



SMSF ASSOCIATION

ANNUAL REPORT

2017





SMSF ASSOCIATION

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“The value of my membership is having my SMSF expertise independently endorsed through accreditation, being a part of a trusted, professional community and having an opportunity to shape the future of the SMSF industry.”

Shelley Banton, Director,
ASF Audits

SMSF Specialist Advisor (SSA) and
SMSF Specialist Auditor (SSAud)
Member since: March 2008 (9 years)



2017 Highlights: There are now **\$696.7 billion in assets** in SMSFs (ATO June 2017). SMSFs represent just under **30%** of superannuation balances. **30.5%** of new members are between 35-44 years of age. SMSF balances have **increased by 15.5%** in the past two years (APRA June 2017 and ATO June 2015). **The average SMSF has a balance of \$1.12 million** (30 June 2016). On average **81 SMSFs** are set up every day in Australia. **The average number of new SMSFs set up per month in the last quarter is 2,060.** Superannuation assets in Australia totalled **\$2.324 trillion** at the end of the June 2017 quarter according to APRA. SMSFs account for over half of the super industry's voluntary contributions while representing only **8% of Australian superannuation members.**



2017 Social Media Highlights:

Twitter followers increased by:

14.2%

LinkedIn Company followers increased by:

20.4%

LinkedIn Network increased by:

17.0%

Facebook followers increased by:

17.9%

In the News:

252

1,074

Total media mentions

(including social media) for 1 July 2016 – 30 June 2017.

Number of SMSF Association mainstream mentions in media articles (includes amplified partner publications e.g. Fairfax group and broadcasts radio/TV).





Chairman's Report

Successfully negotiating a difficult year — The Year in Review

The 2016-17 fiscal year was an eventful year for superannuation, the SMSF sector, the Association, and our members.

Externally, the 2016 Federal Budget super reforms, and its associated amendments, represented the most significant superannuation changes in a decade. The ultimate policy outcomes were much better than contemplated in the 2016 Budget package, and prior versions being contemplated in the lead up to the 2016 Budget. Many of the improvements reflect the public policy research and advocacy by your Association. These reforms required significant advice requirements for our professional members and your trustee clients, supported by detailed technical strategies. As an Association, we sought to best position our professional members in fulfilling those advice obligations – especially through the National Conference, Technical Day Series, webinars and other educational material.

Another substantial change during the year was the age pension asset test changes, effective January 1, 2017 – these changes, with some perverse outcomes including retirement income “black holes”, highlight the need for a better integrated public policy framework. This is a continued strong area of focus for the Association in our public policy and advocacy efforts.

2016-17 was also a successful year for the Association, with significant progress on our strategic plan, positive advocacy outcomes, growth in membership, progress with the trustee initiative, successful education and technical conferences, a smooth and orderly transition in CEO leadership, and a financial result right on plan.

During 2016-17, “business as usual” operations were just moderately profitable, as is appropriate for a member-based organisation wanting to deliver a great value proposition for members while keeping fees to an appropriate minimum level. In addition, we invested into the Association's future platform for growth and service, with investments in the CRM platform and website capability to better service our membership, and in the trustee initiative, especially building the Trustee Knowledge Centre and marketing

costs to build trustee engagement. These medium-term strategic business investments explain the moderate planned operating deficit for the fiscal year.

The Association has always subscribed to high governance standards and strong and values-based leadership. This is particularly important for a member-based organisation where the mandate is to serve the public interest, the particular interests of the SMSF sector, and our members' interests. The issue of governance of professional associations came under scrutiny this year. Key governance developments for 2016-17 included the planned smooth and orderly transition of the CEO, the restructuring of our Board Committees to ensure they are focussed on strategic and governance issues and less on operational issues, some significant external appointments to these Committees, an external review of Board performance, and strengthening the Board further with the appointment of two new Directors, Professor Deborah Ralston and Robyn FitzRoy.

The year was highly significant with the passing of the CEO baton. Andrea Slattery, as co-founder of the Association, and CEO since inception, has made an extraordinary contribution to the growth and success of both the SMSF sector and the Association. Andrea has been a great ambassador for high standards of practice in the sector. Andrea's contribution is deeply appreciated by all. John Maroney, our new CEO, has excellent credentials for the role, and from the outset is demonstrating his deep expertise in public policy and advocacy, high energy, new initiatives and leadership to ensure the Association serves its stakeholders and remains the leading voice for the sector.

Looking Forward

Our public policy and advocacy agenda is broad but has been prioritised. Apart from the residual technical issues to address with the 2016 super reforms, the most pressing public policy issue is a better integrated public policy framework covering superannuation and retirement income policy, social security and tax in the first instance, and aged care and health in the longer term.

The lack of a cohesive framework was demonstrated with the January 1 asset test changes, with the perverse outcome

that singles or couples who have made a significant effort to self-fund their retirement can be worse off than people retiring on smaller balances. This makes little sense and needs to be addressed with policy adjustments.

The Productivity Commission (PC) Report on Superannuation – Assessing Competitiveness and Efficiency – will be significant. Following its July 2017 Issues paper, and resulting submissions, the Productivity Commission will issue its Draft Report in early 2018. Its focus includes costs, fees and net returns, default superannuation arrangements, and insurance in superannuation. While we expect the most significant focus of the PC will be on large superannuation funds, we know that the PC will still cast a thorough eye over the SMSF sector. Accordingly, we will continue to engage with the PC especially regarding SMSF asset allocations, fees and returns as they assess the SMSF sector. Members can find our submission to the PC's issues paper on the Association website.

During 2016-17, the Government announced the formation of the Financial Adviser Standards and Ethics Authority (FASEA), the appointment of its Board, and the appointment of Dr Deen Sanders as CEO. FASEA will have a key role in shaping advice and professional standards, Code arrangements, education and CPD requirements, and how these arrangements are monitored and supervised in a co-regulatory model. Your Association will engage strongly with FASEA, and is and will be advocating strongly for the recognition of specialists, including SMSF advice as an area of specialisation where appropriate provisions and accreditation requirements should apply for SMSF professionals.

For at least the past 10-15 years, the SMSF sector has played a vital role in funding equity and debt capital markets in Australia, which contributes to Australia's national prosperity. We are exploring new areas where the SMSF sector can contribute to other areas of national need, including innovative new funding models for housing, and the commercialisation of innovation in Australia, in an innovative yet prudent and responsible manner. This may lead to the creation of new asset classes, with return and risk characteristics which have a low correlation with existing major asset classes, and hence be good for portfolio construction, and contribute to

SMSF trustees fulfilling their investment objectives. This is a medium-term initiative which may take 2-4 years to develop.

In pursuing our objectives of maximising influence and ‘footprint’, there is a limit to what the SMSF Association can achieve alone with our own finite resources (including financial), and recognising that these resources derive very largely from our professional members. We need to spend and invest wisely. To this end, we intend developing a range of strategic partnerships in pursuit of our strategic objectives – always on the basis that they are congruent with the values of the Association, and do not compromise our independence and integrity through inappropriate commercial arrangements. Potential areas for strategic partnership include research and thought leadership, education, post retirement advice and solutions, women in super, capital markets, and data and communication protocols for the sector. The first of these partnerships was evidenced by the Strategic Partnership and Statement of Intent between the SMSF Association and the Australian Taxation Office, announced February 14, 2017.

Finally, on behalf of the Board, I would like to thank our Senior Executive team and our wonderful staff, our extended army of volunteers who so generously dedicate their time and effort through Committees and Local Community groups, and our professional members, for all your efforts in serving the interests of SMSF trustees and our broader stakeholder base.



Andrew Gale
Chairman

Chief Executive's Report

One of the questions I have been frequently asked since returning from the beautiful Swiss city of Basel is why I gave up the position as Head of Capital and Solvency at the International Association of Insurance Supervisors (IAIS) to move to Adelaide to take up the reins at the SMSF Association in May 2017.

Well, like many of life's decisions, there's no one answer to this question. But an important factor in my decision was the opportunity to return to the world of superannuation after first becoming involved in the 1980s. The work then was exciting, challenging, and, with political and industrial momentum growing to introduce compulsory superannuation, it was an industry with enormous promise and a highly laudable social objective – giving people the opportunity to enjoy a secure and dignified retirement.

With compulsory superannuation (introduced in 1992), funds under management quickly grew. But what has surprised many, including me, was how quickly the self-managed super fund sector grew. Certainly when I left for Switzerland eight years ago, I would not have predicted that SMSFs would be the largest super sector today. Going hand in glove with that growth in retirement savings has been the emergence of the SMSF Specialist to advise trustees, with the SMSF Association playing a critical role in this vital development. The result is an SMSF sector on a sound footing, a conclusion both the Cooper report (2010) and the Murray report (2014) reached.

However, a healthy state of affairs still allows no room for complacency; the challenges at industry (witness the 2016 Budget changes), professional and trustee levels will keep coming. What I have realised in my first six months is that the SMSF Association is well placed to meet these challenges.

The Board provided its vision via the 2020 Strategic Plan that encompasses our

ongoing leadership of the SMSF sector in terms of education and professionalism, a customer focus that drives an exceptional experience for all members and stakeholders, a financial performance that permits vital reinvestment, and expanding mutually and financially beneficial partnerships. Underpinning this vision is a skilled, committed and engaged staff.

At a practical level, it requires the SMSF Association to have constructive working relationships with all key policymakers and with key agencies, such as the Australian Securities and Investments Commission (ASIC), the Australian Taxation Office (ATO) and the Productivity Commission (PC). With ASIC we are working on issues such as SMSF advice surveillance activities; professional licensing, with a particular focus on supporting existing licensees and providing extra guidance to those entering the industry. We will also work with the Financial Adviser Standards and Ethics Authority (FASEA) to provide a practical application process for approving code monitoring bodies.

Since the 2016 Budget, much of our work with the ATO has revolved around the changes announced in that document, as well as the legislative package that became law late last year. The 2017 National Conference provided me with an enormous insight into how well the Association responded to this challenge. The members' thirst to comprehensively understand what the Budget changes meant for their clients was clearly evident. There was a real buzz at the event, much of it around these momentous changes, reinforcing to me why I had been attracted to the CEO role.

One thing I remember about superannuation from the 1980s that is still evident three decades later is that the only constant is change. With this firmly in mind, one of my first initiatives was to establish the Global Centre of Excellence for Retirement Savings, a policy think tank that will provide thought leadership about key areas in the retirement savings market, with a broad focus on financial and non-financial issues. It will position us well to meet the myriad policy challenges of tomorrow.

We are also investing more time and resources with SMSF trustees, with an inaugural SMSF Trustee Expo planned for Melbourne and an inaugural Trustee Festival in Adelaide. Both events will be held next year, with similar events planned in the following years. Our aim is to continue to educate and engage trustees to keep them well informed and active in the management of their SMSF and their relationships with their advisors. We expect these efforts will lead to better informed, educated and engaged trustees who are more likely to actively seek professional advice as they prepare for a secure and dignified retirement.

Finally, let me thank all members for the way you have warmly welcomed me into the Association. I have been touched by your generosity of spirit, impressed by the pride you rightly take in the SMSF sector as a profession, and gratified by your loyalty to the Association. Much has been achieved in the past 14 years, and, together, much more can be achieved into the future.



John Maroney
Chief Executive Officer



**Patron**

It became one of the defining moments of the National Conference. For a decade, Sir Anthony Mason, as Association Patron, would clinically dissect an industry or professional issue. Delegates appreciated the thoughtful words of one of this country's foremost jurists – and the professional challenge typically explicit in what he said.

Well, with the passing of the Patron's baton to the Reverend Tim Costello, delegates can still expect to be challenged. Although the focus will differ, the role of the Patron to articulate an issue in a way that intellectually stimulates and challenges will remain integral to the annual address. Costello's career, his enormous contribution to society in various roles over more than three decades, suggests it could not be any other way.

Today, he occupies the position of Chief Advocate for World Vision Australia after being its Chief Executive for 13 years until he stepped down in October 2016. He brought to World Vision an intimate knowledge of poverty, of destitution, of homelessness – but from a far different local perspective.

After studying law and education at Monash University, he spent three years studying theology at the International Baptist Seminary in Rueschlikon, Switzerland. Returning to Melbourne, a pastoral position became available at the Baptist Church in the bayside suburb of St Kilda, taking him into a world where drug addiction, street prostitution, homelessness, were very much part of the social fabric. For Tim, it was just the challenge he needed.

Over 10 years, he blended his pastoral work with a legal practice, growing both. A congregation of just six grew to 300 requiring four ministers; the legal office grew apace as the spiritual and legal worlds often overlapped. He also pushed into local government, being Mayor of St Kilda between 1993-94, until he was, in his words, "jeffed" – that quaint verb that crept into Victoria's lexicon during the Jeff Kennett premiership between 1992 and 1999. In his case, it meant losing the mayoralty because of Kennett's decision to enforce council amalgamations.

In 1995, he crossed the Yarra River to become the Baptist Minister at the inner-city Collins Street church, as well as taking on the role of Executive Director of Urban Seed, an Australian community development organisation focused on the idea that everybody needs a place to belong – especially those experiencing homelessness, mental illness, addiction and isolation.

Using both these positions as his "bully pulpit", he took a leading position on problem gambling, urban poverty, homelessness, reconciliation and substance abuse. On the issue of problem gambling, particularly with poker machines, he became a vocal advocate of reform – a cause he still believes in fervently, and one that brings him into conflict with governments thirsty for the tax revenue these machines generate.

By 2004, he decided it was time for a change, so when he was approached to become Chief Executive of World Vision Australia he took it in a heartbeat, staying in the position until October 2016.

"When you work with domestic social issues such as drug addiction, homelessness, mental illness, it's with the knowledge that you're often applying a band-aid, not a cure. You often know these people personally, with your efforts directed at just trying to ameliorate their suffering.



"Internationally, in developing nations, poverty is far more the product of the socio-economic environment. Here it's about empowering these people so they can take control of their own lives. For World Vision, the core philosophy is giving people a 'hand-up', not a 'hand-out'. As such, intervention in the form of constructive aid can have an enormous benefit for these communities."

There is no doubt Tim will want to use his position as Patron to reach out to members – advisors and trustees alike – to challenge them to give back to society. He has a view that life is like two containers; the first container, we fill it up with "assets" – education, marriage, children, career – as we build our lives.

With the second container, we draw down on what's been accumulated, both in terms of physical assets and life's experiences. It's this stage of life where people have the capacity, the time, the resources, to give back to their families and communities, whether they be local, national, or global. This will be Tim's challenge to members – to take the time, the effort, to give back. It's an experience he genuinely believes can not only enrich a community, but an individual.



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“Upon joining the SMSF Association I was impressed with their level of professionalism and their ability to connect in a meaningful way with their members. This has continued over the years and I now see membership to the SMSF Association as imperative in maintaining my SMSF expertise.”

John Alam, Managing Director, John Alam & Partners

SMSF Specialist Advisor (SSA)
Member since April 2011 (6 years)



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February 2017
SMSF Association
National Conference
held at the Melbourne
Convention and
Exhibition Centre



May 2017
John Maroney
commences as CEO



April 2017 Women,
Super and Wealth Summit
held at the Sofitel Sydney
Wentworth.



July 2017
SMSF Association
Technical Day Series
(Sydney, Brisbane,
Melbourne, Adelaide
& Perth)



February 2018
SMSF Association
National Conference
to be held at the ICC
Sydney



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Our Strategy:

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

Our Beliefs

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

We are the SMSF Association.



Our Objectives:



Financial

Achieve performance that enables reinvestment for future development and growth



Leading the SMSF Sector

The standard setter for SMSF education and professionalism



Customer-Client Centric

Drive an exceptional client experience for all members and stakeholders



Employees

A skilled, passionate and engaged workforce



Strategic Partnerships

Sustain and grow strong mutually and financially beneficial partnerships

Our Values:

Leadership

Influence / Strategic

Professionalism

Knowledge / Intelligence

Integrity

Reliability / Ethical

Sustainability

Innovation / Enabler





Policy and Advocacy

Jordan George, Head of Policy, SMSF Association

Throughout much of 2016-17 the key focus of the SMSF Association's policy and advocacy work has been around the implementation of the Government's superannuation changes through both consultations on legislation and also on the Australian Taxation Office's (ATO) implementation of the new laws. Trying to improve the Government's legislation to reduce complexity, minimise unintended outcomes and ensure that SMSF trustees were not unfairly affected by the changes were important goals. Similarly, trying to minimise the compliance impact on trustees and their advisors has been our main motivation when working with the ATO on implementing the new laws.

A significant issue which arose out of the Government's superannuation changes was further amendments proposing to include the outstanding balance of a limited recourse borrowing arrangement towards an individual's total superannuation balance. We saw this as unfair and poor policy that overreached in trying to close a small loophole. We made numerous representations to Government on this issue, aided by high quality feedback and case studies from our valued members, which was critical in persuading the Government to reconsider these amendments.

Running parallel to our work around the superannuation law changes has been engaging with the Productivity Commission's review of the efficiency and competitiveness of the superannuation sector and the early stages of the new education and ethics regime for financial advisors. Both of these policy issues will have the potential to significantly shape financial services in the immediate and long-term future.

Most recently, we have been focussed on the ATO's event-based reporting regime, the Government's tightening of the superannuation guarantee rules to protect employees and the 2017 Budget changes to superannuation around housing. Event-based reporting has been one of the most controversial issues this year but we believe that the feedback of our membership will shift the ATO to a sensible transition to the new rules.

The year ahead will see a focus on working with the new Financial Adviser Standards and Ethics Authority to establish the new education and ethical standards for advisors, and assisting the Productivity Commission understand the SMSF sector as part of its superannuation review. The transition to event-based reporting for SMSFs in 2018 will also be a critical issue.

As always our approach to policy and advocacy will be to represent our members' views to Government and strive to influence policy in the public interest to lead the professionalism, integrity and sustainability of the SMSF sector.

Education

Liz Ward, Head of Education (2012-2017), SMSF Association

The fact it has been a hectic year on the education front should surprise no one. The moment that the 2016 Budget reforms became law late last year, the SMSF Association was acutely aware of the complexity of the changes and the need to educate members so they would be prepared for the 1 July 2017 deadline. It began with the 2017 National Conference in February, there were a bumper series of intensive education roadshows in April and May, and then the Technical Day Series in July provided the ideal opportunity for a review – an opportunity members relished.

The fact members were keen to learn about the changes quickly became apparent at the National Conference with overwhelming demand for the workshops addressing the issues. There is no doubting this format, which includes a practical family example, is popular with members, encouraging, as it does, greater audience participation. Based on the feedback we received, the decision was made to repeat the format at the Technical Day Series, again to member acclaim.

This year saw a first for the Association – the inaugural Women, Super and Wealth Summit. Run in partnership with the Financial Services Council, it was an opportunity to dissect the reasons why womens’ superannuation balances are significantly lower than mens’ – and how to address the issue. What emerged were some encouraging signs that not only was there a great awareness of the gender gap issue, but this inequality was finally being seriously addressed.

Certainly, the Government and Opposition both realise this inequity must be

addressed unless Australia wants women in retirement to be the “future poor”. Steps are being taken, but what this Summit highlighted is that while government initiatives are important, much of the change must be driven by women, particularly those in leadership roles in the financial services and superannuation sectors if we are to guarantee much better financial outcomes for our daughters and grand-daughters.

Another first for the Association was a Chairman’s Lunch with the Treasurer, Scott Morrison, in March. Board and executive members were given a rare opportunity to hear first-hand the Treasurer’s views on a range of SMSF industry issues and policies, and provide feedback. These types of gatherings, conducted under Chatham House Rules, are of enormous value, in that we can engage in a healthy debate with the Minister and his advisors in a collegial atmosphere that can only be beneficial for our superannuation sector.

Offering education services to our growing trustee membership is an increasingly important part of what we do. As part of this we have been conducting monthly online presentations and forums (webinars) covering a range of topics germane to SMSF trustees. What’s been encouraging is not only that attendances have been growing, but the feedback has been positive. Trustees are thirsty for knowledge, and are appreciative when it’s provided in an interesting format that engages them.

Another sign of growing trustee engagement is that more than a 1000 have completed the online SMSF Education Courses that have been approved by the ATO. Although some did it out of interest, others did so after getting a “gentle suggestion” from the ATO. Either way it’s a good outcome.

We also held our first SMSF Trustee Seminar in Melbourne, and with 50 people attending it was a promising turnout. This event was followed in Sydney with the inaugural SMSF Trustee Conference held in Sydney on 30 October. For those members with good memories, they might remember the early National Conferences, and see what that event has now become on the superannuation calendar. We are confident the Trustee Conference will have a similar journey.





Technical

Peter Hogan, Head of Education and Technical, SMSF Association

This year's Technical Day Series took place just weeks after the biggest changes to superannuation in a decade took effect on 1 July 2017. Strong attendances went hand in glove with keen interest from members as to what these changes would mean for their clients, with the workshops proving the ideal forum to have these discussions.

It was the first time the Technical Day Series had solely used the workshop concept, a format that was well received by members, giving the opportunity for robust discussion from the floor between delegates and presenters, as well as the other facilitators who helped with the breakout sessions, on these four topics: total super balances, the transfer balance cap, CGT relief and estate planning.

We had advance notice at the National Conference in February of the acute member interest in the changes, so to use the Technical Day Series to discuss what were the practical implications post 1 July was extremely beneficial. And based on member feedback, certainly the workshop format will remain an integral part of how to run future conference events.

The Association's concerted efforts to ensure members were across the technical detail of the changes were not limited to the National Conference and Technical Day events. There were two well-attended intensive training sessions around the country, one before 30 June and the other post 1 July. As with the Technical Day, what was evident was a real thirst for knowledge, with the understandable focus on what it meant for clients.

In addition, we developed and distributed multiple Go-To Guides on related technical topics to provide practical additional support for professional members on the advice they needed to give their clients on a day to day basis

There can be no doubt coming to grips with CGT relief has been an issue of concern for members. This became apparent at the Technical Day Series, with members requesting more information and case studies on this complex subject. As a consequence, we initiated a national intensive program on this topic in the aftermath of the Technical Day events that were well attended and received, as well as offering members additional compendiums to the CGT Go-To Guide on both segregated and unsegregated CGT relief issues.

Webinars continue to be an important tool for imparting information on topical issues to members, both professionals and trustees, with new additional material developed for the Trustee Knowledge Centre as well as the professional web page.

Late in 2016, we offered a Masterclass on the "A to Z of Death" where we introduced a new combined package of webinar, quiz and three-hour workshop to enhance the CPD opportunities for participants. It was well received with another planned for November 2017.

On the technical front, it has been a challenging year. Coming to grips with what the Government's changes meant for professionals has required an intensive effort on everyone's part. What has been extremely gratifying in this process has been the keen response from members to make every effort to come to understand what are complex technical issues – a professional response, with your clients the ultimate beneficiaries.

Membership

Craig Montgomery, Membership Services Manager, SMSF Association

The Association exists for its members and we are continually striving to provide relevant products and services to meet and surpass member expectations.

With a growing proportion of our membership being Specialist Members (currently 55%) we recognise the importance of ensuring ready access to quality education to support ongoing CPD requirements. In response to feedback from our 2016 Member Survey, the Association introduced the following online CPD opportunities as a complimentary member benefit in 2017:

- Quarterly Legislative & Regulatory update webinars – 2 CPD points each
- Annual Budget update webinar – 2 CPD points
- Up to six Technically Speaking articles – 1 CPD point each on successful completion of a short quiz

With the most significant changes to superannuation in the last decade introduced from 1 July 2017, our education programs have focussed on comprehensive and practical content to best prepare our members to meet the needs of clients both in the lead up to, and after the new legislative changes were implemented. These education programs, offered in both face-to-face and online formats have been complemented by the introduction in 2017 of our 'Go-To Guides', comprehensive technical papers addressing the most challenging of these legislative changes.

A key challenge many members identified was being “time poor”, particularly when it comes to keeping up with legislative and regulatory changes, and meeting the requirements of ongoing CPD demands while performing day-to-day tasks. To address this, the Association has introduced a broader suite of recorded technical webinars providing greater access to CPD opportunities which can be completed at your convenience without leaving your office.

In response to member requests for greater brand recognition in the trustee market, the Association has embarked on a number of national campaigns both on radio and in print media, promoting the importance of trustees seeking out specialist professional advice when making decisions affecting their SMSFs.

2017 Member Survey

Thank you to those members that participated in our recent annual Member Survey. We value your input and feedback which helps us to shape the future of the Association so that we continue to meet and surpass your expectations.

Quotes from the Member Survey:

“I think the Association is fantastic and helps me with my SMSF discussions with clients.”

“I find the Conferences to be very well thought out and comprehensive.”

“I think you do a great job. Events are well organised and good value.”

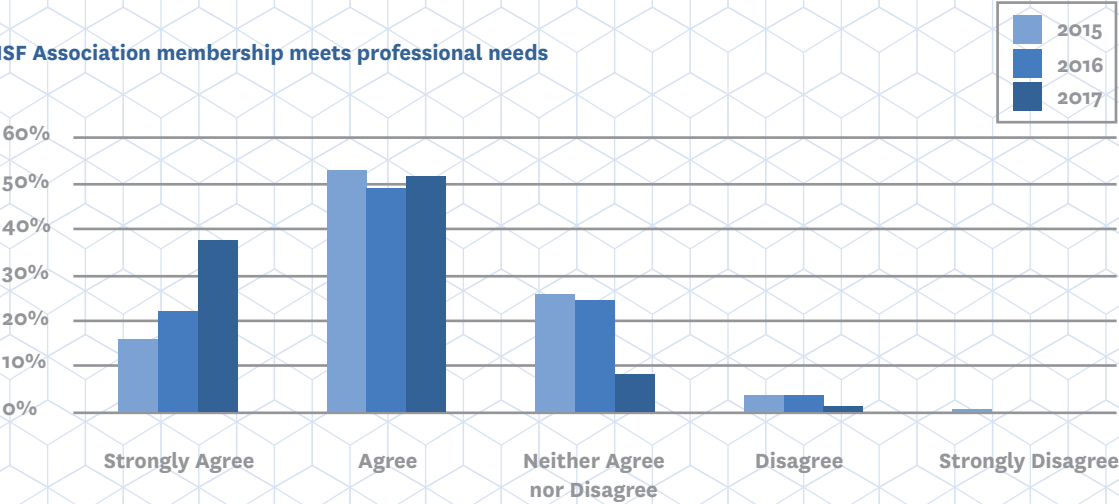
“Keep doing what you’re doing while bringing into the membership as many SMSF advisors and potential SMSF advisors as possible.”

“I think the offering of styles of learning and accessibility has improved dramatically over the years so can’t really suggest any improvements - very happy!”

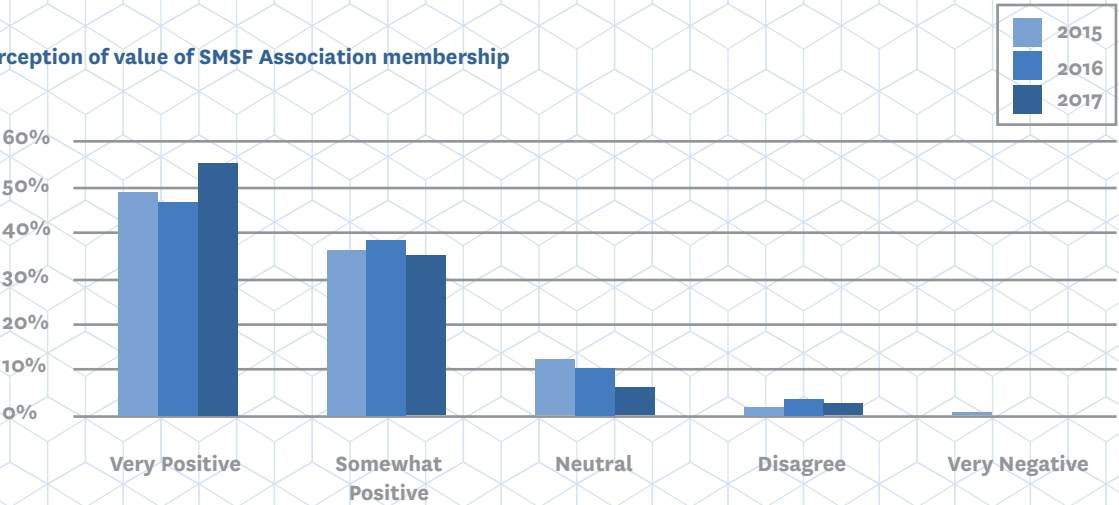
“The best part of this Association is that they are there when you need them, the services and resources are excellent but they don’t get in your way when trying to do day-to-day business.”

“You are wonderful advocates, and represent us very well.”

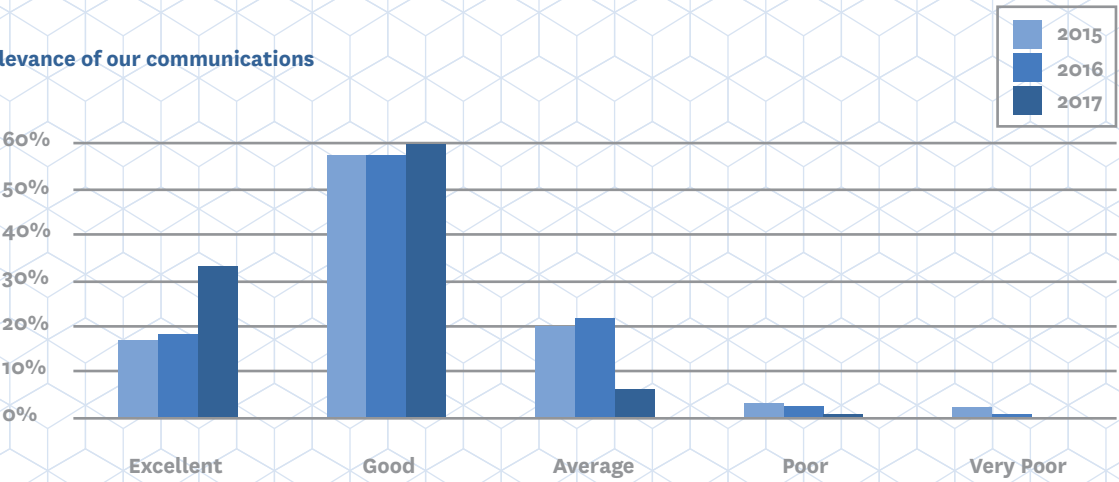
SMSF Association membership meets professional needs



Perception of value of SMSF Association membership



Relevance of our communications





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“The Association’s emphasis on training has been huge in building my confidence. Another benefit is that I am a much more rounded advisor as I am connecting with members from many other different professions.”

Daniel Martinez, Senior Financial Adviser, PFG Financial Services

SMSF Specialist Advisor (SSA)
Member since: May 2015 (2 years)



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Our Committees and Local Communities

The success of the SMSF Association has been built on the time and efforts of our committee members and volunteers. Thank you for your generous contribution and continued support.

Board Committees

Finance and Audit Committee

Brett Kenny – Chair
Nick Aston – Vice Chair
John Maroney – Chief Executive Officer
Andrew Hamilton

Board Nomination and Remuneration Committee

David Spear – Chair
John Maroney – Chief Executive Officer
Robin Bowerman
Andrew Hamilton

Public Policy Committee

Robin Bowerman – Chair
John Maroney – Chief Executive Officer
The Hon. Bernie Ripoll
Andrew Gale
Andrea Slattery
David Shirlow
Deborah Ralston
Jordan George

Governance and Risk Committee

Peter Crump – Chair
John Maroney – Chief Executive Officer
Cath Mulcare
Robyn FitzRoy

Association and Advisory Committees

Membership Committee

Brett Kenny – Chair

Professional Standards Committee

Andrew Sinclair – Chair

Education Committee

Peter Hogan – Chair

Regulatory Committee

Peter Hogan – Chair
Jordan George
Daniel Butler
Caroline Harley
Peter Burgess
Peter Crump
Craig Day

Media and Communications Committee

Jessica Beare – Chair

National Conference Technical Program Committee

Hannah Lennock – Chair
Peter Hogan
Jordan George
Craig Day
Jemma Sanderson
Mark Ellem
Shelley Banton
Scott Hay-Bartlem
Robin Bowerman
Tessa Zandegu

Local SMSF Communities

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





Corporate Governance Statement

The SMSF Association follows the AICD Ten Principles promoting good governance in the Not for Profit sector.

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 it's 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 & reviewing the Association's short & long-term strategies
- Approval of budgets
- Appointment & 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 nine non-executive Directors who are appointed to three-year terms. Directors 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 Nominations 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 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.

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 a 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 in assisting the Board in ensuring integrity in the Association's financial reporting. Committee members are comprised of the CEO, two Board representatives and the Association's external accountant and comprise of members with 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 who's performance is reviewed on an annual basis.

8. Organisation Building

Remuneration

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 section 22.3 of 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

Conflicts of Interest

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.





Our National Board is represented by the following members who have backgrounds in a range of professional financial service occupations



Andrew Crawford Gale

QUALIFICATIONS

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

EXPERIENCE

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

SPECIAL RESPONSIBILITIES

Chairman



Robin Lewis Bowerman

QUALIFICATIONS

Member of the Australian Institute of Company Directors.

EXPERIENCE

Head of Market Strategy and Communications at Vanguard, Robin holds expertise in investor education, funds management, industry and regulatory related topics. Robin has over 15 years experience as a leading financial services writer, commentator and editor.

SPECIAL RESPONSIBILITIES

Vice Chairman, Chairman of the Public Policy 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



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 the Chair of ASIC's Digital Finance Advisory Committee. She is also a Director of ASX Listed Mortgage Choice where she Chairs the Investment Committee for Mortgage Choice Financial Planning. Deborah is a Professorial Fellow at Monash University.

SPECIAL RESPONSIBILITIES

Director



Peter Ian Crump

QUALIFICATIONS

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

EXPERIENCE

Peter provides strategic financial planning advice to his clients as well as actuarial advice to clients and lawyers on superannuation and family law issues.

SPECIAL RESPONSIBILITIES

Director, Chairman of the Governance and Risk Committee





Our National Board is represented by the following members who have backgrounds in a range of professional financial service occupations



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



Brett Nicholas Kenny

QUALIFICATIONS

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

EXPERIENCE

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

SPECIAL RESPONSIBILITIES

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



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



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 20 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 Credit Union. 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 (Appointed 1 June 2017)



David Stewart Shirlow

QUALIFICATIONS

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

EXPERIENCE

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

SPECIAL RESPONSIBILITIES

Director (Retired 16 November 2016)





SMSF ASSOCIATION

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“I believe being a member of the SMSF Association provides numerous benefits to both my business and me personally. The Association provides great technical support and excellent networking with other like-minded professionals within the industry.”

Cherie Archibald, Auditor, InFocus Audits

SMSF Specialist Auditor (SSAud)
Member since: November 2011 (6 years)



SMSF ASSOCIATION

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SMSF ASSOCIATION

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SMSF Association Ltd

Directors' Report 30 June 2017

The Directors present their report on the SMSF Association Ltd for the financial year ended 30 June 2017.

1. 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:

Andrew Crawford Gale
Robin Lewis Bowerman
Andrea Elizabeth Slattery
Peter Ian Crump
David Stewart Shirlow
(retired 16 November 2016)
Brett Nicholas Kenny
Andrew John Hamilton
Cath Mary Mulcare
Deborah Ralston
(appointed 1 July 2016)
Robyn FitzRoy
(appointed 1 June 2017)

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 \$ 481,900 (2016: \$277,721 loss after tax).

The result for the year reflects continued growth in our Specialist accreditation and Association membership. In line with our Strategic Plan we continued to invest into new technology, additional technical resources, marketing and branding in the 2017 financial year. It is the intention of the Board in line with the Strategic Plan to return the Association to 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 financial services industry.

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

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

SMSF Association Ltd

Directors' Report 30 June 2017

1. 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. This Strategic Plan is reviewed on an annual basis to maintain relevance and take advantage of opportunities as they arise.

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 2017 there were 3,143 members. A member is defined in accordance with clause 5.1 of the constitution.

At 30 June 2017 the potential liability of members was \$ 31,430.

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.

2. Other Items

Significant changes in state of affairs

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

Events after the reporting date

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

Future Developments

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

- Creating the financial capacity to pursue our goals
- Leading the SMSF Sector by being the trusted source of information, education, policy positions and standards
- 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.

Directors' Report
30 June 2017

2. 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 precluded from paying a dividend following amendments to the Corporations Act 2001, effective 28 June 2010.

Meetings of Directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Peter Ian Crump	6	6
Andrew Crawford Gale	6	6
Robin Lewis Bowerman	6	5
David Stewart Shirlow	3	3
Brett Nicholas Kenny	6	6
Andrea Elizabeth Slattery	6	6
Andrew John Hamilton	6	6
Cath Mary Mulcare	6	6
Deborah Ralston	6	5
Robyn FitzRoy	1	1

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 2017. 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 2017

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 2017 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:


 Director:
 Andrew Crawford Gale - Chairman

Dated this 9th day of October 2017

**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 2017, I declare that to the best of my knowledge and belief, there have been:

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

Accru Harris Orchard
ACCRU⁺ HARRIS ORCHARD

BW
**BEN WILLINGTON
DIRECTOR**

Dulwich, 6th October 2017.

SMSF Association Ltd

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017**

		2017	2016
	Note	\$	\$
Revenue	4	6,223,027	5,733,387
Education and technical expense		(4,522,694)	(3,693,121)
Depreciation and amortisation expense		(96,208)	(92,654)
Other expenses	5(a)	(2,128,134)	(2,228,509)
Profit before income tax		(524,009)	(280,897)
Income tax expense		(9,936)	24,294
Profit (loss) from continuing operations		(533,945)	(256,603)
Profit (loss) for the year		(533,945)	(256,603)
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	52,045	(21,118)
Other comprehensive income for the year, net of tax		52,045	(21,118)
Total comprehensive income for the year		(481,900)	(277,721)

SMSF Association Ltd

Statement of Financial Position At 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,476,884	2,058,983
Trade and other receivables	8	70,985	131,366
Other financial assets	9	1,754,213	1,642,741
Other assets	12	29,405	46,571
TOTAL CURRENT ASSETS		3,331,487	3,879,661
NON-CURRENT ASSETS			
Property, plant and equipment	10	60,025	74,497
Deferred tax assets		30,436	40,372
Intangible assets	11	304,239	157,697
TOTAL NON-CURRENT ASSETS		394,700	272,566
TOTAL ASSETS		3,726,187	4,152,227
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	503,744	351,712
Employee benefits	15	135,614	324,692
Deferred income	14	1,752,416	1,673,029
TOTAL CURRENT LIABILITIES		2,391,774	2,349,433
NON-CURRENT LIABILITIES			
Employee benefits	15	57,052	43,533
TOTAL NON-CURRENT LIABILITIES		57,052	43,533
TOTAL LIABILITIES		2,448,826	2,392,966
NET ASSETS		1,277,361	1,759,261
EQUITY			
Founding subscriptions		60	60
Retained earnings		1,277,301	1,759,201
TOTAL EQUITY		1,277,361	1,759,261

SMSF Association Ltd

Statement of Changes in Equity For the Year Ended 30 June 2017

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

SMSF Association Ltd

Statement of Cash Flows For the Year Ended 30 June 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from members and non-mutual income
Payments to suppliers and employees
Net cash provided by/(used in) operating activities

Note	2017 \$	2016 \$
	6,278,510	5,546,055
	(6,661,918)	(5,859,995)
22	<u>(383,408)</u>	<u>(313,940)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Payments for property, plant and equipment
Payments for intangible assets
Receipts (payments) for investments
Fund distributions received
Interest received
Net cash provided by/(used by) investing activities

	(14,940)	(24,554)
	(218,609)	(135,765)
	(59,427)	(154,040)
	63,869	51,758
	30,416	45,436
	<u>(198,691)</u>	<u>(217,165)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Net increase/(decrease) in cash and cash equivalents held
Cash and cash equivalents at beginning of year
Cash and cash equivalents at end of financial year

	(582,099)	(531,105)
	2,058,983	2,590,088
7	<u>1,476,884</u>	<u>2,058,983</u>

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

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 9 October 2017.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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

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

2 Summary of Significant Accounting Policies

(a) Income Tax

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

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

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

Deferred tax is not provided for the following:

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

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

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(a) Income Tax

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

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

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

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

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

(b) Leases

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

(c) Revenue and other income

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

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

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

(i) Interest revenue

Interest is recognised using the effective interest method.

(ii) Dividend revenue

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

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(c) Revenue and other income

(iii) Rendering of services

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

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

(iv) Subscriptions, conferences and sponsorship

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

(v) Other income

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

(d) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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

(e) Property, Plant and Equipment

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

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

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

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

Notes to the Financial Statements For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(e) Property, Plant and Equipment

(i) Plant and equipment

Plant and equipment are measured using the cost model.

(ii) Depreciation

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

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

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

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

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

(f) Financial Instruments

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

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

Financial Assets

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

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

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

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

Notes to the Financial Statements For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(f) Financial instruments

Loans and receivables

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Held-to-maturity investments

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

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

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(f) Financial instruments

Available-for-sale financial assets

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

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

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

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

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

Financial liabilities

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

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 2017

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

(j) Employee benefits

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

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

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

Termination benefits

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

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

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

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2017

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 2017

4 Revenue and Other Income

Revenue from continuing operations

	2017 \$	2016 \$
Membership revenue		
- member subscriptions	1,771,407	1,848,772
Total Membership Revenue	1,771,407	1,848,772
Other revenue		
- education programs	4,077,535	3,648,688
- other mutual and non-mutual income	279,800	138,733
- interest received	30,416	51,758
- fund distributions	63,869	45,436
Total Other Revenue	4,451,620	3,884,615
Total Revenue	6,223,027	5,733,387
Other Comprehensive Income		
Fair value adjustment to available for sale assets	52,045	(21,118)

5 Result for the Year

(a) Expenses included in Administration or Other expenses

	2017 \$	2016 \$
Depreciation and Amortisation		
Property, plant and equipment	24,141	25,052
Computer software, other	72,067	67,602
Total Depreciation and Amortisation	96,208	92,654
Rent	159,678	160,308
Marketing	670,099	579,858
Travel	191,570	148,402
Consulting and professional fees	61,782	41,425
IT Expenses	156,710	54,940

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

6 Income Tax Expense

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

	2017 \$	2016 \$
Current tax expense		
Income tax - current period	9,936	(24,294)
	9,936	(24,294)

(b) Reconciliation of income tax to accounting profit:

Prima facie tax payable / (benefit) on operating profit / (loss) before income tax at 30% (2016: 30%)	(157,203)	(84,269)
Add:		
Tax effect of:		
- non-deductible items	1,205,113	1,250,378
- temporary differences	(17,798)	(13,186)
- income tax losses to be recognised in future periods	173,767	-
	1,203,879	1,152,923
Less:		
Tax effect of:		
- tax effect of items not assessable for tax	1,193,064	1,158,732
- tax effect of permanent differences	879	(7,747)
Recoupment of prior year tax losses not previously brought to account	-	26,232
Income tax expense	9,936	(24,294)

7 Cash and cash equivalents

	2017 \$	2016 \$
Cash at bank in hand	816,257	1,415,786
Deposits at call	660,627	643,197
	1,476,884	2,058,983

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

8 Trade and other receivables

	2017 \$	2016 \$
CURRENT		
Trade receivables	40,640	69,190
Other receivables	30,345	62,176
Total current trade and other receivables	70,985	131,366

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

	2017 \$	2016 \$
CURRENT		
Available for sale financial assets	1,754,213	1,642,741
Total current assets	1,754,213	1,642,741

Available-for-sale financial assets are comprised of investments in various entities and are managed by Evans and Partners Pty Ltd.

10 Property, plant and equipment

Office equipment		
Furniture, fixtures and fittings		
At cost	169,475	172,759
Accumulated depreciation	(109,450)	(98,494)
Total furniture, fixtures and fittings	60,025	74,265
Leasehold improvements		
At cost	-	4,648
Accumulated depreciation	-	(4,416)
Total improvements	-	232
Total plant and equipment	60,025	74,497

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

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 \$	Total \$
Year ended 30 June 2017			
Balance at the beginning of year	74,265	232	74,497
Additions	14,940	-	14,940
Disposals - written down value	(5,062)	(209)	(5,271)
Depreciation expense	(24,118)	(23)	(24,141)
Balance at the end of the year	60,025	-	60,025

11 Intangible Assets

Patents, trademarks and other rights
Cost

Net carrying value

Computer software and website
Cost

Accumulated amortisation and impairment

Net carrying value

Total Intangibles

	2017 \$	2016 \$
Patents, trademarks and other rights Cost	18,987	18,987
Net carrying value	18,987	18,987
Computer software and website Cost	361,386	142,777
Accumulated amortisation and impairment	(76,134)	(4,067)
Net carrying value	285,252	138,710
Total Intangibles	304,239	157,697

(a) Movements in carrying amounts of intangible assets

	Patents, trademarks and other rights \$	Computer software and website \$	Total \$
Year ended 30 June 2017			
Balance at the beginning of year	18,987	138,710	157,697
Additions	-	218,609	218,609
Amortisation	-	(72,067)	(72,067)
Closing value at 30 June 2017	18,987	285,252	304,239

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

12 Other assets

	2017 \$	2016 \$
CURRENT		
Prepayments	29,405	46,571
	<u>29,405</u>	<u>46,571</u>

13 Trade and other payables

	2017 \$	2016 \$
CURRENT		
Trade payables	139,739	158,798
Other payables	364,005	192,914
	<u>503,744</u>	<u>351,712</u>

14 Deferred Income

	2017 \$	2016 \$
Membership subscriptions	1,312,004	1,287,399
Sponsorship income	142,325	129,180
Education income	298,087	256,450
	<u>1,752,416</u>	<u>1,673,029</u>

15 Employee Benefits

	2017 \$	2016 \$
Current liabilities		
Employee benefits	135,614	324,692
	<u>135,614</u>	<u>324,692</u>
Non-current liabilities		
Employee benefits	57,052	43,533
	<u>57,052</u>	<u>43,533</u>

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

16 Leasing Commitments

	2017 \$	2016 \$
Operating leases		
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	210,155	155,356
- between one year and five years	843,457	18,719
	<u>1,053,612</u>	<u>174,075</u>

17 Fair Value Measurement

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

Fair value hierarchy

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

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

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

	Level 1	Level 2	Level 3	Total
30 June 2017	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Investments with Evans and Partners Pty Ltd	1,754,213	-	-	1,754,213
30 June 2016	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Investments with Evans and Partners Pty Ltd	1,642,741	-	-	1,642,741

Transfers between levels of the hierarchy

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

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

17 Fair Value Measurement

Highest and best use

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

Net Fair Values

Fair value estimation

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

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

	2017		2016	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,476,884	1,476,884	2,058,983	2,058,983
Trade and other receivables	70,985	70,985	131,366	131,366
	1,547,869	1,547,869	2,190,349	2,190,349
Available-for-sale financial assets:				
at fair value				
- listed investments	1,754,213	1,754,213	1,642,741	1,642,741
	1,754,213	1,754,213	1,642,741	1,642,741
Total financial assets	3,302,082	3,302,082	3,833,090	3,833,090
Financial liabilities				
Trade and other payables	151,556	151,556	165,896	165,896
Total financial liabilities	151,556	151,556	165,896	165,896

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

18 Key Management Personnel Disclosures

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

	2017	2016
	\$	\$
Other KMP		
Short-term benefits	1,577,706	1,481,474
Post-employment benefits	159,751	105,990
Board		
Short-term benefits	165,727	63,047
Post-employment benefits	8,004	4,485
	1,911,188	1,654,996

Remuneration for the Board commenced during the 2016 financial year. No change to Board remuneration has occurred during 2017.

Remuneration Bands (excluding Board members)

	2017	2016
\$0 to \$149,999	3	2
\$150,000 to \$299,999	5	5
\$300,000 to \$450,000	1	2

(a) Other key management personnel transactions

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

19 Related Parties

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

Key management personnel - refer to Note 18.

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.

(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 \$4,900 to a related party for graphic design services. There were no amounts payable in relation to this transaction as at year end.

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

20 Contingencies

In the opinion of the Directors, the SMSF Association Ltd did not have any contingencies at 30 June 2017 (30 June 2016: None).

21 Events Occurring After the Reporting Date

Commercial Lease

On 11 August 2017 the Association entered into a Heads of Agreement for a 5 year lease of office premises in the Adelaide CBD. A formal lease agreement is expected to be executed, formalising the terms and conditions of the lease.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could 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.

22 Cash Flow Information

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

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

	2017	2016
	\$	\$
Profit (loss) for the year	(481,900)	(277,721)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	96,208	92,654
- net (gain) loss on disposal of property, plant and equipment	5,271	-
- unrealised (gains)/losses on investments	(52,045)	21,118
- fund distributions received	(63,869)	(51,958)
- interest received	(30,416)	(45,436)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	60,381	(42,372)
- (increase)/decrease in other assets	17,166	-
- (increase)/decrease in deferred tax receivable	9,936	(24,294)
- increase/(decrease) in trade and other payables	231,419	(77,181)
- increase/(decrease) in income taxes payable	-	(10,009)
- increase/(decrease) in employee benefits	(175,559)	101,259
Cashflow from operations	<u>(383,408)</u>	<u>(313,940)</u>

SMSF Association Ltd

Notes to the Financial Statements For the Year Ended 30 June 2017

23 Company Details

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

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

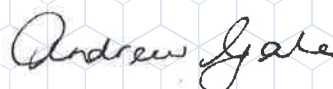
SMSF Association Ltd

Directors' Declaration

The Directors of the SMSF Association Ltd declare that:

1. The financial statements and notes, as set out on pages 6 to 28, 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 2017 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.



Director
Andrew Crawford Gale - Chairman

Dated this 9th day of October 2017

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 2017, 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 2017 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

BEN WILLINGTON
DIRECTOR

Dulwich, 10th October 2017