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**Auditor**

Nexia Edwards Marshall  
Level 3, 150 Flinders Street  
Adelaide SA 5000

**Bankers**

Westpac Banking Corporation

**Annual General Meeting**

The SMSF Association's Annual General Meeting will be held on Wednesday 18 November 2020 at 4:30pm (ACDT) in the SMSF Association Boardroom, Level 3, 70 Pirie Street in Adelaide.

**The AGM will be accessible to members as a virtual meeting only. Further details are contained in the SMSF Association 2020 Member Notice.**



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After an auspicious start to the year with a highly successful National Conference being held, for the first time, on the Gold Coast, the country soon found itself mired in the medical, social and economic repercussions of COVID-19. The consequences have been dire for many, especially young people losing jobs and having their study disrupted, and the elderly, who are tragically far more vulnerable to this insidious virus.

Our superannuation sector, obviously, has not been immune. Members have faced enormous challenges meeting the many and varied demands of their clients. In your Association's 17-year history, there has never been a time like it, and that includes the Global Financial Crisis (GFC).

Yet as 2020 draws to an end, I look back with pride at what's been achieved. Much has been demanded of our members – and they have not been found wanting. All the anecdotal evidence suggests the SMSF sector remains vibrant, stable, and, most importantly, an attractive option for people wanting to adopt this superannuation model.

What this crisis has done, no different to the GFC, is to reinforce the importance of SMSFs having access to quality professional advice – the best antidote to SMSFs making rash decisions in volatile times with disastrous long-term outcomes. As an aside, availing all Australians of affordable, non-conflicted advice should be a priority of all political parties, and your Association is certainly playing its part to bring about this state of affairs.

That members have risen to the occasion in this tumultuous year does not surprise me. Quite the contrary. It means the focus your Association has always had on nurturing professionalism among all those who advise SMSFs continues to pay dividends. This is why we will never step back from fostering a professional approach, knowing it's the foundation



stone of this sector's well-being and the 1.1 million people who rely on it to deliver the best outcome for them in retirement.

We understand that there are times when our position on certain issues pertaining to professionalism can put us at odds with some members. For this we make no apologies. We see the Association as the standard bearer for our sector, firmly convinced that the professionalism being nurtured is our ultimate safeguard for the viability of SMSFs.

Indeed, the more you embrace professionalism, the higher the standards you demand of yourselves in all client relationships, the less reason Regulators have to impose these standards, an outcome, we believe, all members would want.

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



**Andrew Hamilton**  
Chair

For the first time your Association chose to hold this year's National Conference outside a capital city, opting for the pleasant climate of the Gold Coast. We did so with some trepidation, but any doubts we entertained were swept aside with the event proving to be an enormous success with delegates, speakers and sponsors alike.

Within weeks of the National Conference ending, we were faced with the stark reality that the first wave of the global pandemic, COVID-19, was enveloping Australia, and that the consequences would be dire. Lives lost, businesses shutting down, unemployment queues lengthening (the young were hardest hit), national and state borders closing, and government economic relief packages on a scale never seen before; this was the new norm.

Quite clearly the SMSF sector would be affected, especially with extreme market volatility accompanying the mounting economic cost of the pandemic (the bellwether S&P/ASX 200 index fell 37% between 20 February and 23 March). Your Association had to act quickly and responsibly, and I think we did just that, whether in an individual capacity or in partnership with other professional bodies. As Peter Burgess succinctly outlines on page 19 of this Annual Report, we played a significant role in the implementation of government initiatives aimed at ameliorating the worst effects of this pandemic-induced recession on our superannuation sector.

It has not been an easy task. Like most businesses, your Association had to adapt to working remotely, while keeping the wheels in motion via a different workplace structure. Although this was important internally, it was even more so when it came to virtual events such as the Technical Day and Trustee event.

It's a tribute to our Events team that both the Technical Day held in late July and the Trustee event in late August, went off with barely a hitch. Events are an important part of the Association's year, so, despite the restrictions on face-to-face contact and travel, it was imperative we were able to deliver them virtually.

Technical Day assumed greater importance than ever this year because of all the COVID-19-induced changes. Our members wanted to be kept up to date with the latest information with which to brief their clients. The end result was a full exhibition area for sponsors that allowed for virtual networking, a comprehensive technical program, a Thought Leadership session – a first for a Technical Day – and concurrent sessions. The quality of speakers, as always, was first class.

Similarly, the Trustee event gave SMSF members the opportunity to be better informed about what is happening from a range of impressive speakers, and, again, the feedback was positive. Both events give us great confidence that our upcoming events, the November virtual SMSF + Investor Expo, which allows our SMSF specialists to engage with trustees, and the National Conference in February 2021, can be successful.

The decision to make the National Conference, which was returning to Melbourne next year, a virtual event was delayed until the last moment, and then done with a heavy heart. We know what this pre-eminent annual event means to so many of our members, and not just for the educational opportunities it affords. The networking, the social events, the exhibitors, all combine to make it an obligatory entry in the diaries of so many members. I urge you all to attend next year as your Association is making every effort to ensure it will be the virtual highlight of the year.

Although COVID-19 has obviously demanded much of our attention this year, the educational needs of members have not been forgotten. We launched a fresh set of modules to better educate SMSF professionals, as well as re-launching our SMSF Knowledge Compass to assist those wanting to self-assess and benchmark their expertise.

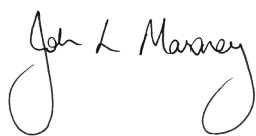
The nine new education modules, focusing on different topics with the latest information and resources, offer an exciting user experience, as well as providing a flexible approach to entering the SSA™ program with 12 months to complete it.

In such a turbulent year it was good news to be able to welcome Peter Burgess back to the fold as Deputy CEO / Director of Policy & Education. Peter, who is well known to many of you, is a welcome addition with his undoubted knowledge and experience of all things SMSF.

We sadly farewelled Peter Hogan who retired after many years of service to our superannuation sector and wish him all the best for the future. I think it's fair to say there are very few people in our SMSF world who have contributed as much to the professional growth of the sector over so many years and have done it in such a courteous and friendly manner. Peter's counsel will be sorely missed.

My thanks to the Board for their invaluable advice and dedicated service. COVID-19 demanded more of their time and effort in 2020, all of which was willingly given. Also, to our excellent staff, Committee members, and all those volunteers, who so freely give of their time, my heartfelt thanks for all your work in what has been a very demanding year.

Finally, to our members, who I suspect will not look back on 2020 fondly. However, I think you can look back with deep satisfaction of a job well done, for your clients and businesses. To you and your families, have a Merry Christmas and look forward, hopefully, to a far less stressful 2021.



**John Maroney**  
Chief Executive Officer





## Strategic Objectives

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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 both existing and future trustees and to 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 to trustees.

### Engaged 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
- Financial Capacity – creating and maintaining the financial capacity to pursue goals and objectives
- Partnerships – grow and maintain strong commercial Strategic Partnerships while maintaining independence

### Key projects completed under the Strategic Plan thus far:

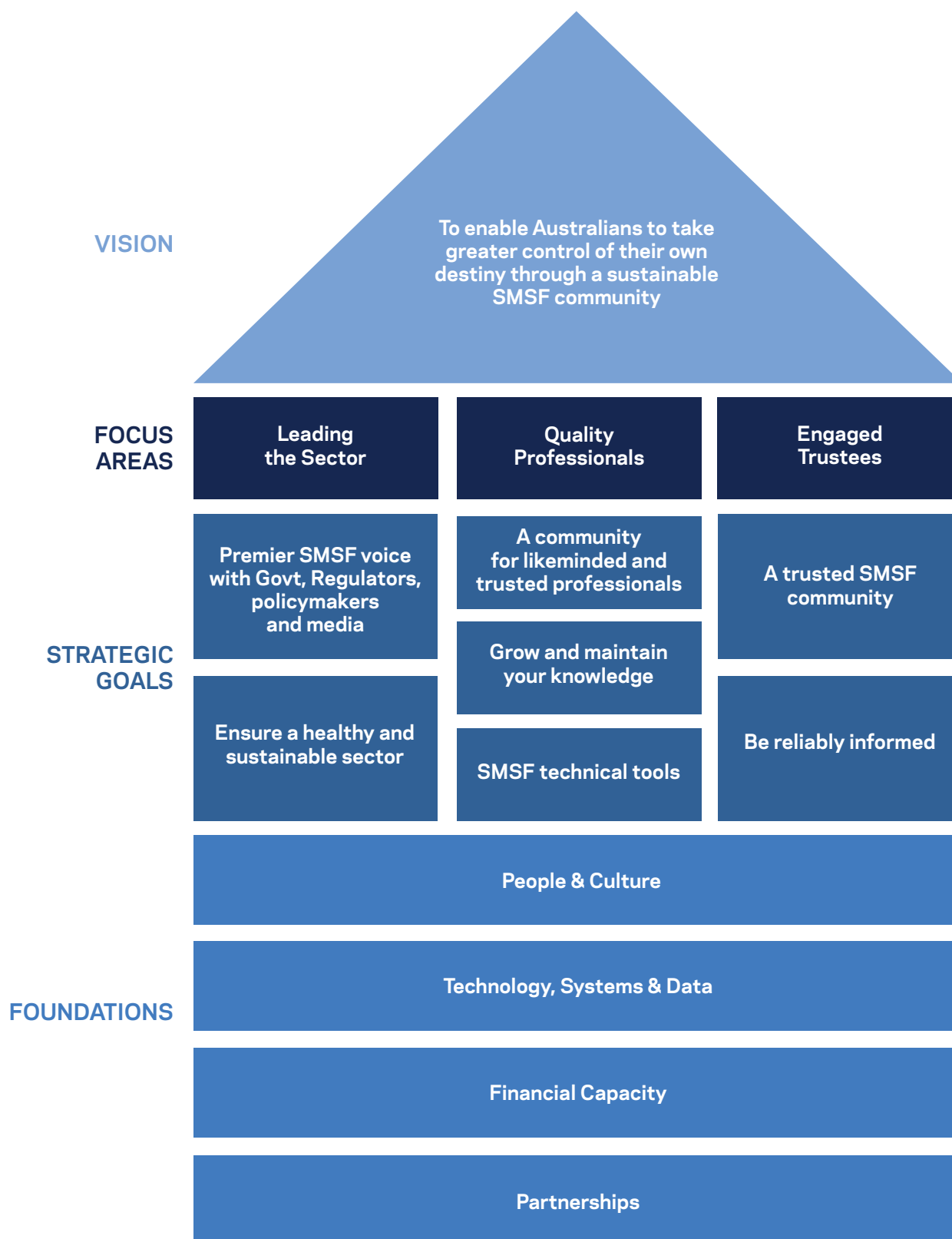
- Launched a brand new SMSF Association website with improved design, functionality and overall user experience particularly in regard to the Resource Library and Member Dashboard.

- Delivered a financial surplus of \$458,934 for the 2020 financial year.
- Launched the SMSF Connect Co-Branded Education Resource for professional members to provide educational content to their SMSF clients.
- Achieved a satisfaction score of 90% for National Conference, held on the Gold Coast during February 2020.
- Launched our Accredited Educators program to make it easier for members to achieve their CPD and FASEA requirements through high quality and up-to-date SMSF training and education.
- Presented a successful Technical Day 2020 event in an entirely online environment for the first time with over 800 delegates logging in on the day and the month following the event.
- Enhanced the support and experience of progressing through the Specialist accreditation program with the launch of 9 SMSF modules and extending the length of time for individuals to complete the program to 12 months.
- Re-introduction of our SMSF Knowledge Compass designed to help in the assessment of SMSF professionals' skills and knowledge.

### Our key projects and targets for the next 12 months:

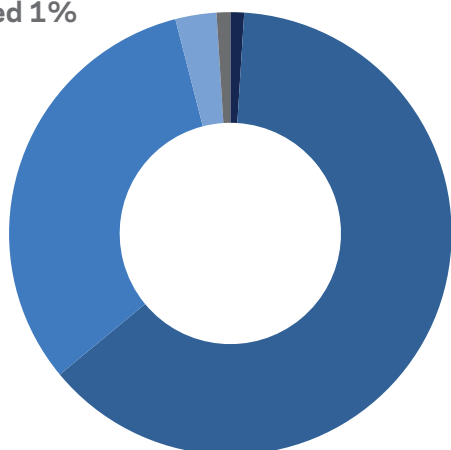
- Attract more than 1,500 attendees to the online SMSF + Investor Expo to be held during November 2020, in conjunction with delivering another successful SMSF Week.
- Continue to deliver more technical content tailored to SMSF Specialists and increase their member-only benefits.
- Grow the number of people entering the Specialist program by 30%.
- Grow new professional members by 40%.
- Grow our trustee community by 30% and continue to inform and educate them on the importance of seeking Specialist SMSF advice.
- Increase usage of the SMSF Connect Co-Branded Education Resource by 100%.
- Continue to develop relevant strategic partnerships to deliver on our core objectives.
- Deliver a successful, virtual National Conference in February 2021.





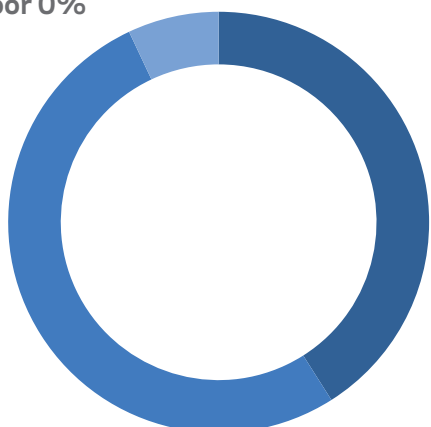
### SMSF Association Membership as at 30 June 2020

- Fellow 1%
- Specialist 63%
- Associate 32%
- Affiliate 3%
- Retired 1%



### SMSF Association customer service during 2020

- Excellent 41%
- Good 52%
- Average 7%
- Poor 0%
- Very Poor 0%



### 2020 Member Survey

Thank you to our members who provided feedback in our recent 2020 Member Survey. The responses assist us to ensure we understand the expectations you have of us and how we can continue to exceed these.

#### Based on feedback in the 2019 Member Survey, we implemented:

- More affordable CPD opportunities including an increase in complimentary CPD webinars throughout the COVID-19 health pandemic.
- An increase in advertising to promote the need for Specialist advice for SMSFs.
- A more streamlined website experience including a refresh of the online Resource Library and Member Dashboard.
- The modularisation of the SMSF Specialist Advisor (SSA™) program to provide a flexible and revitalised approach to gaining the SSA™ designation.
- Further opportunities for community engagement amongst SMSF professionals including a dedicated SMSF Association group on the XY Adviser social media platform.

#### As a result of feedback in our most recent Member Survey we will be looking to act on the following for our members:

- Continue various advertising campaigns to engaged SMSF trustees to encourage the need for SMSF Specialist advice.
- Develop additional tools for Specialists Members to market their expertise for increased lead opportunities.
- Look at delivering a more structured approach to complimentary, member-only CPD opportunities.
- The modularisation of the SMSF Specialist Auditor (SSAud®) program to provide a flexible approach to gaining the SSAud® designation and more audit specific CPD opportunities.
- Expanding and improving the capabilities of our popular Technical Research Service to service more members.
- Provide different formats for CPD and event delivery to meet member needs in the current environment.
- Increase the opportunities for SMSF professionals to engage with each other through flexible and varied formats.



| Nature of Complaint   | 2020/21 (YTD) | 19/20 | 18/19 |
|---|---------------|-------|-------|
| Criminal conviction   |               |       | 2     |
| Statutory offence bringing discredit to member, Association or profession     | 1             | 1     |       |
| Failure to observe proper standard of professional care, skill and competence |               |       | 3     |
| Breach of Association Code of Conduct and Rules                               | 2             | 6     | 18    |
| Breach of Association Branding policy   |               |       |       |
| Other   |               |       |       |

| Action taken by SMSF Association  | 2020/21 (YTD) | 19/20 | 18/19 |
|---|---------------|-------|-------|
| Cancellation of Membership  | 1             | 4     | 11    |
| Suspension of Specialist designation or Membership for a defined period | 1             | 2     | 11    |
| Reprimand   |               |       |       |
| Practice review   |               |       |       |
| No action required  |               | 1     |       |
| Other   |               |       | 1     |
| Investigation ongoing   | 1             |       |       |

#### 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 at all times as part of their membership.

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. These Conduct and Disciplinary Procedures are the expected minimum requirements of all of our members.



Pictured (left to right): Daniel Butler, Anna Garuccio, David Bannister, Andrea Slattery, Pauline Hammer, Craig Day, Mark Ellem, David Busoli, John Illingworth, Eng Sivieng, Grant Lange, Christopher Pulley, David Saul, Greg Layton, Adam Goldstien, Sally Rorke

SMSF Association Fellow Member status recognises Members for their significant commitment and contribution to both the Association and the SMSF sector.

Fellow Members have exclusive access to Fellow Member logo, designation/s and post-nominal/s that enables them to promote their Specialist knowledge and highlight their status and significant, ongoing contribution.



Fellow  
SMSF Association  
Specialist

**Belinda Aisbett FSSA, FSSAud ▪ Nicholas Aston FSSA ▪ Carolyn Baker FSSA ▪ David Bannister FSS ▪ Stephen Blake FSSA ▪ David Busoli FSSA ▪ Daniel Butler FSSA ▪ James Cotis FSSA ▪ Craig Day FSSA ▪ Mark Ellem FSSA ▪ Peter Fry FSSA ▪ Anna Garuccio FSSA ▪ Adam Goldstien FSSA ▪ Pauline Hammer FSSA ▪ Meg Heffron FSSA ▪ Peter Hogan FSSA ▪ Jo Hurley FSSA, FSSAud ▪ John Illingworth FSSA, FSSAud ▪ Grant Lange FSSA ▪ Greg Layton FSSA ▪ Kim Meredith FSSA ▪ Michael Phillips FSSA ▪ Christopher Pulley FSSA, FSSAud ▪ Cameron Reed FSSA ▪ Sally Rorke FSSA ▪ David Saul FSSA ▪ Cindy Shearer FSSA ▪ Chris Simmons FSSA ▪ Tony Simmons FSSA ▪ Eng Sivieng FSSA ▪ Andrea Slattery FSSA ▪ Neil Sparks FSSA**

**Inaugural Fellowship ceremony at National Conference during February 2020**

We recognised this initial select group of Fellow Members at a special function on the Tuesday evening prior to the formal commencement of our 2020 National Conference on the Gold Coast.

The inclusion of Fellow Members to the Association showcases our strong support of professionalism and high standards of integrity for the SMSF sector.





**15 Year Membership  
Milestones**

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**Congratulations to the following SMSF Association  
members celebrating their 15 year membership  
anniversary during 2020**

Thank you for your ongoing support of the Association  
and the sector!

Sam Adigrati ▪ Tony Allen ▪ Gretchen Alt-Cooper ▪ Patrick Anwandter ▪ Robert Baker ▪  
Veronica Bantleman ▪ Alex Barnett ▪ Marissa Bechta ▪ Ben Berri ▪ Kerree Bezencon ▪  
Benjamin Black ▪ Paul Brady ▪ Tim Brooks ▪ Alan Buckley ▪ Ross Calvert ▪ Shu Cheng ▪  
Peter Cramer ▪ Ian Crilly ▪ Marli Cronin ▪ Gary Cutler ▪ Terry Dalziel ▪ Angelo D'Ambrosio ▪  
Khushroo Dastur ▪ Andrew Davies ▪ Stephen Degiovanni ▪ Peter Delis ▪ Kate Denney ▪  
Tino Di Battista ▪ Jim Dionysatos ▪ Jennifer Dixon ▪ Julie Dolan ▪ Damion Emmanuel ▪  
Tom Fanning ▪ Selwyn Favish ▪ Joe Gangemi ▪ Shane Griffin ▪ Leo Guterres ▪ Jo Hall ▪  
Kevin Hines ▪ Wei Ling Ho ▪ Andrew Holmes ▪ Sharon Houghton ▪ Michael Hutton ▪  
David Hyde ▪ Luigi Iacullo ▪ David Jackson ▪ Jean-Pierre Julliard ▪ Gregory Keady ▪  
Attila Kelemen ▪ Matthew Kerr ▪ James Kilkenny ▪ Brett Kimmorley ▪ Kris Kitto ▪  
Tamara Klose ▪ Loula Kouzeleas ▪ Vince Lagana ▪ Bridget Lamphee ▪ Chris Launer ▪  
Darren Layton ▪ Mark Lewin ▪ Colin Lewis ▪ Mark Lockwood ▪ David Lolicato ▪ Mark Lowe ▪  
David Lunn ▪ Scott Malcolm ▪ James Mansfield ▪ Olivia Maragna ▪ Graham Martin ▪  
Angela Martyn ▪ Adrian McConnell ▪ Andrew McCracken ▪ Chris McGlinn ▪ Richard McGrath ▪  
John McIntosh ▪ Malcolm McLean ▪ Neil McPherson ▪ Michele Meffen ▪ Gregory Mifsud ▪  
Rory Mitchell ▪ Michael Molloy ▪ Shane Morgan ▪ Wayne Morgan ▪ Peter Mulqueen ▪  
Chris Murray ▪ Ian Neale ▪ Anthony Newton ▪ Robert Nixon ▪ Kym O'Brien ▪ Damien Passmore ▪  
Roland Paterson-Clark ▪ Michael Phillips ▪ Vanessa Rae ▪ Anwar Raslan ▪ Mark Reidy ▪  
Matt Richardson ▪ Trevor Rickard ▪ Michael Ryan ▪ Thomas Ryan ▪ Jemma Sanderson ▪  
Craig Sawyer ▪ Michael Schluter ▪ Tracey Scotchbrook ▪ Frank Scotney ▪ Mark Serry ▪ George  
Shahinian ▪ Chris Simmons ▪ Campbell Simpson ▪ Andrea Skerritt ▪ Graham Slip ▪ John Small ▪  
Michael Smolders ▪ Greg Southwell ▪ Han Spendlove ▪ Julie Steed ▪  
Jarad Stirling ▪ James Street ▪ Alice Stubbersfield ▪ Douglas Tarrant ▪ Susie Thearle ▪  
Douglas Thomson ▪ Elizabeth Timmins ▪ Michael Toal ▪ Michael Todd ▪ Meri Tungate ▪  
Belinda Jane Von Knoll ▪ Suzanne Vukici ▪ Timothy Wakeling ▪ Geoffrey Walker ▪  
Kyoung Walker ▪ John Watson ▪ Gregory Welsh ▪ Ryder Widdowson ▪ Greg Willey ▪  
Ralph Wilson ▪ Elizabeth Winters ▪ Harry Wszola ▪ Stefano Zagami



"I have found that SMSF Specialist Accreditation has been very helpful as it adds another layer of credibility and helps gain trust when dealing with SMSF clients."

**Grant Lange FSSA, Financial Planner,  
Financial Services Partners**

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

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**Philip Broderick**  
2019 Top SSA™ Achiever



### **Accredited SMSF Association Specialist Advisor (SSA™)**

Craig Archbold ▪ Michael Ashcroft ▪ Muhammad Baig ▪ Boris Barna ▪ Daniel Bentley ▪ Tracey Besters ▪ Philip Broderick ▪ Kim Brown ▪ Tegan Cairns ▪ Hayley Caldwell ▪ Ben Cannon ▪ Catherine Chivers ▪ Daniel Ciabotti ▪ Martin Cooke ▪ Dan Diprose ▪ Chintan Engineer ▪ David Fam ▪ Fan Fan ▪ Ninette Ferlitsch ▪ Erika Fischer ▪ Rebecca Garnsey ▪ Andrew Gaston ▪ Anne Geraghty ▪ Ashley Ghigo ▪ Michaela Anne Gulbin ▪ Ashish Gupta ▪ Trent Hardcastle ▪ Lisa Harsley ▪ Dushanthi Herath ▪ Zhu Huang ▪ Clifford Hughes ▪ Neil Irving ▪ Anthony Isaac ▪ Miles Jacob ▪ James Jenkinson ▪ Eddie Jin ▪ Sachin Kala ▪ Patsy Karapas ▪ Cody Keating ▪ Marianne Keet ▪ Matthew Keller ▪ Steve Kelly ▪ Wazza Khan ▪ Aaron Kittelty ▪ Jamie Klason ▪ Ming Lew ▪ Yan Tao Lu ▪ Rohan Mansfield ▪ Suzanne McIntosh ▪ Kim Meikle ▪ Salena Nguyen ▪ Carl Nguyen ▪ Charmaine Parer ▪ Catherine Parker ▪ Casper Pasamba ▪ Alex Plumb ▪ James Robinson ▪ Tim Roff ▪ Jo Scrima ▪ Stefanie Seco ▪ Vineet Singh ▪ Andrea Skerritt ▪ Ruth Slade ▪ Sharon Staggs ▪ Zuzana Svetkovsky ▪ Leonie Tramacchi ▪ Sab Troncone ▪ Darin Trounce ▪ Chris Turtle ▪ Hank Wang ▪ Daisy Wang ▪ Cameron Whyte ▪ Tom Woollan ▪ Jack Yang ▪ Pearly Yap ▪ Qinhui Yu ▪ Arash Zamansani



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

**Accredited SMSF Association  
Specialist Auditor (SSAud®)**

Matthew Fish ▪ Lu Huang ▪ Benjamin Lacey ▪  
Pradeepa Ranaweera



**Lu Huang**  
2019 Top SSAud® Achiever

A key focus of the Association's Strategic Plan is to continue to build our community of engaged trustees and assist them in their SMSF journey through independent education, resources and events and promote seeking advice from SMSF Specialists.

Over **16,000** SMSF trustees are part of our valued SMSF Community.

**SMSF Connect** has attracted in excess of 45,000 web sessions this financial year.

#### **SMSF Connect Co-Branded Education Resource**

We are always looking at ways to support our professional members with servicing their SMSF clients. We are conscious that educating clients, particularly through periods of change, is an ongoing commitment of time and resources. ASIC Report 575 further emphasised the importance of consumers making informed decisions regarding SMSFs.

Our Specialist Members have the exclusive opportunity to add the SMSF Connect Education Resource via a co-branded portal on their organisation's website, to support and add value to their clients in today's uncertain and changing environment.



### Find a Specialist

Throughout our communications and resources available to our trustee community, we promote the importance of SMSF Specialist advice especially in regards to complex issues requiring consideration of their specific circumstances. Our Specialist Members are regularly profiled to this group of engaged trustees via our online Find a Specialist directory.

During 2020, we launched a new 'Find a Specialist' marketing campaign to gain further recognition of the SMSF Association's SMSF Specialist designation, branding and promotion of our members' SMSF expertise amongst a wider SMSF trustee audience.

We thank the Specialist Members who have amplified the importance of seeking an SMSF Specialist and we encourage members to continually emphasise this extremely important message.

We will be continuing this marketing campaign as well as investigating other opportunities to raise the profile of our Specialist Members to SMSF trustees on an ongoing basis.



### Virtual SMSF + Investor Events

During August 2020, we hosted our inaugural virtual SMSF + Investor event which attracted in excess of 500 trustees. Following this successful event we look forward to hosting a larger SMSF + Investor Expo, also online, during November 2020 to coincide with our SMSF Week.

These events enable us to showcase the Association as the leader in the sector and provide another avenue for us to constantly reinforce the important message of seeking the advice and support of a qualified, independent SMSF Specialist. Throughout these events and on our website, SMSF Connect, we promote our SMSF Specialists to our community of over 16,000 SMSF trustees.

There was a **398%**  
**increase** in traffic  
(December 2019 –  
February 2020 versus  
March – May 2020)  
via our online Find a  
Specialist directory.

**Peter Burgess, Deputy CEO / Director of Policy & Education**

It was just weeks after the SMSF Association National Conference 2020 that the COVID-19 pandemic began to extract its heavy economic and social toll on the Australian community. Quite clearly the SMSF sector would not be immune, and your Association acted quickly to make representations to the Government and Regulators on issues most concerning members and their clients.

The result was new legislation, temporary relief measures and ongoing policy developments, many of which we advocated. They included an extension to 30 June 2020 for SMSFs to lodge their 2019 annual returns, in-house asset concessions and a 50 percent reduction in the minimum drawdown rates for account-based pensions and similar products.

Your Association also played an active role in securing compliance relief for SMSFs who, as a result of the financial effects of COVID-19, found themselves needing to provide temporary rent relief to tenants, and for SMSF trustees who sought temporary loan repayment relief in relation to existing Limited Recourse Borrowing Arrangements between an SMSF and a related party.

Due to the business disruption caused by COVID-19, together with other professional associations, we advocated for and were successful in securing a 3-month extension for advisers to meet FASEA's 40-hour CPD requirement.

Your Association also provided input into ASIC's temporary advice relief measures for financial advisers and registered tax agents to provide urgent and immediate financial advice to consumers impacted by COVID-19. Despite a low take up, members believed being able to provide timely and more efficient advice in prescribed circumstances, via a shorter-form Record of Advice, was a step in the right direction.

During the year, your Association made a submission to the National COVID-19 Coordination Commission. In this submission we explored opportunities for infrastructure projects to be funded by SMSF capital and for more flexible policies for capital raisings to be considered.

We also acted quickly to ensure our members were kept up to date with the latest COVID-19 developments. This included running complimentary webinars for members, publishing regular technical bulletins, responding to technical queries, and providing members with white label templates.

Although COVID-19 took much of our time in 2020, it was not at the expense of the myriad issues where we believed your Association should have a voice. They included working with Government and other associations on measures to help consumers receive affordable and timely financial advice. Of concern to many of our members, are the multiple licences, registrations, regulators and associated levies which make providing affordable and timely financial advice difficult.

The complex limited licence framework for SMSF accountants and advisers, and the lack of clarity around scaled advice for fully licensed advisers, are all evidence of this problem. We believe a new consumer-centric financial advice framework is required and remain committed to the Association's long-held policy position that SMSF advice should be underpinned by specialist education requirements. Your Association will continue to work with the Government and other professional associations on the achievement of this important goal.

Your Association also made a submission to the Senate inquiry on increasing the maximum number of allowable SMSF members from 4 to 6. In this submission we pointed out the benefits of lower fees, greater choice and the benefits of increased superannuation engagement which could result from this initiative.

Our Federal Budget submissions highlighted red tape reduction options and refinements to the operation of the superannuation legislation. High on our list of proposed reforms was the streamlining of the Total Super Balance thresholds. The introduction of multiple superannuation balance thresholds to determine eligibility to make voluntary superannuation contributions, and to access bring-forward and catch-up contributions arrangements, has added significant complexity to the superannuation system. We believe the number of thresholds could be reduced by phasing out some and increasing others to align with remaining thresholds.



Legacy pensions, and the inability to convert these pensions to simpler more cost-effective account-based alternatives, has been an ongoing issue for many of our members and the broader SMSF community. Our Federal Budget submissions proposed an amnesty period to allow superannuation members with certain legacy pensions to be converted to account-based pensions.

Feedback received from members has highlighted certain inequities with the treatment of non-g geared unit trust which, due to a minor or trivial breach of the requirements, is no longer excluded from being an in-house asset of an SMSF. Our Federal Budget submissions proposed a change to the legislation to allow an investment in a related non-g geared unit trust to remain excluded from the in-house asset test, as long as a plan to rectify the breach is implemented before the end of the following financial year.

Lastly, we continue to advocate for the removal of the active member test when determining whether an SMSF, or any superannuation fund, has satisfied the definition of an Australian Superannuation Fund. We believe the active member test does not provide any additional integrity benefits and is an unnecessary source of red tape and complexity in the superannuation system.

The Association now awaits the release of the Retirement Income Review. Our 40-page detailed submission focussed on the SMSF sector and its integral role in the retirement income sector. With such a high percentage of SMSFs in the retirement phase, they are a pioneer group for retirement and are responsible for a significant portion of total superannuation retirement income payments. We look forward to it establishing a set of facts from which sound, long term policy can be built on.



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

## **Financial Results for 2020**

\$458,934 surplus increased from \$78,521 surplus in 2019.

### **Revenue**

\$5.99 million compared to \$6.29 million in 2019.

### **Operating Expenses**

\$5.51 million compared to \$6.25 million in 2019.

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

We promote an inclusive workplace spread across two offices in Adelaide and Sydney respectively. In the latest SMSF Association staff survey, 86% of staff are satisfied with their role and a large majority of staff feel supported by the Association to balance their work and life responsibilities effectively.

**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, engaging and efficient experience for our valued members. During 2020, we launched a brand new SMSF Association website featuring:

- A new look and improved functionality of our online Resource Library
- Brand new features on the Member Dashboard
- Specialist Members being profiled in the online 'Find a Specialist' directory and then regularly promoted to our engaged trustee audience
- New look Technical Research Service.

From our recent Member Survey, more than 80% of members rated 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. We have delivered timely updates and additional CPD hours through our 'In conversation with the ATO' series as part of our Statement of Intent.

We have worked closely with other industry bodies including CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ), Financial Planning Association of Australia (FPA) and the Institute of Public Accountants (IPA) in order to ensure Australians could obtain the advice they needed to understand the Federal Government's COVID-19 economic packages, including early access to superannuation.

In early 2020 we launched our Accredited Educators program which provides members with greater flexibility to fulfil their CPD and FASEA compliance requirements. This is through the provision of high quality, comprehensive and up-to-date SMSF content through a greater variety of SMSF training and education through these providers:

- Accurium
- Heffron
- LegalWise
- Smarter SMSF
- SuperConcepts
- SuperGuardian



**SMSF Association**  
**Accredited**  
**Educator**



**Our Board, Association and  
Advisory Committees**

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

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

**BOARD COMMITTEES**

**Finance, Risk and Audit Committee**

Michael Houlihan – *Chair*  
Tracey Scotchbrook  
Brett Kenny  
John Maroney  
Josh Geers

**Governance, Nomination and  
Remuneration Committee**

Robyn FitzRoy – *Chair*  
Robin Bowerman  
Scott Hay-Bartlem  
John Maroney  
Josh Geers

**Public Policy Committee**

Robin Bowerman – *Chair*  
Hon. Bernie Ripoll  
Tracey Scotchbrook  
Jeremy Cooper  
John Maroney  
Peter Burgess

**ASSOCIATION AND ADVISORY COMMITTEES**

**National Membership Committee**

Liam Shorte – *Chair*  
Craig Montgomery – *Secretary*  
Michael Houlihan  
Megan Kelly  
Con Gotsis  
Doug McBirnie  
Lesley Faehse  
Julie Steed  
Brooke Hepburn-Rogers  
Leonie DiLorenzo  
John Maroney

**Professional Standards Committee**

Tracey Scotchbrook – *Chair*  
Craig Montgomery – *Secretary*  
David Saul  
Fiona Hinrichsen  
Nathan Baker

**Education Committee**

Peter Burgess – *Chair*  
Clair Bland – *Secretary*  
Belinda Aisbett  
Julie Taylor  
Louise Biti  
Neal Dallas  
Stephen Wright

**National Conference Program Committee**

Peter Burgess – *Chair*  
Tarun Malhotra – *Secretary*  
Aaron Dunn  
Mark Ellem  
Jemma Sanderson  
Peter Crump  
Adam Goldstien  
Belinda Aisbett  
Shelley Barton  
Leigh Mansell  
Craig Day  
Scott Hay-Bartlem  
Mary Simmons





"I think all members should aspire to become accredited. If you're going to work in this space, make sure that you get the credibility."

**Anna Garrucio FSSA, Director & Principal  
Adviser, MTIS Private Wealth**

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

In response to the current health crisis the Association has enacted additional governance measures and altered other existing governance processes. This includes but is not limited to increasing the frequency of Board meetings, conducting Board and Committee meetings virtually and further engagement with our members and regular monitoring and assessment of key strategic risks.

### **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 and reputation 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 a minimum of five times each calendar year and undertakes annual Board performance reviews. The Board also reviews its effectiveness at the conclusion of each Board meeting and follows up recommendations for improvement. 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 including risk culture. 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 regularly by the Finance, Risk and Audit Committee and at Board meetings.

## 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, Partnerships, Technology, Systems & Data and Financial Capacity.

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 recommended 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 Associations website or via Membership Services. 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 recommended 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's members. Complaints relating to the Association's corporate governance, operational procedures and accountability or services offered are dealt with by the CEO and/or the Governance, Nomination and Remuneration Committee.

## **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.



Andrew John Hamilton

**QUALIFICATIONS**

Diploma of Financial Services, SMSF Association SMSF Specialist Advisor, Graduate and Member of Australian Institute of Company Directors.

**EXPERIENCE**

Andrew has a wealth of knowledge and experience, gained from more than 30 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 is now providing consulting services to business owners and professionals.

**SPECIAL RESPONSIBILITIES**

Chair



Robin Lewis Bowerman

**QUALIFICATIONS**

Member of the Australian Institute of Company Directors.

**EXPERIENCE**

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

**SPECIAL RESPONSIBILITIES**

Vice Chair

Chair of the Public Policy Committee

Member of the 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; 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, Diversa Trustees Ltd and Football Federation of Australia. 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

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

Member of the Public Policy Committee



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

Chair of the Professional Standards Committee

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. Up to December 2018, Michael was 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 member of the Advisory Board of Evergreen Consultants, a boutique asset consulting business and the Chair of Eltham College.

**SPECIAL RESPONSIBILITIES**

Director

Chair of the Finance, Risk and Audit Committee

Member of the National Membership 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

Member of the Governance, Nomination and Remuneration Committee

Member of the National Conference Committee



**Deborah Eileen Ralston**

**QUALIFICATIONS**

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

Fellow of Australian Institute of Company Directors.

**EXPERIENCE**

Deborah has over 20 years' experience as a non-executive Director on public and private sector boards. She is currently a member of the RBA's Payments System Board, and is a Professorial Fellow at Monash University with research interests in superannuation, regulation and innovation. In September 2019 Deborah was appointed to the Federal Government's Retirement Income Review.

**SPECIAL RESPONSIBILITIES**

Chair (Retired 3 October 2019)





## Financial Statements

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#### SMSF Association Ltd

## Directors' Report

### 30 June 2020

The Directors present their report on the SMSF Association Ltd (the Association) for the financial year ended 30 June 2020.

#### (a) General Information

##### Information on Directors

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

Andrew Hamilton  
Robin Bowerman  
Robyn FitzRoy  
Liam Shorte  
Bernie Ripoll  
Tracey Scotchbrook  
Scott Hay-Bartlem  
Michael Houlihan  
Deborah Ralston (retired 3 October 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 \$458,934 (2019: \$78,521 profit after tax).

The result for the year reflects steady membership and education revenue for the first nine months of the year with a reduction in various expense lines including marketing, salaries and travel in response to the changing economic environment. The operating profit for the year is in line with the Strategic Plan to maintain an operating profit in the current financial year and this has been achieved with financial support from the Federal Government.

##### 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 (SMSF) 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 services.

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



SMSF Association Ltd

## Directors' Report

30 June 2020

### (a) General Information

#### Strategic Objectives

The Association's strategic objectives are:

- Leading the Sector – The premier SMSF voice with Government, Regulators, policymakers and media to ensure a healthy and sustainable sector
- Developing Quality Professionals – SMSF Specialists 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 Strategic Plan to 2024.

#### 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 Association. At 30 June 2020 there were 2,762 members. A member is defined in accordance with clause 5.1 of the constitution.

At 30 June 2020 the potential liability of members was \$ 27,620.

#### 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.

#### Events after the reporting date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while the financial impact has been offset through Government assistance up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on the impact of measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

#### Future Developments

As part of the Association's response to the impact of the Coronavirus, it is continuing to develop products and services to meet members' ongoing needs. This includes the transition to virtual events, further continuing professional development (CPD) options for members and improving out online service offerings.



SMSF Association Ltd

Directors' Report

30 June 2020

(b) Other Items (cont)

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 |
| Andrew Hamilton    | 5                         | 5               |
| Robin Bowerman     | 5                         | 5               |
| Robyn FitzRoy      | 5                         | 5               |
| Liam Shorte        | 5                         | 5               |
| Bernie Ripoll      | 5                         | 5               |
| Tracey Scotchbrook | 5                         | 5               |
| Scott Hay-Bartlem  | 5                         | 5               |
| Michael Houlihan   | 5                         | 5               |
| Andrew Hamilton    | 5                         | 5               |
| Robin Bowerman     | 5                         | 5               |
| Deborah Ralston    | 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 2020. 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.



**SMSF Association Ltd**

## **Directors' Report**

**30 June 2020**

### **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 2020 has been received and can be found on page 5 of the financial report.

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

Director:  .....  
Andrew Hamilton - Chair

Dated this 23 day of September 2020



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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 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

A handwritten signature in black ink, appearing to read 'D Pozza'.

Damien Pozza  
Partner

Adelaide  
South Australia

23 September 2020



SMSF Association Ltd

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2020**

|  |      | 2020           | 2019          |
|--|------|----------------|---------------|
|  | Note | \$             | \$            |
| Revenue  | 2    | 5,985,471      | 6,293,858     |
| Education expense  |      | (1,437,113)    | (1,688,035)   |
| Employee benefits expense                                  |      | (2,699,106)    | (2,933,548)   |
| Depreciation and amortisation expense                      | 3    | (350,148)      | (344,706)     |
| Other expenses   |      | (996,680)      | (1,248,914)   |
| Finance costs  |      | (30,624)       | (35,282)      |
| <b>Profit (loss) before income tax</b>                     |      | <b>471,800</b> | <b>43,373</b> |
| Income tax (expense) / benefit                             | 4    | (12,866)       | 35,148        |
| <b>Profit (loss) for the year</b>                          |      | <b>458,934</b> | <b>78,521</b> |
| <hr/>  |      |                |               |
| <b>Other comprehensive income for the year, net of tax</b> |      | <b>-</b>       | <b>-</b>      |
| <b>Total comprehensive income for the year</b>             |      | <b>458,934</b> | <b>78,521</b> |

## Financial Statements

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#### SMSF Association Ltd

### Statement of Financial Position

As at 30 June 2020

|                                      | Note | 2020<br>\$       | 2019<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                        |      |                  |                  |
| <b>CURRENT ASSETS</b>                |      |                  |                  |
| Cash and cash equivalents            | 5    | 2,592,752        | 2,744,495        |
| Trade and other receivables          | 6    | 221,344          | 69,358           |
| Financial Assets                     | 7    | 494,664          | -                |
| Other assets                         | 8    | 74,993           | 72,855           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>3,383,753</b> | <b>2,886,708</b> |
| <b>NON-CURRENT ASSETS</b>            |      |                  |                  |
| Property, plant and equipment        | 9    | 674,273          | 939,125          |
| Intangible assets                    | 10   | 125,432          | 180,957          |
| Deferred tax assets                  | 11   | 64,846           | 77,712           |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>864,551</b>   | <b>1,197,794</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>4,248,304</b> | <b>4,084,502</b> |
| <b>LIABILITIES</b>                   |      |                  |                  |
| <b>CURRENT LIABILITIES</b>           |      |                  |                  |
| Trade and other payables             | 12   | 200,754          | 237,661          |
| Lease liabilities                    | 13   | 251,977          | 262,647          |
| Contract liabilities                 | 14   | 1,644,104        | 1,559,417        |
| Employee benefits                    | 15   | 239,123          | 309,792          |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>2,335,958</b> | <b>2,369,517</b> |
| <b>NON-CURRENT LIABILITIES</b>       |      |                  |                  |
| Lease liabilities                    | 13   | 322,630          | 574,605          |
| Employee benefits                    | 15   | 29,931           | 39,529           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>352,561</b>   | <b>614,134</b>   |
| <b>TOTAL LIABILITIES</b>             |      | <b>2,688,519</b> | <b>2,983,651</b> |
| <b>NET ASSETS</b>                    |      | <b>1,559,785</b> | <b>1,100,851</b> |
| <b>EQUITY</b>                        |      |                  |                  |
| Founding subscriptions               |      | 60               | 60               |
| Retained earnings                    |      | 1,559,725        | 1,100,791        |
| <b>TOTAL EQUITY</b>                  |      | <b>1,559,785</b> | <b>1,100,851</b> |



The accompanying notes form part of these financial statements.



SMSF Association Ltd

**Statement of Changes in Equity**  
For the Year Ended 30 June 2020

2020

|   | Founding<br>Subscriptions | Retained<br>Earnings | Total            |
|---|---------------------------|----------------------|------------------|
|   | \$                        | \$                   | \$               |
| Balance at 1 July 2019                            | 60                        | 1,100,791            | 1,100,851        |
| Profit attributable to members of the Association | -                         | 458,934              | 458,934          |
| Total other comprehensive income for the period   | -                         | -                    | -                |
| <b>Balance at 30 June 2020</b>                    | <b>60</b>                 | <b>1,559,725</b>     | <b>1,559,785</b> |

2019

|   | Founding<br>Subscriptions | Retained<br>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   | -                         | -                    | -                |
| <b>Balance at 30 June 2019</b>                    | <b>60</b>                 | <b>1,100,791</b>     | <b>1,100,851</b> |

## Financial Statements

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### SMSF Association Ltd

## Statement of Cash Flows For the Year Ended 30 June 2020

|   | 2020        | 2019        |
|---|-------------|-------------|
| Note  | \$          | \$          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>              |             |             |
| Receipts from members and non-mutual income               | 6,470,010   | 6,929,619   |
| Payments to suppliers and employees                       | (5,844,568) | (6,473,525) |
| Net cash provided by operating activities                 | 625,442     | 456,094     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |             |             |
| Interest received   | 23,061      | 31,362      |
| Proceeds from sale of property, plant and equipment       | -           | 1,399       |
| Payments for property, plant and equipment                | (31,922)    | (4,150)     |
| Payments for intangible assets                            | (49,274)    | (92,032)    |
| Payments for Investments                                  | (500,405)   | -           |
| Net cash provided by/(used in) investing activities       | (558,540)   | (63,421)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |             |             |
| Principal payments of lease liabilities                   | (218,645)   | (196,966)   |
| Net cash provided by/(used in) financing activities       | (218,645)   | (196,966)   |
| Net (decrease)/increase in cash and cash equivalents held | (151,743)   | 195,707     |
| Cash and cash equivalents at beginning of year            | 2,744,495   | 2,548,788   |
| Cash and cash equivalents at end of financial year        | 5 2,592,752 | 2,744,495   |



The accompanying notes form part of these financial statements.

SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**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 and domiciled in Australia.

The functional and presentation currency of the Association is Australian dollars. Comparatives are consistent with prior years, unless otherwise stated.

The financial report was authorised for issue by the Directors on 23 September 2020.

**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.

**(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 as well as unused tax losses.

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 or arising from a business combination.

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.

## Financial Statements

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SMSF Association Ltd

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 1 Summary of Significant Accounting Policies (cont)

##### (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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Group in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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 (ie 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.



SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(b) Fair value of assets and liabilities (cont)**

The fair value of liabilities and the entity's own equity instruments, excluding those related to share-based payment arrangements, 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) Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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

**(d) Revenue recognition**

The Association recognises revenue as follows;

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

**SMSF Association Ltd**

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(d) Revenue (cont)**

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.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

*Subscriptions, conferences, and sponsorship*

Revenue from the provision of membership subscriptions is 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.

**(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.

SMSF Association Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 1 Summary of Significant Accounting Policies (cont)

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

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.

##### (ii) Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line 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 | 12.5% - 66.67% |
| Leasehold improvements       | 10% - 20%      |
| Right-of-use assets          | 20% - 50%      |

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



**SMSF Association Ltd**

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(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*.

**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.

SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(g) Financial instruments (cont)**

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.

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.



**SMSF Association Ltd**

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(g) Financial instruments (cont)**

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.

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.

SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(g) Financial instruments (cont)**

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.

*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 Group 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.

**SMSF Association Ltd**

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(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.

**(i) Intangible assets other than goodwill**

**(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, other short-term highly liquid investments, and bank overdrafts.

SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(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) Contract Assets**

Contract assets are recognised when the Association has transferred goods or services to the customer but where the Association is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

**(m) 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.

**(n) Contract Liabilities**

Contract liabilities represent the Association's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Association recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Association has transferred the goods or services to the customer.

**(o) Employee benefits**

*Short-term employee benefits*

Provision is made for the Association's 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 trade and other payables 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.



**SMSF Association Ltd**

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1 Summary of Significant Accounting Policies (cont)**

**(o) Employee benefits (cont)**

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 provisions.

**(p) 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.

**(q) Comparative figures**

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

**(r) New or amended accounting Standards and Interpretations adopted**

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**(s) 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.



**SMSF Association Ltd**

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **1 Summary of Significant Accounting Policies (cont)**

##### **(s) 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.

## Financial Statements

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### SMSF Association Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 2 Revenue

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | \$               | \$               |
| Revenue from contracts with customers                    |                  |                  |
| Membership subscriptions                                 | 1,819,737        | 1,824,016        |
| Education programs                                       | 3,576,627        | 3,701,568        |
| Other mutual and non-mutual income                       | 234,427          | 687,832          |
| Rental income  | 48,360           | 49,080           |
|  | <u>5,679,151</u> | <u>6,262,496</u> |
| Other revenue  |                  |                  |
| Government grant – JobKeeper                             | 189,000          | -                |
| Government grant – Cash Flow Boost                       | 100,000          |                  |
| Interest received  | 23,061           | 31,362           |
| Dividend revenue   | 5,734            | -                |
| Net gain / (loss) on recognition of investments at FVTPL | (11,475)         | -                |
|  | <u>306,320</u>   | <u>31,362</u>    |
|  | <u>5,985,471</u> | <u>6,293,858</u> |

#### 3 Result for the Year

##### (a) Expenses included in administration or other expenses

|                                     | 2020           | 2019           |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| Depreciation and amortisation       |                |                |
| Property, plant and equipment       | 67,297         | 26,053         |
| Computer software, other            | 55,051         | 143,993        |
| Right of use asset                  | 227,800        | 174,660        |
| Total depreciation and amortisation | <u>350,148</u> | <u>344,706</u> |
| Lease expense – short term leases   | -              | 44,917         |
| Marketing                           | 207,309        | 349,308        |
| Travel                              | 74,908         | 148,937        |
| IT expenses                         | 228,347        | 160,729        |
| Consulting and professional fees    | 12,072         | 8,000          |

SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**4 Income Tax Expense**

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

|                             | 2020          | 2019            |
|-----------------------------|---------------|-----------------|
|                             | \$            | \$              |
| Current tax expense         |               |                 |
| Income tax - current period | 12,866        | (35,148)        |
|                             | <u>12,866</u> | <u>(35,148)</u> |

(b) Reconciliation of income tax to accounting profit:

|  |                |                 |
|--|----------------|-----------------|
| Prima facie tax payable / (benefit) on operating profit / (loss) before income tax       | 129,745        | 11,927          |
| Add:   |                |                 |
| Tax effect of:   |                |                 |
| - non-deductible items subject to principle of mutuality                                 | 837,082        | 976,273         |
| - other non-deductible items   | 3,789          | 898             |
| - income tax losses to be recognised in future periods                                   | 50,027         | 7,090           |
| - reduction in opening deferred taxes resulting from reduction in tax rate               | -              | 3,547           |
| - change in rate of principle of mutuality   | 5,261          | 1,717           |
|  | <u>896,159</u> | <u>989,525</u>  |
| Less:  |                |                 |
| Tax effect of:   |                |                 |
| - non-assessable items subject to principle of mutuality                                 | 985,538        | 1,003,565       |
| - other non-assessable items   | 27,500         | -               |
| - tax effect of initial recognition of opening lease liabilities and right of use assets | -              | 29,601          |
| Income tax expense/(benefit)   | <u>12,866</u>  | <u>(35,148)</u> |

**5 Cash and cash equivalents**

|                      | 2020             | 2019             |
|----------------------|------------------|------------------|
|                      | \$               | \$               |
| Cash at bank in hand | 2,225,720        | 2,123,080        |
| Deposits at call     | 367,032          | 621,415          |
|                      | <u>2,592,752</u> | <u>2,744,494</u> |

## Financial Statements

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### SMSF Association Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2020

#### 6 Trade and other receivables

|   | 2020           | 2019          |
|---|----------------|---------------|
| Note  | \$             | \$            |
| Trade receivables   | 38,556         | 52,003        |
| Membership receivables                                      | 44,788         | 17,355        |
| Accrued grant revenue – JobKeeper and Cash Flow Boost       | 113,000        | -             |
| Related party receivable                                    | 25,000         | -             |
| <b>Total current trade and other receivables</b>            | <b>221,344</b> | <b>69,358</b> |
| Less: Accrued grant revenue – JobKeeper and Cash Flow Boost | (113,000)      | -             |
| Financial Assets classified as Trade and Other Receivables  | 18 108,344     | 69,358        |

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 Financial assets at fair value through profit or loss

|  | 2020           | 2019     |
|--|----------------|----------|
|  | \$             | \$       |
| Exchange Traded Funds – designated at fair value through profit or loss  | 494,664        | -        |
|  | 494,664        | -        |
| <i>Reconciliation</i>  |                |          |
| Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below; |                |          |
| Opening fair value   | -              | -        |
| Additions  | 506,139        | -        |
| Revaluation increments/ (decrements)   | (11,475)       | -        |
| <i>Closing fair value</i>  | <i>494,664</i> | <i>-</i> |

#### 8 Other assets

|                           | 2020          | 2019          |
|---------------------------|---------------|---------------|
|                           | \$            | \$            |
| Prepayments               | 74,993        | 72,855        |
| <b>Total other assets</b> | <b>74,993</b> | <b>72,855</b> |

SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**9 Property, plant and equipment**

|  | 2020<br>\$     | 2019<br>\$     |
|--|----------------|----------------|
| Furniture & equipment                      |                |                |
| At cost                                    | 139,340        | 126,343        |
| Accumulated depreciation                   | (62,711)       | (60,176)       |
|  | <u>76,629</u>  | <u>66,167</u>  |
| Leasehold improvements                     |                |                |
| At cost                                    | 300,074        | 300,074        |
| Accumulated depreciation                   | (128,429)      | (77,586)       |
|  | <u>171,644</u> | <u>222,487</u> |
| Right-of-use assets - leased buildings     |                |                |
| At fair value                              | 902,181        | 898,859        |
| Accumulated depreciation                   | (476,181)      | (248,388)      |
|  | <u>426,000</u> | <u>650,471</u> |
| <b>Total property, plant and equipment</b> | <u>674,273</u> | <u>939,125</u> |

**(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 &<br>equipment<br>\$ | Leasehold<br>improvements<br>\$ | Right-of-use<br>assets<br>\$ | Total<br>\$    |
|---------------------------------------|--------------------------------|---------------------------------|------------------------------|----------------|
| <b>Year ended 30 June 2020</b>        |                                |                                 |                              |                |
| Balance at the beginning of year      | 66,167                         | 222,487                         | 650,471                      | 939,125        |
| Additions                             | 28,598                         | -                               | 3,322                        | 31,920         |
| Disposals                             | (1,681)                        | -                               | -                            | (1,681)        |
| Depreciation expense                  | (16,455)                       | (50,843)                        | (227,793)                    | (295,091)      |
| <b>Balance at the end of the year</b> | <u>76,629</u>                  | <u>171,644</u>                  | <u>426,000</u>               | <u>674,273</u> |



## Financial Statements

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### SMSF Association Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 10 Intangible Assets

|   | 2020<br>\$     | 2019<br>\$     |
|---|----------------|----------------|
| Patents, trademarks and other rights    |                |                |
| Cost                                    | 27,546         | 27,546         |
| <b>Net carrying value</b>               | <b>27,546</b>  | <b>27,546</b>  |
| Computer software and website           |                |                |
| Cost                                    | 451,995        | 487,710        |
| Accumulated amortisation and impairment | (354,109)      | (334,299)      |
| <b>Net carrying value</b>               | <b>97,886</b>  | <b>153,411</b> |
| <b>Total Intangibles</b>                | <b>125,432</b> | <b>180,957</b> |

(a) Movements in carrying amounts of intangible assets

|                                      | Patents,<br>trademarks<br>and other<br>rights<br>\$ | Computer<br>software and<br>website<br>\$ | Total<br>\$    |
|--------------------------------------|---|---|----------------|
| <b>Year ended 30 June 2020</b>       |   |   |                |
| Balance at the beginning of year     | 27,546  | 153,411                                   | 180,957        |
| Additions                            | -   | 49,274                                    | 49,274         |
| Disposals                            | -   | (5,744)                                   | (5,744)        |
| Amortisation                         | -   | (99,055)                                  | (99,055)       |
| <b>Closing value at 30 June 2020</b> | <b>27,546</b>                                       | <b>97,886</b>                             | <b>125,432</b> |

SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**11 Tax**

|                    | Note | 2020<br>\$ | 2019<br>\$ |
|--------------------|------|------------|------------|
| 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 \$996,568 (2019: \$814,049)

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

|                                   | Opening<br>balance<br>\$ | Charged or<br>credited to<br>profit or loss<br>\$ | Charged or<br>credited<br>directly to<br>equity<br>\$ | Changes in<br>tax rate<br>\$ | Closing<br>balance<br>\$ |
|-----------------------------------|--------------------------|---|---|------------------------------|--------------------------|
| NON-CURRENT                       |                          |   |   |                              |                          |
| <b>Deferred tax liability on:</b> |                          |   |   |                              |                          |
| Right of use assets               | -                        | 75,161  | -   | -                            | 75,161                   |
| <b>Balance at 30 June 2019</b>    | -                        | <b>75,161</b>                                     | -   | -                            | <b>75,161</b>            |
| Right of use assets               | 75,161                   | (28,483)  | -   | -                            | 46,678                   |
| <b>Balance at 30 June 2020</b>    | <b>75,161</b>            | <b>(28,483)</b>                                   | -   | -                            | <b>46,678</b>            |
| <b>Deferred tax asset on:</b>     |                          |   |   |                              |                          |
| Provisions and accruals           | 42,564                   | 10,125  | -   | (3,547)                      | 49,142                   |
| Lease liabilities                 | -                        | 103,731   | -   | -                            | 103,731                  |
| <b>Balance at 30 June 2019</b>    | <b>42,564</b>            | <b>113,856</b>                                    | -   | <b>(3,547)</b>               | <b>152,873</b>           |
| Provisions and accruals           | 49,142                   | (4,153)   | -   | -                            | 44,989                   |
| Lease liabilities                 | 103,731                  | (37,196)  | -   | -                            | 66,535                   |
| <b>Balance at 30 June 2020</b>    | <b>152,873</b>           | <b>(41,349)</b>                                   | -   | -                            | <b>111,524</b>           |
| <b>Net deferred tax asset</b>     |                          |   |   |                              |                          |
| <b>Balance at 30 June 2019</b>    |                          |   |   |                              | <b>77,712</b>            |
| <b>Balance at 30 June 2020</b>    |                          |   |   |                              | <b>64,846</b>            |

## Financial Statements

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### SMSF Association Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 12 Trade and other payables

|  | Note | 2020<br>\$     | 2019<br>\$     |
|--|------|----------------|----------------|
| CURRENT  |      |                |                |
| Trade payables   |      | 91,627         | 127,625        |
| Other payables   |      | 96,055         | 109,860        |
| GST payable  |      | 13,072         | 176            |
|  |      | <u>200,754</u> | <u>237,661</u> |
| Less: GST payable  |      | (13,072)       | (176)          |
| Financial Liabilities classified as Trade & Other Payables | 18   | <u>187,682</u> | <u>237,485</u> |

### 13 Lease liabilities

|  | 2020<br>\$     | 2019<br>\$     |
|--|----------------|----------------|
| CURRENT                                    |                |                |
| Lease liability                            | <u>251,977</u> | <u>262,647</u> |
| <b>Total current lease liabilities</b>     | <u>251,977</u> | <u>262,647</u> |
| NON-CURRENT                                |                |                |
| Lease liability                            | <u>322,630</u> | <u>574,605</u> |
| <b>Total non-current lease liabilities</b> | <u>322,630</u> | <u>574,605</u> |
| <b>Total Lease Liability</b>               | <u>574,607</u> | <u>837,252</u> |

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 2020 of \$94,667 as security to both its landlords.

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

### 14 Contract Liabilities

|                          | 2020<br>\$       | 2019<br>\$       |
|--------------------------|------------------|------------------|
| <i>Deferred Income</i>   |                  |                  |
| Membership subscriptions | 1,266,266        | 1,262,292        |
| Sponsorship income       | 219,876          | 87,595           |
| Education income         | 157,962          | 209,530          |
|                          | <u>1,644,104</u> | <u>1,559,417</u> |

SMSF Association Ltd

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**15 Employee benefits**

|                                | 2020<br>\$            | 2019<br>\$            |
|--------------------------------|-----------------------|-----------------------|
| Current liabilities            |                       |                       |
| Employee benefits              | 239,123               | 309,792               |
|                                | <u>239,123</u>        | <u>309,792</u>        |
| Non-current liabilities        |                       |                       |
| Employee benefits              | 29,931                | 39,529                |
|                                | <u>29,931</u>         | <u>39,529</u>         |
| <b>Total Employee benefits</b> | <b><u>269,054</u></b> | <b><u>349,321</u></b> |

**Analysis of provision**

|  | Employee Benefits<br>\$ |
|--|-------------------------|
| Opening balance at 1 July 2019               | 349,321                 |
| Additional provisions raised during the year | 78,135                  |
| Amounts used                                 | (158,402)               |
| Balance at 30 June 2020                      | 269,054                 |

**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 is based upon historical data.

## Financial Statements

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### SMSF Association Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 16 Key Management Personnel Disclosures

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

|                          | 2020             | 2019             |
|--------------------------|------------------|------------------|
|                          | \$               | \$               |
| <b>Other KMP</b>         |                  |                  |
| Short-term benefits      | 1,295,275        | 1,403,943        |
| Post-employment benefits | 104,224          | 120,818          |
| <b>Board</b>             |                  |                  |
| Short-term benefits      | 174,676          | 158,424          |
| Post-employment benefits | 14,376           | 15,050           |
|                          | <u>1,588,551</u> | <u>1,698,236</u> |

Remuneration for the Board commenced during the 2016 financial year. No change to Board remuneration rates occurred during 2020.

#### Remuneration Bands (excluding Board members)

|                        | 2020 | 2019 |
|------------------------|------|------|
| \$0 to \$149,999       | 4    | 2    |
| \$150,000 to \$299,999 | 3    | 3    |
| \$300,000 to \$450,000 | 1    | 2    |

### 17 Related Parties & Key Management Personnel

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

Key management personnel refer to Note 16.

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 \$17,670 to a related party for graphic design services. There was \$2,500 payable in relation to these services as at year end.

- The Association paid \$3,261 to Hamilton & Associates for office administrative support. There were no amounts payable in relation to these services as at year end.

- The Association received \$22,380 in rental income for office space sublet to Hamilton & Associates. There were no amounts receivable in relation to this transaction as at year end.

- The Association inadvertently overpaid a member of key management personnel by \$25,000 during the year. The balance was outstanding at 30 June 2020 and will be recovered during the year ending 30 June 2021.



## SMSF Association Ltd

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 18 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:

|  |    | 2020<br>\$       | 2019<br>\$       |
|--|----|------------------|------------------|
| <b>Financial assets</b>                  |    |                  |                  |
| Financial assets at amortised cost:      |    |                  |                  |
| – Cash and cash equivalents              | 5  | 2,592,752        | 2,744,495        |
| – Trade receivables                      | 6  | 108,344          | 69,358           |
| – Financial assets                       | 7  | 494,664          | -                |
| <b>Total financial assets</b>            |    | <u>3,195,760</u> | <u>2,813,853</u> |
| <b>Financial liabilities</b>             |    |                  |                  |
| Financial liabilities at amortised cost: |    |                  |                  |
| – Trade and other payables               | 12 | 187,682          | 237,485          |
| – Leases                                 | 13 | 574,607          | 837,252          |
| <b>Total financial liabilities</b>       |    | <u>762,289</u>   | <u>1,074,737</u> |

#### 19 Contingencies

At 30 June 2020, the Association had paid deposits totalling \$16,500 to Melbourne Convention and Exhibition Centre for an event to be held in May 2021. While unlikely, should this event need to be cancelled, the Association will be liable for an additional \$19,800 in cancellation fees. At 30 June 2020, the Association has provided a bank guarantee of \$94,667 as security to both its landlords (30 June 2019: The Association has provided a bank guarantee at 30 June 2019 of \$94,667 as security to both its landlords).

#### 20 Events Occurring After the Reporting Date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Association up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on the impact of measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

#### 21 Association Details

The registered office of and principal place of business of the Association is:  
SMSF Association Ltd  
Level 3, 70 Pirie Street  
Adelaide SA 5000



## Financial Statements

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### 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 32, are in accordance with the *Corporations Act 2001* and:
  - a. comply with the Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2020 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 .....  
  
Andrew Hamilton - Chair

Dated this 23<sup>rd</sup> day of SEPTEMBER 2020



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

##### **Opinion**

We have audited the financial report of the SMSF Association Ltd (SMSF Association), which comprises the Statement of Financial Position as at 30 June 2020, 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 SMSF Association's financial position as at 30 June 2020 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 SMSF Association in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

##### **Other information**

The directors of SMSF Association are responsible for the other information. The other information comprises the information in the Annual Report for the year ended 30 June 2020 but does not include 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.





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

##### *Directors' responsibility for the financial report*

The directors of SMSF Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with the accounting policies described in Note 1 to the financial report and 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 SMSF Association'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 SMSF Association 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 SMSF Association'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 SMSF Association'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 SMSF Association 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.





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*

Damien Pozza  
Partner

Adelaide  
South Australia

23 September 2020

