

**SUPER MEMBERS INVESTMENTS  
LIMITED**

**ABN: 61 095 974 100**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

**SUPER MEMBERS INVESTMENTS LIMITED**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

<b>Contents</b>	<b>Page</b>
Directors' Report	3
Auditor's Independence Declaration	6
Independent Auditor's Report	7
Directors' Declaration	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Cash Flows	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

**SUPER MEMBERS INVESTMENTS LIMITED  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

**General Information**

**Australian Business Number**

61 095 974 100

**Directors**

Graeme Grant  
Paul Faure  
Michael Migro  
Linda Rubinstein  
Roberta Campo  
Catharine Bowtell

**General Manager**

David Vernon

**Chief Financial Officer**

John Meehan

**Company Secretary**

Andrew Steggall

**Auditors**

Deloitte Touche Tohmatsu  
550 Bourke Street  
Melbourne VIC 3000

**Registered office**

31st Floor  
Casselden Place  
2 Lonsdale Street  
Melbourne VIC 3000

**Country of incorporation**

Australia

**Country of domicile**

Australia

# **SUPER MEMBERS INVESTMENTS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2014**

The Directors of Super Member Investments Limited (SMI) submit herewith the annual financial report of the company for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

#### **Directors**

The names of the Directors in office during or since the end of the financial year are:

Graeme Grant  
Jack Diamond (resigned on 31/12/2013)  
Paul Faure  
Michael Migro  
Linda Rubinstein  
Roberta Campo (appointed on 02/01/2014)  
Catharine Bowtell (appointed on 02/01/2014)

#### **Principal Activities**

The principal activity of the company has been to act as approved trustee of the IRIS Superannuation Fund (IRIS).

#### **Review of Operations**

The company's operating profit after income tax amounted to \$1,346,425 (2013: \$1,180,456).

#### **Changes in State of Affairs**

There were no other changes to the state of affairs of the company.

#### **Subsequent Events**

There were no matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

#### **Future Developments**

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly this information has not been disclosed in this report.

#### **Corporate governance statement**

The Board's Charter outlines the framework for the promotion of effective corporate governance.

#### **Board composition**

The composition of the Board is determined in accordance with the following guidelines:

- the Board consists of Directors with an appropriate range of qualifications and experience; and
- the Board consists of non-executive Directors

# SUPER MEMBERS INVESTMENTS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2014

#### Board responsibilities

The primary role of the Board is to protect the rights and interests of the company and to create value for the shareholders. The Board is responsible for the overall corporate governance of the company on behalf of the shareholders.

The Board's responsibilities include:

- setting the company's vision and strategy;
- monitoring performance against business plan and reviewing that performance;
- fulfilling its prudential responsibilities as trustee and responsible entity;
- ensuring that the company has appropriate risk monitoring systems and processes; and
- ensuring that management decisions are consistent with delegated authorities and the interests of shareholders.

The Board meets regularly and follows meeting protocols designed to ensure that all Directors are appropriately informed and properly consider all agenda items.

#### Board performance

The number of Directors' Board and Audit Committee meetings and the number of meetings attended by each Director during the year is shown below.

	No. of Meetings Eligible to Attend	No. of Meetings Attended
Graeme Grant	12	12
Jack Diamond	6	3
Paul Faure	12	11
Michael Migro	12	12
Linda Rubinstein	12	11
Roberta Campo	6	5
Catharine Bowtell	6	6

#### Dividends

A dividend of \$1,180,456 (2013: \$3,500,000) was paid during the current financial year.

#### Indemnification of Officers and Directors

All Directors and officers of the company are insured against a liability incurred to the extent permitted by the Corporations Act 2001.

The policy, which is taken out by parent company and affords cover to Directors and officers of Super Member Investments Ltd, prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred by such an officer or auditor.

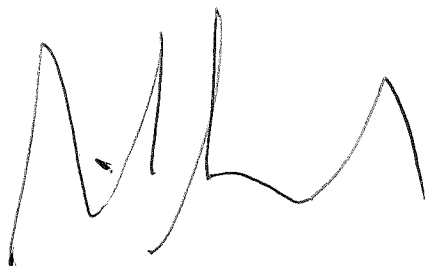
**SUPER MEMBERS INVESTMENTS LIMITED  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2014**

**Auditor's independence declaration**

The auditor's independence declaration is included on page 6 of the annual financial report.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'G. Grant', written in a cursive style.

Director  
Graeme Grant  
Melbourne, 24 September 2014

The Directors  
Super Members Investments Limited  
31<sup>st</sup> Floor  
Casselden Place  
2 Lonsdale Street  
Melbourne VIC 3000

24 September 2014

Dear Directors

### **Super Members Investments Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Super Members Investments Limited.

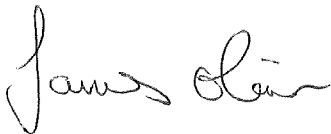
As lead audit partner for the audit of the financial statements of Super Members Investments Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



James Oliver  
Partner  
Chartered Accountants





## Independent Auditor's Report to the Members of Super Members Investments Limited

We have audited the accompanying financial report of Super Members Investments Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Super Members Investments Limited as set out on pages 10 to 29.

### *Directors' Responsibility for the Financial Report*

The directors of the company, Super Members Investments Limited, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



# Deloitte

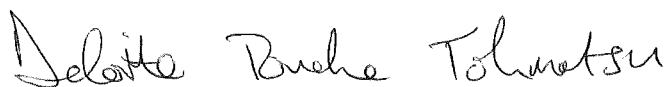
## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Super Members Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

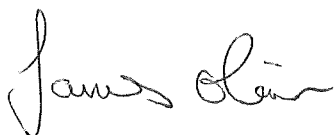
## *Opinion*

In our opinion:

- (a) the financial report of Super Members Investments Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



James Oliver  
Partner  
Chartered Accountants  
24 September 2014





**SUPER MEMBERS INVESTMENTS LIMITED**  
**DIRECTORS' DECLARATION**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Directors' declaration**

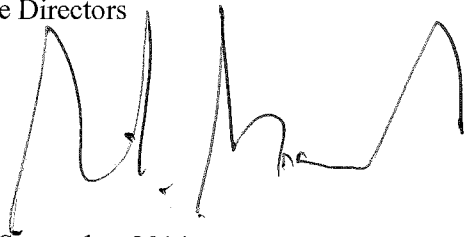
The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company; and
- (c) the attached financial statements are in compliance with International Financial Reporting Standards as described in Note 2.

Signed in accordance with a resolution of the Director made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Director  
Graeme Grant  
Melbourne, 24 September 2014

A handwritten signature in black ink, appearing to be 'G. Grant', written over a horizontal line.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	30-Jun-14 \$	30-Jun-13 \$
<b>Revenue from ordinary activities</b>			
Management fee income		5,025,158	5,032,124
Investment income	5b	164,950	307,698
<b>Total Income</b>		<b>5,190,108</b>	<b>5,339,822</b>
<b>Expenses</b>			
Staff expenses		219,684	360,449
Promotional Activities and Sponsorship expenses		37,083	22,530
Printing and Stationery expenses		10,635	6,398
Postage and Freight expenses		308	14,692
Travel and Entertainment expenses		3,242	7,167
Telephone expenses		1,366	4,455
System related expenses		6,516	17,104
Product related expenses		2,683,404	2,793,087
Premises and related costs		57,510	55,885
Legal, Audit and Consulting expenses		195,613	326,900
Training expenses		3,911	5,319
Corporate Insurance expenses		31,910	24,520
Other expenses		15,294	14,503
<b>Total expenses</b>		<b>3,266,476</b>	<b>3,653,009</b>
<b>Profit before tax</b>		<b>1,923,632</b>	<b>1,686,813</b>
Income tax expense	3	(577,205)	(506,357)
<b>Profit for the year</b>		<b>1,346,427</b>	<b>1,180,456</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,346,427</b>	<b>1,180,456</b>
Attributable to:			
Owners of the Company		1,346,427	1,180,456
		<b>1,346,427</b>	<b>1,180,456</b>

Notes to the Financial Statements are included on pages 14 to 29.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Notes	30-Jun-14 \$	30-Jun-13 \$
<b>Current Assets</b>			
Cash Investments	5	1,046,816	2,010,871
Cash and cash equivalents	12	3,991,711	3,553,543
Trade and other receivables	4	472,430	433,298
Related party receivable	7	-	2,210,580
<b>Total current assets</b>		<b>5,510,957</b>	<b>8,208,292</b>
<b>Non-current assets</b>			
Deferred tax assets	3	35,060	40,559
<b>Total non-current assets</b>		<b>35,060</b>	<b>40,559</b>
<b>Total assets</b>		<b>5,546,017</b>	<b>8,248,851</b>
<b>Current liabilities</b>			
Creditors and accruals	6	726,630	478,939
Related party payable	7	644	-
Current tax liability	3	571,705	267,947
<b>Total current liabilities</b>		<b>1,298,979</b>	<b>746,886</b>
<b>Total liabilities</b>		<b>1,298,979</b>	<b>746,886</b>
<b>Net assets</b>		<b>4,247,038</b>	<b>7,501,965</b>
<b>Equity</b>			
Issued capital	8	2,500,000	5,101,001
Other contributed equity	8	-	819,897
Retained earnings	9	1,747,038	1,581,067
<b>Total equity</b>		<b>4,247,038</b>	<b>7,501,965</b>

Notes to the Financial Statements are included on pages 14 to 29.



**SUPER MEMBERS INVESTMENTS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	30-Jun-14	30-Jun-13
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		4,987,996	5,167,282
Cash payments in the course of operations		(3,020,756)	(3,785,446)
Interest received		164,950	306,807
Taxation payments		(267,947)	(754,090)
<b>Net cash (used in)/provided by operating activities</b>	12 (ii)	<u>1,864,243</u>	<u>934,553</u>
<b>Cash flows from investing activities</b>			
Net Proceeds from sale/purchase of investments		964,055	2,967,583
<b>Net cash used in investing activities</b>		<u>964,055</u>	<u>2,967,583</u>
<b>Cash flows from financing activities</b>			
(Advance)/Repayment arising from Related party		2,211,224	(845,224)
Dividends paid		(1,180,456)	(3,500,000)
Capital repayments		(3,420,898)	-
<b>Net cash (used in)/provided by financing activities</b>		<u>(2,390,130)</u>	<u>(4,345,224)</u>
<b>Net increase in cash held</b>		438,168	(443,088)
<b>year</b>		3,553,543	3,996,631
<b>Cash and cash equivalents at the end of the financial year</b>	12 (i)	<u><u>3,991,711</u></u>	<u><u>3,553,543</u></u>

Notes to the Financial Statements are included on pages 14 to 29.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Share capital	Other contributed equity	Retained Earning	Attributable to owners of parent	Total
	\$	\$	\$	\$	\$
<b>Balance as at 1 July 2012</b>	5,101,001	819,897	3,900,611	9,821,509	9,821,509
Profit for the year	-	-	1,180,456	1,180,456	1,180,456
Dividends paid	-	-	(3,500,000)	(3,500,000)	(3,500,000)
<b>Balance as at 30 June 2013</b>	<b>5,101,001</b>	<b>819,897</b>	<b>1,581,067</b>	<b>7,501,965</b>	<b>7,501,965</b>
Profit for the year	-	-	1,346,427	1,346,427	1,346,427
Capital repayment	(2,601,001)	(819,897)	-	-	(3,420,898)
Dividends paid	-	-	(1,180,456)	(1,180,456)	(1,180,456)
<b>Balance as at 30 June 2014</b>	<b>2,500,000</b>	<b>-</b>	<b>1,747,038</b>	<b>7,667,936</b>	<b>4,247,038</b>

Notes to the Financial Statements are included on pages 14 to 29.

# **SUPER MEMBERS INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2014**

#### **1 GENERAL INFORMATION**

Super Member Investments Limited is a company domiciled and incorporated in Australia. The ultimate parent entity is Industry Super Holdings Pty Ltd.

The principal activity of the company has been to act as approved trustee of the IRIS Superannuation Fund.

The financial report for Super Member Investments Ltd for the financial year ended 30 June 2014 was authorised for issue in accordance with a resolution of Directors on the 24 September 2014.

#### **2 SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards ("AAS") and Interpretations, and complies with other requirements of the law. Compliance with AAS ensures that the financial statements and notes to the financial statements comply with International Financial Reporting Standards ('IFRS'). For the purposes of preparing the financial statements, the Company is a 'for profit' entity.

##### **Basis of preparation**

The financial report has been prepared on the basis of historical cost with the exception of the investment in the IFM Cash Fund which is held at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

##### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **New or revised Standards and Interpretations that are first effective in the current reporting period**

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Standards affecting presentation and disclosure**

The following new and revised Standards and Interpretations have been adopted in the current period.

- AASB 13 'Fair Value Measurement'  
Effective for annual reporting periods beginning on or after 1 January 2013
- AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'  
Effective for annual reporting periods beginning on or after 1 January 2013
- AASB 119 'Employee Benefits (2011)'  
Effective for annual reporting periods beginning on or after 1 January 2013
- AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'  
Effective for annual reporting periods beginning on or after 1 January 2013
- AASB 1048 'Interpretation of Standards (2013)'  
Effective for annual reporting periods ending on or after 20 December 2013
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'  
Effective for annual reporting periods beginning on or after 1 January 2013
- AASB 2012-9 'Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'  
Effective for annual reporting periods beginning on or after 1 January 2013
- AASB CF2013-1 'Amendments to Australian Conceptual Framework'  
Effective for annual reporting periods ending on or after 20 December 2013
- AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part A Conceptual Framework)

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial results or financial position.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The company expects to apply the standards on the first applicable period after the effective date.

- AASB 1031 'Materiality (2013)'  
Effective for annual reporting periods beginning on or after 1 January 2014
- AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and financial Instruments: Part B: Materiality'  
Effective for annual reporting periods beginning on or after 1 January 2014
- AASB 2014-1 'Amendments to Australian Accounting Standards: Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles'  
Effective for annual reporting periods beginning on or after 1 July 2014
- AASB 2014-1 'Amendments to Australian Accounting Standards: Part C: Materiality'  
Effective for annual reporting periods beginning on or after 1 July 2014
- AASB 2014-1 'Amendments to Australian Accounting Standards: Part E: Financial Instruments'  
Effective for annual reporting periods beginning on or after 1 January 2015

The company have yet to assess the impact of initial application of the Standards and Interpretations on the company's financial report.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Foreign currency**

There have been no current or prior year transactions in foreign currencies.

**Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as a non-income tax expense, and
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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 is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

**Revenue**

Management fee income is measured using the accrual accounting method at the fair value of the consideration received or receivable.

Distribution income is recognised on a receivable basis as at the date the unit value is quoted ex-distribution.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Income tax**

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Financial Position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income tax (continued)**

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The company is part of a tax-consolidated group under Australian taxation law. Industry Super Holdings Pty Ltd is the head entity in the tax-consolidated group. As the 'stand alone taxpayer' approach is adopted by the agreement, the company records its tax expense / income, deferred tax liabilities and assets arising from temporary differences between taxable income and accounting profit. Under the terms of the tax funding arrangement each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

**Cash and cash equivalents**

Cash comprises cash on hand, trust accounts and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Financial assets**

Financial assets at fair value

The company's investment in the IFM Cash Fund is measured at fair value with any resultant gain or loss recognised in the statement of comprehensive income. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such a basis.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the amount of the impairment loss which is reflected in the statement of comprehensive income.

**Payables**

Trade and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

**Receivables**

Trade receivables, loans and other receivables are measured at amortised cost using the effective interest method less impairment.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**3 INCOME TAX**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<u>\$</u>	<u>\$</u>
<b>Income tax recognised in profit or loss</b>		
Tax expense comprises:		
Current tax expense	(571,705)	(505,612)
Deferred tax expense/(income) relating to the origination and reversal of temporary difference	(5,500)	(745)
<b>Total tax expense</b>	<u><u>(577,205)</u></u>	<u><u>(506,357)</u></u>

The prima facie income tax expense on pre-tax accounting profit from operation reconciles to the income tax expense in the financial statements as follows:

Profit from operations	1,923,632	1,686,813
Income tax expense calculated at 30%	(577,090)	(506,044)
Effect of expenses that are not deductible in determining taxable profit	(115)	(313)
Adjustment for prior year over provision	-	-
	<u><u>(577,205)</u></u>	<u><u>(506,357)</u></u>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on their taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

**Current tax assets and liabilities**

Current tax liabilities

Current tax payable attributable to parent entity	<u><u>571,705</u></u>	<u><u>267,947</u></u>
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**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**3 INCOME TAX (CONTINUED)**

**Deferred tax balances**

Deferred tax assets / (liabilities) arise from the following:

	Opening balance \$	Charged to income \$	Closing balance \$
	<u>          </u>	<u>          </u>	<u>          </u>
<b>2014 Temporary differences</b>			
Income received in advance	-	-	-
Creditors and borrowings	129,878	(129,878)	-
Management fee receivable & prepayments	(129,990)	127,449	(2,541)
Distribution receivable	40,670	(3,069)	37,601
	<u>40,559</u>	<u>(5,499)</u>	<u>35,060</u>

Presented in the Statement of Financial Position as follows:

Deferred tax assets		37,601
Deferred tax liabilities		(2,541)
		<u>35,060</u>

	Opening balance \$	Charged to income \$	Closing balance \$
	<u>          </u>	<u>          </u>	<u>          </u>
<b>2013 Temporary differences</b>			
Creditors and borrowings	168,692	(38,814)	129,878
Management fee receivable & prepayments	(169,815)	39,826	(129,990)
Distribution receivable	40,938	(267)	40,670
	<u>39,815</u>	<u>745</u>	<u>40,559</u>

Presented in the Statement of financial position as follows:

Deferred tax assets		170,549
Deferred tax liabilities		(129,990)
		<u>40,559</u>

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**4 TRADE AND OTHER RECEIVABLES**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Management fees receivable	463,960	426,798
Prepayments	8,470	6,500
	<u>472,430</u>	<u>433,298</u>

Trade and other receivables are subject to commercial terms and conditions. Interest is not charged on overdue amounts.

**5 CASH INVESTMENTS AND INVESTMENT INCOME**

**a) Current Investment Asset**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Investment in IFM Cash Fund	1,046,816	2,010,871
	<u>1,046,816</u>	<u>2,010,871</u>

**b) Investment Income**

Investment income includes the appreciation of unit values in the fund and distributions received from the fund.

**6 LIABILITIES**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Trade creditors and accruals	726,630	478,939
	<u>726,630</u>	<u>478,939</u>

Creditors and accruals are subject to commercial terms and conditions. Interest is not charged on overdue amounts.

**7 RELATED PARTY RECEIVABLES / (PAYABLES)**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Related party receivable - parent	-	2,198,967
Related party receivable - other	-	11,613
Related party payable - parent	644	-
	<u>644</u>	<u>2,210,580</u>

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**8 CONTRIBUTED EQUITY**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<b>Share Capital</b>		
2,500,000 ordinary shares (2013: 1) of \$1 each	2,500,000	1
Nil 'A' class redeemable preference shares (2013: 5,000,000) of \$1 each	-	5,000,000
Nil 'B' class redeemable preference shares (2013: 101,000) of \$1 each	-	101,000
	<b>2,500,000</b>	<b>5,101,001</b>
<b>Other contributions</b>		
Contribution arising from tax consolidation	-	819,897
	<b>-</b>	<b>819,897</b>

Ordinary shares entitle the holder to one vote per share

In December 2013 the SMI Board approved a capital reduction plan which reduced share capital and other contributed equity as illustrated above and reclassified remaining share capital as ordinary shares.

**9 RETAINED EARNINGS**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Retained profits at the beginning of the financial year	1,581,067	3,900,611
Total comprehensive income for the year	1,346,427	1,180,456
Dividends paid	(1,180,456)	(3,500,000)
Retained profits at the end of the financial year	<b>1,747,038</b>	<b>1,581,067</b>

**10 DIVIDENDS**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Dividends paid	1,180,456	3,500,000
	<b>1,180,456</b>	<b>3,500,000</b>

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**11 FINANCIAL INSTRUMENTS**

**a) Capital risk management**

The entity manages its capital to ensure it will continue as a going concern. The entity's overall strategy remains unchanged from 2013.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the company's Directors who have built an appropriate liquidity risk management framework. Management undertake a number of activities to ensure liquidity is appropriately managed including cashflow forecasting and monitoring.

**c) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss. The company's material credit risk is with the IRIS Superannuation fund. As administrators of the fund, Superpartners arrange for payment of management fees from fund members to the company. This is performed by the end of the following month after the fees are due.

**d) Fair value of financial instruments**

As discussed in Note 2, the only financial instrument carried at fair value was the investment in the IFM Cash Fund.

The methodology for calculating fair value is described within Note 2. All other financial instruments are carried at amortised cost which approximates fair value. The investment in the IFM Cash Fund was classified as a level 1 investment under the AASB 13 disclosure requirements as at 30 June 2014. This means that fair value is derived from quoted prices in active markets for identical assets.

**e) Interest rate risk**

With the exception of the company's investment in the IFM Cash Fund and the cash at bank, the company has no interest rate risk arising from its financial assets or liabilities. As interest rate is immaterial to the company's financial performance, it is not actively managed.

At reporting date, if interest rates had been 175 basis points higher or lower and all other variables were held constant: net profit for the year would increase / (decrease) by approximately \$69,855 (2013: \$62,187).

Interest rate risk table

The following table details the entity's interest rate risk arising from its financial assets and liabilities.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**11 FINANCIAL INSTRUMENTS (CONTINUED)**

	Floating Rate		Fixed Rate Maturing within 1 year		Non Interest Bearing		Total	
	30-Jun-14 \$	30-Jun-13 \$	30-Jun-14 \$	30-Jun-13 \$	30-Jun-14 \$	30-Jun-13 \$	30-Jun-14 \$	30-Jun-13 \$
<b>Financial Assets:</b>								
Cash at bank	3,991,711	3,553,543	-	-	-	-	3,991,711	3,553,543
IFM Cash Fund	1,046,816	2,010,871	-	-	-	-	1,046,816	2,010,871
Receivables	-	-	-	-	473,074	2,643,878	473,074	2,643,878
Other assets	-	-	-	-	35,060	40,559	35,060	40,559
	<u>5,038,527</u>	<u>5,564,414</u>	<u>-</u>	<u>-</u>	<u>508,134</u>	<u>2,684,437</u>	<u>5,546,661</u>	<u>8,248,851</u>
<b>Interest Rate</b>	3.55%	3.58%	-	0.00%				
<b>Financial Liabilities:</b>								
Creditors and accruals	-	-	-	-	726,630	478,939	726,630	478,939
Tax liabilities	-	-	-	-	571,705	267,947	571,705	267,947
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,298,335</u>	<u>746,886</u>	<u>1,298,335</u>	<u>746,886</u>

**12 NOTES TO THE STATEMENT OF CASH**

**(i) Reconciliation of cash and cash equivalents**

For the purposes of the Statement of cash flows, cash and cash equivalents include the following:

	30-Jun-14 \$	30-Jun-13 \$
Cash at bank	50,553	4,140
Online saving account	1,105,786	812,099
Operational risk cash notice account	1,330,122	1,727,229
90 Day Cash notice account	1,505,250	1,010,075
	<u>3,991,711</u>	<u>3,553,543</u>

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**12 NOTES TO THE STATEMENT OF CASH**

**(i) Reconciliation of cash and cash equivalents (continued)**

The Trustee's Operational Risk Policy requires that an amount at least equivalent to 0.25% of the IRIS Superannuation Fund's net assets be held, subject to a minimum of \$1M. The Policy further requires that a replenishment plan be initiated in the event that the amount held falls below 0.20% of the Fund's net assets. The Trustee initially set aside some of its own capital, in order to ensure that the Fund had access to the required funds from the first day that the Operational Risk Policy became effective. Starting from 1 January 2014 however, the Fund began to accumulate its own Operational Risk Reserve. As this Reserve is built up, the Trustee will gradually reduce the amount of its own capital set aside. It is expected that this will occur over the course of four calendar years. The Reserve will be built up by a small deduction from member benefits, amounting to five basis points a year (0.05%).

Between the capital set aside by the Trustee and the Reserve accumulated within the Fund, there was a total of \$1,444,198 (or 0.26% of Fund gross assets) available as at 30 June 2014 (2013: \$1,727,229 or 0.32%). These funds are held with both Members Equity Bank and National Australia Bank, and are accessible immediately should an Operational Risk event occur. During the year, and between 30 June 2014 and the date of this report, no payments were made from these funds and the requirements of the Operational Risk Policy were satisfied at all times. No Operational Risk event has occurred, either during the year or between 30 June 2014 and the date of this report.

**ii) Reconciliation of operating profit after income tax to net cash provided by operating activities**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Operating profit after income tax	1,346,427	1,180,456
Net cash used in operating activities before changes in assets and liabilities	1,346,427	1,180,456
Changes in assets and liabilities during the financial year		
Increase in prepayments	(1,970)	(1,516)
Decrease/(Increase) in receivables	(37,162)	134,268
Increase in deferred tax balances	5,499	(745)
Increase in creditors and accruals	247,691	(130,922)
(Increase)/Decrease in current tax liability	303,758	(246,989)
Net cash provided by operating activities	1,864,243	934,552

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**13 AUDITOR'S REMUNERATION**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<b>Audit Services</b>		
Auditing the financial statements of SMI Limited	16,018	16,179
Auditing the AFSL and APRA returns - IRIS and SMI	10,889	6,553
Auditing the financial statements of IRIS Superannuation Fund	28,382	28,666
Auditing the annual financial statements of ME Investment Funds	-	45,121
Review of compliance with APRA Prudential Requirements, Reporting Standards, RMF and ORFR - SMI and IRIS	19,334	16,369
	<b>74,623</b>	<b>112,888</b>
	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<b>Non Audit Services</b>		
Other assurance services	5,090	34,000
	<b>5,090</b>	<b>34,000</b>
	<b>79,713</b>	<b>146,888</b>
<b>Total auditor's remuneration</b>	<b>79,713</b>	<b>146,888</b>

SMI pays audit fees on behalf of the IRIS Superannuation Fund.

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**14 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**Details of key management personnel**

The Directors and other members of key management personnel of the company during the year were:

**(a) Directors**

Graeme Grant  
 Jack Diamond (resigned on 31/12/2013)  
 Paul Faure  
 Michael Migro  
 Linda Rubinstein  
 Roberta Campo (appointed on 02/01/2014)  
 Catharine Bowtell (appointed on 02/01/2014)

**(b) Director compensation**

The company does not pay compensation to Directors. Compensation is paid by Industry Fund Services Limited (IFS) and is in connection with activities related to the company and other entities managed by IFS. Compensation paid is illustrated below.

<b>Director Name</b>	<b>Directorships Held during 2014 / 2013 Financial Years *</b>		
	<b>30-Jun-14</b>	<b>30-Jun-13</b>	
	<b>\$</b>	<b>\$</b>	
Graeme Alexander Grant	24,485	23,781	IFS Ltd, IFI Ltd, SMI Ltd, TBM, IFSIS
Jack Simon Diamond	34,880	62,031	IFS Ltd, IFI Ltd, SMI Ltd, TBM, IFSIS, IFMN2
Linda Rubinstein	24,485	2,287	IFS Ltd, IFI Ltd, SMI Ltd
Paul Faure	24,485	23,781	IFS Ltd, IFI Ltd, SMI Ltd
Gemma Pinnell	-	17,836	IFS Ltd, IFI Ltd, SMI Ltd
Michael Migro	27,608	23,781	IFS Ltd, IFI Ltd, SMI Ltd, IFSIS
Catherine Bowtell	22,688	-	IFS Ltd, IFI Ltd, SMI Ltd, TBM
Roberta Campo	12,091	-	IFS Ltd, IFI Ltd, SMI Ltd
<b>Total</b>	<b><u>170,722</u></b>	<b><u>153,497</u></b>	
Short term employee benefits	158,755	146,803	
Post Employment benefits	11,967	6,694	
	<b><u>170,722</u></b>	<b><u>153,497</u></b>	

All directors are paid in their personal capacity except Gemma Pinnell whose director fees were paid to ACTU Member Connect and Roberta Campo whose director fees were paid to Industry Super Australia Pty Ltd.

\* Subsidiary index:

IFI Ltd – Industry Funds Investments Ltd  
 SMI Ltd – Super Members Investments Ltd  
 TBM – The Bond Market Pty Ltd  
 IFSIS – IFS Insurance Solutions Pty Ltd  
 IFMN2 – Industry Funds Management (Nominees 2) Pty Ltd



**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**(c) Other key management personnel**

The following persons held positions of authority and responsibility for planning, directing and controlling the activities of the company during the year:

David Vernon – General Manager Products  
 Bill Danaher – Chief Executive Officer  
 Andrew Steggall – Company Secretary  
 John Meehan – Chief Financial Officer  
 Lucille Bennetto – Executive Manager Risk & Compliance  
 Linda Moses (resigned on 24/12/2012) – Executive Manager Risk & Compliance

**(d) Key management personnel compensation**

The company does not pay compensation directly to key management personnel. Compensation is paid by Industry Fund Services Limited (IFS) and is in connection with activities related to the company and other entities managed by IFS. Compensation paid is illustrated below.

Banding	No. of Executives	
	30/06/2014	30/06/2013
0 - 50,000	0	2
150,000 - 200,000	1	0
200,000 - 250,000	2	2
250,000 - 300,000	1	1
350,000 - 400,000	0	1
550,000 - 600,000	1	0
Total	5	6

**SUPER MEMBERS INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**15 RELATED PARTY TRANSACTIONS**

**Transactions between Super Members Investments and its related parties**

During the financial year, the following balances arising from transactions between the company and its related parties.

- Intercompany payable from Industry Fund Services Limited totalling \$644 (2013: \$2,198,967). No interest is payable on the transaction.
- Intercompany receivable from Industry Fund Management (Nominees 2) Pty Ltd totalling \$Nil (2013: \$11,613). No interest is payable on the transaction. This amount will be settled through Industry Fund Services Limited as Industry Fund Management (Nominees 2) Pty Ltd does not have bank account.
- Tax payable to Industry Super Holdings Pty Ltd of \$571,705 (2013: \$267,947).

**Other Related Parties**

Graeme Grant is a director of ACTU MemberConnect, Industry Super Holdings Pty Ltd and CARE Super. Paul Faure is a partner in Holding Redlich. Michael Migro is a director of IFM Investors Pty Ltd and subsidiaries. Linda Rubinstein is a director of IFM Investors Pty Ltd and subsidiaries, Superpartners Pty Ltd and is the National Pro Bono Manager at Holding Redlich. Roberta Campo is the Deputy Chief Executive of Industry Super Australia Pty Ltd. All transactions between companies and these organisations are on commercial terms and conditions.

Details of transactions between the company and other related parties are disclosed below:

- The company held an Online Savings account with ME Bank Limited\* of \$1,105,786 at 30 June 2014 (2013: \$812,099) and Cash Notice accounts with ME Bank Limited\* of \$2,835,372 at 30 June 2014 (2013: \$2,737,304) that both combined earned \$126,149 in interest during the financial year (2013: \$53,922).
- The company held term deposits with ME Bank Ltd\* of \$NIL at 30 June 2014 (2013: \$Nil) that earned \$Nil in interest during the financial year (2013: \$55,277).
- The company received administration services from Superpartners Pty Ltd totalling \$1,551,560 (2013: \$1,654,872). As at financial year end, the balance owing to Superpartners Pty Ltd was \$276,612 (2013: \$141,516).
- The company held an investment in the IFM Cash Fund of \$1,046,816 (2013: \$2,010,871) that earned income of \$35,945 during the financial year (2013: \$188,873).

In addition to the above transactions, the IRIS Superannuation Fund held \$214,418,973 of assets in IFM Investors Pty Ltd and subsidiaries managed wholesale funds as at 30 June 2014 (2013: \$272,063,233 includes ME Investment Funds assets). The company estimates that IFM Investors Pty Ltd and subsidiaries earned management fees from these assets of \$418,089 (2013: \$302,523).

\*The above transactions have been disclosed on the basis that an IFS director in 2013 was also a senior executive at ME Bank Limited.

**16 SUBSEQUENT EVENTS**

There has been no matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**17 CONTINGENT LIABILITIES**

At the date of signing, the Directors were not aware of any contingent liabilities that would have a material effect upon the financial statements.

**18 RIGHT OF INDEMNITY**

The company has a right of indemnity over the assets of IRIS for the purpose of discharging liabilities incurred but not paid on behalf of the Fund. As at 30 June 2014, total fund assets exceeded liabilities to members and other parties. Refer to the IRIS financial statements for further details.