership and Finance Committees. Our latest appointment to the Board is Liam Shorte, who will now Chair the Membership Committee. Liam has been a member for the better part of a decade and has received several awards recognising his skills as an SMSF Specialist Advisor.

I would be remiss if I did not on behalf of the Board recognise the outstanding and hard-working team at the Association. Under the leadership of CEO John Maroney, the team continues to punch well above its weight and delivers excellent value for members.



Professor Deborah Ralston
Chair



5 SMSF Association Annual Report

CEO's Report

It has been an extremely challenging year for your Association. After working diligently with members to bed down the momentous changes to superannuation that took effect on 1 July 2017, our super sector could have been forgiven for thinking 2018 would usher in quieter times. As we all know, it's been anything but quiet.

A raft of inquiries, reports and industry changes, including the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, a Productivity Commission draft report into Competition and Efficiency in Superannuation, an ASIC SMSF advice report and the ongoing FASEA reforms, have demanded time and resources to ensure we responded in a considered way to deliver the best outcomes for our members and the SMSF sector.

With all these different and often difficult issues, we have been able to rely on our members' support. After my first full calendar year in the CEO role, I can say how rewarding it is to lead an organisation where the membership is actively involved, whether it be volunteering, providing feedback, attending events or participating in our educational activities.

Over the past 18 months, I have come to recognise the professionalism, diligence, and competence of our members and the valuable services they provide to many of the 600,000 SMSFs. Our professional members provide outstanding support to the SMSF sector.

However the bar is being frequently lifted by the Government and regulators, and all advisors will need to respond accordingly. Your Association, as the primary voice for SMSF advisors, will continue to advocate strongly on your behalf. But, at the same time, we must all acknowledge that higher standards will be expected. We will work diligently through the consultation process to deliver the best outcome for members and the SMSF sector.

The Association strives to support all members via our education and accreditation activities, including technical conferences, masterclasses, the National Conference and many other activities. We have a solid foundation in higher education via our partnership with the University of Adelaide and Kaplan and intend to build upon these partnerships. CPD should be regarded as the life-long learning complement to higher education.

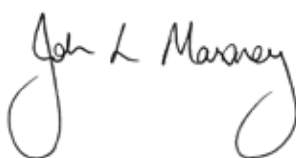
We are also continuing to develop our trustee initiative, to help improve the knowledge and understanding of SMSF trustees and to encourage them to seek professional advice from SMSF specialists. In this vein, your Association, with like-minded partners, arranged the inaugural SMSF Expo in Melbourne in April, attracting thousands of registrations. We will also launch an upgraded Trustee Knowledge Centre soon and continue encouraging SMSF trustees to use the Find a Specialist facility.

In another initiative, in November we will launch the inaugural SMSF Week, an event designed to promote awareness and understanding about the SMSF sector via media visibility, social media activity, thought leadership contributions, local community activities and engagement with SMSF professionals and SMSF trustees. Other SMSF promotional activities, including an annual SMSF Trustee Festival, remain in the pipeline as part of our long-term strategy to enhance education and accreditation of SMSF professionals and SMSF trustees.

In what has been a challenging year, it should not be forgotten that we have achieved some good policy outcomes. The Government increased the number of members allowed in an SMSF from four to six, offering greater flexibility about how funds can be structured. The release of draft regulations to extend SuperStream to SMSF rollovers was also welcome. Treasury's discussion paper on the proposal to allow three-year audits for some SMSFs has ensured that all legitimate concerns regarding this proposal received full consideration. We have responded to that discussion paper and called on the Government to reconsider its proposal as our analysis indicates that the intention to reduce red tape and audit costs is unlikely to be achieved. We look forward to the Government's response.

The Board is reviewing the Association's strategic plan and is scheduled to complete the review early next year in advance of setting next year's budget and operational plans. Membership input to the review will be provided by the National Membership Committee, local communities and via membership surveys. Preliminary Board discussions indicate that an evolutionary approach from the existing strategy is appropriate as the starting point for discussion. We look forward to receiving input from members and continuing to work with all stakeholders to further develop the SMSF sector in a positive manner.

I want to conclude by thanking all Board members, volunteers and Association staff for the contributions they have made to supporting the Association's activities during the year and helping protect and promote the credibility and health of a vibrant SMSF community.



John Maroney
CEO





Welcome t

SMSF

We are here to
improve the quality
of advisors, the
knowledge of trustees
and the credibility and
health of a vibrant
SMSF community.

SMSF Association

Patron's Report

During one of my first roles as Patron of the SMSF Association, I had the privilege of addressing the delegates at this year's National Conference held in Sydney.

I spent much of my address speaking about responsible investment and how socially responsible investing is a growing market globally. It is becoming an increasingly important principle guiding the investment strategies of many Australians including SMSF trustees. Many people are becoming more engaged and rewarded by ethical investment.

Since the National Conference in February quite a lot has happened in the SMSF and wider superannuation sectors. The commencement of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and other reports released by the Productivity Commission and ASIC have brought to light some examples of questionable behaviour. Unfortunately, the industry as a whole is being painted with this broad, negative brush, including many professionals who are doing the right thing for their clients.

One of the conundrums that the Royal Commission has highlighted is the difficulty for large, complex organisations to meet community expectations for fair and proper conduct, despite many well intentioned and ethical individuals being employed by such organisations. We await with interest how the Royal Commission will deal with these seemingly intractable problems.

Many members would say the reason they became SMSF Specialists is to assist others in each of their life stages and advise them of the best financial opportunities available. It may be a challenge, particularly in the current climate, to navigate increased and constantly changing regulation and to also keep up to date with professional development obligations. In turn, keeping clients up to date and providing the best advice and services for them is a constant challenge.

As I mentioned in my last Patron report in the 2017 Annual Report, I continue to challenge you to take the time and the effort to give back to your community. This will not only enrich the lives of those amongst the wider community, but also enrich you as an individual.



Rev Tim Costello
Patron



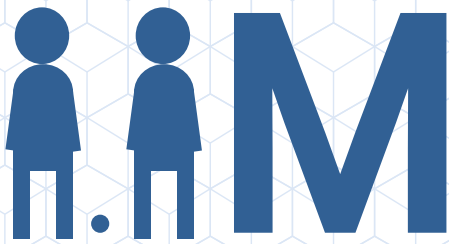


9

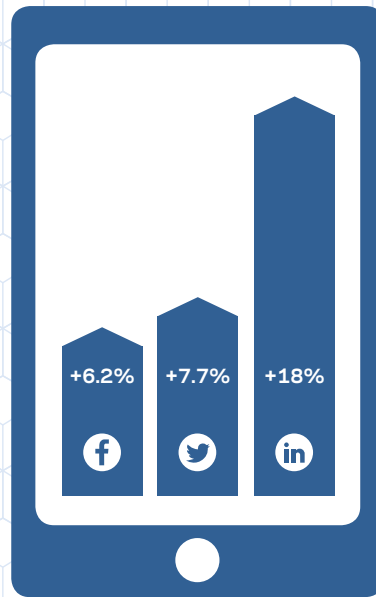
SMSF Association Annual Report

Highlights

The Association has an active social media presence and has seen a steady increase in followers engaging with regular updates.

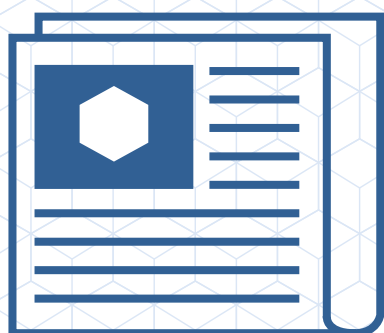


The SMSF sector is comprised of 1.1 million SMSF members who have over \$750 billion of funds under management.



The Association presented 86 face-to-face events over the year including Local Communities, Intensive workshops and Masterclasses.

32.3% of funds established in the March 2018 quarter were by those aged 35-44 years.



The Association was featured 2,756 times in a range of online trade publications, mainstream and social media.



Superannuation funds, SMSF, assets, property, income, advice, clients & shares are some of the trending words over the last 12 months in regards to SMSF sector news.



"As the industry leading standard for providing SMSF advice it (SMSF Specialist accreditation) does give my clients confidence as it demonstrates my area of expertise within the industry. "

James Bradford SSA™,
Partner, Yap Bradford & Associates
Member since: February 2004





13 SMSF Association Annual Report

The Year in Review

November 2017
Annual General Meeting held in the Association's Adelaide Office Boardroom.



February 2018
Largest National Conference held at Sydney ICC, with over 1,600 attendees.



February 2018

Announcement of new Chair, Professor Deborah Ralston at National Conference 2018.

August 2018

Technical Day Series for SMSF professionals travelled around the country (Beginning in Adelaide, then Melbourne, Sydney, Brisbane and finishing in Perth).

SMSF Association 14

Annual Report

The Year in Review



April 2018

Inaugural SMSF Expo held at the Melbourne Convention & Exhibition Centre with 1,680 visitors attending over 3 days.

February 2019

National Conference will be held at the Melbourne Convention & Exhibition Centre on Wednesday 20 - Friday 22 February 2019.



15 **SMSF Association** Annual Report

Our Strategy

The SMSF Association is coming to the end of the latest 5-year strategic planning cycle that commenced in July 2014.

Since then there has been a number of achievements that have built on the past success. Through our vision to 'enable Australians to take greater control of their own destiny through a sustainable SMSF community' the Association targets 5 key objectives. This table highlights some of the key achievements against these objectives since July 2014.

| | | |
|----|--------------------------------|---|
| 1. | FINANCIAL | Achieve performance that enables reinvestment for future development and growth |
| 2. | LEADING THE SMSF SECTOR | The standard setter for SMSF education and professionalism |
| 3. | CUSTOMER—CLIENT CENTRIC | Drive an exceptional client experience for all members and stakeholders |
| 4. | EMPLOYEES | A skilled, passionate and engaged workforce |
| 5. | STRATEGIC PARTNERSHIPS | Sustain and grow strong mutually and financially beneficial partnerships. |

Our Strategy

As part of the framework for the 2020 strategic plan and beyond the Association will continue our role in leading the professionalism, integrity and sustainability of the SMSF sector.

In accordance with our Constitution we will continue to represent all segments of the SMSF sector to ensure that we have a vibrant and sustainable community into the future.

We look forward to involving members and sharing further details of our upcoming strategic plan in early 2019.

- Achievement of overall budget targets to allow for investment into the Association

- Significant reinvestment into systems and processes to better serve members

- 15% increase in Gross Revenue

- Maintained SSA™ / SSAud® as peak recognition for SMSF advisors

- Strong key relationships with all major political parties

- Recognised as primary sector voice

- Invited to all key regulatory advisory groups

- Continued growth in the SMSF sector's biggest Conference

- Changed our name to reflect our position as "the" industry voice

- 18% increase in the number of Specialist members

- Consistently achieving high member satisfaction levels'

- More complimentary CPD pathways for members

- Awareness campaigns to engage directly with trustees on why they need an SMSF Specialist

- Growing recognition within consumer market for requirement of an SMSF Specialist

- Establishment of first Graduate Certificate in SMSFs for professionals to extend their education

- Relocation of Adelaide office to new premises after end of existing lease

- Successful recruitment and retention of key management personnel

- High staff satisfaction ratings and engagement scores

- Higher education providers

- ATO memorandum of understanding

- Engagement of key commercial relationships to broaden reach and delivery of services



17 SMSF Association Annual Report

Financial Summary

The 2018 financial result was a deficit of \$255,032. This reflected a year of consolidation and ongoing investment into resources for members following a year of regulatory change and a step towards returning the Association to break even as planned in 2019.

Financial Results for 2018

\$255,032 deficit compared to \$481,900 deficit in 2017

Revenue

\$6.22 million equivalent to \$6.22 million in 2017

Operating Expenses

\$6.49 million compared to \$6.75 million in 2017

Other key results:

- 6% increase in membership income
- 15% decrease in phone expenses
- 12% decrease in travel expenses
- Exiting of managed financial investments to protect member capital
- Entry into new 5 year lease and fit out of new premises in Adelaide (including some one off relocation costs)
- 3.5% decrease in overall staffing costs
- Increased depreciation and amortisation as a result of past investment in CRM & website and new premises

Below is a summary of the key projects and initiatives that the Association has invested in during the past financial year.

Customers

- Launching of pilot of Technical Research Service for members
- Improved access to trustee white label information
- Improved Trustee Knowledge Centre for trustees to access with a focus on directing trustees to seek SMSF Specialist advice
- National roadshow seeking member input into FASEA changes

Education

- Development of a range of white label documents and Go-To Guides to assist members with the changes in super legislation
- Increase in surveys and communication with members to seek policy input

Other Projects

- Relocation of Adelaide office
- Key submissions to FASEA, Treasury and Productivity Commission on important policy issues
- Establishment of the Regulatory Panel to seek further input into policy issues



"SMSF Association accreditation provides the opportunity for me to connect with people, consult with them, and learn from them."

Naomi Kewley SSA™SSAud®,
Managing Director, Peak Super Audits.
Member since: May 2015





19 SMSF Association Annual Report

Policy and Advocacy

One of the pillars of the SMSF Association is to maintain the strength and integrity of the wider SMSF and superannuation sectors. To do this, a large portion of our advocacy work is done through relationships with Government, key stakeholders and our valuable members.

During 2017-18 our advocacy has focused on a range of key policy issues and submissions. These submissions aim to best represent our members' views to Government and regulators while also aiming to maintain the integrity and sustainability of the SMSF sector.

ALP franking credit proposal

The announcement by the Australian Labor Party in March 2018 that if elected they would ban cash refunds for franking credits was strongly opposed by the SMSF Association given its detrimental impacts on SMSFs, especially those in retirement phase. The Association led with a strong voice in media and to policymakers on the drawbacks and unfairness of the proposal. Our advocacy work included writing policy papers, opinion piece articles, media interviews and letter templates for writing to MPs. We also formed the Alliance for a Fairer Retirement System with other leading retirement, investor and financial advice organisations to oppose this policy.

Productivity Commission submission

Based on the Productivity Commission's draft report – Superannuation: Assessing Efficiency and Competitiveness, we asked for member feedback to help prepare our submission to argue that SMSFs do not need a \$1 million balance to be viable compared to large funds.

Our submission focused on the weaknesses of the Commission's analysis to reach this conclusion, especially the flawed data and investment return methodology they used. We also explained how SMSF demographics and different costs incurred by SMSFs and APRA-regulated funds impacted their analysis. These issues made it unreasonable for the Commission to appropriately make a finding that SMSFs are not cost-effective with a balance below \$1 million. Alternative data supported this statement that SMSFs are in fact cost effective with a balance below \$1 million.

Another recommendation within our submission was asking that the Commission considers the impact on choice in superannuation that establishing a minimum balance required for SMSFs would have as well as the weaknesses inherent in such a policy. In addition, in regards to the Commission's concerns regarding the quality of SMSF advice, we recommended that any advisor providing advice to SMSF trustees should have relevant SMSF education and qualifications.

Proposed three-yearly audit cycle for some self managed super funds

The 2017-18 Federal Budget announcement to allow certain SMSFs to have a three-yearly audit cycle was another significant policy issue for the Association in 2018. While the Association supports ways to improve efficiency in the SMSF sector, after consulting our members we ascertained that this would not be achieved by the Government's proposal. Our member survey on this issue recorded 86% of our members believing that it was unlikely to result in significant cost reduction for eligible SMSFs.

The proposal also had the potential to undermine the integrity of the SMSF sector and make compliance more complex. Accordingly, we recommended that the Government reconsider progressing the proposal.

Other notable submissions and policy achievements for the year

- Technical amendments including that transition to retirement income streams should not enter retirement phase unless it is acknowledged by the member.
- Improving practical implementation of exempt current pension income for the 2016-17 income year.
- Input on ATO guidance for SMSFs on new superannuation laws.
- Refining the Government's Total Superannuation Balance (TSB) limited resource borrowing arrangements (LRBA) amendments to restrict the amendments to targeting behaviour that seeks to manipulate the TSB rather than applying to all LRBAs.
- Australian Law Reform Commission (ALRC) Report into Elder Abuse – the ALRC utilised our recommendations in their final report to Government to help mitigate the risks that could face aging SMSF members.
- The ATO followed our recommendation to 'carve out' SMSF members with a total superannuation balance under \$1 million from transfer balance cap event-based reporting, which commenced as at 1 July 2018. We also impacted the frequency of reporting to quarterly instead of monthly.
- A more sensible approach to means testing for lifetime retirement income streams.

Jordan George
Head of Policy

SMSF Association 20 Annual Report

Policy and Advocacy





21 SMSF Association Annual Report

Education and Technical

Much of the past year has been focused on the Financial Adviser Standards and Ethics Authority (FASEA) and their proposed education standards for financial advisors. The Association strongly supports enhanced professionalism for financial advisors and raising education standards but also believes that this must be done in an efficient, fair and reasonable manner without causing damage to the profession.

Submission on FASEA Education Standards for Advisers

As a result of valuable member consultation that included Australia-wide round table discussions and an online member survey, many members raised concerns that more needs to be done to transition existing financial advisors into the new framework, specifically for long-term experienced advisors and for accountants with limited financial advice licenses.

Our submission, based on member feedback, has recommended that FASEA should consider:

- Ensuring advisors that have already completed high quality financial advice and accreditation have this recognised under the new regime, especially when they have completed all that could be reasonably expected to ensure they are giving quality financial advice.
- Providing increased guidance on how recognised prior learning for existing financial advisors will be accounted for in the transition of existing advisors to the new standard, without a cap of 50%.
- A simpler approach when determining related degrees which looks at specialisation and majors rather than specific underlying subjects.
- Ensuring bridging courses encompass flexibility in their design and delivery, providing value to advisors rather than merely a hurdle an advisor needs to clear to continue giving advice.
- Adding a relevant new related pathway for accountants with a limited licence as those accountants have not been adequately considered as yet.

Education and Technical

The importance of Specialisation

FASEA and the general feeling amongst financial professionals is the importance, more so now than ever, of having higher education standards.

The Association has a high proportion of Specialist members with 59% of members being able to call themselves SMSF Specialists and use the designation(s) that comes with this. This title does come with the responsibility of continual professional development which is ongoing. Despite the time and cost associated with this, it is vital that your SMSF technical knowledge remains at the highest level and you are continually working to extend this level.

Technical update

From a technical viewpoint, this year hasn't seen as many superannuation legislation changes as it has in recent memory. However, many of you are working on the implementation of these changes and the potential opportunities they have presented.

The 2018 Technical Day Series focused on your clients and how to best arm yourself for a range of different scenarios you may find yourself in during day-to-day office life. The sessions explored the practical applications of the superannuation changes with a strong focus on due diligence for new and existing clients. The sessions also allowed attendees to analyse the

advantages or disadvantages of wider wealth creation strategies, the role of alternative investment structures to assist clients in building wealth all whilst navigating the tough legislative and regulatory changes taking place. It was a worthwhile Series and one that allowed a deeper conversation around key topics with multi-disciplinary SMSF professionals.

What are the SMSF Association's next steps?

At the time of publishing, we are waiting further information from FASEA regarding our submission and what this will involve. The Association will continue to deliver updates as and when they become available and consult with our members on the potential implications they may deliver.

We are currently working on the delivery of our accreditation programs to ensure they are of the highest standard possible and continue to provide the latest SMSF information to those undertaking them.

Peter Hogan
Head of Education and Technical



23 SMSF Association Annual Report

Membership

SMSF Association Membership as at 30 June 2018:

| Membership type | % of total membership |
|-----------------|--------------------------|
| Specialist | 59% |
| Associate | 37% |
| Affiliate | 3% |
| Retired | 1% |

| Profession | % of total membership |
|---------------------|--------------------------|
| Accountant | 41% |
| Financial Planner | 41% |
| Auditor | 4% |
| Corporate | 2% |
| Lawyer | 2% |
| SMSF Administration | 2% |
| Other | 8% |

Membership distribution across the country:



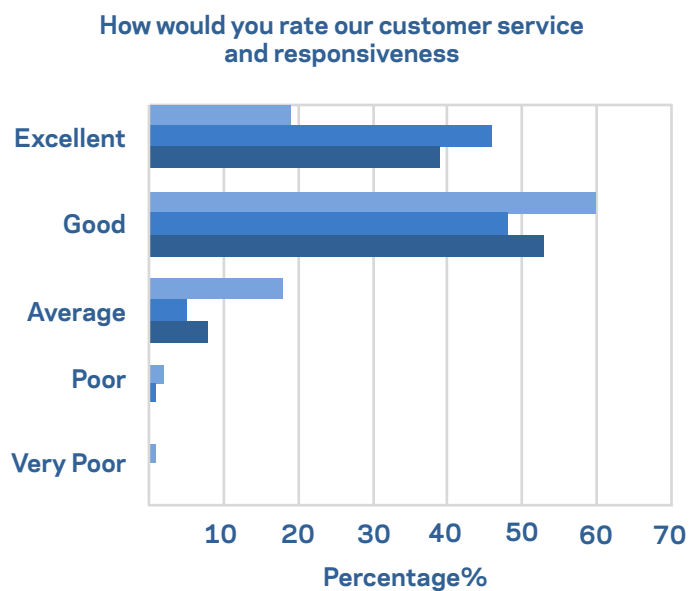
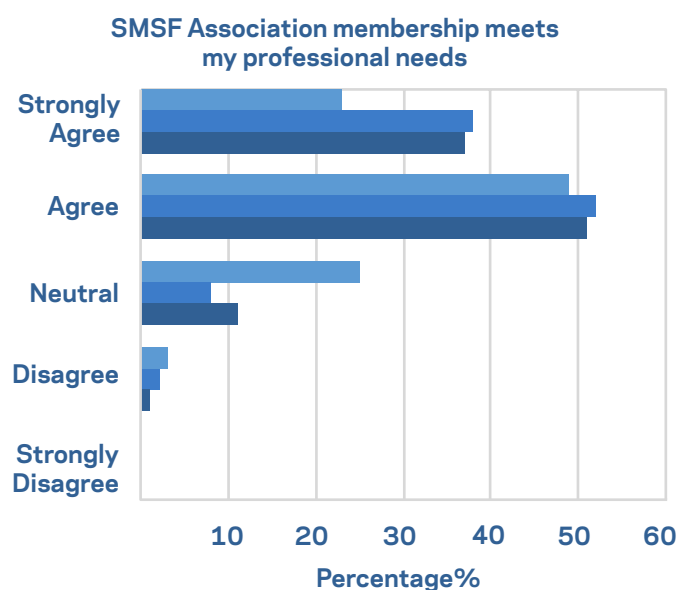
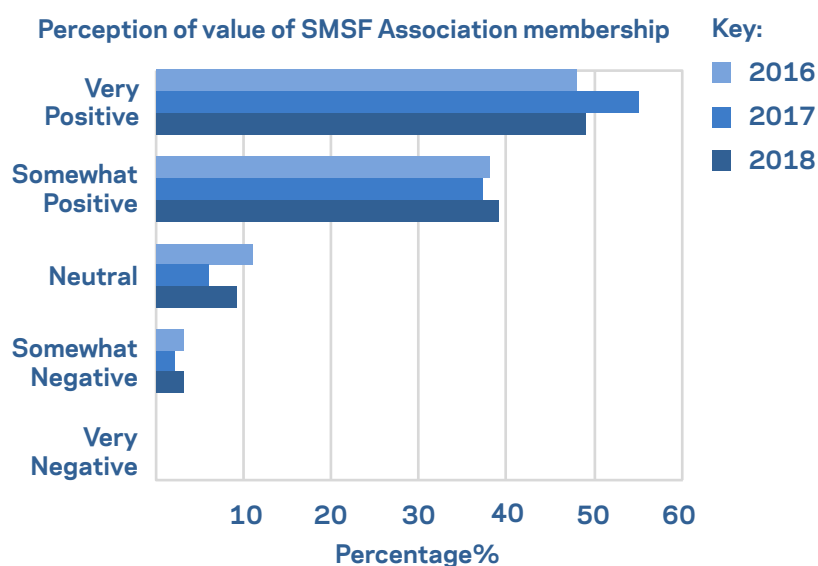
2018 Member Survey

Thank you to those members who provided valuable feedback in our annual Member Survey. We value your input as it helps us to shape the future of the Association so that we continue to meet and surpass your expectations as a professional Association.

Some specific suggestions we will be looking to action in the short term:

- Review our Daily News offering and its frequency
- Further ways that we can engage and seek feedback from our members as part of our submissions process
- Expanding provision of white label trustee resources for members' websites
- Full roll out of the Technical Research Service to all members
- A review of our CPD policy to align with broader FASEA and industry requirements
- A pathway for our members to assist with meeting FASEA education requirements

We are undertaking a broader review of our education programs to determine if there are changes that we can make to provide greater access and flexibility for members to meet their CPD requirements.





25 SMSF Association Annual Report

Membership

| Nature of Complaint | 2018/19 (YTD) | 2017/18 | 2016/17 |
|---|---------------|---------|---------|
| Criminal conviction | 1 | | 1 |
| Statutory offence bringing discredit to member, association or profession | | | 1 |
| Failure to observe proper standard of professional care, skill and competence | 3 | 1 | 1 |
| Breach of Association Code of Conduct and Rules | 1 | 10 | 3 |
| Breach of Association Branding policy | | | |
| Other | | | |

| Action taken by SMSF Association | 2018/19 (YTD) | 2017/18 | 2016/17 |
|---|---------------|---------|---------|
| Cancellation of Membership | 4 | 1 | 2 |
| Suspension of Specialist designation or Membership for a defined period | | 9 | 3 |
| Reprimand | | | 2 |
| Practice review | | | |
| No action required | | 1 | |
| Other | 1 | | |
| Investigation ongoing | | | |



Disciplinary actions against SMSF Association members failing to uphold professional standards

The SMSF Association is a self-regulating professional Association whose members voluntarily agree to be bound by various professional, technical and ethical standards.

SMSF Association members are required to conduct themselves in a professional and business-like manner at all times. These Conduct and Disciplinary Procedures are the expected minimum requirement of all members.

To uphold the level of professional conduct that we require of all our members, we keep up-to-date records of complaints and the action taken by the Association as determined by our Professional Standards Committee.

SMSF Association 26 Annual Report

Membership



27 SMSF Association
Annual Report

Member Milestones
15 years with the SMSF
Association

We value all our members, however we want to say a special thank you to those who are celebrating their 15 year anniversary with the SMSF Association during 2018. The members listed have been great supporters of the Association from the beginning and we want to thank them for their ongoing loyalty.

Founding members ▪ Andrea Slattery ▪ Adam Goldstien ▪ Brian Williams ▪ David Busoli ▪ James Cotis ▪ Nicholas Aston ▪ Peter Fry

15 year anniversary ▪ Aaron Dunn ▪ Alan Baker ▪ Allen Truslove ▪ Amanda Chick ▪ Andrew Jones ▪ Andrew Hamilton ▪ Andrew Sherlock ▪ Anna Garuccio ▪ Anthony Jackson ▪ Anthony O'Keefe ▪ Bernie O'Connor ▪ Brent McLauchlan ▪ Brian McCleary ▪ Brian Cosgrove ▪ Cameron Reed ▪ Carolyn Baker ▪ Christopher Pulley ▪ Cindy McDonald ▪ Colin Lissner ▪ Craig Banning ▪ Craig Day ▪ Craig Tschirpig ▪ Daniel Butler ▪ Daryl Smith ▪ David Bannister ▪ David Saul ▪ David Pett ▪ David Sidhu ▪ Debbie Ramage ▪ Don Jeffers ▪ Douglas McLelland ▪ Eng Sivieng ▪ Fabian McKenna ▪ Fausto Pastro ▪ Fiona Shannon ▪ Gail Freeman ▪ Gemma Kovaloff ▪ Geoff Crowe ▪ George Haden ▪ Graeme Colley ▪ Grant Lange ▪ Greg Roberts ▪ Greg Layton ▪ Ian Fehlberg ▪ Ian Glenister ▪ Ian Dodgshun ▪ James Bradford ▪ Jan Prescott ▪ Jeff Wain ▪ Jenny Power ▪ Jenny Brown ▪ Jodie Dickson ▪ Joe Walsh ▪ John Illingworth ▪ John Deakin ▪ John Gagen ▪ John Messner ▪ Ken Richmond ▪ Kenneth Allen ▪ Kim Meredith ▪ Kim Scott ▪ Kirk Maynard ▪ Leigh Mansell ▪ Lionel Werbeloff ▪ Mark Darling ▪ Mark Gashi ▪ Mark Ellem ▪ Mark Baker ▪ Meg Heffron ▪ Michael Hall ▪ Michael Wundke ▪ Michael Dietrich ▪ Michael Jewell ▪ Michelle Saunders ▪ Michelle Lang ▪ Milton Shaw ▪ Nathan Baker ▪ Paul Hewitt ▪ Paul Hocking ▪ Pauline Hammer ▪ Peter Rule ▪ Peter Sheldon ▪ Peter Davis ▪ Randall March ▪ Rex Whitford ▪ Rick Albertini ▪ Robbie Smith ▪ Robert Elletson ▪ Robert Northcoat ▪ Robert Veitch ▪ Robert Cumming ▪ Robert Huntley ▪ Robert Dunn ▪ Robert Hunter ▪ Russell Medcraft ▪ Sally Rorke ▪ Shan Zavahir ▪ Stephen Bourke ▪ Stephen Legg ▪ Stephen Garrett ▪ Terry Nestor ▪ Thomas Weir ▪ Tony Gilham ▪ Tony Simmons ▪ Vincent Anderson ▪ Wayne Promnitz ▪ Wayne Bolin



29 SMSF Association Annual Report

Our Board, Association and Advisory Committees

The SMSF Association has a number of Board and Association Committees which support the management and administration of the Association to help achieve its objectives.

We are grateful to these Committee members and volunteers for their generous contribution and continued support.

Board Committees

Finance and Audit Committee

Brett Kenny — Chair
Andrew Hamilton
Cath Mulcare
John Maroney

Nomination and Remuneration Committee

David Spear — Chair
Andrew Hamilton
John Maroney
Robin Bowerman

Public Policy Committee

Robin Bowerman — Chair
Andrea Slattery
The Hon. Bernie Ripoll
Deborah Ralston
Jeremy Cooper
John Maroney
Jordan George

Governance and Risk Committee

Peter Crump — Chair
Cath Mulcare
John Maroney
Robyn FitzRoy

Association and Advisory Committees

National Membership Committee

Brett Kenny — Chair
Liam Shorte — Chair

Professional Standards Committee

Andrew Sinclair — Chair

Education Committee

Peter Hogan — Chair

Regulatory Panel

Jordan George — Chair
Bryan Ashenden
Caroline Harley
Craig Day
Dan Butler
Jemma Sanderson
Julie Steed
Lisa Papacristoforos
Liz Westover
Melanie Dunn
Peter Burgess
Peter Crump
Peter Hogan
Rebecca van Langenberg

Marketing and Communications Committee

Briar Standing — Chair

National Conference Technical Program Committee

Hannah Lennock — Chair
Craig Day
Jemma Sanderson
Jordan George
Mark Ellem
Peter Hogan
Robin Bowerman
Scott Hay-Bartlem
Shelley Banton
Tarun Malhotra

Local Community Chairs

| | |
|-----|------------------|
| ACT | Paul Salinas |
| NSW | Liam Shorte |
| NT | David Smith |
| QLD | Brett Griffiths |
| SA | Julie Steed |
| TAS | David Allen |
| VIC | Michael Houlihan |
| WA | Con Gotsis |



"As the SMSF sector encompasses multiple disciplines you are able to discuss a different perspective on SMSFs from (SMSF Association) members than just what your own discipline may experience."

Jemma Sanderson SSA™,
Director, Cooper Partners
Member since: June 2005





31 SMSF Association Annual Report

Corporate Governance Statement

The SMSF Association Ltd follows the AICD Ten Principles promoting good governance for Not-for-Profit Organisations.

1. Roles and Responsibilities of Directors and the Board

The Board of Directors is the principal body responsible for the corporate governance of the Association and has primary oversight of its performance and the development and approval of long term strategy.

The Board has a management framework, risk management process and system of controls and established ethical standards. The Board is responsible for:

- Determining and reviewing the Association's short & long-term strategies
- Approval of budgets
- Appointment and evaluation of the CEO
- Risk oversight
- Integrity in financial reporting
- Monitoring of the activities of the Association

In accordance with the Association's delegation authorities, the Board has delegated to the CEO responsibility for the day to day management of the Association. The detailed delegations are reviewed regularly and are also reviewed by the Board.

2. Board Composition

The Board is comprised of up to nine non-executive Directors who are appointed for three-year terms. Directors may seek re-election for a maximum of two additional terms. The CEO is invited to attend Board meetings as an observer and has speaking rights. This ensures that the decisions of the Board and the background to decisions are clearly communicated to the Executive team.

The Nomination and Remuneration Committee meets regularly to review the Board's composition and uses a skills matrix to review the needs and skills of the Board and any potential nominations for new Directors.

As part of the consideration of potential directors the Committee looks for continuity of expertise, representation across regions and different sectors and balance of skill diversity within the Board. The Association adopts a fit-for-purpose approach to Director selection to ensure the selection of the most appropriate skillsets within the Association's resource constraints.

The Committee is comprised of the CEO, two Board nominated Directors and an independent Chairman.

All new Directors receive a comprehensive induction program including information outlining their duties and responsibilities as directors. Further education is provided to the Board through internal and external presentations and strategic presentations with the senior executive.

Board members are approved at the Annual General Meeting following their appointment.

3. Purpose and Strategy

The Board determines the purpose and strategy of the Association which is monitored on a regular basis. The Association's Vision, Mission and Strategic Plans are set for a period of 5 years and are reviewed annually by the Board and executive team. The Association's vision, mission and beliefs are made available via the Association's website.

4. Risk

The Board has an established risk management framework to recognise and manage risk. The Board is responsible for the setting of the Association's risk appetite, risk monitoring and oversight of risk.

Risk management is shared across all levels of the Association. The executive team identifies, assesses, monitors and manages current and emerging risks using the risk framework. This is reviewed by the Governance and Risk Committee and at each Board meeting.

5. Organisation Performance

Organisational performance is assessed against several performance indicators that are determined as part of the strategic planning process. To ensure a balanced approach to performance management these are categorised into Financial, Leading the Sector, Customer/ Member Centric, Employees and Strategic Partnerships.

6. Board Effectiveness

The Board meets six times each calendar year and undertakes annual Board performance reviews. Every second year these are conducted by an independent external party.

To maximise Board effectiveness, some of the detailed work of the Board is considered by a number of Board Committees. Each Committee has clear terms of reference and major issues and action items are tabled at each Board meeting.

7. Integrity and Accountability

The Board's Finance and Audit Committee is responsible for assisting the Board in ensuring integrity in the Association's financial reporting. Committee members are comprised as a minimum of the CEO and two Board representatives who have an appropriate level of financial literacy.

All financial reports that are provided to the Board are reviewed by the Finance and Audit Committee for integrity and completeness.

The Association engages an external Auditor whose performance is reviewed on an annual basis.

8. Organisation Building

Remuneration for the Board and CEO is determined by the Nomination and Remuneration Committee which assists the Board in its duties relating to remuneration, CEO performance review and remuneration policy and strategy.

Any changes to Board remuneration is subject to approval at the AGM in accordance with the Constitution.

Remuneration of the CEO and Board are regularly reviewed to ensure they are in line with relevant market rates, expectations of members and based on the independent advice received by the Nomination and Remuneration Committee.

The CEO is eligible for a bonus payment subject to Board approval against a range of agreed performance indicators including the overall performance of the Association and key targets reflecting strategic objectives.

The Association has an annual salary and bonus review process for all staff. The remuneration framework is in line with market rates and is linked to the delivery of key performance measures. Review of remuneration is conducted on an annual basis against industry benchmarks to ensure it is in line with market expectations.

9. Culture and Ethics

Board policy requires that if there is, or could be, a conflict of interest for Directors the relevant Directors do not participate in those discussions or vote on that issue and also absent themselves from the meeting room when those discussions are held.

The policy provides for a register of interests and Directors are required to notify of any changes to conflicts of interest as a standing item at each Board meeting.

10. Engagement

As part of the annual strategic planning process, the Association identifies its key stakeholders. Active engagement plans are developed for each category to maximise communication and build relationships.

33 SMSF Association Annual Report

Our Directors



Professor Deborah Eileen Ralston

Qualifications

Master of Economics, PhD in Finance,
Fellow of CPA Australia,

Fellow of Australian Institute of
Company Directors.

Experience

Deborah has over 20 years experience
as a Non-executive Director on public
and private sector boards. She is
currently a member of the RBA's
Payments System Board and is on the
Advisory Board of the YBF Fintech
Hub. Deborah is a Professorial Fellow
at Monash University.

Special responsibilities

Chair (from 16 February 2018)

Member of the Public Policy
Committee



Robin Lewis Bowerman

Qualifications

Member of the Australian Institute of
Company Directors.

Experience

Head of Corporate Affairs 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 Chair

Chair of the Public Policy Committee

Member of the Nomination and
Remuneration Committee

Our Directors



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

Member of the Finance and Audit Committee

Member of the Nomination and Remuneration Committee



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 is an experienced Independent Non-Executive Director on Boards & Advisory Committees for more than 25 years in ASX, commercial, government & NFP sectors with particular experience in: financial services, finance, superannuation, infrastructure, innovation & technology, investment, public policy, governance & education. Andrea is a keynote speaker and is recognised as a senior thought leader, influencer and transformational change agent in Australia.

Special responsibilities

Director

Member of the Public Policy Committee

35 SMSF Association Annual Report

Our Directors



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

Member of the Finance and Audit Committee

Member of the Governance and Risk Committee



Robyn Louise FitzRoy

Qualifications

Bachelor of Arts (Macquarie); Master of Arts (UTS), Master Coach, International Coaching Federation, USA; Diploma Information Technology Business Application (Harvard University USA); Diploma Marketing Management (Macquarie University). Accredited facilitator and course author for the Australian Institute of Company Directors. Fellow of the Australian Institute of Company Directors.

Experience

Robyn has over twenty years' experience in the financial services industry and is a former Executive Director of Macquarie Bank. She is also a non-executive director of Gateway Bank and Diversa Trustees Ltd. Robyn is a management consultant specialising in governance and has held non-executive director positions on the boards of CUSCAL, MLC School Burwood, Habitat for Humanity Australia and WealthPortal Pty Ltd.

Special responsibilities

Director

Member of the Governance and Risk Committee



Liam Shorte

Qualifications

Bachelor of Business in Accounting & Economics, Advanced Diploma Financial Services (Financial Planning), ASX Accredited Listed Products Adviser (ALPA); SMSF Association SMSF Specialist Advisor

Experience

Liam has been providing strategic advice on superannuation, retirement, insurance, estate planning, investment and tax strategies for the past 27 years with experience and knowledge gained from working in banking, insurance, accounting and financial planning firms.

Special responsibilities

Director (Appointed 1 September 2018),

Chair of the National Membership Committee (Appointed 1 September 2018)



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 (To resign 21 November 2018)

Chair of the Governance and Risk Committee

37 SMSF Association Annual Report

Our Directors



Brett Nicholas Kenny

Qualifications

Bachelor of Economics, Fellow of Chartered Accountants Australia and New Zealand, SMSF Association SMSF Specialist Advisor.

Experience

Brett has been providing self managed super fund services to clients since 1983 specialising in strategic decision making and forecasting models along with tax, accounting and general commercial advice.

Special responsibilities

Director (To retire 21 November 2018)

Chair of the Finance and Audit Committee

Chair of the National Membership Committee (to 1 September 2018)



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

Director (Resigned 27 June 2018)

Chair (until 16 February 2018)



SMSF Association Ltd 38
Annual Report

Financial Statements
for the year ended
30 June 2018

SMSF
ASSOCIATION



SMSF Association Ltd

Contents

For the Year Ended 30 June 2018

| | Page |
|--|-------------|
| Financial Statements | |
| Directors' Report | 1 |
| Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 | 5 |
| Statement of Profit or Loss and Other Comprehensive Income | 6 |
| Statement of Financial Position | 7 |
| Statement of Changes in Equity | 8 |
| Statement of Cash Flows | 9 |
| Notes to the Financial Statements | 10 |
| Directors' Declaration | 28 |
| Independent Audit Report | 29 |

SMSF Association Ltd

Directors' Report

30 June 2018

The Directors present their report on the SMSF Association Ltd for the financial year ended 30 June 2018.

(a) General Information

Information on Directors and Officeholders

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

Deborah Ralston
Robin Lewis Bowerman
Robyn Louise FitzRoy
Andrea Elizabeth Slattery
Peter Ian Crump
Brett Nicholas Kenny
Andrew John Hamilton
Cath Mulcare
Andrew Crawford Gale
(resigned 27 June 2018)
Liam Shorte
(appointed 1 September 2018)

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 incurred a net loss after tax of \$ (255,032) (2017: \$481,900 loss after tax).

The result for the year reflects steady membership and revenue with reduction in various expense lines including marketing, salaries and travel. It is the intention of the Board in line with the Strategic Plan to return the Association to operating surplus in the 2018/19 financial year.

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; to advance the knowledge of the members, trustees, Government, service providers and the public; and to continue to build consumer confidence in the Self Managed Super Fund sector.

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

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



Directors' Report

30 June 2018

(a) General Information

Strategic Objectives

The Association's 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 Strategic Plan to 2020. A review of the current Strategic Plan is currently taking place with the Board committing to commencing the next iteration of the Strategic Plan from 1 July 2019.

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 2018 there were 3,079 members. A member is defined in accordance with clause 5.1 of the constitution.

At 30 June 2018 the potential liability of members was \$ 30,790.

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 Directors of the Association.

(b) 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
- Driving an exceptional client centric experience
- Having a skilled, engaged and passionate workforce
- Growing and maintaining 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.

SMSF Association Ltd

Directors' Report

30 June 2018

(b) Other Items

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 unable to pay a dividend following amendments to the Corporations Act 2001, effective 28 June 2010.

Meetings of Directors

During the financial year, five 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 |
| Deborah Ralston | 5 | 5 |
| Robin Lewis Bowerman | 5 | 4 |
| Andrew Crawford Gale | 5 | 5 |
| Andrea Elizabeth Slattery | 5 | 5 |
| Peter Ian Crump | 5 | 5 |
| Andrew John Hamilton | 5 | 3 |
| Brett Nicholas Kenny | 5 | 5 |
| Cath Mulcare | 5 | 3 |
| Robyn FitzRoy | 5 | 4 |

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 2018. 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.



Directors' Report

30 June 2018

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 2018 has been received and can be found on page 5 of the financial report.

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

A handwritten signature in black ink, appearing to read 'Deborah Ralston', written over a light blue rectangular background.

Director:
Deborah Ralston - Chair

Dated this 19th day of September 2018

**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 2018, 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



**LUKE BOLLMEYER
DIRECTOR**

Dulwich, 19 September 2018



SMSF Association Ltd

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

| | | 2018 | 2017 |
|---|------|------------------|------------------|
| | Note | \$ | \$ |
| Revenue | 4 | 6,222,492 | 6,223,027 |
| Education expense | | (4,216,852) | (4,522,694) |
| Depreciation and amortisation expense | | (224,305) | (96,208) |
| Other expenses | 5(a) | (2,025,967) | (2,128,134) |
| Finance costs | | (18,848) | - |
| Profit (loss) before income tax | | (263,480) | (524,009) |
| Income tax expense | | 12,127 | (9,936) |
| Profit (loss) from continuing operations | | (251,353) | (533,945) |
| Profit (loss) for the year | | (251,353) | (533,945) |
| Other comprehensive income, net of income tax | | | |
| Items that will be reclassified to profit or loss when specific conditions are met | | | |
| Fair value adjustment to available for sale assets | 4 | (3,679) | 52,045 |
| Other comprehensive income for the year, net of tax | | (3,679) | 52,045 |
| Total comprehensive income for the year | | (255,032) | (481,900) |

The accompanying notes form part of these financial statements.

SMSF Association Ltd

Statement of Financial Position

At at 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|--------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 2,548,788 | 1,476,884 |
| Trade and other receivables | 8 | 49,836 | 70,985 |
| Other financial assets | 9 | - | 1,754,213 |
| Other assets | 12 | 40,356 | 29,405 |
| TOTAL CURRENT ASSETS | | 2,638,980 | 3,331,487 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 1,026,969 | 60,025 |
| Deferred tax assets | | 42,564 | 30,436 |
| Intangible assets | 11 | 236,145 | 304,239 |
| TOTAL NON-CURRENT ASSETS | | 1,305,678 | 394,700 |
| TOTAL ASSETS | | 3,944,658 | 3,726,187 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 263,142 | 503,744 |
| Lease liabilities | 14 | 327,640 | - |
| Employee benefits | 16 | 177,384 | 135,614 |
| Deferred income | 15 | 1,516,262 | 1,752,416 |
| TOTAL CURRENT LIABILITIES | | 2,284,428 | 2,391,774 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 14 | 552,595 | - |
| Employee benefits | 16 | 85,305 | 57,052 |
| TOTAL NON-CURRENT LIABILITIES | | 637,900 | 57,052 |
| TOTAL LIABILITIES | | 2,922,328 | 2,448,826 |
| NET ASSETS | | 1,022,330 | 1,277,361 |
| EQUITY | | | |
| Founding subscriptions | | 60 | 60 |
| Retained earnings | | 1,022,270 | 1,277,301 |
| TOTAL EQUITY | | 1,022,330 | 1,277,361 |



SMSF Association Ltd

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

| | Founding Subscriptions | Retained Earnings | Total |
|---|---------------------------|----------------------|-----------|
| | \$ | \$ | \$ |
| Balance at 1 July 2017 | 60 | 1,277,301 | 1,277,361 |
| Loss attributable to members of the Association | - | (251,353) | (251,353) |
| Total other comprehensive income for the period | - | (3,678) | (3,678) |
| Balance at 30 June 2018 | 60 | 1,022,270 | 1,022,330 |

2017

| | Founding Subscriptions | Retained Earnings | Total |
|---|---------------------------|----------------------|-----------|
| | \$ | \$ | \$ |
| Balance at 1 July 2016 | 60 | 1,759,201 | 1,759,261 |
| Loss attributable to members of the Association | - | (533,945) | (533,945) |
| Total other comprehensive income for the period | - | 52,045 | 52,045 |
| Balance at 30 June 2017 | 60 | 1,277,301 | 1,277,361 |

The accompanying notes form part of these financial statements.

SMSF Association Ltd

Statement of Cash Flows For the Year Ended 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from members and non-mutual income | | 5,887,316 | 6,278,510 |
| Payments to suppliers and employees | | (6,468,386) | (6,661,918) |
| Net cash provided by/(used in) operating activities | | <u>(581,070)</u> | <u>(383,408)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Payments for property, plant and equipment | | (157,707) | (14,940) |
| Payments for intangible assets | | (60,022) | (218,609) |
| Disposal /(acquisition) of investments | | 1,750,533 | (59,427) |
| Fund distributions received | | 96,244 | 63,869 |
| Interest received | | 23,926 | 30,416 |
| Net cash provided by/(used by) investing activities | | <u>1,652,974</u> | <u>(198,691)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Net increase/(decrease) in cash and cash equivalents held | | 1,071,904 | (582,099) |
| Cash and cash equivalents at beginning of year | | 1,476,884 | 2,058,983 |
| Cash and cash equivalents at end of financial year | 7 | <u>2,548,788</u> | <u>1,476,884</u> |



SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

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 19 September 2018.

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.

Changes in significant accounting policies

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue related Interpretations. The new Standard has been applied as at 30 June 2018 using the modified retrospective approach. Under this method, any cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2017 and comparatives are not restated. In adopting AASB 15 there was no cumulative effect to 30 June 2018. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2017. The transition to AASB 15 has not resulted in any significant changes in the way in which revenue is recognised.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases*. The new Standard has been applied as at 30 June 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2017 and comparatives are not restated. The transition to AASB 16 has not resulted in any significant adjustments to the comparative figures in this financial report.

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.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(a) Income Tax

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.

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.

The SMSF Association Ltd is eligible to utilise the reduced corporate rate of 27.5% but not yet entitled to as at reporting date.



SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(b) Leases

Leases are recorded as a right-of-use asset and with a corresponding lease liability where SMSF Association Ltd obtains the right to the control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are measured at the fair value of the asset at lease inception, including:

- the initial measurement of the lease liability
- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs incurred by the lessee
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

The SMSF Association Ltd does not recognise leases which are low value or short term leases.

(c) Revenue and other income

Revenue arises mainly from the provision of membership services, education services, conferences and sponsorships.

To determine whether to recognise revenue, the SMSF Association Ltd follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

The SMSF Association Ltd often enters into transactions involving a range of the SMSF Association Ltd's products and services, for example for the provision of memberships and education. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the SMSF Association Ltd satisfies performance obligations by transferring the promised goods or services to its customers.

The SMSF Association Ltd recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the SMSF Association Ltd satisfies a performance obligation before it receives the consideration, the SMSF Association Ltd recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(c) Revenue and other income

(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.

(iii) Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the performance obligations have been satisfied (at a point in time or over time).

(iv) Subscriptions, conferences and sponsorship

Revenue from the provision of membership subscriptions are recognised over time as members simultaneously receive and consume the benefits of membership as the SMSF Association Ltd performs the performance obligations.

Conference and sponsorship revenue linked with an identifiable event is recognised at a point in time (on completion of the event).

Other sponsorships are recognised when SMSF Association Ltd has satisfied the performance obligations under the contract with the customer.

(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



SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(e) Property, Plant and Equipment

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.

(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 15 years |
| Leasehold improvements | 2 to 6 years |
| Right-of-use assets | 1 to 5 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

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(f) Financial instruments

- 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 category is relevant to the way a financial instrument 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.

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



SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(f) Financial instruments

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.

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 managed investments.

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 2018

2 Summary of Significant Accounting Policies

(f) Financial instruments

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 2018

2 Summary of Significant Accounting Policies

(h) Intangible Assets

(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 comprise 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.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(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.

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 2018

4 Revenue and Other Income

Revenue from continuing operations

| | 2018 \$ | 2017 \$ |
|--|------------------|------------------|
| Membership revenue | | |
| - member subscriptions | 1,877,963 | 1,771,407 |
| Total Membership Revenue | 1,877,963 | 1,771,407 |
| Other revenue | | |
| - education programs | 3,826,550 | 4,077,535 |
| - other mutual and non-mutual income | 389,382 | 279,800 |
| - interest received | 23,926 | 30,416 |
| - fund distributions | 96,244 | 63,869 |
| - rental income | 8,427 | - |
| Total Other Revenue | 4,344,529 | 4,451,620 |
| Total Revenue | 6,222,492 | 6,223,027 |
| Other Comprehensive Income | | |
| Fair value adjustment to available for sale assets | (3,664) | 52,045 |
| Total Other Comprehensive Income | (3,664) | 52,045 |

5 Result for the Year

(a) Expenses included in Administration or Other expenses

| | 2018 \$ | 2017 \$ |
|--|----------------|---------------|
| Depreciation and Amortisation | | |
| Property, plant and equipment | 22,461 | 24,141 |
| Computer software, other | 128,116 | 72,067 |
| Right of use asset - Pirie Street | 73,728 | - |
| Total Depreciation and Amortisation | 224,305 | 96,208 |
| Rent | 102,321 | 159,678 |
| Marketing | 467,923 | 670,099 |
| Travel | 170,403 | 191,570 |
| Consulting and professional fees | 42,403 | 61,782 |
| IT Expenses | 172,176 | 156,710 |

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

6 Income Tax Expense

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

| | 2018 \$ | 2017 \$ |
|-----------------------------|-----------------|--------------|
| Current tax expense | | |
| Income tax - current period | (12,127) | 9,936 |
| | <u>(12,127)</u> | <u>9,936</u> |

(b) Reconciliation of income tax to accounting profit:

| | | |
|---|------------------|------------------|
| Prima facie tax payable / (benefit) on operating profit / (loss) before income tax at 30% (2017: 30%) | (80,143) | (157,203) |
| Add: | | |
| Tax effect of: | | |
| - non-deductible items | 1,152,401 | 1,205,113 |
| - temporary differences | (1,797) | (17,798) |
| - income tax losses to be recognised in future periods | 98,746 | 173,767 |
| | <u>1,169,207</u> | <u>1,203,879</u> |
| Less: | | |
| Tax effect of: | | |
| - tax effect of items not assessable for tax | 1,192,407 | 1,193,064 |
| - tax effect of permanent differences | (11,073) | 879 |
| Recoupment of prior year tax losses not previously brought to account | - | - |
| Income tax expense | <u>(12,127)</u> | <u>9,936</u> |

7 Cash and cash equivalents

| | 2018 \$ | 2017 \$ |
|----------------------|------------------|------------------|
| Cash at bank in hand | 1,435,788 | 816,257 |
| Deposits at call | 1,113,000 | 660,627 |
| | <u>2,548,788</u> | <u>1,476,884</u> |



SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

8 Trade and other receivables

| | 2018 \$ | 2017 \$ |
|--|---------------|---------------|
| CURRENT | | |
| Trade receivables | 35,643 | 40,640 |
| Other receivables | 14,193 | 30,345 |
| Total current trade and other receivables | 49,836 | 70,985 |

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

| | 2018 \$ | 2017 \$ |
|-------------------------------------|------------|------------------|
| CURRENT | | |
| Available for sale financial assets | - | 1,754,213 |
| Total current assets | - | 1,754,213 |

10 Property, plant and equipment

| | 2018 \$ | 2017 \$ |
|---|------------------|---------------|
| Furniture, fixtures and fittings | | |
| At cost | 149,284 | 169,475 |
| Accumulated depreciation | (66,065) | (109,450) |
| Total furniture, fixtures and fittings | 83,219 | 60,025 |
| Leasehold improvements | | |
| At cost | 300,074 | - |
| Accumulated depreciation | (25,983) | - |
| Total improvements | 274,091 | - |
| Right of use asset | | |
| At fair value | 743,387 | - |
| Accumulated depreciation | (73,728) | - |
| Total Right of Use Asset | 669,659 | - |
| Total plant and equipment | 1,026,969 | 60,025 |

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

10 Property, plant and equipment

(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:

| | Furniture, Fixtures and Fittings \$ | Leasehold Improvements \$ | Right of Use Asset \$ | Total \$ |
|---------------------------------------|--|---------------------------------|-----------------------------|------------------|
| Year ended 30 June 2018 | | | | |
| Balance at the beginning of year | 60,025 | - | - | 60,025 |
| Additions | 77,634 | 301,372 | - | 379,006 |
| Additions at fair value | - | - | 743,387 | 743,387 |
| Disposals | (35,962) | (1,298) | - | (37,260) |
| Depreciation expense | (18,478) | (25,983) | (73,728) | (118,189) |
| Balance at the end of the year | 83,219 | 274,091 | 669,659 | 1,026,969 |

11 Intangible Assets

| | 2018 \$ | 2017 \$ |
|---|----------------|----------------|
| Patents, trademarks and other rights | | |
| Cost | 20,287 | 18,987 |
| Net carrying value | 20,287 | 18,987 |
| Computer software and website | | |
| Cost | 420,108 | 361,386 |
| Accumulated amortisation and impairment | (204,250) | (76,134) |
| Net carrying value | 215,858 | 285,252 |
| Total Intangibles | 236,145 | 304,239 |

(a) Movements in carrying amounts of intangible assets

| | Patents, trademarks and other rights \$ | Computer software and website \$ | Total \$ |
|--------------------------------------|---|---|----------------|
| Year ended 30 June 2018 | | | |
| Balance at the beginning of year | 18,987 | 285,252 | 304,239 |
| Additions | 1,300 | 58,723 | 60,023 |
| Amortisation | - | (128,117) | (128,117) |
| Closing value at 30 June 2018 | 20,287 | 215,858 | 236,145 |



SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

12 Other assets

CURRENT
Prepayments

| 2018 | 2017 |
|---------------|---------------|
| \$ | \$ |
| 40,356 | 29,405 |
| 40,356 | 29,405 |

13 Trade and other payables

CURRENT
Trade payables
Other payables

| 2018 | 2017 |
|----------------|----------------|
| \$ | \$ |
| 128,592 | 139,739 |
| 134,550 | 364,005 |
| 263,142 | 503,744 |

14 Lease liabilities

CURRENT

Lease liability - Pirie Street

Total current lease liabilities

| 2018 | 2017 |
|----------------|----------|
| \$ | \$ |
| 327,640 | - |
| 327,640 | - |

NON-CURRENT

Lease liability - Pirie Street

Total non-current lease liabilities

| 2018 | 2017 |
|----------------|----------|
| \$ | \$ |
| 552,595 | - |
| 552,595 | - |

15 Deferred Income

Membership subscriptions
Sponsorship income
Education income

| 2018 | 2017 |
|------------------|------------------|
| \$ | \$ |
| 1,295,637 | 1,312,004 |
| 156,769 | 142,325 |
| 63,856 | 298,087 |
| 1,516,262 | 1,752,416 |

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

16 Employee Benefits

| | 2018 \$ | 2017 \$ |
|-------------------------|----------------|----------------|
| Current liabilities | | |
| Employee benefits | 177,384 | 135,614 |
| | <u>177,384</u> | <u>135,614</u> |
| Non-current liabilities | | |
| Employee benefits | 85,305 | 57,052 |
| | <u>85,305</u> | <u>57,052</u> |

17 Leasing Commitments

| Leases | 2018 \$ | 2017 \$ |
|--|----------------|------------------|
| Minimum lease payments under non-cancellable operating leases: | | |
| - not later than one year | 206,916 | 210,155 |
| - between one year and five years | 607,062 | 843,457 |
| | <u>813,978</u> | <u>1,053,612</u> |

The SMSF Association Ltd leases buildings for its office space. Minimum lease payments comprise fixed payments only. The SMSF Association Ltd sub-leases a portion of the leased area.

(a) Amounts recognised in profit and loss

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Interest expense on lease liabilities | 18,848 | - |
| Income from sub-leasing right-of-use assets | 8,426 | - |
| Expenses relating to short term leases and low value leases | 13,893 | 12,520 |

18 Fair Value Measurement

The SMSF Association Ltd measures investments in managed funds at fair value on a recurring basis using their quoted price as at reporting date. During the year the SMSF Association Ltd disposed of its investments managed by Evans & Partners, with the proceeds from the disposal reinvested in term deposits.



SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2018

19 Key Management Personnel Disclosures

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

| | 2018 \$ | 2017 \$ |
|--------------------------|------------------|------------------|
| Other KMP | | |
| Short-term benefits | 1,363,662 | 1,577,706 |
| Post-employment benefits | 108,343 | 159,751 |
| Board | | |
| Short-term benefits | 194,817 | 165,727 |
| Post-employment benefits | 15,568 | 8,004 |
| | 1,682,390 | 1,911,188 |

Remuneration for the Board commenced during the 2016 financial year. No change to Board remuneration rates occurred during 2018.

Remuneration Bands (excluding Board members)

| | 2018 | 2017 |
|------------------------|------|------|
| \$0 to \$149,999 | 2 | 3 |
| \$150,000 to \$299,999 | 3 | 5 |
| \$300,000 to \$450,000 | 2 | 1 |

(a) Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 20: Related Parties & Key Management Personnel.

20 Related Parties

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

Key management personnel - refer to Note 19.

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.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2018

20 Related Parties

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

- The Association paid \$23,160 to a related party for graphic design services. There were no amounts payable in relation to this transaction as at year end.
- The Association received \$8,426 in rental income for office space sublet to Hamilton & Associates. \$2,011 was receivable in relation to this transaction as at year end.

21 Contingencies

The SMSF Association Ltd did not have any contingencies at 30 June 2018 (30 June 2017:None).

22 Events Occurring 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.

23 Company Details

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

SMSF Association Ltd
Level 3, 70 Pirie 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 6 to 27, 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 2018 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, appearing to read 'DRalston', written over a dotted line.

Director
Deborah Ralston - Chair

Dated this 19th day of September 2018

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

Opinion

We have audited the financial report of SMSF Association Ltd (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying 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 2018 and of its performance for the year then ended; and
- + complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Accounting Standards – Reduced Disclosure Requirements* and *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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- + Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- + Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- + Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- + Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- + Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ACCRU⁺ HARRIS ORCHARD



**LUKE BOLLMEYER
DIRECTOR**


Dulwich, 20 September 2018

A large screen at the back of a theater displays a black and white aerial photograph of a coastline with a winding path. The word 'Welcome to' is visible in the upper left portion of the image.

Welcome to

A stage set for a presentation. The letters 'SMSF' are displayed in large, white, 3D wireframe font. To the right of the letters are four white armchairs arranged in a semi-circle around a small round table. A small screen on a stand is visible to the right of the chairs.

SMSF

A large audience of people is seated in a theater, facing the stage. The audience is seen from behind, filling the lower two-thirds of the frame.

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.

