

**max Super Fund**

ABN: 22 508 720 840

Financial Statements for the year ended  
30 June 2019

## **Table of Contents**

Statement of Financial Position	3
Income Statement	4
Statement of Changes in Member Benefits	5
Statement of Changes in Reserves	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Trustee's Declaration	22
Audit Report	23

## Statement of Financial Position

As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
Cash and cash equivalents	13	8,903	3,782
Investment revenue receivable	4	1,502	3,247
Other receivables	4	204	50
Financial instruments	6(a)	91,949	90,873
Income tax receivable		-	152
<b>Total assets</b>		<b>102,558</b>	<b>98,104</b>
<b>Liabilities</b>			
Payables	4	469	772
Current tax liabilities		141	-
Deferred tax liabilities	11(v)	1,189	675
<b>Total liabilities excluding member benefits</b>		<b>1,799</b>	<b>1,447</b>
<b>Net assets available for member benefits</b>		<b>100,759</b>	<b>96,657</b>
<b>Member benefits</b>			
Allocated to members		97,816	95,238
Total member liabilities		97,816	95,238
<b>Net assets</b>		<b>2,943</b>	<b>1,419</b>
<b>Equity</b>			
Operational risk reserve	10(a)	416	381
Unallocated to members	10(b)	330	856
Administration reserve	10(b)	-	182
Insurance premiums holding reserve	10(c)	2,197	-
<b>Total equity</b>		<b>2,943</b>	<b>1,419</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

## Income Statement

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Superannuation activities</b>			
Interest Revenue		81	38
Dividend Revenue		561	1
Distribution Revenue		2,626	4,905
Changes in assets measured at fair value	5	6,258	3,081
Other income		287	335
<b>Total superannuation activities income</b>		<b>9,813</b>	<b>8,360</b>
Investment expenses		(130)	(28)
Administration expenses	12(a)	(400)	(377)
Operating expenses	12(a)	(958)	(1,093)
<b>Total expenses</b>		<b>(1,488)</b>	<b>(1,498)</b>
<b>Results from superannuation activities before income tax expense</b>		<b>8,325</b>	<b>6,862</b>
Income tax expense	11(iii)	(215)	(36)
<b>Results from superannuation activities after income tax expense</b>		<b>8,110</b>	<b>6,826</b>
Net benefits allocated to defined contribution members		(8,818)	(6,888)
<b>Operating (loss)/result after income tax</b>		<b>(708)</b>	<b>(62)</b>

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 2019

	Note	2019 \$'000	2018 \$'000
<b>Opening balance of member benefits</b>		<b>95,238</b>	<b>92,862</b>
Contributions:			
Employer		6,449	6,264
Member		589	410
Government co-contributions and LISC		74	88
Transfer from other superannuation plans		3,761	1,148
Income tax on contributions	11(iv)	(1,017)	(940)
<b>Net after tax contributions</b>		<b>9,856</b>	<b>6,970</b>
Benefits to members/beneficiaries		(1,432)	(1,336)
Transfer to other superannuation plans		(10,275)	(8,885)
Death and disability benefits credited to members' accounts		207	216
Insurance premiums charges to members' accounts		(4,596)	(1,477)
Amounts allocated to members from/(to) reserves		-	-
Benefits allocated to members accounts, comprising:			
Net investment income		10,083	8,310
Administration fees		(1,265)	(1,422)
<b>Closing balance of member benefits</b>		<b>97,816</b>	<b>95,238</b>

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 2019

	Unallocated to members \$'000	Administration reserve \$'000	Operational risk reserve \$'000	Insurance Premiums Holding Reserve \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>	856	182	381	-	1,419
Net transfers to/from reserves	178	(182)	4	-	0
Operating result	(739)	-	31	-	(708)
Movement in unallocated deposits	35		-	2,197	2,232
<b>Closing balance as at 30 June 2019</b>	<b>330</b>	<b>-</b>	<b>416</b>	<b>2,197</b>	<b>2,943</b>
<b>Opening balance as at 1 July 2017</b>	948	182	352	-	1,482
Operating result	(91)	-	29	-	(62)
Movement in unallocated deposits	(1)	-	-	-	(1)
<b>Closing balance as at 30 June 2018</b>	<b>856</b>	<b>182</b>	<b>381</b>	<b>-</b>	<b>1,419</b>

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 2019

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Interest income received		80	38
Dividend income received		487	1
Distribution income received		99	68
Other income received		287	306
General operating expenses paid		(1,433)	(1,484)
Investment expenses paid		(135)	(29)
Death and disability proceeds received from insurer		207	216
Insurance premiums paid		(2,359)	(1,474)
Income taxes paid		247	208
<b>Net cash outflow from operating activities</b>	14	<b>(2,520)</b>	<b>(2,150)</b>
<b>Cash flows from investing activities</b>			
Sales of financial instruments		41,627	11,123
Purchases of financial instruments		(32,213)	(5,036)
<b>Net cash inflow from investing activities</b>		<b>9,414</b>	<b>6,087</b>
<b>Cash flows from financing activities</b>			
Employer contributions received		6,449	6,264
Member contributions received		589	410
Other contributions received		74	89
Transfers to other superannuation entities		(6,511)	(7,737)
Benefit payments to members or beneficiaries		(1,422)	(1,332)
Tax paid on contributions		(1,017)	(1,014)
Unallocated deposits		65	(13)
<b>Net cash outflow from financing activities</b>		<b>(1,773)</b>	<b>(3,333)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,121</b>	<b>604</b>
Cash and cash equivalents at the beginning of the financial year		3,782	3,178
<b>Cash and cash equivalents at the end of the financial year</b>	13	<b>8,903</b>	<b>3,782</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 2019

### 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.

The Fund is managed by Tidswell Financial Services Ltd (the 'Trustee') which is incorporated in Australia. 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 (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 (Victoria) Limited as nominee for Tidswell Financial Services Ltd, as custodian of the Fund.

The Promoter of the Fund is Mammatus 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 30th September 2019.

### 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.

#### New accounting standards adopted by the Fund

AASB 9 Financial Instruments became effective for annual periods beginning on or after 1 July 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139.

To the extent that AASB 9 is applicable to the Fund, it has been applied retrospectively without the use of hindsight in these financial statements. The adoption did not result in a change to the classification or measurement of financial instruments, including from the application of the new credit loss impairment model, in either the current or comparative period as all financial assets and liabilities, with the exception of member liabilities and tax assets and liabilities, remain at fair value through profit or loss in accordance with AASB 1056.

AASB 15 Revenue from Contracts with Customers became effective for annual periods beginning on or after 1 July 2018. The adoption of this standard did not have a material impact on the Fund's accounting policies nor the amounts recognised in the financial statements.

#### Newly effective accounting standards not yet adopted by the Fund

AASB 16 Leases replaces existing leases guidance, including AASB 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 July 2019. Early adoption is permitted for entities that apply AASB 15 at or before the date of initial application of AASB 16.



AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Trustee confirms that this standard is not early adopted by the Fund.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

## **(b) Financial instruments**

### *(i) Classification*

The Fund's investments are classified as at fair value through the income statement. These investments are in exchange traded debt and equity instruments, listed and unlisted trusts.

### *(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.

## **(c) 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.

## **(d) 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.

## **(e) 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(b) 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.

**(f) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses arise from the settlement of such transactions and from the translations at year end exchange rates of monetary items denominated in foreign currencies.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at balance sheet date. Translation differences on assets and liabilities carried at fair value are reported in the income statement on a net basis within net changes in fair value of financial instruments.

**(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. These are carried at nominal amounts which approximate fair value. Nominal amounts refer to the actual amounts reasonably expected to be received or paid.

**(h) Receivables**

Receivables are carried at nominal amounts which approximate fair value. Nominal amounts refer to the actual amounts reasonably expected to be received or paid. Receivables are generally received within 60 days of being recorded as a receivable.

**(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 lump sum benefits of members who are due a benefit but had not been paid at the balance sheet 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 be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example 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.

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.

**(n) New accounting standards and interpretations**

Certain new standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Fund. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. In addition, the Trustee's assessment of the impact of the new standards applicable in the current year (to the extent relevant to the Fund) is set out in note 2(a).

### (o) Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Financial Reports. Amounts in the Financial Statements and notes to the Financial Statements have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

## 3. Financial risk management

### (a) Financial risk management objectives

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.

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.

### (b) Market risk

#### (i) Price risk

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

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

	Note	2019 \$'000	2018 \$'000
Equity Securities		28,817	441
Listed Unit Trusts		7,428	11,500
Unlisted Unit Trusts	7	55,704	78,932
Net exposure to price risk		<u>91,949</u>	<u>90,873</u>

#### (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 material and denominated in foreign currencies.

	30 June 2019				
	US Dollars	Euro	British Pound	Japanese Yen	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Equity Securities	11,272	2,937	1,056	1,462	16,727
Listed Unit Trusts	1,730	1,481	4	15	3,230
Net exposure to foreign exchange risk	<u>13,002</u>	<u>4,418</u>	<u>1,060</u>	<u>1,477</u>	<u>19,957</u>
	30 June 2018				
	US Dollars	Euro	British Pound	Japanese Yen	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Equity Securities	102	60	-	11	173
Listed Unit Trusts	44	11,500	-	-	11,544
Net exposure to foreign exchange risk	<u>146</u>	<u>11,560</u>	<u>-</u>	<u>11</u>	<u>11,717</u>

The Fund is also exposed to foreign exchange risk via the following other currencies; which represent less than 1% of the net assets of the fund: HKD, SEK, CAD.

(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.

	30 June 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	A\$'000	A\$'000	A\$'000	A\$'000
<b>Financial assets</b>				
Cash and cash equivalents	8,903	-	-	8,903
Investment income receivable and other receivables	-	-	1,706	1,706
Financial instruments	-	-	91,949	91,949
<b>Financial liabilities</b>				
Financial liabilities	-	-	(469)	(469)
<b>Net exposure to interest rate risk</b>	<b>8,903</b>	<b>-</b>	<b>93,186</b>	<b>102,089</b>
	30 June 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	A\$'000	A\$'000	A\$'000	A\$'000
<b>Financial assets</b>				
Cash and cash equivalents	3,782	-	-	3,782
Investment income receivable and other receivables	-	-	3,297	3,297
Financial instruments	-	-	90,873	90,873
<b>Financial liabilities</b>				
Financial liabilities	-	-	(772)	(772)
<b>Net exposure to interest rate risk</b>	<b>3,782</b>	<b>-</b>	<b>93,398</b>	<b>97,180</b>

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit after tax and net assets attributable to members 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	
	-15%	+7.5%
	MSCI Index	MSCI Index
	\$'000	\$'000
Impact on operating profit after tax/ Net assets available to member benefits		
<b>30 June 2019</b>	<b>(13,792)</b>	<b>6,896</b>
30 June 2018	(11,586)	5,793
	Interest rate risk	
	-75 bps	+75 bps
	\$'000	\$'000
Impact on operating profit after tax/ Net assets available to member benefits		
<b>30 June 2019</b>	<b>(67)</b>	<b>67</b>
30 June 2018	(24)	24

	Foreign exchange risk	
	-10%	+10%
Impact on operating profit after tax/ Net assets available to member benefits	\$'000	\$'000
<b>30 June 2019</b>		
<b>US Dollars</b>	<b>(1,300)</b>	<b>1,300</b>
<b>Euro</b>	<b>(442)</b>	<b>442</b>
<b>British Pound</b>	<b>(106)</b>	<b>106</b>
<b>Japanese Yen</b>	<b>(148)</b>	<b>148</b>
<b>30 June 2018</b>		
US Dollars	(12)	12
Euro	(983)	983
British Pound	-	-
Japanese Yen	(1)	1

**(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 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 (Victoria) Limited. Sandhurst Trustees (Victoria) Limited (via Bendigo and Adelaide Bank) had a credit rating of BBB+ at 30 June 2019.

*(iv) Maximum exposure to credit risk*

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets.

**(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. 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.

	30 June 2019				
	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>					
Other payables	469	-	-	-	469
Defined contribution member liabilities	97,816	-	-	-	97,816

  

	30 June 2018				
	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>					
Other payables	772	-	-	-	772
Defined contribution member liabilities	95,238	-	-	-	95,238

#### 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.

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Investment income receivable and other receivables	1,706	-	-	1,706
Equity Securities	28,817	-	-	28,817
Listed Unit Trusts	7,428	-	-	7,428
Unlisted Unit Trusts	-	55,704	-	55,704
	37,951	55,704	-	93,655
<b>Financial Liabilities</b>				
Other payables	(469)	-	-	(469)
	(469)	-	-	(469)

  

	30 June 2018			
<b>Financial Assets</b>				
Investment income receivable and other receivables	3,297	-	-	3,297
Equity Securities	441	-	-	441
Listed Unit Trusts	11,500	-	-	11,500
Unlisted Unit Trusts	-	78,932	-	78,932
	15,238	78,932	-	94,170
<b>Financial Liabilities</b>				
Other payables	(772)	-	-	(772)
	(772)	-	-	(772)

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:

	2019 \$'000	2018 \$'000
Opening balance at the beginning of the reporting period	-	110
Transfers into Level 3	-	-
Sales	-	(110)
Closing balance at the end of the reporting period	<u>-</u>	<u>-</u>

## 5. Net changes in fair value of financial instruments

Net changes in financial instruments measured at fair value:

	2019 \$'000	2018 \$'000
<b>Designated at fair value through profit or loss</b>		
Equity Securities	3,222	(3)
Listed Unit Trusts	804	1,129
Unlisted Unit Trusts	2,232	1,955
	<u>6,258</u>	<u>3,081</u>

## 6. Financial instruments held at fair value through profit or loss

### (a) Financial instruments held at fair value through profit and loss

	2019 \$'000	2018 \$'000
<b>Designated at fair value through profit or loss</b>		
Equity Securities	28,817	441
Listed Unit Trusts	7,428	11,500
Unlisted Unit Trusts	55,704	78,932
<b>Total financial instruments held at fair value through profit or loss</b>	<u>91,949</u>	<u>90,873</u>

**Comprising:**

**Equity Securities**

Australian equity securities	10,999	191
International equity securities	17,818	249
	<u>28,817</u>	<u>441</u>

**Listed Unit Trusts**

Units in Australian equity trusts	4,142	-
Units in International equity trusts	3,286	11,500
	<u>7,428</u>	<u>11,500</u>

**Unlisted Unit Trusts**

Units in Australian unlisted unit trusts	40,498	64,978
Units in International unlisted unit trusts	15,206	13,954
	<u>55,704</u>	<u>78,932</u>

<b>Total financial instruments held at fair value through profit or loss</b>	<u>91,949</u>	<u>90,873</u>
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### (b) Financial instruments change in investment structure

On 31 October 2018, the Trustee approved a change in investment structure for Goodsuper. The Units in Unlisted Unit Trusts were replaced by portfolios managed by Open Invest.

## 7. 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:

	<b>Fair Value of Investment</b>	Fair Value of Investment
	<b>2019 \$'000</b>	2018 \$'000
Australian cash funds	<b>2,040</b>	1,970
Australian equity funds	<b>24,672</b>	41,028
Australian fixed interest funds	<b>5,937</b>	15,204
Australian property funds	<b>7,848</b>	6,776
International equity funds	<b>12,445</b>	11,246
International fixed interest funds	<b>2,762</b>	2,708
	<b>55,704</b>	78,932

The fair value of financial assets \$55,704,143 (2018: \$78,931,755) 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 2019, total gains realised on investments in investee funds were \$773,995 (total gains 2018: \$595,075).

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

## 8. 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.

### (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 2019, 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.



## 9. 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.

## 10. Reserves

### (a) Operational risk financial reserve

	2019 \$'000	2018 \$'000
Defined contribution division	416	381
Reserve balance at the end of the reporting period	<u>416</u>	<u>381</u>

The Operational Risk Financial Requirement (ORFR) is met and maintained as a reserve to provide funding for incidents where material losses may arise from operational risks. The level of the reserve is determined by the Board based on an assessment of the risks faced by the Division. The Trustee has assessed an ORFR target amount of 0.30% of funds under management as appropriate for the Fund.

### (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.

### (c) Insurance premiums holding reserve

This reserve represents the annual insurance premiums collected on behalf of members but not yet remitted to the insurer. These amounts will be remitted to the insurer on a monthly basis.

## 11. 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.

### (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. 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*

	2019 \$'000	2018 \$'000
<i>Current tax</i>		
Current tax on profits for the year	(352)	(171)
Adjustments for current tax of prior periods	54	-
Anti Detriment tax	-	(8)
<b>Total current tax expense</b>	<b>(298)</b>	<b>(179)</b>
<i>Deferred income tax</i>		
Decrease in deferred tax assets	513	215
<b>Income tax expense</b>	<b>215</b>	<b>36</b>

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

	2019 \$'000	2018 \$'000
Operating result before income tax expense	8,325	6,862
Tax at the Australian rate of 15% (2018 – 15%)	1,249	1,029
Increase/decrease in income tax expense due to:		
CGT Discount amount (realised and unrealised)	44	(149)
Non-deductible expenses	(330)	(29)
Imputation credits	(345)	(475)
Other non-assessable income	(96)	(110)
Prior year under/over provision	53	-
Tax benefit from insurance premiums	(360)	(222)
Anti-detriment payments	-	(8)
<b>Income tax expense</b>	<b>215</b>	<b>36</b>

In addition to the above \$1,017,136 (2018: \$939,611) is recognised in the statement of changes in member benefits relating to tax on contributions deducted from member accounts.

*(v) Deferred tax balances*

The balance comprises temporary differences attributable to:

	2019 \$'000	2018 \$'000
<i>Deferred tax assets</i>		
Other assets	336	7
<b>Total deferred tax assets</b>	<b>336</b>	<b>7</b>
<i>Deferred tax liabilities</i>		
Financial instruments measured at fair value through profit or loss	(1,525)	(682)
<b>Total deferred tax liabilities</b>	<b>(1,525)</b>	<b>(682)</b>
<b>Net deferred tax asset/(liability)</b>	<b>(1,189)</b>	<b>(675)</b>

The movements in temporary differences during the year are:

	Beginning of year \$'000	Recognised in income \$'000	End of year \$'000
<b>At 30 June 2019</b>			
<i>Deferred tax assets</i>			
Net change in other assets	7	329	336
Net deferred tax assets	<u>7</u>	<u>329</u>	<u>336</u>
<i>Deferred tax liabilities</i>			
Net change in fair value of financial instruments	(682)	(843)	(1,525)
Net deferred tax liabilities	<u>(682)</u>	<u>(843)</u>	<u>(1,525)</u>
<b>At 30 June 2018</b>			
<i>Deferred tax assets</i>			
Net change in other assets/liabilities	36	(29)	7
Net deferred tax assets	<u>36</u>	<u>(29)</u>	<u>7</u>
<i>Deferred tax liabilities</i>			
Net change in fair value of financial instruments	(496)	(186)	(682)
Net deferred tax liabilities	<u>(496)</u>	<u>(186)</u>	<u>(682)</u>

## 12. Other items

### (a) Other operating expenses

	2019 \$'000	2018 \$'000
Trustee fees and reimbursements	135	153
Audit fees	41	46
Administration fees	400	377
Custody fees	37	49
Promoter fees	741	815
Other general operating expenses	4	30
	<u>1,358</u>	<u>1,470</u>

### (b) Sponsorship and advertising

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

## 13. Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at bank	8,903	3,782
	<u>8,903</u>	<u>3,782</u>

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

	2019	2018
<b>Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities</b>	<b>\$'000</b>	<b>\$'000</b>
Operating result after tax	(708)	(62)
Adjustments for:		
Trust distributions reinvested	(4,340)	(4,825)
Investment manager fee rebates reinvested	(36)	(84)
Death and disability proceeds received from insurer	207	216
Insurance premiums	(2,399)	(1,477)
Net changes in fair value of financial instruments	(6,258)	(3,081)
Net benefits allocated to defined contribution members	8,818	6,888
Change in operating assets and liabilities		
(Increase)/decrease in trust distributions receivable	1,745	(12)
(Increase)/decrease in receivables	(10)	24
(Increase)/decrease in income taxes receivable	293	(26)
Increase/(decrease) in deferred tax liability	514	215
Increase/(decrease) in payables	(346)	74
Net cash inflow/(outflow) from operating activities	<u>(2,520)</u>	<u>(2,150)</u>

## 15. Commitments

There are no commitments the Trustee is aware of as at 30 June 2019 and 30 June 2018.

## 16. Contingent liabilities and contingent assets

There are no outstanding contingent assets or liabilities as at 30 June 2019 and 30 June 2018.

## 17. Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

## 18. Related party transactions

### (a) Trustee

The Trustee of max Super is Tidswell Financial Services Ltd, ABN 55 010 810 607, AFSL 237628, RSE L0000888.

Amounts paid to the trustee in form of fees and reimbursements are disclosed in note 12(a).

As at 30 June 2019, \$12,053 (30 June 2018: \$12,283) 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	Executive Director	Appointed 20 August 2012
Fiona McNabb	Non-Executive Director	Appointed 29 September 2017
Stephen Miller	Non-Executive Director	Appointed 29 September 2017
Andrew Peterson	Executive Director	Appointed 20 March 2018
Andre Morony	Non-Executive Director	Appointed 21 August 2018 - Resigned 28 August 2018

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.

**(d) Key management personnel compensation**

There have been no transactions between the Trustee and the Fund other than the trustee fees disclosed in note 12(a). The directors of the Trustee do not receive remuneration directly from the Fund.

**(e) Other entities with significant influence over the Fund**

**Promoter**

The Promoter of the Fund is Mammatas Pty Ltd (ABN 74 101 393 435). Under the terms of the Promoter Agreement the Promoter is entitled to receive compensation for services provided to the Fund.

Amounts paid to the promoter in form of fees and reimbursements are disclosed in note 12(a).

As at 30 June 2019, \$95,491 (2018: \$122,925) was payable to Mammatas Pty Ltd and is included other payables in the statement of financial position.

In respect of max Super, the promoter is entitled to receive a fee of 0.94% of fund net assets which is accrued daily. General administration expenses are paid from this 0.94% fee and physical payment may span over different financial years as expenses are incurred.

In respect of Goodsuper, the promoter is entitled to receive a fee of 1.60% of fund net assets which is accrued daily. General administration expenses are paid from this 1.60% fee and physical payment may span over different financial years as expenses are incurred.

## 19. Remuneration of auditors

**(a) Remuneration of auditors**

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

	2019	2018
	\$	\$
<b>KPMG</b>		
Audit and review of financial statements	38,665	-
Regulatory audit services	8,360	-
<b>PricewaterhouseCoopers</b>		
Audit and review of financial statements and regulatory audit services	(5,578)	45,628
<b>Total auditors' remuneration</b>	<u>41,447</u>	<u>45,628</u>

**(b) Over accrual of fee payable**

The actual fee payable to PricewaterhouseCoopers was \$5,578 lower than the amount accrued at 30 June 2018.

## Trustee's 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 21 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 2019 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 2019, 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 30th day of September, 2019

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

Director



(ANDREW PETERSON)

30/09/19



# Independent Auditor's report on financial statements

**max Super Fund ABN 22 508 720 840 (RSE)**

## **Report by the RSE Auditor to the trustee and members**

### ***Opinion***

I have audited the financial statements of max Super Fund (the Fund) for the year ended 30 June 2019, comprising the statement of financial position, income statement, statement of changes in member benefits, statement of changes in reserves, statement of cash flows and accompanying notes 1 to 19.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards, the financial position of max Super Fund as at 30 June 2019 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2019.

### ***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.

### ***Responsibilities of the trustee 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 Responsibilities for the Audit of the Financial Statements***

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 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

KPMG

Dean Waters  
Partner

Melbourne

30 September 2019