

max Super Fund

**Financial Statements for the year ended
30 June 2017**

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Statement of Financial Position

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Cash and cash equivalents	12	3,178	3,482
Investment revenue receivable		3,235	4,529
Other receivables		222	64
Financial assets	4	88,863	85,460
Income tax receivable		53	-
Total assets		95,551	93,535
Liabilities			
Payables	4	747	400
Income tax payable		-	441
Deferred tax liabilities	10(v)	460	297
Total liabilities excluding member benefits		1,207	1,138
Net assets available for member benefits		94,344	92,397
Member benefits			
Allocated to members		92,862	90,832
Total member liabilities		92,862	90,832
Net assets		1,482	1,565
Equity			
Operational risk reserve	9(a)	352	294
Unallocated to members	9(b)	948	1,271
Administration reserve	9(b)	182	-
Total equity		1,482	1,565

The above statement of financial position should be read in conjunction with the accompanying notes

Income Statement

For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Superannuation activities			
Interest		41	61
Distributions from unit trusts		5,058	6,674
Changes in assets measured at fair value	5	3,086	(3,511)
Other income		349	405
Total superannuation activities income		8,534	3,629
Investment expenses		(26)	(25)
Administration expenses		(421)	(477)
Operating expenses	11	(1,034)	(1,048)
Total expenses		(1,481)	(1,550)
Results from superannuation activities before income tax expense		7,053	2,079
Income tax expense/(benefit)	10	114	(513)
Results from superannuation activities after income tax expense		6,939	2,592
Net benefits allocated to defined contribution members		(6,393)	(1,806)
Operating result after income tax		546	786

The above income statement should be read in conjunction with the accompanying notes

Statement of Changes in Member Benefits
For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Opening balance of member benefits		90,832	91,590
Contributions:			
Employer		6,637	6,726
Member		388	326
Transfer from other superannuation plans		793	4,556
Government co-contributions		115	160
Income tax on contributions	10	(1,014)	(1,044)
Net after tax contributions		6,919	10,724
Benefits to members/beneficiaries		(3,372)	(2,584)
Transfer to other superannuation plans		(8,185)	(9,956)
Insurance premiums charges to members' accounts		(1,540)	(1,435)
Death and disability benefits credited to members' accounts		1,172	687
Amounts allocated to (from) members from reserves		642	-
Benefits allocated to members accounts, comprising:			
Net investment income		7,780	3,281
Administration fees		(1,386)	(1,475)
Closing balance of member benefits		92,862	90,832

The above statement of changes in member benefits should be read in conjunction with the accompanying notes

Statement of Changes in Reserves
For the year ended 30 June 2017

	Unallocated to members \$'000	Administration reserve \$'000	Operational risk reserve \$'000	Total equity \$'000
Opening balance as at 1 July 2016	1,271	-	294	1,565
Net transfers to/from reserves	(182)	182	-	-
Net transfers (to)/from member benefits	(642)	-	-	(642)
Profit/(loss)	487	-	58	545
Movement in unallocated deposits	14	-	-	14
Closing balance as at 30 June 2017	948	182	352	1,482
Opening balance as at 1 July 2015	629	-	150	779
Net transfers to/from reserves	-	-	-	-
Net transfers (to)/from member benefits	-	-	-	-
Profit/(loss)	642	-	144	786
Closing balance as at 30 June 2016	1,271	-	294	1,565

The above statement of changes in reserves should be read in conjunction with the accompanying notes

Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Sales of financial instruments		12,982	18,949
Purchases of financial instruments		(7,045)	(16,842)
Interest income received		41	61
Distribution income received		8	8
Other income received		271	347
General operating expenses paid		(1,608)	(1,575)
Investment expenses paid		(27)	(27)
Death and disability proceeds received from insurer		1,172	687
Insurance premiums paid		(1,551)	(1,399)
Income taxes paid		118	79
Net cash inflow (outflow) from operating activities	13(a)	4,361	288
Cash flows from financing activities			
Employer contributions received		6,637	6,706
Member contributions received		388	486
Other contributions received		116	-
Transfers from (to) other superannuation entities		(7,393)	(5,416)
Benefit payments to members or beneficiaries		(3,384)	(2,637)
Tax paid on contributions		(1,040)	(998)
Unallocated deposits		11	-
Net cash inflow (outflow) from financing activities		(4,665)	(1,859)
Net increase (decrease) in cash and cash equivalents		(304)	(1,571)
Cash and cash equivalents at the beginning of the financial year		3,482	5,053
Cash and cash equivalents at the end of the financial year	12	3,178	3,482
Non-cash financing and investing activities	13(b)		

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements As at 30 June 2017

1. General information

max Super Fund (the 'Fund') was created by a Trust Deed dated 25 August 2005, as amended. The purpose of the Fund is to provide retirement benefits to its members. For the purposes of the financial statements the Fund is a for profit entity. The Fund consists of a defined contribution division.

Effective from 1 December 2016, the Trusteeship of the Fund transferred from Equity Trustees Limited to Tidswell Financial Services Ltd (the 'Trustee') (ABN 55 010 810 607, AFSL 237628, RSE L0000888). The registered office of the Trustee is 50 Hindmarsh Square, Adelaide, SA 5000. Both the Trustee and the Fund are domiciled in Australia and registered with the Australian Prudential Regulation Authority (APRA).

The Fund administration is managed by DDH Graham Limited Ltd (the 'Administrator') which is incorporated in Australia. The registered office of the Administrator is Level 9, 324 Queen Street, Brisbane, QLD 4000.

Investments of the Fund are held by Sandhurst Trustees Limited as nominee for Tidswell Financial Services Ltd, as custodian of the Fund.

The Promoter of the Fund is Como Financial Services Pty Ltd.

These financial statements cover the Fund as an individual entity. The financial statements of the Fund were authorised for issue by the directors of the Trustee on 27th September 2017. The directors of the Trustee have the power to amend and re-issue these financial statements.

2. Statement of significant accounting policies

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS") and the provisions of the Trust Deed.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

(b) Adoption of AASB 1056

The Fund's reported financial position and results of operations were affected by the adoption of AASB 1056 Superannuation Entities on 1 July 2016. This resulted in the following changes:

- the presentation format of the financial statements changed from three primary financial statements to five as follows:
 - statement of financial position
 - income statement
 - statement of changes in member benefits
 - statement of changes in equity
 - statement of cash flows

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- the measurement of financial assets and liabilities changed from 'net market value' to 'fair value.' This change in measurement did not materially impact the carrying value of financial assets and liabilities reported by the Fund,

- member benefits are recognised as liabilities rather than equity, and

- contributions, rollovers and other inward transfers and benefits paid to members are not income or expenses but are instead presented in the statement of changes in member benefits.

As part of the transition to AASB 1056, the Trustee also had to determine whether the Fund is exposed to material insurance risk in relation to members' insurance benefits. Refer to note 8 for further information.

As required by AASB 1056 and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the Fund applied the new accounting standard retrospectively from the start of the comparative period beginning 1 July 2015.

As a result the Fund has restated amounts previously reported under AAS 25 Financial Reporting by Superannuation Plans ('AAS 25') for the year ended 30 June 2016. The amounts reported under AAS 25 for the year ended 30 June 2016 are reconciled to the amounts reported under AASB1056 as set out below:

(i) Statement of financial position

The adoption of AASB 1056 requires member liabilities to be recognised and measured as the amount of accrued benefits on the face of the statement of financial position.

	\$'000
Net assets available to paid benefits under AAS 25 as at 30 June 2016	92,397
Defined contribution member liabilities	(90,832)
Total net assets (liabilities) under AASB 1056 as at 1 July 2016	<u>1,565</u>

(ii) Income statement

The adoption of AASB 1056 requires contributions, rollovers and other inward transfers and benefits paid to members to be recognised separately in the statement of changes in member benefits. This includes (\$1,044,000) of income tax relating to contributions which are now presented separately in the statement of changes in member benefits. The net changes in member benefits are recognised in the income statement. Insurance premiums paid by the Fund are no longer recognised in the income statement.

	Year ended 30 June 2016
	\$'000
Change in net assets available to pay benefits under AAS 25	28
Net benefits allocated to defined contribution members	(1,806)
Employer contributions	(6,726)
Member contributions	(326)
Transfers from other superannuation funds	(4,556)
Government co-contributions	(160)
Income tax on contributions	1,044
Benefits to members or beneficiaries	2,584
Transfer to other superannuation plans	9,956
Insurance premiums charges to members' accounts	1,435
Death and disability benefits credited to members' accounts	(687)
Operating result after income tax under AASB 1056	<u>786</u>

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(c) Financial instruments

(i) Classification

The Fund's investments are classified at fair value through the income statement. They comprise:

- Financial instruments designated at fair value through income statement upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, exchange traded derivative instruments and listed and unlisted trusts.

These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy.

(ii) Recognition/derecognition

Financial assets and financial liabilities are recognised on the date the Fund becomes party to the contractual arrangement (trade date) and changes in the fair value of the financial assets or financial liabilities are recognised from this date.

Investments are derecognised when the right to receive cash flows from investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial asset or liability at fair value. Transaction costs are expensed in the income statement.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through income statement are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of financial instruments.

For further details on how the fair values of financial instruments are determined refer to note 4.

(d) Derivatives

The Fund presently is not directly exposed to or involved in the use of derivative financial instruments. However, some of the Fund's underlying investments may, as part of the respective fund manager's investment strategy, utilise derivative financial instruments to hedge or partially hedge specific exposures. The Fund does not enter in to, hold or issue derivative financial instruments for trading purposes.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(f) Revenue recognition

Interest revenue is recognised in profit or loss for all financial instruments that are held at fair value through profit or loss using effective interest method. Income from cash and cash equivalents is presented as interest income. Interest income on assets held at fair value through profit or loss is included in the net changes in fair value of financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(c) to the financial statements.

Dividend revenue is recognised on the date the shares are quoted ex-dividend and if not received at reporting date, are reflected on the statement of financial position as a receivable at fair value.

Distribution revenue from managed investment schemes are recognised on the date the unit value is quoted ex-distribution and if not received at reporting date, are reflected in the statement of financial position as a receivable at fair value.

Rebate revenue is recognised when the Fund has established it has a right to receive the rebate.

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(g) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date. A provision for impairment is made when the Fund will not be able to collect all amounts due from the relevant broker.

(h) Receivables

Receivable amounts are generally received within 60 days of being recorded as receivables.

Collectability of trade receivables is reviewed regularly. Debts which are known to be uncollectable are written off by reducing the carrying amount.

(i) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period. These amounts are unsecured and are usually paid within 60 days of recognition.

(j) Benefits paid/ payable

Benefits paid/ payable are valued at the amounts due to members at reporting date. Benefits paid/payable comprise pensions accrued at balance date and lump sum benefits of members who are due a benefit but had not been paid at balance date.

(k) Contributions received and transfers from other funds

Contributions received and transfers from other funds are recognised in the statement of changes in member benefits when the control of the contribution or transfer has transferred to the Fund. They are recognised gross of any taxes.

(l) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are evaluated and based on historical experience and other factors, including expectations of future events that are believed to

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel. Refer to note 4 for details.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO) as reduced input tax credits (RITC). In circumstances where the GST is not recoverable, the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

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(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) is set out below:

- AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2018)

AASB 9 addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities. AASB9 introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The adoption of this standard is expected to have no impact on the Fund's accounting for financial instruments as movements in the fair value of investments and derivatives will continue to be recognised in the income statement for periods in which they occur.

- AASB 15 Revenue from Contracts with Customers, (effective from 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This standard applies to annual reporting periods beginning on or after 1 January 2017. It will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are contributions, interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

(o) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3. Financial risk management

(a) Financial risk management objectives

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, and interest rate risk), credit risk and liquidity risk.

The Fund has a Risk Management Framework ("RMF") established by the Trustee. The RMF sets out the Trustees policies and procedures for the selection, management and monitoring of investments for the Fund. For each investment option offered by the Fund, the Trustee seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

(b) Market risk

(i) Price risk

The Fund is exposed to equity securities and derivative price risk. These arises from investments held by the Fund for which prices in the future are uncertain.

The Trustee mitigates price risk through diversification and a careful selection of securities and the use of over the counter ('OTC') option contracts to hedge the Funds exposure to price risk. Compliance with the RMF and supporting investment guidelines are monitored by the Trustee on a regular basis.

At 30 June, the fair value of equities and related derivatives exposed to price risk were as follows:

	Note	2017 \$'000	2016 \$'000
Unlisted Unit Trusts	6	88,863	85,460
Net exposure to price risk		<u>88,863</u>	<u>85,460</u>

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(ii) Foreign exchange risk

The Fund operates internationally and has assets and liabilities denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value securities denominated in foreign currencies will fluctuate due to changes in exchange rates.

The table below summarises the Fund's financial assets and liabilities which are denominated in foreign currencies.

	2017	2016
	Euro	Euro
	A\$'000	A\$'000
Financial assets	11,949	12,250
Net exposure to foreign exchange risk	11,949	12,250

(iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed interest rates expose the Fund to fair value interest rate risk.

The table below summarises the Fund's direct exposure to interest rate risk including the Fund's use of interest rate swap contracts which are used to manage exposure to interest rate risk.

	30 June 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	A\$'000	A\$'000	A\$'000	A\$'000
Financial assets				
Cash and cash equivalents	3,178	-	-	3,178
Other receivables	-	-	3,457	3,457
Financial assets	-	-	88,863	88,863
Financial liabilities				
Financial liabilities	-	-	(747)	(747)
Net exposure to interest rate risk	3,178	-	91,573	94,750
	30 June 2016			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	A\$'000	A\$'000	A\$'000	A\$'000
Financial assets				
Cash and cash equivalents	3,482	-	-	3,482
Other receivables	-	-	4,593	4,593
Financial assets	-	-	85,460	85,460
Financial liabilities				
Financial liabilities	-	-	(400)	(400)
Net exposure to interest rate risk	3,482	-	89,653	93,135

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk, foreign exchange risk and price risk. The reasonably possible movements in the risk variables have been based on the Trustee's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, foreign exchange rates and market volatility. Actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Price risk		Foreign exchange risk		Interest rate risk	
	-15%	+7.5%	-10%	+10%	-75 bps	+75 bps
30 June	MSCI Index	MSCI Index	EUR	EUR	\$'000	\$'000
2017	(13,330)	6,665	(1,195)	1,195	663	(663)
2016	(12,819)	6,410	(1,225)	1,225	646	(646)

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(d) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund. The main credit risks, to which the Fund is exposed, arises from the Fund's investment in interest bearing securities. The Fund is also exposed to credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables. The Trustee monitors the Fund's credit risk exposure on a regular basis.

(i) Settlement of securities transaction

All transactions in listed securities are settled for upon delivery using brokers approved by the Trustee. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment.

(ii) Cash and cash equivalents

The Fund's exposure to credit risk for cash and cash equivalents is considered low as all counterparties have a rating of AA- (as determined by Standard & Poor's).

(iii) Assets in custody

The clearing and depository for the Fund's security transactions are concentrated with one counterparty, namely Sandhurst Trustees Limited. Sandhurst Trustees Limited (via Bendigo and Adelaide Bank) had a credit rating of BBB+ at 30 June 2017.

(iv) Maximum exposure to credit risk

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

(e) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations to members or counterparties in full as they fall due or can only do so on terms that are disadvantageous.

The Fund is obligated to pay member benefits upon request. The Trustee's policy is therefore to primarily hold investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

(i) Maturities of financial liabilities

The tables below shows the Fund's financial liabilities based on their contractual maturities using undiscounted cash flows. Due to brokers and benefits payable are payable on demand. Liabilities to defined contribution members are payable upon request. The Fund considers it is highly unlikely that all liabilities to members would fall due at the same time.

At 30 June 2017

	Less than 3 months to 1		1-5 years	5+ years	Total
	months	year			
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Other payables	747	-	-	-	747
Defined contribution member liabilities	92,862	-	-	-	92,862

At 30 June 2016

	Less than 3 months to 1		1-5 years	5+ years	Total
	months	year			
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Other payables	400	-	-	-	400
Defined contribution member liabilities	90,832	-	-	-	90,832

4. Fair value measurement

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly. The Trustee values fixed interest securities held by the Fund using broker quotes, units in unit trusts using the unit price provided by the underlying fund manager and OTC derivatives using valuation models.
- Level 3: one or more of the significant inputs are not based on observable market data, examples include discount rates and other material unobservable inputs. The Trustee values units in unit trusts classified as level 3 using the unit price provided by the underlying fund manager. These unit trusts hold illiquid investments such as unlisted property and private equity.

Recognised fair value measurements

The table below sets out the Fund's financial assets and liabilities at fair value according to the fair value hierarchy.

At 30 June 2017

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Other receivables	3,457	-	-	3,457
Units in unlisted managed investment schemes	-	88,753	110	88,863
	<u>3,457</u>	<u>88,753</u>	<u>110</u>	<u>92,320</u>
Financial Liabilities				
Other payables	747	-	-	747
	<u>747</u>	<u>-</u>	<u>-</u>	<u>747</u>

At 30 June 2016

Financial Assets				
Other receivables	4,593	-	-	4,593
Units in unlisted managed investment schemes	-	85,460	-	85,460
	<u>4,593</u>	<u>85,460</u>	<u>-</u>	<u>90,053</u>
Financial Liabilities				
Other payables	400	-	-	400
	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period.

Movement in level 3 investments

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2017 \$'000	2016 \$'000
Opening balance at the beginning of the reporting period	-	-
Transfers into Level 3	110	-
Closing balance at the end of the reporting period	<u>110</u>	<u>-</u>

5. Net changes in fair value of financial instruments

Net changes in financial assets and liabilities measured at fair value:

	2017 \$'000	2016 \$'000
Designated at fair value through profit or loss		
Units in managed funds	3,086	(3,511)
	<u>3,086</u>	<u>(3,511)</u>

6. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Fund considers all investments in managed investment schemes (funds) to be structured entities. The Fund invests in underlying managed funds for the purpose of capital appreciation and or earning investment income.

The investee funds' objectives are to achieve medium to long term capital growth. The investee funds invest in a number of different financial instruments, including equities and debt instruments.

The exposure to investments in investee funds at fair value, by investment strategy, is disclosed below:

	Fair Value of Investment 2017 \$'000	Fair Value of Investment 2016 \$'000
Australian cash funds	1,993	1,831
Australian property funds	5,742	5,898
Australian equity funds	40,464	37,940
Australian fixed interest funds	15,838	16,153
International equity funds	22,153	20,976
International fixed interest funds	2,673	2,662
	<u>88,863</u>	<u>85,460</u>

The fair value of financial assets \$88,863,357 (2016: \$85,460,167) is included in financial assets in the statement of financial position.

The Fund's maximum exposure to loss from its interests in investee funds is equal to the total fair value of its investments in the investee funds.

During the year ended 30 June 2017, total gains realised on investments in investee funds were \$1,637,236 (total gain 2016: \$973,255).

During the year the Fund earned fair value gains and distribution income as a result of its interests in other funds.

7. Member liabilities

(a) Recognition and measurement of member liabilities

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

Defined contribution member account balances are measured using unit prices determined by the Trustee based on the underlying investment option values selected by members.

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(b) Defined contribution member liabilities

The defined contribution members bear the investment risk relating to the underlying investment options. Unit prices used to measure defined contribution member liabilities are updated each day for movements in investment values.

As at 30 June 2017, the net assets attributable to defined contribution members have been substantially allocated. Unallocated amounts are shown in the statement of financial position as “Unallocated to members” within reserves.

8. Insurance arrangements

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore insurance premiums are not revenues or expenses of the Fund and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members accounts and reinsurance recoveries allocated are recognised in the statement of changes in member benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim,
- insurance premiums are only paid through the Fund for administrative reasons, and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

9. Reserves

(a) Operational risk financial reserve

	2017 \$'000	2016 \$'000
Defined contribution division	352	294
Reserve balance at the end of the reporting period	<u>352</u>	<u>294</u>

The operational risk financial reserve (ORFR) may be used in certain circumstances to address operational risk events or claims against the Fund arising from operational risk and is operated in accordance with the Trustee’s capital risk management policy as disclosed in Note 2(b)(iv) to the financial statements.

The Trustee has assessed an ORFR of at least 0.30% of funds under management as appropriate for the Fund. The Trust achieved this target amount as at 30 June 2017.

(b) Unallocated to members reserve and Administration reserve

These reserves are utilised by the Fund in regards to both unallocated contributions received by the Fund as well as any further income or tax credits arising from the completion of the tax position following the year end. This income will be allocated to members during the course of the following year.

10. Income tax

This note provides an analysis of the Fund’s income tax expense and how the tax expense is affected by non-assessable and non-deductible items.

max Super Fund

(i) Accounting policy

Under the Income Tax Assessment Act, the Fund is a complying superannuation fund. As such, a concessional tax rate of 15% is applied on net investment earnings with deductions allowable for administrative and operational expenses. Financial assets held for less than 12 months are taxed at the Fund's rate of 15%. For financial assets held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) No Tax File Number (TFN) contributions tax

Where a members' TFN is not provided to the Fund, the Fund may be required to pay no-TFN contributions tax at a rate of 31.5% on contributions received from and on behalf of the member. An additional 2% Temporary Budget Repair Levy also applies for the 2014-15, 2015-16 and 2016-17 financial years. The no-TFN contributions tax applies in addition to the concessional contributions tax rate of 15% applicable to such contributions.

A no-TFN contributions tax liability recognised by the Fund will be charged to the relevant member's account. Where a tax offset is obtained by the Fund in relation to the member's no-TFN contributions tax liability, the tax offset will be included in the relevant member's account.

(iii) Income tax expense

	2017 \$'000	2016 \$'000
<i>Current tax</i>		
Current tax expense/(benefit) on profits for the year	(49)	(2)
Anti Detriment tax	-	(6)
Total current tax expense/(benefit)	(49)	(8)
<i>Deferred income tax</i>		
Decrease/(increase) in deferred tax assets	163	(505)
Income tax expense/(benefit)	114	(513)

(iv) Numerical reconciliation of income tax expense to prima facie tax payable

	2017 \$'000	2016 \$'000
Operating result before income tax expense	7,053	2,079
Tax at the Australian rate of 15% (2016 – 15%)	1,058	312
Realised losses/(gains) on investments	(86)	(46)
Unrealised losses/(gains) on investments	(64)	(4)
Other non-assessable income	(133)	(30)
Tax benefit from insurance premiums	(233)	(215)
Imputation credits	(428)	(524)
Anti-detriment payments	-	(6)
Income tax expense/(benefit)	114	(513)

In addition to the above \$1,013,783 (2016: \$1,044,000) is recognised in the statement of changes in member benefits relating to tax on contributions deducted from member accounts.

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(v) Deferred tax balances

The balance comprises temporary differences attributable to:

	2017 \$'000	2016 \$'000
<i>Deferred tax assets</i>		
Other assets	36	52
Net deferred tax assets	<u>36</u>	<u>52</u>

Deferred tax liabilities

Financial assets measured at fair value through profit or loss

Net deferred tax liabilities	<u>496</u>	<u>349</u>
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The movements in temporary differences during the year are:

	Beginning of year \$'000	Recognised in income \$'000	End of year \$'000
At 30 June 2017			
<i>Deferred tax assets</i>			
Net change in other assets	52	(16)	36
Net deferred tax assets	<u>52</u>	<u>(16)</u>	<u>36</u>

Deferred tax liabilities

Net change in fair value of financial instruments

Net deferred tax liabilities	<u>349</u>	<u>147</u>	<u>496</u>
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At 30 June 2016

Deferred tax assets

Net change in other assets/liabilities

Net deferred tax assets	<u>38</u>	<u>14</u>	<u>52</u>
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Deferred tax liabilities

Net change in fair value of financial instruments

Net deferred tax liabilities	<u>840</u>	<u>(491)</u>	<u>349</u>
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11. Other items

(a) Other operating expenses

	Note	2017 \$'000	2016 \$'000
Trustee fees and reimbursements	17		
(i) Tidswell Financial Services Limited		92	-
(ii) Equity Trustees Limited		40	138
Audit fees	18	33	34
Other general operating expenses, including promoter fees		869	876
		<u>1,034</u>	<u>1,048</u>

(b) Sponsorship and advertising

The primary services of the promoter include sponsorship and marketing activities.

12. Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash at bank	<u>3,178</u>	<u>3,482</u>

13. Reconciliation of profit/(loss) after income tax to net cash

	2017	2016
	\$'000	\$'000
(a) Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities		
Operating result after tax	546	786
Adjustments for:		
Sales of financial assets	12,982	18,949
Purchases of financial assets	(7,045)	(16,842)
Trust distributions reinvested	(6,303)	(5,395)
Investment manager fee rebates reinvested	(89)	(99)
Death and disability proceeds received from insurer	1,172	687
Insurance premiums	(1,551)	(1,435)
Net changes in fair value of financial instruments	(3,086)	3,511
Net benefits allocated to defined contribution members	6,393	1,806
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(22)	12
(Increase)/decrease in trust distributions receivable	1,293	(1,232)
Increase/(decrease) in income taxes payable	(467)	(47)
Increase/(decrease) in deferred tax liability	163	(505)
Increase/(decrease) in payables	374	92
Net cash inflow (outflow) from operating activities	4,361	288

b) Non-cash financing and investing activities

There were no non-cash financing activities during the year.

14. Commitments

There are no commitments the Trustee is aware of as at the date of this report.

15. Contingent liabilities and contingent assets

There are no outstanding contingent assets or liabilities as at 30 June 2017 and 30 June 2016.

16. Events occurring after the reporting period

The Directors approved a board renewal plan on 22 August 2017. A key aspect of the plan is the amalgamation of the Director pool into one group of Directors across both the licenced entities within the Group supported by Group committee serving as sub-committees to the Boards. The following changes are anticipated to occur after reporting date:

<u>Director</u>	<u>Approved</u>	<u>Date</u>
Mr S J Heath	Resignation	29-Sep-17
Mr M G O'Neill	Resignation	29-Sep-17
Ms F McNabb	Appointment	29-Sep-17
Mr T O'Grady	Appointment	29-Sep-17
Ms C Liosis	Resignation	29-Sep-17
Mr J K Tidswell	Resignation	29-Sep-17
Mr S Merlicek	Appointment	29-Sep-17
Mr S Miller	Appointment	29-Sep-17

There were no other events occurring after reporting date that significantly affected the financial statements of the company.

17. Related party transactions

(a) Trustee

The Trustee of max Super is Tidswell Financial Services Ltd, ABN 55 010 810 607, AFSL 237628, RSE L0000888. On 30 November 2016, Tidswell Financial Services Ltd replaced Equity Trustees Limited as Trustee of max Super.

Amounts paid to the trustee in form of fees and reimbursements are disclosed in note 11 (a).

As at 30 June 2017, \$20,024 (30 June 2016: \$Nil) was payable to Tidswell Financial Services Ltd and is included other payables in the statement of financial position.

(b) Directors

Key management personnel includes persons who were directors of Tidswell Financial Services Ltd at any time during the financial year as follows:

Michael John Terlet AO	Non-Executive Director - Chairman	Appointed 19 April 1991
Ronald Peter Beard	Non-Executive Director	Appointed 20 August 2012
Stephen John Heath	Non-Executive Director	Appointed 14 May 1999
Jeffrey Keith Tidswell	Executive Director	Appointed 11 May 1988
Christine Haido Liosis	Executive Director	Appointed 1 October 2016
Michael Gerard O'Neill	Non-Executive Director	Appointed 1 October 2016
Susan Zablud	Non-Executive Director	Appointed 28 October 2016

The name of the Directors of the former Trustee, Equity Trustees Limited who held office during the period of its Trusteeship (01 July 2016 – 30 November 2016) were as follows:

Ms Catherine Robson

Mr John Crocker (Chairman)

Mr Ellis Varejes

Mr Mark Blair

Mr Michael O'Brien (Managing Director)

None of the directors were members of the Fund.

(c) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

(c) Key management personnel compensation

There have been no transactions between the Trustee and the Fund other than the trustee fees disclosed in note 11(a). The directors of the Trustee do not receive remuneration directly from the Fund.

d) Other entities with significant influence over the Fund

Promoter

The Promoter of the Fund is Como Financial Services Pty Ltd (ABN 74 101 393 435). Under the terms of the Trust Deed the Promoter is entitled to receive compensation for services provided to the Fund.

In respect of max Super, the promoter is entitled to receive a fee of 1% of fund net assets which is accrued daily. General administration expenses are paid from this 1% fee and physical payment may span over different financial years as expenses are incurred.

In respect of Goodsuper, a subplan of max Super Fund, the promoter is entitled to receive a fee of 1.9% of fund net assets which is accrued daily. General administration expenses are paid from this 1.9% fee and physical payment may span over different financial years as expenses are incurred.

Remuneration of the Promoter

The Promoter earned remuneration of \$759,240 net of GST (2016: \$788,026) including total promoter fee payable of \$56,981 (2016: \$68,425) which is outstanding as at 30 June 2017 and is included other payables in the statement of financial position.

max Super Fund

Custodian

The Custodian of the Fund is Sandhurst Nominees Limited (ABN 33 092 352 442).

Under the terms of the Trust Deed the Custodian is entitled to receive compensation for services provided to the Fund.

Remuneration of the Custodian

The Custodian earned remuneration of \$47,497 net of GST (2016: \$47,547) including total administration fee payable of \$12,500 (2016: \$12,667) which is outstanding as at 30 June 2017 and is included in other payables in the statement of financial position.

18. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	2017 \$'000	2016 \$'000
(a) PricewaterhouseCoopers		
<i>(i) Audit and other assurance services</i>		
Audit and review of financial statements and regulatory audit services	30	-
<i>(ii) Other services</i>		
Audit and review of the risk management framework	3	-
	<u>33</u>	<u>-</u>
(b) BDO Australia		
<i>(i) Audit and other assurance services</i>		
Audit and review of financial statements and regulatory audit services	-	31
	<u>-</u>	<u>31</u>
(c) Deloitte		
<i>(ii) Other services</i>		
Audit and review of the risk management framework	-	3
	<u>-</u>	<u>3</u>
Total auditors' remuneration	<u>33</u>	<u>34</u>

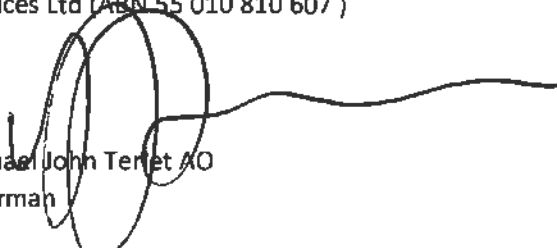
Trustees' Declaration

In the opinion of the directors of the Trustee of max Super Fund:

- (a) the accompanying financial statements and notes set out on pages 3 to 22 are in accordance with:
- (i) Australian Accounting Standards and other mandatory professional reporting requirements, and
 - (ii) present fairly the Fund's financial position as at 30 June 2017 and of its performance for the financial year ended on that date,
- (b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2017, and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this 27th day of September, 2017

Signed in accordance with a resolution of the directors of the trustee company, Tidswell Financial Services Ltd (ABN 55 010 810 607)


Michael John Terret AO
Chairman



Independent Auditor's report on financial statements

Independent Auditor's report approved form for a registrable superannuation entity (RSE) which is a reporting entity (as defined in Australian Accounting Standard AASB 1056)

Report by the RSE Auditor to the trustee of max Super (ABN: 22 508 720 840)

Opinion

I have audited the financial statements of max Super for the year ended 30 June 2017 comprising the Income Statement, Statement of Changes in Member Benefits, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows, summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of max Super as at 30 June 2017 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2017.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Trustee's responsibility for the financial statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that

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includes my 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 these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgement and maintained professional scepticism throughout the audit. I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtained 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 RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the trustee'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 RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My auditor conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

PricewaterhouseCoopers

PricewaterhouseCoopers

David Coogan

David Coogan
Partner

Melbourne
27 September 2017