SMSF Association
Annual Report

2019

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Annual General Meeting
The SMSF Association's Annual General Meeting will be held on Wednesday 20 November 2019 at 4:30pm in the SMSF Association Adelaide Boardroom.

SMSF Association
Annual Report

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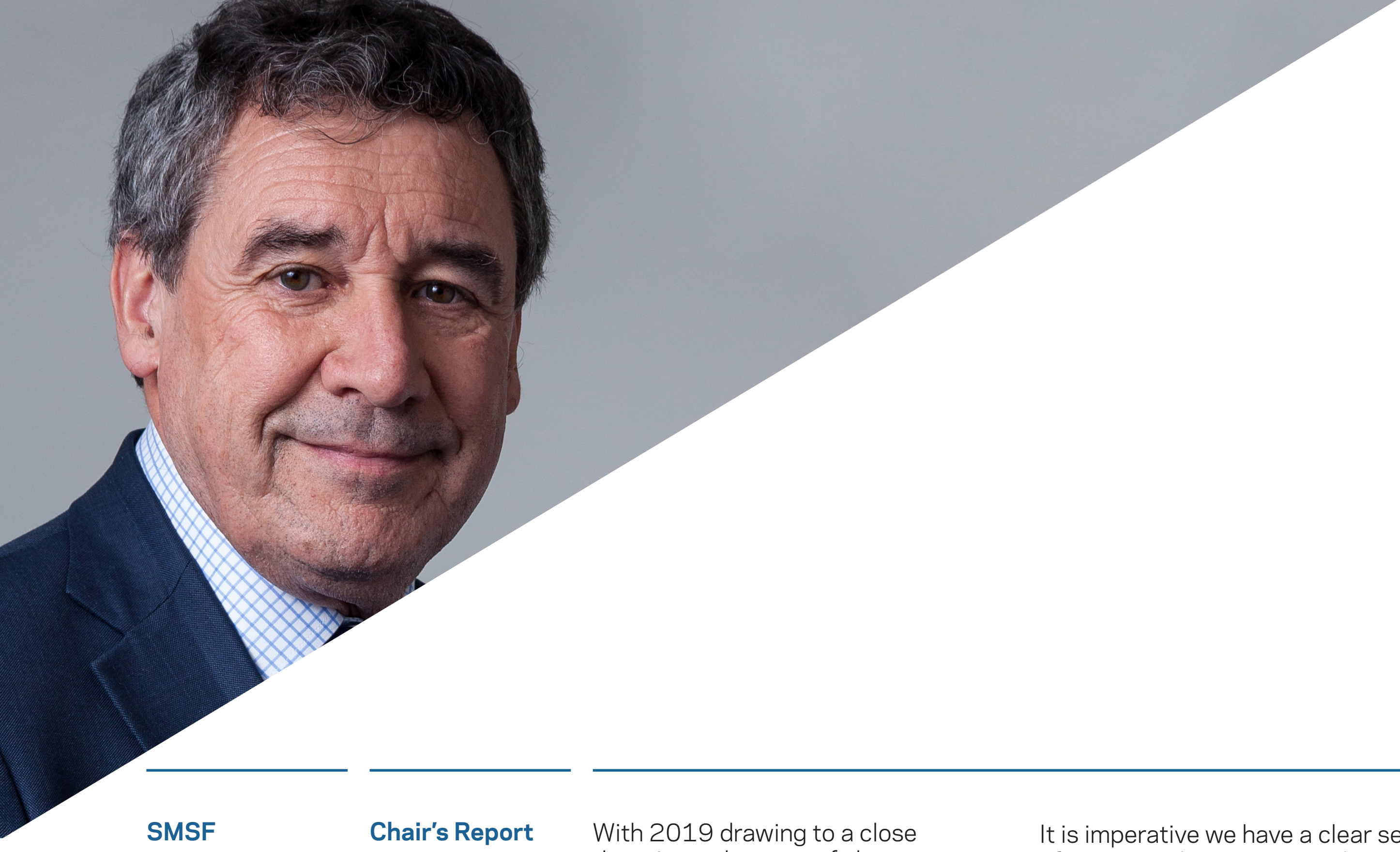


Chair's Report

With 2019 drawing to a close there is no shortage of change – and opportunities - facing the superannuation industry, the SMSF sector, the Association and our membership. So, it was timely that a key focus of the Board this year has been devoted to drawing up the 2020-24 Strategic Plan for your Association.

A lot can happen in five years – just ask federal political leaders. When the last strategic plan was implemented in 2015, Tony Abbott was Prime Minister, but the year ended with Malcolm Turnbull residing in the Lodge and change certainly did not stop there. And it's not just political change; who was predicting a cash rate of less than one per cent five years ago and what that means for retirees looking for income?

The 2020-24 Strategic Plan is our road map for the next five years in the ever-changing world of superannuation and focuses on leading the SMSF sector, improving the quality of SMSF professionals and helping inform and educate SMSF trustees. A summary of the plan is shown later in this report.

Since 2003, when your Association was established, constant change has been the norm - one reason we have consistently argued for the legislating of a clear objective for superannuation as recommended by the Financial System Inquiry.

It is imperative we have a clear sense of strategic direction to guide us, yet, at the same time, recognising the need for flexibility as the environment that we all work in evolves and adapts to both regulatory and market changes.

It means your Association must strive to remain the premier voice of the SMSF sector, to have the ear of Government, Regulators and media, so that the policy positions we advocate always carry weight in the corridors of power.

Advocacy is somewhat akin to investing – yesterday's results are no guarantee of future returns. What your Association has achieved in the past does not ensure good outcomes for the SMSF community in the future; the challenges will keep coming, and we must remain vigilant to ensure we are prepared to meet them.

There's no better example than the current disruption within the advice industry. It's the Association's view that the new licensing standards not only need to be acknowledged but should be seen as an opportunity to support and grow our membership through initiatives such as the reshaped educational program.

Another potential instrument for change could flow from the Government's recent decision to establish an independent review of the Retirement Income System – a key recommendation of the Productivity Commission's comprehensive report.

"It is imperative we have a clear sense of strategic direction to guide us, yet, at the same time, recognising the need for flexibility as the environment that we all work in evolves and adapts to both regulatory and market changes."

This is an important initiative – one that is probably overdue because despite the strengths of our superannuation system and the way it interacts with social security and tax, we know it can be enhanced in ways that will help the retirement outcomes of all members of super funds, SMSF and APRA-regulated alike.

Let me end on a personal note. Our Patron, the Reverent Tim Costello, AO, stepped down in August. We are indebted to Tim for his involvement, particularly in the way he has encouraged us to have a broader vision about superannuation and the important role our super sector can play in giving back to the community in ways that can enrich the lives of all involved.

Earlier this year, we farewelled Andrea Slattery and Cath Mulcare as directors. Cath had served the Association in this role since 2015, while Andrea had served since 2013 in addition to her role as CEO from 2003 to 2017. The Board thanks both directors for their service and, in particular, thanks Andrea for her 17 years of service, including periods as CEO, Managing Director and most recently as director.

The Board also welcomed four new directors during the year, with the Hon. Bernie Ripoll being appointed in April, Tracey Scotchbrook and Michael Houlihan in June and Scott Hay-Bartlem in July. Each of these new directors brings skills and experience that will be invaluable to the Board as it oversees the management of the Association and guides the future strategy. The Board plans to issue another call for Expressions of Interest from members early in 2020 to continue the process of Board renewal.

Finally, our best wishes and heartfelt thanks to the former Chair, Dr Deborah Ralston, who decided to step down from her role in order to devote her efforts to serving on the three-member committee the Government has set up to review the Retirement Income System.

Although we will miss Deborah's sage advice, we congratulate her on the appointment, knowing her skill set and experience make her an excellent choice for this committee that has the potential to have a major influence on how our retirement income system evolves in the coming years.

I would like to thank all my fellow board members for their support, our hard-working executive team under the leadership of CEO John Maroney, and, finally, to all our members whose commitment to the SMSF sector is beyond question.

Robin Bowerman
Chair

CEO Report

The 2018-2019 year has certainly been a memorable year for your Association, including a federal election, the second SMSF Association SMSF + Investor Expo, the inaugural SMSF Week, the Financial Services Royal Commission Final Report, the Productivity Commission superannuation final report and the continuing implementation of the Financial Adviser Standards and Ethics Authority (FASEA) educational requirements and code of ethics. We have barely had time to grab our collective breath.

Your Association has also expended considerable resources in the past year improving our value proposition for our professional members, including enhancing educational pathways to achieve Specialist designations such as the SSA™ or SSAud®. We understand the importance of equipping you with the intellectual tools to better service your clients, especially in a post-Royal Commission world with the higher education, training and ethical standards implemented by FASEA.

We want to ensure our education systems either position you as an SMSF Specialist and help you maintain that designation or provide you with every assistance to become a Specialist. Hence, it was very pleasing that FASEA approved one subject credit for those who have already achieved the SSA™ designation or do so in the future.

When FASEA was established in April 2017 to set the new standards for financial advisers, it was in due recognition that the quality of advice to Australian consumers had to improve – a point your Association has constantly made. Reform is never easy, so we have consistently argued that the industry needs time to adjust.

So, it was pleasing that the Government was prepared to listen to industry concerns and allow an extra year to complete the FASEA-approved exam (1 January 2022) and two additional years to meet its qualification requirements (1 January 2026). The Association is confident these extensions will not, in any way, undermine the integrity of the reforms while giving the industry more time to adjust. Certainly, financial advisers are embracing the changes with the first sitting of the exams under the new FASEA guidelines achieving a 90% pass rate.

Events are a major part of the Association's year, and 2019 was no exception. We enjoyed another successful National Conference with more than 1,600 delegates taking time out of their busy schedules to attend. I think we can say with no fear of contradiction that it's the premier event for the SMSF sector. We are confident the 2020 event, being held on the Gold Coast for the first time, will be a similar success. The Technical Days in the five mainland capital cities also continue to draw strong support.

"We understand the importance of equipping you with the intellectual tools to better service your clients, especially in a post-Royal Commission world with the higher education, training and ethical standards implemented by FASEA."

It's important to note that November 2018 saw a first for your Association with the inaugural SMSF Week. It was an auspicious week of events and activities that were well attended with highlights being the launch of fresh research into key issues facing SMSFs including: suitability, cost effectiveness, franking credits, diversification and unmet advice needs. There was extensive media coverage (including a media roundtable focussed on the difficulties faced by accountants in providing support and advice to clients with SMSFs) and a webcast with Regulators and leading industry figures hosted by the ATO. The next SMSF Week is scheduled for June 2020 immediately before the third SMSF + Investor Expo in Melbourne.

The second two-day SMSF + Investor Expo (held in Melbourne in June) had the newly sworn-in Assistant Minister for Superannuation, Financial Services and Financial Technology, Senator Jane Hume, outline what the Coalition Government aims to achieve in superannuation and financial services over the next three years. It was an insightful address that set the tone for an event that attracted strong interest from the community and keen support from exhibitors.

We were very pleased to launch the new SMSF Connect website in March to replace the Trustee Knowledge Centre. SMSF Connect enables SMSF trustees to connect with the very latest SMSF knowledge, super news, investment information and independently accredited SMSF Specialists.

External events absorbed much of your Association's time and resources this year. In particular, this year's federal election in May saw Labor's proposal to cancel cash refunds for excess dividend imputation franking credits become a key issue in the campaign, with your Association arguing strongly that it unfairly targeted many retirees with SMSFs, and, if implemented, would force many of them to revise their retirement income and investment strategies. Since the election, Labor has indicated it will re-examine this policy, and we aim to work constructively with them to encourage them to discard or amend the policy to avoid the distortionary and inequitable consequences that the policy would have entailed.

We also had to come to grips with the aftermath of the Financial Services Royal Commission Final Report. Although the SMSF sector was specifically excluded from the inquiry, some of the issues raised are relevant to our sector, especially in relation to the quality and independence of advice. We encourage all parties to work constructively to ensure its recommendations are enshrined in legislation after appropriate consultation. Adequate time should be allowed for all those affected to adjust their business models without undue disruption to customers, especially those who could be disadvantaged by some of those recommendations by losing access to products or services they value.

We will continue to encourage all policymakers to support our efforts to enhance the integrity of the SMSF sector, so that it can continue to offer an attractive choice for many Australians to grow their retirement savings so that they can enjoy a secure and dignified retirement. We have shared our superannuation policy priorities with both the Government and the Opposition and will work closely with all policymakers over the year ahead on key issues, including the Retirement Income Review, and over the longer term.

Finally, let me end on a personal note. We were sorry this year to see our Head of Policy, Jordan George, resign to head back to the chillier climes of Canberra to re-join Treasury. Jordan gave the Association seven fruitful years and we will sorely miss his considered input.

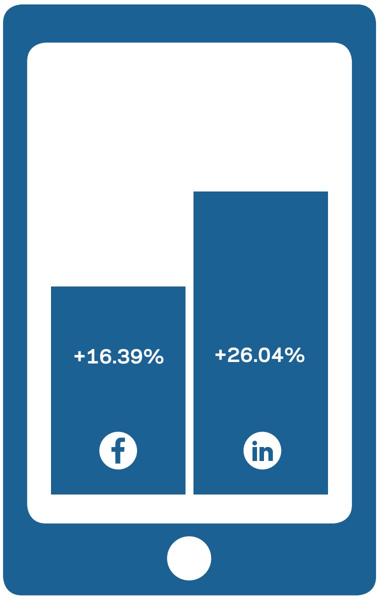
In conclusion, I also thank all Board members, volunteers and Association staff for the contributions they have made to supporting the Association's activities during the year and helping protect and promote the credibility and health of a vibrant SMSF community.

Members, once again let me thank you for your commitment and loyalty to the Association. This is the foundation on which any success we enjoy is built.

John L Maroney

John Maroney
Chief Executive Officer

The Association has an active social media presence across LinkedIn, Facebook and Twitter with engaging updates and discussion on a regular basis.



1,125,201 total number of SMSF members (ATO SMSF quarterly statistical report June 2019)

During the 2018 calendar year, we made 52 submissions to Government and Regulators.

SMSF + Investor Expo held in Melbourne with 1,092 attendees over two days, with 66% of attendees spending more than two hours at the Expo.

Technical Day Series for SMSF professionals travelled around the country (Beginning in Brisbane, then Perth, Melbourne, Adelaide and finishing in Sydney) during July and August 2019.

The Technical Research Service, since its official launch in March 2019, has answered over 200 queries on a range of SMSF topics.

Strategic Objectives

From 1 July 2019, the SMSF Association commenced a new 5 year Strategic Plan to focus on delivering more value for our professional members, to inform trustees and future trustees and ensure we continue to lead the SMSF sector.

Leading the Sector

The premier SMSF voice with Government, Regulators, policy makers and media to ensure a healthy and sustainable sector.

Quality Professionals

SMSF Specialists who provide appropriate, accurate and timely advice and support services.

Informed Trustees

Who receive relevant, accurate and timely information and resources to help them achieve quality of life in retirement.

Our Foundations

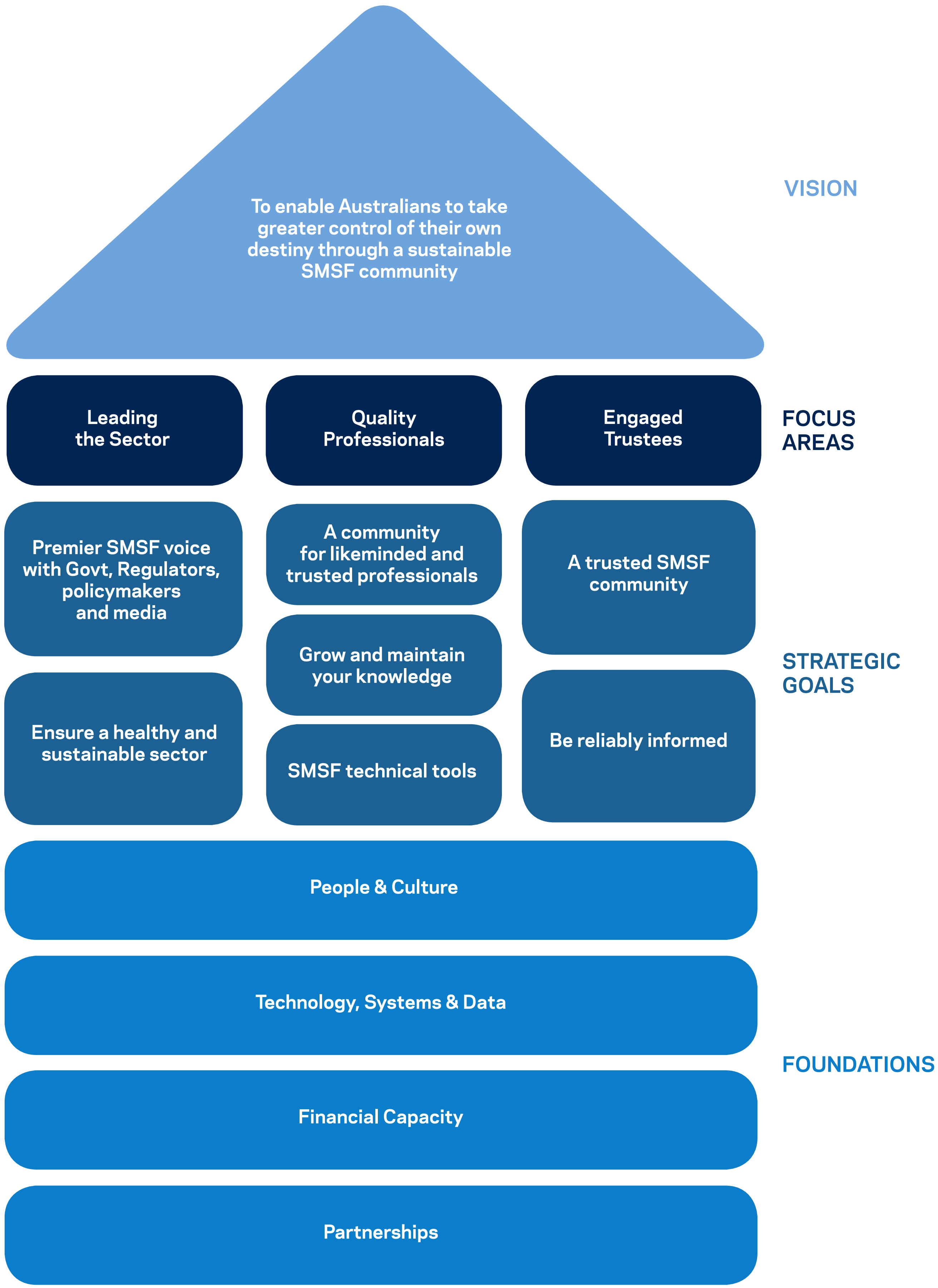
- People and Culture – a skilled, engaged and passionate workforce.
- Technology, Systems and Data – robust and efficient systems.
- Partnerships – grow and maintain strong commercial Strategic Partnerships while maintaining independence.
- Financial Capacity – creating and maintaining the financial capacity to pursue goals and objectives.

Key projects we will undertake over the next 12 months

- A refresh of the SMSF Association website to improve functionality and overall user experience.
- Deliver more technical content tailored to SMSF Specialists.
- Enhance the support and experience of progressing through the Specialist accreditation program.
- Co-branded content for professional members to provide to their SMSF clients via SMSF Connect.
- Grow our trustee community to inform and educate about the importance of seeking professional and specialist SMSF advice.
- Continue to develop relevant strategic partnerships to deliver on our core objectives.
- Deliver another successful SMSF Week.

Our key targets for the next 12 months

- Achieve a retention rate of 95% for Specialist members.
- Achieve 86% delegate satisfaction rate for National Conference 2020.
- Grow our engaged trustee community by 30%.
- Attract more than 1,500 delegates to the SMSF + Investor Expo to be held in Melbourne during June 2020.
- Delivered a financial surplus for the 2020 financial year.


To enable Australians to take greater control of their own destiny through a sustainable SMSF community
VISION
Leading the Sector
Quality Professionals
Engaged Trustees
FOCUS AREAS
Premier SMSF voice with Govt, Regulators, policymakers and media
Ensure a healthy and sustainable sector
A community for likeminded and trusted professionals
Grow and maintain your knowledge
SMSF technical tools
A trusted SMSF community
Be reliably informed
STRATEGIC GOALS
People & Culture
Technology, Systems & Data
Financial Capacity
Partnerships
FOUNDATIONS

1,630 attendees at the SMSF Association National Conference 2019 held at the Melbourne Convention & Exhibition Centre


SMSF
ASSOCIATION
Self Managed
Super Fund

Approximately 55% of Member Survey 2019 respondents advise on, audit or service more than 50 SMSFs.

SMSF Association Membership as at 30 June 2019:

Membership type	% of total membership
Specialist	61.4%
Associate	35.1%
Affiliate	2.6%
Retired	0.9%

2019 Member Survey

Thank you to our valued members who provided feedback in our recent 2019 Member Survey. The responses assist us in ensuring we understand the expectations you have of us, as a professional Association.

Based on feedback in the 2018 Member Survey, we implemented:

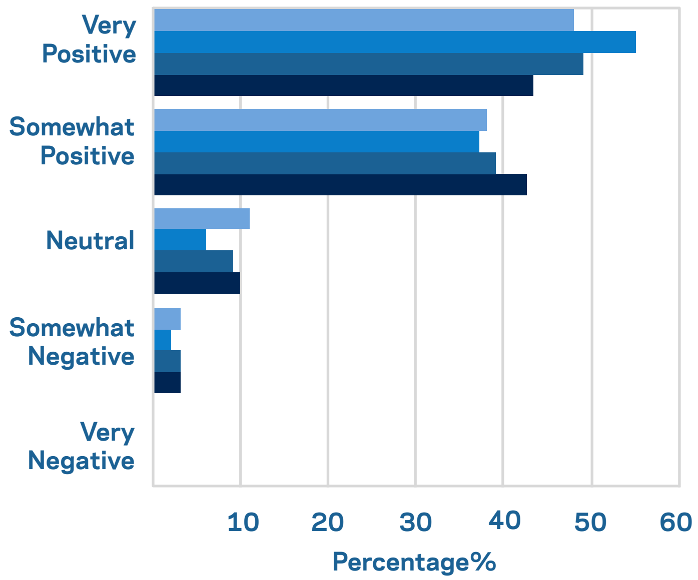
- Choice between a Daily or Weekly News email communication.
- Roll out of the Technical Research Service to all members.
- More affordable CPD opportunities including an increase in complimentary CPD options and cheaper webinars.
- A more tailored approach to email communications.

As a result of feedback in the 2019 Member Survey we will be looking to act on these in the short term:

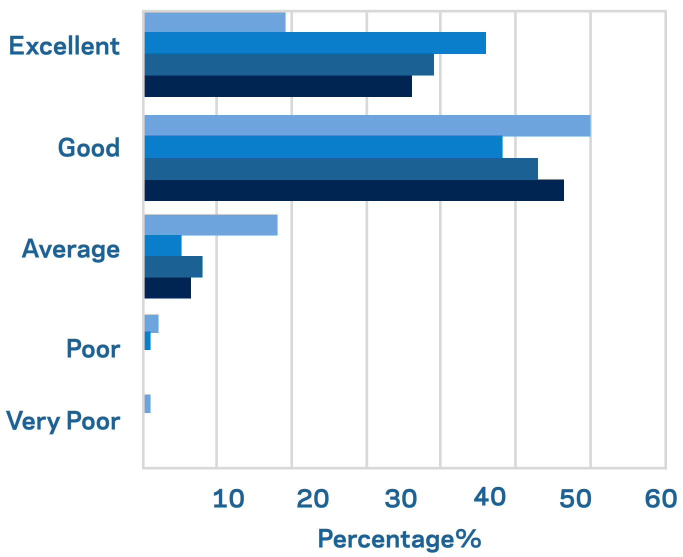
- Increase the number of complimentary webinars for members.
- Develop more audit specific CPD opportunities.
- Increase advertising to promote the need for Specialist advice for SMSFs.
- Develop additional tools for Specialists to market their expertise.
- Greater flexibility for future National Conferences.

Key:
2016 2018
2017 2019

Perception of value of SMSF Association membership



How would you rate our customer service and responsiveness



Changes to the SMSF Association CPD Policy

All SMSF Association Associate and Specialist members are required, as a condition of ongoing membership, to achieve minimum levels of CPD hours in areas relevant to the provision of advice on SMSFs.

To respond to member feedback, better align ourselves with other professional Associations and to comply with FASEA Guidelines we have made a number of amendments to the Association's CPD Policy that came into effect on 1 July 2019.

The key amendments to the policy were:

— Change of CPD points to hours

— CPD year is now aligned with the financial year

— Amendments to the CPD requirements for each membership category, per the table below.

Membership Category	Minimum CPD hours each triennium	Minimum CPD hours each year (i.e. 1 July - 30 June)
Specalist Member	90	25
Associate Member	60	15
Affiliate Member	No CPD requirement	

Disciplinary actions against SMSF Association members failing to uphold professional standards

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

SMSF Association members are required, at all times, to conduct themselves in a professional manner. These Conduct and Disciplinary Procedures are the expected minimum requirements of all of our members.

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

Nature of Complaint	2019/20 (YTD)	18/19	17/18
Criminal conviction		2	
Statutory offence bringing discredit to member, association or profession	1		
Failure to observe proper standard of professional care, skill and competence	1	3	1
Breach of Association Code of Conduct and Rules		18	10
Breach of Association Branding policy			
Other			

Action taken by SMSF Association	2019/20 (YTD)	18/19	17/18
Cancellation of Membership	1	11	2
Suspension of Specialist designation or Membership for a defined period		11	9
Reprimand			
Practice review			
No action required	1		1
Other		1	
Investigation ongoing			


Plenary
Room 3
Legs & Regs Stream

Celebrating 15 years with the SMSF Association

We value all of our members, however we want to acknowledge those who are celebrating their 15 year membership anniversary with the SMSF Association during 2019.

The members listed have been great supporters of the Association over the years and we want to thank them for their ongoing loyalty.

Rayleen Ableson ▪ Belinda Aisbett ▪ Robert Allan ▪ Michael Badger ▪ Julian Battistella ▪ Wayne Billington ▪ Stephen Blake ▪ Anthony Bongiorno ▪ Terri Bradford ▪ Peter Bridle ▪ Alex Brown ▪ Peter Burgess ▪ Shane Butler ▪ Peter Caddy ▪ Jean Chin ▪ Kellie Clay ▪ Rosanne Cotter ▪ Brent Coxon ▪ Peter Crump ▪ Mirko Cugura ▪ Ron Doig ▪ Stephen Doulgeridis ▪ Luke Eres ▪ Rowan Fielke ▪ Solomon Forman ▪ Rodney Fox ▪ Andrew Frith ▪ Ronald Gauld ▪ Mark Geldens ▪ Michael Hallinan ▪ Warrick Hanley ▪ Martin Harkness ▪ Jacqueline Hodges ▪ Philippe Jaquillard ▪ Brett Kenny ▪ Stan Knysh ▪ Arthur Koo ▪ Wayne Lear ▪ Michael Lee ▪ Kieran Liston ▪ John Lomas ▪ Garth Lovelace ▪ Simon Makeham ▪ Philip Mason-Cox ▪ Brian McKean ▪ Roy Mcleod ▪ Louise Meijer ▪ Alan Morey ▪ Martin Murden ▪ Lynette Murray ▪ Max Newnham ▪ Ashley Nicol ▪ Craig Offenhauser ▪ Michelle Oswald ▪ Adam Passwell ▪ Peter Polgar ▪ Linda Roberts ▪ Sam Rotberg ▪ Shirley Schaefer ▪ Craig Serjeant ▪ Liz Shelley ▪ Phillip Smith ▪ Robert Snell ▪ Neil Sparks ▪ Julie Taylor ▪ Leonie Taylor ▪ Bradley Turnbull ▪ Kenneth Turner ▪ David Watkins ▪ Anna Wong ▪ Kylie Wright ▪ Alan Yensch


SMSF
ASSOCIATION
Self Managed
Super Fund
Association
Manage your
super with
confidence
We're here to improve
the quality of advisors
and the knowledge of
trustees.

Congratulations to all SMSF Association members who have completed their Specialist accreditation with us over the past year

SMSF Association Specialist Advisor (SSA™)

Tiffany Abel ▪ Shaikh Ahmed ▪ Kylie Alcorn ▪ Teagan Allman ▪ Lachlan Anderson ▪ David Anjou ▪ Mike Bennett ▪ Allister Blyth ▪ Yaw (Philip) Boadi ▪ Nicholas Bordi ▪ Ben Brackley ▪ Wade Britnell ▪ Amrit Budhrani ▪ Peter Campbell ▪ Sunil Chawla ▪ Jemma Clay ▪ Kevin Cooper ▪ Matthew Crofts ▪ Hayley Croke ▪ Timothy Cummins ▪ Anthony D'Alessandro ▪ Melissa Darmawan ▪ Stefanie Doriguzzi ▪ Joanne Douglas ▪ Mark Ducret ▪ Timothy Egger ▪ Cindy Excell ▪ Angelique Faes ▪ Devika Fernando ▪ Ha-Dieu Ford ▪ Peter Fowler ▪ Terese Gerges ▪ Claire Gill ▪ Lara Gill ▪ Jane Gillingham ▪ Esther Gu ▪ Brent Hagan ▪ Michelle Hallyburton ▪ Jack Hellman ▪ Justine Hendry ▪ Alex Hew ▪ Katrina Hinchliffe ▪ Jessie Hinds ▪ Satoko Hirose ▪ Timothy Hoban ▪ Yikai Hoe ▪ Tony Ikraan ▪ Sadi Islam ▪ Fiona Jeff ▪ Rebecca Jolly ▪ Teresa Jordan ▪ Rachel Kraft ▪ Danae Lacey ▪ Charles Larkin ▪ Robert Layfield ▪ Paul Li ▪ Xiudong Lu ▪ Luke Martin ▪ Doug McBirnie ▪ Dianna Mesiano ▪ Franco Morelli ▪ Calvin Nee ▪ Phi Nguyen ▪ Hannah Oakhill ▪ Graham Oates ▪ Adam O'Connor ▪ David Offer ▪ Oxana Ostapenko ▪ Ayten Ozder ▪ Jane Partington ▪ Andrew Perera ▪ Eloise Pettersson ▪ Lana Pittman ▪ Ben Plail ▪ Tom Power ▪ Sarah Pratten ▪ Natasha Pulman ▪ Karl Rayner ▪ Iain Reid ▪ Matthew Rencken ▪ Matthew Richardson ▪ Will Riley ▪ Angus Rodgers ▪ Glenn Russell ▪ Sha Sha ▪ Kushal Sharma ▪ Daniel Shaw ▪ Tui Silvester ▪ Matthew Skowronski ▪ Kelly Spiller ▪ Paul Stark ▪ Kim Stewart ▪ Vince Tan ▪ Suzana Taylor ▪ Kerry Taylor ▪ Robert Thomas ▪ Arthur Vekiarellis ▪ Anthea Wainman ▪ Fiona Wang ▪ Yipin Wang ▪ Catherine Wells ▪ Craig Wilkes ▪ Stuart Wilks ▪ Amy Wilson ▪ Ling Woollams ▪ Toni Wright ▪ Panbo Ye ▪ Sam Zeitoune

Lawrence Bushell ▪ Stephanie Cate ▪ Brent Connor ▪ Jonathan Forrest ▪ Narendra Kasandaria ▪ Barry Levin ▪ Jacklyn Li ▪ Stacey Morris ▪ Jace Pedonese

SMSF Association Specialist Auditor (SSAud®)

Brand new website - SMSF Connect

We were delighted to launch our new trustee website, SMSF Connect (formerly Trustee Knowledge Centre) at the start of 2019. The new website is an important platform connecting self managed super fund trustees, and those thinking of starting a fund, with the very latest SMSF knowledge, super news, investment information and SMSF Association Specialists (via our Find a Specialist function).

Key research we have undertaken with our community of over 11,000 SMSF trustees highlights that this group are highly engaged with their fund but want information and to validate their decisions and navigate their way through.

SMSF Connect has attracted over 60,000 web sessions since launching in late February 2019.

We are always looking at ways that we can support our valued professional members in servicing your SMSF clients and we are conscious that educating your clients, particularly through periods of change, is a continued commitment of your time and resources. ASIC Report 575 further emphasised the importance of consumers making informed decisions regarding SMSFs. Through SMSF Connect, the SMSF Association is able to provide co-branded education resources for your organisation's website, enabling you to provide accurate and up-to-date SMSF information for your clients. We will be releasing more details on our new offering in late 2019.

SMSF + Investor Expo | Melbourne, June 2019

The SMSF Association SMSF + Investor Expo attracted over 1,000 engaged trustees to the Melbourne Convention and Exhibition Centre in June 2019 to hear educational sessions and meet with SMSF service and product providers all under the one roof. We received excellent engagement with 66% of attendees spending more than 2 hours at the Expo and 81 people as the average attendance at information sessions.

A number of our professional members exhibiting at the Expo came away with an exciting perspective and numerous business leads.

"It (the Expo) was a huge success and we're excited to begin helping new clients make the most out of the benefits that self-managed super funds have to offer."

Abdul El-dib SSA™, Director, Create & Protect Financial Planning

We look forward to bringing you more information on our next SMSF + Investor Expo being held in Melbourne in June 2020, and plans for Sydney later that year.

Over 11,000 SMSF trustees are part of our valued SMSF Community.

Inaugural SMSF Week | 19 – 23 November 2018

SMSF Week was one of our exciting initiatives with the goal of increasing awareness of SMSFs and the role of the SMSF Association, as well as providing informative resources and connecting engaged, unadvised SMSF trustees with appropriately qualified SMSF professionals.

Over the course of the Week, several activities took place including:

- Release of new national SMSF research with insights from SMSF investors and accompanying interactive road map showcasing each stage of the SMSF journey.
- A live-streamed Thought Leadership event featuring a panel of SMSF experts discussing 'The 5 year evolution: what's the next frontier for SMSFs?'
- A roundtable discussion attended by key stakeholders and trade media journalists as they discussed what lies ahead for accountants and SMSFs.

All of these activities were supported by engaging infographics and resources provided to our valued members, along with extensive media coverage (trade and mainstream) including a national TV interview.

Based on the success of our inaugural SMSF Week, we are planning to host our next SMSF Week in June 2020 with a greater focus on community engagement through events and associated activities.

Find a Specialist

Through our resources and communications to our valued trustee community, we promote the importance of SMSF Specialist advice when navigating their SMSF journey, especially in regards to complex issues. Our SMSF Specialist members are regularly profiled to this group of engaged trustees via our online Find a Specialist function.

On average, there are 100 visits to our online Find a Specialist function every month.

Trustees are able to search for SMSF Specialists in their local area and can do so with the peace of mind that these Specialists have had their SMSF expertise and knowledge independently endorsed by the SMSF Association.

A policy and advocacy update

Jordan George, Head of Policy (2015-2019), SMSF Association

The past 12 months have been a busy time for the SMSF Association's Policy team with the Productivity Commission and Hayne Royal Commission reporting their findings, the FASEA education and ethics standards being finalised and the Federal Election in May 2019.

The Coalition Government was re-elected, with a small majority of seats in the House of Representatives, after a close campaign. The Association supports stability for the sector, particularly after the significant legislative changes which came into effect on 1 July 2017.

The Australian Labor Party's proposal to ban refundable franking credits was a major issue during the Federal Election campaign and one that the Association believed would have been unfair and inequitable on many low income shareholders, including SMSFs, had it been implemented. The Association's significant work with media and policymakers, which was supported by our professional and trustee members, was instrumental in ensuring the franking credit policy was an important election issue and well understood by the public.

Before the election, the Coalition Government announced a number of adjustments to the superannuation system that the Association had been advocating for to reduce red tape for SMSFs. These measures include increasing the age at which the work test applies, increasing the maximum number of members of an SMSF to six, increased access to the non-concessional contribution bring-forward measures and red-tape reductions to the calculation of exempt current pension income.

A major policy effort over the past 12 months was focussed on the Association providing input to the Productivity Commission's (PC) Review of the superannuation system. Our focus was on a draft finding made by the PC that SMSFs needed a balance of at least $1 million to be considered cost effective. Through working with industry partners and rigorous analysis of the PC's methodology, our submissions were successful in seeing the PC reduce this figure to $500,000 but more importantly not recommend a minimum establishment balance for SMSFs. Our advocacy to the PC also saw the Commission recommend that SMSF advice be underpinned by specialist education requirements, a long-held policy position of the Association.

On that note, the final policy work on the FASEA standards occupied a significant portion of our efforts over the past 12 months. This culminated in successful advocacy for FASEA to recognise the SSA™ designation for recognised prior learning purposes, reducing FASEA obligations for our Specialist members.

"To reach these strategic goals we will once again rely upon our members to help guide our voice and shape the sector together."

Strategic Plan

As part of the Association's new Strategic Plan we are placing a renewed focus on leading the sector through being a premier SMSF voice with Government, Regulators, policy makers and media to ensure a healthy and sustainable sector.

To reach these strategic goals we will once again rely upon our members to help guide our voice and shape the sector together.

The Association's ongoing policy focus

With the PC and ASIC both supporting specialist SMSF education requirements be introduced by Government, the Association will continue to work with policy makers to raise the standards of SMSF advice, as we have always done over the past 16 years.

We will continue to advocate for more flexible and generous contribution limits, especially for people approaching retirement and continue our quest to reduce red-tape in the SMSF sector.

Finally, the Government's retirement income review will undoubtedly impact the SMSF sector and the Association will look to make a constructive contribution to this important review.

Financial Capacity: creating and maintaining the financial capacity to pursue goals and objectives.

Financial Results for 2019

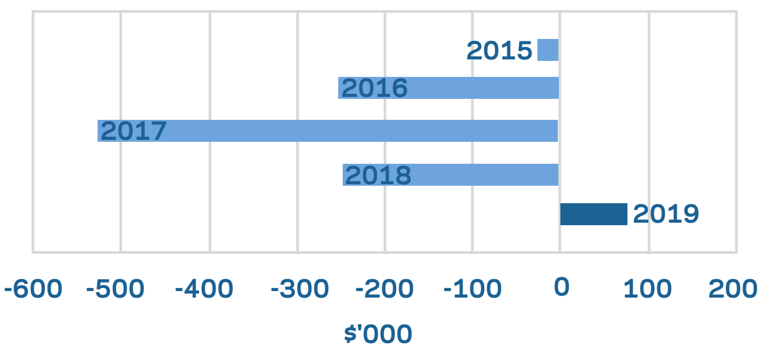
$78,521 surplus compared to **$255,032** deficit in **2018**

Revenue $6.29 million compared to **$6.22 million** in **2018**

Operating Expenses $6.25 million compared to **$6.49 million** in 2018

During the 2019 financial year, the Association adopted AASB 9 'Financial Instruments'. This had no material impact on the Associations financial position but has resulted in a number of new disclosure notes which are outlined in note 1(p) on page 60.

Net Profit



People and Culture: a skilled, engaged and passionate workforce.

We promote an inclusive workplace spread across two offices in Adelaide and Sydney respectively.

86% of SMSF Association staff are engaged in their role and aligned with the Association's organisation goals, per the latest staff survey.

Technology, Systems and Data: robust and efficient systems

We are continually looking at ways to reinvest in the SMSF Association and SMSF Connect websites to ensure a seamless and efficient experience for our valued members. In 2019, we relaunched a new and improved trustee education resource, SMSF Connect.

From our 2019 Member Survey, 78% of respondents rated the user experience and performance of the SMSF Association website as good or excellent.

Partnerships: grow and maintain strong commercial Strategic Partnerships while maintaining independence

The SMSF Association maintains strong relationships with Regulators and Government. In particular, we have signed Memorandum of Understandings with the Australian Taxation Office (ATO) and industry bodies such as the Financial Planning Association of Australia (FPA) and the Institute of Public Accountants (IPA).

We are focussed on engaging with other industry and education partners over the next 12 months to further harmonise CPD requirements.

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

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

Finance, Risk and Audit Committee
Andrew Hamilton – Chair
Josh Geers
Michael Houlihan
Brett Kenny
John Maroney
Tracey Scotchbrook

Governance, Nomination and Remuneration Committee
Robyn FitzRoy – Chair
Robin Bowerman
Josh Geers
Andrew Hamilton
Scott Hay-Bartlem
John Maroney

Public Policy Committee
Robin Bowerman – Chair
Jeremy Cooper
John Maroney
Hon. Bernie Ripoll
Tracey Scotchbrook

Association and Advisory Committees

National Membership Committee
Liam Shorte – Chair
David Allen
Leonie DiLorenzo
Lesley Faehse
Josh Geers
Con Gotsis
Brett Griffiths
Michael Houlihan
John Maroney
Craig Montgomery
Paul Salinas
David Smith
Julie Steed

Professional Standards Committee
Nathan Baker
Fiona Hinrichsen
Craig Montgomery
David Saul
Tracey Scotchbrook

Education Committee
Peter Hogan – Chair
Belinda Aisbett
Louise Biti
Neal Dallas
Julie Taylor

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

National Conference Technical Program Committee
Peter Hogan – Chair
Bryan Ashenden
Craig Day
Mark Ellem
Scott Hay-Bartlem
Tarun Malhotra
Leigh Mansell
Franco Morelli
Jemma Sanderson
Mary Simmons
Tamara Vermeend

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

1. 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 five years and are reviewed at least annually by the Board and executive team. As part of the Board's decision-making process consideration is given to the impact and alignment with the Association's strategy. The Association's vision, mission and beliefs are made available via the Association's website.

2. Roles and Responsibilities

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

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

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

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

3. Board Composition

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

The Governance, Nomination and Remuneration Committee (GNRC) 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 two approaches to fill vacant director positions; an Expression of Interest process is conducted within the membership to ensure that members with appropriate skill sets are represented at a Board level; direct appointment using a fit-for-purpose approach is also adopted to ensure the selection of the most appropriate skillsets within the Association's resource constraints where a specific skill requirement exists.

The GNRC must include at least two Board nominated independent non-executive directors, and the Board may appoint one or more external non-Board members provided they have suitable qualifications and experience.

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.

4. Board Effectiveness

The Board meets five times each calendar year and undertakes annual Board performance reviews. Every second year these are conducted by an independent external party. Where required circular resolutions may be used to ensure decisions are made in an effective and timely manner.

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

Minutes and action items are taken by the minute secretary and approved as an accurate record of the meeting at the subsequent meeting.

5. Risk Management

The Board has an established risk management framework to recognise and manage risk. The Board is responsible for the setting of the Association's risk appetite, risk monitoring and oversight of risk. This is reviewed regularly by the Board as part of the monitoring of the Association's strategy.

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 Finance, Risk and Audit Committee and at each Board meeting.

6. Performance

Organisational performance is assessed against several financial and non-financial performance indicators that are determined as part of the strategic planning process. To ensure a balanced approach to performance management these are categorised against the Focus areas within the strategic plan and the foundations of the Association, being, People and Culture, Strategic Partnerships, Technology and Systems and Financial.

The Board approves an annual budget for the Association which the Finance, Risk and Audit Committee regularly reviews against actual performance and provides reports to the Board.

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

Remuneration of the CEO is regularly reviewed to ensure it is in line with relevant market rates, expectations of members and based on the independent advice received by the Governance, 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.

7. Accountability and Transparency

All the key documents outlining the governance of the Association and its expectations of members are available on the Association's website. The Board regularly communicates to the membership on any relevant outcomes of Board meetings and regularly consults with the Membership Committee on decisions or issues impacting on the Membership.

Remuneration for the Board is determined by the Governance, Nomination and Remuneration Committee. Any changes to Board remuneration are subject to approval at the AGM in accordance with the Constitution

The Board's Finance, Risk and Audit Committee is responsible for assisting the Board in ensuring integrity in the Association's financial reporting. Committee members must include two independent non-executive Directors who have an appropriate level of financial literacy. The Board may appoint additional non-Board members provided they have suitable qualifications and experience.

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

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

8. Stakeholder 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.

9. Conduct and compliance

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.

The Board delegates authority to the Professional Standards Committee to manage the process and investigate any complaints of misconduct or other compliance issues involving the Association or its members.

10. Culture

The Board through the strategic planning process has developed and oversees a set of clear values that align with the strategy and the culture of the Association. The Association conducts twice yearly surveys of staff to monitor the culture as well as a six monthly performance management cycle.

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.

Robin Lewis Bowerman

Qualifications

Member of the Australian Institute of Company Directors.

Experience

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

Special responsibilities

Chair (October 2019)

Vice Chair (until October 2019)

Chair of the Public Policy Committee

Member of the Governance, Nomination and Remuneration Committee

Andrew John Hamilton

Qualifications

Diploma of Financial Services, SMSF Association SMSF Specialist Advisor.

Experience

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

Special responsibilities

Vice Chair (October 2019)

Chair of the Finance, Risk and Audit Committee

Member of the Governance, Nomination and Remuneration Committee

Robyn Louise FitzRoy

Qualifications

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

Experience

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

Special responsibilities

Director

Chair of the Governance, Nomination and Remuneration Committee

William Edward Shorte (Liam)

Qualifications

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

Experience

Liam has been providing strategic advice on superannuation, retirement, insurance, estate planning, investment and tax strategies for the past 28 years with experience and knowledge gained from working in banking, insurance, accounting and financial planning firms.

Special responsibilities

Director (Appointed 1 September 2018)

Chair of the National Membership Committee

Bernard Fernand Ripoll

Qualifications

Electrician, Business Degree in Marketing

Experience

Former Member of the Federal Parliament from 1998 to 2016. Served as the Parliamentary Secretary to the Treasurer with responsibility for Financial Services, the Australian Securities and Investments Commission, the Australian Bureau of Statistics and other agencies within the Treasury portfolio. Shadow Minister for Financial Services and Superannuation, and Small Business and Sport. Represented the Commonwealth Government in an international capacity as the alternate delegate to the Asian Development Bank and lead a number of official parliamentary and government delegations. Chaired the Parliamentary Joint Committee on Corporations and Financial Services leading to the delivery of many reports and in particular work that led to the reforms of the Future of Financial Advice legislation (FoFA). A Non-executive Director on a variety of public and private sector boards

Special responsibilities

Director (Appointed 16 April 2019)

Member of the Public Policy Committee

Our Directors

Tracey Anne Scotchbrook

Qualifications

CA, Public Practice Certificate, SMSF Specialist of Chartered Accountants Australia and New Zealand, Master of Taxation, Chartered Tax Adviser of the Tax Institute, Member of CPA Australia, CPA Australia SMSF Specialist, Bachelor Business Accounting, Graduate Diploma Financial Planning, Graduate of the Australian Institute of Company Directors, SMSF Association SMSF Specialist Advisor.

Experience

Tracey is a specialist in self-managed superannuation specialising in taxation, technical compliance, and strategic advice to SMSF trustees. Tracey also works in collaboration with accountants and financial advisers to assist their clients with complex SMSF and superannuation matters. Tracey has been actively involved in the SMSF sector for over 15 years and is a regular presenter to industry professionals and trustees, commentator, educator, and writer.

Special responsibilities

Director (Appointed 1 June 2019)

Member of the Finance, Risk and Audit Committee

Member of the Public Policy Committee

Michael David Houlihan

Qualifications

Diploma of Superannuation Management, Graduate Certificate of Business Administration, Member of Australian Institute of Company Directors, SMSF Association SMSF Specialist Advisor, Justice of the Peace.

Experience

Michael's professional experience includes more than 30 years of senior leadership in superannuation and financial services, holding roles including Head of Product and Technical Services at both JBWere Investment Management and Vanguard Investments Australia, Senior Consultant and Administration Manager at Buck Consultants and Senior Administrator at Australian Eagle Insurance. Michael's other interests include being the CEO of Mainstream Group subsidiary Mainstream Superannuation Services since 2010, incorporating the role of CEO of Combined Super, an industry fund for independent schools. Michael is also a Non-Executive Director of Evergreen Consultants, a boutique asset consulting business and the Chair of Eltham College.

Special responsibilities

Director (Appointed 1 June 2019)

Member of the Finance, Risk and Audit Committee

Scott Peter Hay-Bartlem

Qualifications

Bachelor of Laws (Hons), Bachelor of Business (Accy)

Diploma of Superannuation Management. Foundation Diploma of Financial Planning, Chartered Tax Adviser, Trust and Estate Practitioner, SMSF Association SMSF Specialist Advisor.

Experience

Lawyer, specialising for more than 20 years in assisting clients and their other advisers including accountants and financial planners with tax and superannuation (particularly SMSFs) advice; estate planning, administration and disputes; family businesses, business structuring; business succession arrangements; asset protection and restructuring. Scott has a particular interest in how these areas intersect with self-managed superannuation funds and the impact of and on these structures.

Special responsibilities

Director (Appointed 1 July 2019)

Member of the National Conference Committee

Member of the Governance, Nomination and Renumeration Committee

Dr 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, is a non-executive Director of SuperEd and U Ethical, and is a member of the YBF Fintech Hub Advisory Board. She is also a Professorial Fellow at Monash University with research interests in superannuation, regulation and innovation.

Special responsibilities

Chair (Resigned 3 October 2019)

Member of the Public Policy Committee (Resigned 3 October 2019)

Member of the Finance, Risk and Audit Committee (Resigned 3 October 2019)

Andrea Elizabeth Slattery

Qualifications

Masters in Commerce, Bachelor of Arts in Accountancy, Member of CPA Australia, CPA Australia Financial Planning Specialist, Fellow of the Australian Institute of Company Directors and SMSF Association SMSF Specialist Advisor, Harvard Business School – Corporate Director Certificate.

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, renewable energy & education. Andrea is a keynote speaker and is recognised as a senior thought leader, influencer and transformational change agent in Australia.

Special responsibilities

Director (Resigned 18 April 2019)

Member of the Public Policy Committee (Resigned 18 April 2019)

Our Directors

Cath Mary Mulcare

Qualifications

Bachelor of Economics, Fellow of Chartered Accountants Australia and New Zealand.

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 (Resigned 31 March 2019)

Chair of the Finance and Audit Committee (Resigned 31 March 2019)

Member of the Governance and Risk Committee (Resigned 31 March 2019)

Peter Ian Crump

Qualifications

Certified Financial Planner, Fellow of the Institute of Actuaries of Australia, Bachelor of Arts majoring in Actuarial Studies, 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 (Retired 21 November 2018)

Chair of the Governance and Risk Committee (Retired 21 November 2018)

Brett Nicholas Kenny

Qualifications

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

Experience

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

Special responsibilities

Director (Retired 21 November 2018)

Chair of the Finance and Audit Committee (Retired 21 November 2018)

Chair of the National Membership Committee (Retired 21 November 2018)

Member of the Finance, Risk and Audit Committee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ASSOCIATION

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SMSF Association Ltd

Directors' Report

30 June 2019

The Directors present their report on the SMSF Association Ltd (the Association) for the financial year ended 30 June 2019.

(a) General Information

Information on Directors and Officeholders

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

Deborah Ralston	
Robin Lewis Bowerman	
Robyn Louise FitzRoy	
Andrea Elizabeth Slattery	(resigned 18 April 2019)
Peter Ian Crump	(resigned 20 November 2018)
Brett Nicholas Kenny	(retired 20 November 2018)
Andrew John Hamilton	
Cath Mulcare	(resigned 31 March 2019)
Bernie Ripoll	(appointed 1 April 2019)
William Edward Shorte	
Michael David Houlihan	(appointed 1 June 2019)
Tracey Anne Scotchbrook	(appointed 1 June 2019)
Scott Peter Hay-Bartlem	(appointed 1 July 2019)

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 Association achieved a net profit after tax of $78,521 (2018: $255,031 loss after tax).

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

Principal Activities

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

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

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

SMSF Association Ltd

Directors' Report

30 June 2019

(a) General Information

Purpose and Strategic Objectives

The Association's vision is to enable Australians to take greater control of their own destiny through a sustainable SMSF community.

Our purpose is to continue to improve the quality of advisors, the knowledge of trustees and ensure the credibility and health of a vibrant SMSF Community. We are committed to our Strategic Objectives of:

Leading the Sector by being the premier SMSF Voice with Government, Regulators, policymakers and media to ensure a healthy and sustainable sector

Developing Quality Professionals who provide appropriate, accurate and timely advice and support services

Educating and informing Trustees who receive relevant, accurate and timely information and resources to help them achieve quality of life in retirement

As part of achieving the above strategic objectives the Board and the Executive have committed to a new Strategic Plan from 1 July 2019.

Members' Guarantee

The Association 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 2019 there were 2,907 members. A member is defined in accordance with clause 5.1 of the constitution.

At 30 June 2019 the potential liability of members was $ 29,070.

Payments and other benefits

In accordance with the Association's constitution section 22.3 the Directors of the Association received remuneration in their capacity as Directors of the Association.

(b) Other Items

Significant changes in state of affairs

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

New accounting standards implemented

The Association has implemented one new Accounting Standard that has come into effect, which is included in the results. AASB 9: *Financial Instruments* has been applied using the modified retrospective method, with no financial impact on the Association.

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 Association, the results of those operations or the state of affairs of the Association in future financial years.

SMSF Association Ltd

Directors' Report

30 June 2019

(b) Other Items

Environmental Issues

The Association's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory of Australia.

Dividends paid or recommended

As the Association is a company limited by guarantee, the entity is unable to pay a dividend following amendments to the Corporations Act 2001, effective 28 June 2010.

Meetings of Directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Deborah Ralston	5	5
Robin Lewis Bowerman	5	4
Andrea Elizabeth Slattery	4	4
Peter Ian Crump	2	2
Andrew John Hamilton	5	5
Brett Nicholas Kenny	2	2
Cath Mulcare	3	3
Robyn FitzRoy	5	5
William Edward Shorte	5	5
Bernie Ripoll	2	2
Michael David Houlihan	1	1
Tracey Anne Scotchbrook	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 Association.

Insurance premiums have been paid during the financial year for Directors and Officers Liability and Professional Indemnity for the year ended 30 June 2019. 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 Association is a party for the purpose of taking responsibility on behalf of the Association for all or any part of those proceedings. The Association was not a party to any such proceedings during the year.

Directors' Report
30 June 2019

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 2019 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: ....
Deborah Ralston - Chair

Dated this 18 day of September 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SMSF ASSOCIATION LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been;

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions as set out in any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

18 September 2019

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SMSF Association Ltd

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	6,293,858	6,222,492
Education expense		(1,688,035)	(1,638,221)
Employee benefits expense		(2,933,548)	(3,012,347)
Depreciation and amortisation expense		(344,706)	(224,305)
Other expenses	3	(1,248,914)	(1,592,251)
Finance costs		(35,282)	(18,848)
Profit (loss) before income tax		43,373	(263,480)
Income tax benefit / (expense)	4	35,148	12,127
Profit (loss) from continuing operations		78,521	(251,353)
Profit (loss) for the year		78,521	(251,353)
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	2	-	(3,678)
Other comprehensive income for the year, net of tax		-	(3,678)
Total comprehensive income for the year		78,521	(255,031)

SMSF Association Ltd

Statement of Financial Position

At at 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,744,495	2,548,788
Trade and other receivables	6	69,358	49,836
Other assets	7	72,855	40,356
TOTAL CURRENT ASSETS		2,886,708	2,638,980
NON-CURRENT ASSETS			
Property, plant and equipment	8	939,125	1,026,969
Intangible assets	9	180,957	236,145
Deferred tax assets	10	77,712	42,564
TOTAL NON-CURRENT ASSETS		1,197,794	1,305,678
TOTAL ASSETS		4,084,502	3,944,658
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	237,661	263,142
Lease liabilities	12	262,647	327,640
Deferred income	13	1,559,417	1,516,262
Employee benefits	14	309,792	177,384
TOTAL CURRENT LIABILITIES		2,369,517	2,284,428
NON-CURRENT LIABILITIES			
Lease liabilities	12	574,605	552,595
Employee benefits	14	39,529	85,305
TOTAL NON-CURRENT LIABILITIES		614,134	637,900
TOTAL LIABILITIES		2,983,651	2,922,328
NET ASSETS		1,100,851	1,022,330
EQUITY			
Founding subscriptions		60	60
Retained earnings		1,100,791	1,022,270
TOTAL EQUITY		1,100,851	1,022,330

SMSF Association Ltd

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Founding Subscriptions $	Retained Earnings $	Total $
Balance at 1 July 2018	60	1,022,270	1,022,330
Profit attributable to members of the Association	-	78,521	78,521
Total other comprehensive income for the period	-	-	-
Balance at 30 June 2019	60	1,100,791	1,100,851

2018

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

SMSF Association Ltd

Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members and non-mutual income		6,929,619	5,887,316
Payments to suppliers and employees		(6,473,525)	(6,375,053)
Income tax (paid)/refunded		-	-
Net cash provided by/(used in) operating activities		456,094	(487,737)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		(4,150)	(157,707)
Payments for intangible assets		(92,032)	(60,022)
Proceeds from sale of property, plant and equipment		1,399	-
Disposal /(acquisition) of investments		-	1,750,533
Fund distributions received		-	96,244
Interest received		31,362	23,926
Net cash provided by/(used in) investing activities		(63,421)	1,652,974
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments of lease liabilities		(196,966)	(93,333)
Net cash provided by/(used in) financing activities		(196,966)	(93,333)
Net increase in cash and cash equivalents held		195,707	1,071,904
Cash and cash equivalents at beginning of year		2,548,788	1,476,884
Cash and cash equivalents at end of financial year	5	2,744,495	2,548,788

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

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

The functional and presentation currency of the Association is Australian dollars.

The financial report was authorised for issue by the Directors on September 2019.

Comparatives are consistent with prior years, unless otherwise stated.

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.

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

The financial statements, except for the cash flow information, have been prepared on an accrual 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Summary of Significant Accounting Policies

(a) Income Tax

The tax expense (income) 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 Association 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 income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(a) Income Tax (cont)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from 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).

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair value of assets and liabilities

The Association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Leases

Leases are recorded as a right-of-use asset and with a corresponding lease liability where the Association obtains the right to the control the use of an identified asset for a period of time in exchange for consideration. The lease liability is measured at the present value of the lease payments to be made over the lease term. The

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

Association does not recognise leases which are low value or short-term leases.

(d) Revenue and other income

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

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

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

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

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

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

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

(i) Interest revenue

Interest is recognised using the effective interest method.

(ii) Dividend revenue

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

(iii) Rendering of services

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

(iv) Subscriptions, conferences and sponsorship

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

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

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

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(d) Revenue and other income (cont)

(v) Other income

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

(e) 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.

(f) 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.

(i) Plant and equipment

Plant and equipment, including leasehold improvements, are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present, refer to Note 1(h) for details of impairment.

The cost of fixed assets constructed within the Association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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

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

1 **Summary of Significant Accounting Policies**

(f) Property, Plant and Equipment (cont)

(ii) Depreciation

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

The depreciation rates used for each class of depreciable assets are:

Fixed asset class	Useful life
Office furniture & equipment	2 to 15 years
Leasehold improvements	2 to 6 years
Right-of-use assets	1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association commits itself to either the purchase or sale of the asset. 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 instruments, except for trade receivables, are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers.*

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(g) Financial instruments (cont)

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:
- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:
- amortised cost; or
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(g) Financial instruments (cont)

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Association initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Association made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Association's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished. An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(g) Financial instruments (cont)

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Association no longer controls the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Association elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Association recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Association uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:
- the general approach; and
- the simplified approach.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(g) Financial instruments (cont)

General approach

Under the general approach, at each reporting period, the Association assessed whether the financial instruments are credit impaired, and

- if the credit risk of the financial instrument increased significantly since initial recognition, the Association measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there was no significant increase in credit risk since initial recognition, the Association measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss.

Recognition of expected credit losses in financial statements

At each reporting date, the Association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised, a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(h) Impairment of assets

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(i) 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.

(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.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

(k) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on determination of impairment losses.

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Association that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within the trade terms. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(m) Employee benefits

Short-term employee benefits

Provision is made for the Associations obligation for short-term employee benefits. Short-term employee benefits are benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the amounts expected to be paid when the obligation is settled.

The Association's obligations for short-term employee benefits such as wages and salaries are recognised as part of current employee benefits in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current **employee benefits**.

(n) Provisions

Provisions are recognised when the Association 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.

(o) Comparative figures

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

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(p) New and amended accounting policies adopted by the Association

Initial application of AASB 9: Financial Instruments

The Association has adopted AASB 9 with a date of initial application of 1 July 2018. As a result, the Association has changed its financial instruments accounting policies as detailed in this note. Considering the initial application of AASB 9 during the financial period, financial statement line items have not been affected for the current and prior period.

There were no financial assets/liabilities which the Association had previously designated as at fair value through profit or loss under AASB 139*: Financial Instruments*: *Recognition and Measurement* that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Association has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The Association applied AASB 9 and the related consequential amendments to other AASBs. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 July 2018. The Association has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the Association's business model and the cash flow characteristics of the financial assets as follows:

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and
- all other debt investments and equity investments are measured at fair value through profit or loss.

Despite the issues mentioned, the Association may make irrevocable election at initial recognition of a financial asset as follows:

- the Association may choose to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income; and
- the Association may choose to present a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if this choice significantly reduces an accounting mismatch.

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income, it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(p) New and amended accounting policies adopted by the Association (cont)

The Association determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

As the Association has no investment in equity instruments there was no reclassification.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous Standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Association to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to the 12-month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

The Association reviewed and assessed the existing financial assets on 1 July 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that was available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 July 2017 and 1 July 2018. The assessment was done without undue cost or effort in accordance with AASB 9. The Association noted AASB9 has no impact on the impairment.

The consequential amendments to AASB 7 have also resulted in more extensive disclosures about the Association's exposure to credit risk in the financial statements.

Classification and measurement of financial liabilities

AASB 9 determines that the classification and measurement of financial liabilities relates to changes in the fair value designated as fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained earnings when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss be presented in profit or loss.

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the Association's financial liabilities.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(p) New and amended accounting policies adopted by the Association (cont)

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

	Financial instrument category		Carrying amount		
	AASB 139 original	**AASB 9 new**	**AASB 139 original**	**AASB 9 recognition of additional loss allowance**	**AASB 9 new**
Financial assets					
Current and non-current					
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	49,836	-	49,836
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	2,548,788	-	2,548,788
Financial liabilities					
Current and non-current					
Trade and other payables	Amortised cost	Financial liabilities at amortised cost	263,142	-	263,142
Lease liabilities	Amortised cost	Financial liabilities at amortised cost	880,235	-	880,235

The application of these changes in accounting policies had no impact on the cash flows of the Association.

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key estimates

Impairment – general

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

Fair value of financial instruments

The Association 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

(q) Critical Accounting Estimates and Judgments (cont)

Provision for impairment of 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.

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.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Revenue and Other Income

Revenue from continuing operations

	2019 $	2018 $
Membership revenue		
- member subscriptions	1,824,016	1,877,963
Total Membership Revenue	1,824,016	1,877,963
Other revenue		
- education programs	3,701,568	3,826,550
- other mutual and non-mutual income	687,832	389,382
- interest received	31,362	23,926
- fund distributions	-	96,244
- rental income (subleased right of use asset)	49,080	8,427
Total Other Revenue	4,469,842	4,344,529
Total Revenue	6,293,858	6,222,492
Other Comprehensive Income		
Fair value adjustment to available for sale assets	-	(3,678)
Total Other Comprehensive Income	-	(3,678)

3 Result for the Year

(a) Expenses included in administration or other expenses

	2019 $	2018 $
Depreciation and amortisation		
Property, plant and equipment	26,053	22,461
Computer software, other	143,993	128,116
Right of use assets	174,660	73,728
Total depreciation and amortisation	344,706	224,305
Lease expense – short-term leases	44,917	102,321
Marketing	349,308	467,923
Travel	148,937	170,403
IT expenses	160,729	172,176
Interest expense – lease liabilities	35,282	18,848

Notes to the Financial Statements

For the Year Ended 30 June 2019

4 Income Tax Expense/ (Benefit)

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

	2019 $	2018 $
Current tax expense/ (benefit)		
Income tax - current period	(35,148)	(12,127)
	(35,148)	(12,127)

(b) Reconciliation of income tax to accounting profit:

	2019 $	2018 $
Prima facie tax payable / (benefit) on operating profit / (loss) before income tax at 27.5% (2018: 30%)	11,928	(80,143)
Add:		
Tax effect of:		
- non-deductible items	976,273	1,152,401
- permanent differences	898	-
- temporary differences	-	(1,797)
- income tax losses to be recognised in future periods	7,090	98,746
- reduction in opening deferred taxes resulting from reduction in tax rate	3,547	-
- change in rate of principal of mutuality	1,717	-
	1,169,207	1,169,207
Less:		
Tax effect of:		
- tax effect of items not assessable for tax	1,003,565	1,192,407
- tax effect of permanent differences	-	(11,073)
- tax effect of initial recognition of opening lease liabilities and right of use assets	(29,601)	-
Income tax expense / (benefit)	(35,148)	(12,127)

5 Cash and cash equivalents

	2019 $	2018 $
Cash at bank in hand	2,123,080	1,435,788
Deposits at call	621,415	1,113,000
	2,744,495	2,548,788

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

6 Trade and other receivables

	2019 $	2018 $
CURRENT		
Trade receivables	52,003	35,643
Other receivables	17,355	14,193
Total current trade and other receivables	69,358	49,836

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.

7 Other assets

	2019 $	2018 $
CURRENT		
Prepayments	72,855	40,356
	72,855	40,356

8 Property, plant and equipment

	2019 $	2018 $
Furniture & equipment		
At cost	126,343	149,284
Accumulated depreciation	(60,176)	(66,065)
Total furniture and equipment	66,167	83,219
Leasehold improvements		
At cost	300,074	300,074
Accumulated depreciation	(77,587)	(25,983)
Total leasehold improvements	222,487	274,091
Right of use assets		
At fair value	898,859	743,387
Accumulated depreciation	(248,388)	(73,728)
Total right of use assets	650,471	669,659
Total property, plant and equipment	939,125	1,026,969

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Property, plant and equipment (cont)

(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 & equipment	Leasehold improvements	Right of use assets	Total
	$	$	$	$
Year ended 30 June 2019				
Balance at the beginning of year	83,219	274,091	669,659	1,026,969
Additions	4,150	-	-	4,150
Additions at fair value	-	-	155,472	155,472
Disposals	(2,747)	(44,006)	-	(46,753)
Depreciation expense	(18,455)	(7,598)	(174,660)	(182,258)
Balance at the end of the year	66,167	222,487	650,471	939,125

9 Intangible Assets

	2019	2018
	$	$
Trademarks and other rights		
Cost	27,546	20,287
Net carrying value	27,546	20,287
Computer software and website		
Cost	487,710	420,108
Accumulated amortisation and impairment	(334,299)	(204,250)
Net carrying value	153,411	215,858
Total Intangible Assets	180,957	236,145

(a) Movements in carrying amounts of intangible assets

	Trademarks and other rights	Computer software and website	Total
	$	$	$
Year ended 30 June 2019			
Balance at the beginning of year	20,287	215,858	236,145
Additions	7,259	81,546	88,805
Amortisation	-	(143,993)	(143,993)
Closing value at 30 June 2019	27,546	153,411	180,957

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Tax

	Note	2019 $	2018 $
CURRENT			
Income tax payable		-	-

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

– tax losses: operating losses $828,316 (2018: $802,316)

The benefits of the above unused tax losses will only be realised if the conditions for deductibility set out in Note 1(a) occur. These amounts have no expiry date.

NON-CURRENT	Opening Balance $	Charged or Credited to Profit or Loss $	Charged or Credited Directly to Equity $	Changes in Tax Rate $	Closing Balance $
Deferred tax liability on:					
Right of use assets	-	-	-	-	-
Balance at 30 June 2018	**-**	**-**	**-**	**-**	**-**
Right of use assets	-	75,161	-	-	75,161
Balance at 30 June 2019	**-**	**75,161**	**-**	**-**	**75,161**
Deferred tax asset on:					
Provisions and accruals	30,436	12,128	-	-	42,564
Lease liabilities	-	-	-	-	-
Balance at 30 June 2018	**30,436**	**12,128**	**-**	**-**	**42,564**
Provisions and accruals	42,564	10,125	-	(3,547)	49,142
Lease liabilities	-	103,731	-	-	103,731
Balance at 30 June 2019	**42,564**	**113,856**	**-**	**(3,547)**	**152,873**
Net deferred tax asset					
Balance at 30 June 2018					**42,564**
Balance at 30 June 2019					**77,712**

Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Trade and other payables

	2019	2018
	$	$
CURRENT		
Trade payables	127,625	128,592
Other payables	109,860	81,848
GST payable	176	52,702
	237,661	263,142

12 Lease liabilities

	2019	2018
	$	$
CURRENT		
Lease liabilities	262,647	327,640
Total current lease liabilities	262,647	327,640
NON-CURRENT		
Lease liabilities	574,605	552,595
Total non-current lease liabilities	574,605	552,595
Total Lease Liabilities	**837,252**	**880,235**

The Association leases two properties for its office space. The property leases are on a five-year lease term and a two-year lease term. Both leases contain an option to extend the lease terms. The Association sub-leases a portion of the leased area. The Association has provided a bank guarantee at 30 June 2019 of $94,667 as security to both its landlords.

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

13 Deferred Income

	2019	2018
CURRENT	$	$
Membership subscriptions	1,262,292	1,295,637
Sponsorship income	87,595	156,769
Education income	209,530	63,856
	1,559,417	1,516,262

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Employee benefits

	2019 $	2018 $
Current liabilities		
Employee benefits	309,792	177,384
	309,792	177,384
Non-current liabilities		
Employee benefits	39,529	85,305
	39,529	85,305

	Employee Benefits $
Analysis of provision	
Opening balance at 1 July 2018	262,689
Additional provisions raised during the year	140,464
Amounts used	(53,832)
Balance at 30 June 2019	349,321

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Association does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken has been considered.

Notes to the Financial Statements

For the Year Ended 30 June 2019

15 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel (KMP) of Association during the year are as follows:

	2019	2018
	$	$
Other KMP		
Short-term benefits	1,403,943	1,363,662
Superannuation benefits	120,818	108,343
Board		
Short-term benefits	158,424	194,817
Superannuation benefits	15,050	15,568
	1,698,236	1,682,390

Remuneration for the Board commenced during the 2016 financial year. No change to Board remuneration rates occurred during 2019.

Remuneration Bands (excluding Board members)

	2019	2018
$0 to $149,999	**2**	3
$150,000 to $299,999	**3**	5
$300,000 to $450,000	**2**	1

(a) Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 16: Related Parties

16 Related Parties

(a) The Association main related parties are as follows:

Key management personnel - refer to Note 15.

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 $20,422 (Inc. GST) to a related party for graphic design services. There were no amounts payable in relation to this transaction as at year end.

- The Association received $22,593 (Inc. GST) rental income for office space sublet to Hamilton & Associates. There were no amounts receivable in relation to this transaction as at year end.

SMSF Association Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2019

17 Financial risk management

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 $	2018 $
Financial assets			
Financial assets at amortised cost:			
– cash and cash equivalents	5	2,744,495	2,548,788
– receivables	6	69,358	49,836
Total financial assets		2,813,853	2,598,624
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	11	237,661	263,142
– leases	12	837,252	880,235
Total financial liabilities		1,074,913	1,143,377

18 Contingencies

The Association has provided a bank guarantee at 30 June 2019 of $94,667 as security to both its landlords (30 June 2018: $94,667).

19 Events Occurring After the Reporting Date

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

20 Company Details

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

SMSF Association Ltd
Level 3, 70 Pirie Street
Adelaide SA 5000

SMSF Association Ltd

Directors' Declaration

The Directors of SMSF Association Ltd declare that:

1. The financial statements and notes, as set out on pages 6 to 33, 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 2019 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 is 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 ....
Deborah Ralston - Chair

Dated this 18 day of September 2019

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

Opinion

We have audited the financial report of the SMSF Association Ltd (the Company), which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the Directors' Report.

In our opinion, the accompanying financial report of SMSF Association Ltd, is in accordance with the *Corporations Act 2001*; including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(ii) complying with the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors of the Company are responsible for the other information. The other information comprises the information in the Annual Report for the year ended 30 June 2019 but does not included the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SMSF ASSOCIATION LTD (CONT)

Directors' responsibility 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 in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the 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 related 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 responsibility 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 judgement 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 director's 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SMSF ASSOCIATION LTD (CONT)

Auditor's responsibility for the audit of the financial report (cont)

We communicate with those charged with governance 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.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

18 September 2019

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