KPMG
cutting through complexity

Example Superannuation Series

30 June 2014

Annual Financial Reports

To preparers of superannuation plan financial reports

Superannuation has been undergoing its largest reform in many years with the introduction of the Superannuation Prudential Standards effective from 1 July 2013. With regard to the financial reporting standards, early adoption of the investment entity amendment provides consolidation relief to superannuation funds and AASB 13 *Fair value measurements* introduces significant additional disclosures for the reporting period ended 30 June 2014. Significant change in the future is also imminent. The AASB has considered the feedback on the fatal flaw version of the proposed new accounting standard for Superannuation Entities and the long awaited standard is expected to be finalised by June 2014. The replacement standard for AAS 25 heralds significant changes to the way superannuation entities recognise, measure, present and disclose financial information.

We have designed this publication to assist you with the detailed and complex disclosure and presentation requirements of not only the IFRS-based Australian Accounting Standards (AASBs), but also the ongoing requirements of AAS 25 *Financial Reporting by Superannuation Plans*, which must be applied in the preparation of financial statements for superannuation entities. While we present illustrative formats for financial statements of superannuation plans, other presentations may be equally appropriate. Accordingly, we have also included general guidance on applying presentation and disclosure requirements.

We trust you will find this publication useful when preparing your year-end financial report.

We also welcome your feedback on Example Superannuation Series 30 June 2014 illustrative financial reports. Please provide any feedback you may have by contacting your KPMG partner or local office.

Sean Hill
Partner
National Leader
Superannuation

May 2014

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Example
Superannuation Series

Annual financial reports
30 June 2014

May 2014

Contents

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1. Purpose and basis of this publication

Purpose

The purpose of this publication is to assist you in preparing annual financial reports for superannuation entities in accordance with AAS 25 *Financial Reporting by Superannuation Plans* (AAS 25) and Australian Accounting Standards (AASBs) (Example Superannuation Series). This publication illustrates one possible format for the financial statements of a public offer defined contribution superannuation Fund and a public offer defined benefit superannuation Fund based on fictitious superannuation Fund

Previously Example Superannuation Fund presented consolidated financial statements including its controlled entities, however as a result of AASB 10 *Consolidated Financial Statements* and Example Superannuation Fund qualifying for the investment exemptions discussed below, the Fund is no longer required to prepare consolidated financial statements. Accordingly the reporting entity for the current and prior period is the Fund. The disclosures included in the Fund financial statements in relation to the transition to the investment entity exception are thus only relevant to investment entities who have controlled subsidiaries and not to other Funds. The Funds presented in this publication are not first-time adopters of AASBs.

While these illustrative financial reports provide a valuable demonstration of AAS 25 and other AASBs, they should not be used as a substitute for referring to the standards and interpretations themselves, particularly where a specific requirement is not addressed in this publication or where there is uncertainty regarding the correct interpretation of AAS 25 and/or other AASBs.

Scope

This publication is based on the International Financial Reporting Standards (IFRS) developed by the IASB as modified by the AASB. This publication reflects AAS 25 requirements and other AASBs on issue as at 30 April 2014 that must be applied by a superannuation entity with an annual reporting period beginning on 1 July 2013 ("currently effective" requirements). This publication illustrates the required disclosures upon early adoption of the Investment Entity Amendments in accordance with AASB 2013-5 *Amendments to Australian Accounting Standards;* AASB 10 *Consolidated Financial Statements,* AASB 12 *Disclosures of Interests in Other Entities and* AASB 127 *Separate Financial Statements* which are effective for periods beginning 1 January 2014 but available for early adoption.

If you have a Pooled Superannuation Trust (PST), please refer to *Example Managed Investment Scheme Annual Financial Report 30 June 2014* for guidance as the format for a PST is similar to a management investment scheme, with the exception of different tax treatments.

Section 2 of this publication provides details of the changes made to this publication since the 30 June 2013 edition.

For further details of financial reporting developments impacting financial reporting periods ending 30 June 2014 and beyond refer to:

- *Standards on Issue* for standards and interpretations issued after 30 April 2014 (located on KPMG Website)
- KPMG Reporting Updates and *In the Headlines* report on the latest financial reporting developments.

Further information

To assist you in preparing financial statements for superannuation entities, the following KPMG publications are also recommended:

- *IFRS: New Standards (In the Headlines 2014/04);*
- *Making financial statements more relevant (In the Headlines 2014/05);*
- *Guide to annual financial statements – Illustrative disclosure for banks dated December 2013*
- *Australian Financial Reporting Manual – June 2014;*
- *Annual Disclosure Checklist 30 June 2014;*
- *Example Public Company Limited: Illustrative Disclosure 2013 - 2014;*
- *Example Managed Investment Scheme 30 June 2014 Annual Financial Report;*
- *Other publications in the Example Financial Statements Series.*

1. Purpose and basis of this publication (continued)

References

Explanatory comments and notes on the disclosure requirements of IFRSs have been included as additional information but do not form part of the illustrative financial statements. The illustrative financial statements are set out on the odd-numbered pages of this publication. The even-numbered pages include explanatory comments and notes that may be useful. However, these explanatory comments are not intended to be an exhaustive commentary.

To the left of each item disclosed, reference to the relevant standard, interpretation or regulatory requirement is provided. For example, the reference AASB 101.8(a) means that the disclosure is required by paragraph 8(a) of AASB 101. The references relate to presentation and disclosure only.

The illustrative examples, together with the explanatory notes, however, are not intended to be seen as a complete and exhaustive summary of all disclosure requirements that are applicable under IFRSs. For an overview of all disclosure requirements that are applicable under IFRSs, see our publication Annual Disclosure Checklist.

Keep in contact and stay up to date

Changes to disclosure requirements will occur as further AASBs and Interpretations are issued. Developments will be discussed in detail in KPMG's *In the Headlines* publications and *Reporting Updates* as they occur. KPMG's *In the Headlines* and *Reporting Updates* are available to clients of the firm, either via e-mail, in hard copy or at http://www.kpmg.com.au. To arrange to receive these updates or for analysis and interpretation of the requirements of AASBs and other financial reporting requirements, please speak to your usual KPMG contact.

Acknowledgements

The following members of KPMG were the principal authors of this publication:

- Sean Hill
- Kris Peach
- Ben Seumahu
- Julie Locke
- Ian Tracey
- Amali Kiriella
- Yuvina Mailoa

1. Purpose and basis of this publication (continued)

Abbreviations

The following abbreviations, followed by the particular section, clause or paragraph number are used to refer to the source of the disclosure requirements:

AAS — Australian Accounting Standards issued jointly by the predecessors to the Australian Accounting Standards Board, for which there are no IASB equivalents (currently the only remaining AAS is AAS 25)

AASB — Accounting Standards issued by the AASB. The AASB Accounting Standards numbering convention is as follows:

- AASB 1 – AASB 13 represent Accounting Standards issued by the AASB equivalent to an IFRS issued by the IASB (AASB 1 is the Australian equivalent to IFRS 1)
- AASB 101 onwards represent Accounting Standards issued by the AASB equivalent to an IAS issued by the IASB (AASB 136 is the Australian equivalent to IAS 36)
- AASB 1004 onwards are those domestic Australian Accounting Standards for which there are no equivalent IASB standards

AI — Australian Interpretations issued by the AASB relating to AASBs, both as Australian equivalents of IFRIC Interpretations and domestic Interpretations, previously issued by the Urgent Issues Group (UIG)

The Interpretations numbering convention is as follows:

- Interpretations 1- 99 are those Australian interpretations equivalent to an interpretation issued by IFRIC (AI 1 is the Australian equivalent to IFRIC 1)
- Interpretations 101 onwards are those Australian interpretations equivalent to an interpretation issued by SIC (AI 112 is the Australian equivalent to SIC 12)
- Interpretations numbered 1001 onwards are those domestic interpretations that do not have a corresponding IASB Interpretation

The above three groups of interpretations are contained in AASB 1048 *Interpretations and Application of Standards*

APRA — Australian Prudential Regulation Authority

ASIC — Australian Securities and Investments Commission Regulatory Guides (RG) and Class Orders (CO)

IAS — International Accounting Standards issued by the predecessor of the IASB, the International Accounting Standards Committee, and amended by the IASB

IFRIC — Interpretations of the International Financial Reporting Interpretations Committee of the IASB

IFRS — International Financial Reporting Standards issued by the IASB

Reg — Corporations Regulations 2001

S — Section, Corporations Act 2001

SIC — Interpretations of International Accounting Standards – issued by the IFRIC (formerly Standing Interpretations Committee (SIC))

SIS — Superannuation Industry (Supervision) Act 1993

In the absence of a reference to any of the above sources, the disclosures are in accordance with current best practice.

2. What's changed from June 2013

Impact of the adoption of new and amended standards

Early Adoption of AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*

Example Superannuation Series illustrates an example of the disclosures that are required upon early adoption of AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities* (Amendments to AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosures of Interests in Other Entities* and AASB 127 *Separate Financial Statements*) which is effective for annual reporting periods beginning on or after 1 January 2014. This is presented on the basis that the Fund is a qualifying investment entity as defined in the Investment Entity amendment to AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosures of Interests in Other Entities* and AASB 127 *Separate Financial Statements*.

In addition for annual reporting periods, the amendments introduce new disclosure requirements relating to investment entities in AASB 12 *Disclosure of Interest in Other Entities* and AASB 127 *Separate Financial Statements*.

Funds that early adopt these amendments in their annual financial report for the year ended 30 June 2014 will no longer need to consolidate subsidiaries and will instead recognise a one-line investment recognised at fair value. **The eligibility of the adoption of the investment entity exemption must be assessed on a case by case basis.**

If this assessment results in a Fund being defined as an investment entity, a change in accounting policy disclosure and a disclosure of the impact of deconsolidation must be included in the annual financial report. For discussion on this topic, please refer to KPMG Reporting Update 13RU-012.

In relation to these amendments, a superannuation Fund qualifies as an investment entity only if all of the following criteria are met:

- **Activities:** The Fund's only substantive activity is to invest in multiple investments for capital appreciation and/or investment income; it has made an explicit commitment to investors that this is the purpose of its activities; and it reports financial information about these activities to investors.
- **Investors:** The Fund issues units that represent an entitlement to proportionate share of net assets; investors are pooled to gain access to professional investment management services; and a significant portion of the units are held by investors unrelated to the parent of the Fund (if any).
- **Fair value management:** Substantially all investments of the Fund are managed, and their performance evaluated, on a fair value basis.

The following are typical characteristics of an investment entity, but their absence does not preclude classification as an investment entity:

- The Fund holds more than one investment;
- There is more than one investor in the Fund;
- The investors are not related parties of the Fund; and
- The Fund has ownership interests in the form of Fund or similar interests.

Other considerations include:

- Investment entities will need to provide new disclosures for unconsolidated subsidiaries, including quantitative data about the Fund's exposures to risks arising from such investments in their annual financial statements. One key difference will be the change in sensitivity analysis that presents the potential effect on profit and loss of possible changes in certain risk variables.

2. What's changed from June 2013 (continued)

Disclosure of Interests in Other Entities

AASB 12 *Disclosure of Interests in Other Entities* combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The required disclosures aim to provide information to enable users to evaluate:

- The nature of, and risks associated with, an entity's interests in other entities; and
- The effects of those interests on the entity's financial position, financial performance and cash flows.

AASB 13: *Fair Value Measurement*

AASB 13 defines fair value, establishes a framework for measuring fair value and sets out related disclosure requirements. AASB 13 does not give rise to any new requirements as to when fair value measurements are required, but instead provides guidance on how fair value should be measured and disclosed when required and permitted under other AASBs. AASB 13 replaces the fair value measurement guidance contained in individual AASBs, including AASB 139, with a single framework for fair value measurement.

Funds that invest in securities that are traded in an active market and whose prices are readily available will find the fair value measurement process relatively straightforward. Other Funds that invest in instruments that, although not traded in an active markets, are valued using observable input and well-established valuation models will need to put in place more involved processes to measure fair value. Arriving at fair value is likely to be most complex and involve most judgement for Funds, such as private equity Funds, that invest in securities whose valuation relies on significant unobservable inputs. In addition, fair value considerations for Funds are not limited to their investments but extend to the units issued, which are often recognised as liabilities under AASBs.

The principal requirements of AASB 13 relating to financial instruments are largely similar to those in AASB 139, However some key definitions, such as the definition of fair value, have been changed, resulting in subtle differences that may potentially impact application of the standard. AASB 13 expands and articulates in more detail the concepts and principals behind fair value, including introducing some new concepts such as "principal market".

AASB 13 replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result additional disclosures have been included in notes 2(e)(ii), 3(a) and 16 to Example Superannuation Fund. Notwithstanding the above, for Example Superannuation Fund, we have assumed that the existing fair value measurement valuations were consistent with the principles in AASB 13, and thus the standard has no significant impact on the measurement of the Fund's assets and liabilities. If however there was a material impact, the impact of the change would be required to be disclosed in accordance with AASB 108.

AASB 1053 Application of Tiers of Accounting Standards

Differential reporting allows non-publicly accountable entities to prepare general purpose financial statements with significantly reduced disclosures while retaining the full AASB recognition and measurement requirements. The reduced disclosure regime introduced in AASB 1053 Application of Tiers of Accounting Standards became applicable for financial years beginning on or after 1 July 2013. An entity preparing general purpose financial statements that are Tier 2 must clearly reference this in its basis of preparation and indicate compliance with the Australian Accounting Standards – Reduced Disclosure Requirements. Use of the words Australian Accounting Standards is now restricted to only those preparing Tier 1 general purpose financial statements.

Superannuation funds that are regulated by APRA, with the exception of small APRA funds, are deemed to be publicly accountable under AASB 1053 and are required to prepare "Tier 1" general purpose financial statements. Example Superannuation Fund, as an APRA regulated fund, is thus required to continue to comply with all relevant disclosure requirements of Australian Accounting Standards, and there is no change in the level of disclosure within the financial statements.

3. Forthcoming requirements

Proposals to amend accounting by Superannuation Entities

In December 2011, the Australian Accounting Standards Board (AASB) issued Exposure Draft ED 223 *Superannuation Entities,* following consultation on ED 179 *Superannuation Plans and Approved Deposit Funds*. The AASB has since considered the feedback received on the fatal flaw draft AASB 105X Superannuation Entities. The standard which will replace AAS 25 Financial Reporting by Superannuation Plans is anticipated to be released before June 2014 and the application date will be annual reporting periods beginning on or after 1 July 2016 (ie for 30 June 2017, including comparatives for the year ended 30 June 2016), with early adoption permitted.

This section outlines our current understanding of the proposed standard.

In comparison to AAS25, the key changes are:

- Recognising and measuring defined benefit obligations as liabilities. Defined contribution liabilities will be measured at the amounts payable on demand;
- Accrued defined benefit liabilities are anticipated to be measured as the expected present value determined as the expected cash outflows discounted by a rate that reflects the returns on an investment portfolio that would be expected to generate cash inflows that would meet accrued benefit cash outflows when they are expected to fall due. In practice this may not be significantly different to the way AAS 25 measures the defined benefit obligation, however these proposals have not yet been fully finalised;
- Measuring most assets and liabilities at fair value instead of net market value (i.e. without transaction costs);
- Recognising contributions and benefit payments as movements in the defined contribution or defined benefit obligation rather than revenue or expenses;
- Significantly more disclosures, aligning the disclosure requirements for financial instruments with AASB 7 *Financial Instruments;* and
- *Disclosures and* the disclosure requirements from disaggregated financial information with AASB 8 *Operating Segments*.

Summary of proposals

The proposals suggest the following five types of financial statements be prepared, regardless of Fund type:

- A statement of financial position;
- An income statement
- A statement of changes in equity (where relevant);
- A statement of cash flows; and
- A statement of changes in member benefits.

Example financial statements for each of the above, in both consolidated defined contribution format and hybrid (combined defined benefit and defined contribution) format are expected in the final standard.

3. Forthcoming requirements (continued)

Measurement

The ED proposes the measurement approach of "fair value through the income statement" for all items except for:

- Defined contribution vested benefits (measured at the amount payable on demand);
- Defined benefit accrued benefits are anticipated to be measured as the expected present value determined as the expected cash outflows discounted by a rate that reflects the returns on an investment portfolio that would be expected to generate cash inflows that would meet accrued benefit cash outflows when they are expected to fall due;
- Assets and liabilities arising from insurance arrangements provided to members with defined benefits to be recognised and measured in accordance with the approach in AASB 119 *Employee Benefits* for defined benefit obligations;
- Insurance asset and liabilities relating to defined contribution members recognised and measured under the insurance standard, but only where superannuation entity bears material insurance risk;
- Tax balances (measured under AASB 112); and
- Acquired goodwill (measured under AASB 3).

Further, contributions tax would be charged directly to member benefits and presented in the statement of changes in member benefits when relevant.

A superannuation entity might have an enforceable right to receive employer contributions to make up any deficit in relation to defined benefit liabilities that gives rise to a recognisable asset.

Disclosures

Disclosures required under the ED include:

- Information that provides users with a basis for understanding the nature of the entity, the benefits provided to members and the expenses it incurs;
- Information that provides users with a basis for understanding the entity's obligations for member benefits;
- Information on the size, nature, causes of and strategies relating to any defined benefit deficit or surplus;
- The components of the changes in defined benefit members' accrued benefits;
- For defined benefit liabilities, the Funding risks, liquidity risks and market risks; where relevant, using the principles underlying related requirements in other standards (eg AASB 7 Financial Instruments: Disclosures and AASB 119 Employee Benefits);
- For defined benefit Funds, qualitative information that provides users with a basis for understanding risks relating to employer sponsors;
- Deem any non-financial liabilities other than tax liabilities to be within the scope of AASB 7 (but not the fair value disclosures); and
- Disaggregated financial information on the risks, financial position and performance of the Fund as "seen through the eyes" of the Chief Operating Decision Maker (CODM).

3. Forthcoming requirements (continued)

New standards not yet applicable

A number of significant standards have been issued, some of them may have an impact on superannuation Funds when adopted, including:

AASB 9 *Financial Instruments*
AASB 9 *Financial Instruments* which includes changes to the classification, measurement, recognition and derecognition of financial instruments and new general hedge accounting requirements. It is anticipated that AASB 9 will not have any significant impact on the valuation of financial assets and liabilities for Superannuation Funds.

AASB 9 Financial Instruments is effective for annual reporting periods beginning on or after 1 January 2015.

Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)
The amendments to AASB 132 clarify the offsetting criteria in AASB 132 by explaining when an entity currently has a legally enforceable right to off-set and when gross settlement is considered to be equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014.

Example Superannuation Fund has not offset any assets or liabilities and does not have any master netting agreements in place. Thus no additional disclosures have been reflected in the financial statements. For application of this new standard, please refer to Example Public Company Limited.

Annual Improvements to IFRSs 2010–2012 - Key management personnel

The definition of a 'related party' is extended under the changes to AASB 124 to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of AASB 124 – e.g. loans.

The financial statements of the Example Superannuation Fund have been prepared on the basis that the individual directors of the Trustee company are key management personnel, based on the assumption that they are remunerated directly by the Fund, and thus the amendments to the related party definition are not anticipated to impact Example Superannuation Fund, and have not been early adopted.

However where this is not the case, preparers of the financial statements should consider whether the Trustee company, rather than the individual directors is the key management person. If this is the case, we recommend early adoption of the Annual Improvements to IFRSs 2010–2012 for 30 June 2014. Refer to Example Managed Investment Scheme Annual Financial Report 30 June 2014 for example disclosures.

KPMG

Example
Defined Contribution
Superannuation Fund

Annual financial report
30 June 2014

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Note	*Reference*	Explanatory note
1.	*AASB 101.55*	Additional line items, headings and subtotals shall be presented on the face of the operating statement when such presentation is relevant to an understanding of the entity's financial performance.
2.	*AASB 101.56*	When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities).
3.	*AAS 25.37*	AAS 25.37 requires the assets of a defined contribution plan to be measured at net market values as at the reporting date. Net market value is defined in AAS 25.10 as "the amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising proceeds of such a disposal". For further guidance refer to AAS 25.38-41.

Reference	**Example Defined Contribution Superannuation Fund**			
	Statements of financial position[1]			
	As at 30 June 2014			
	In thousands of dollars	***Note***	**2014**	**2013**
AAS 25.21,23,57				
SIS 112(1)(a)				
AAS 25.57(a)	**Assets**			
AASB 101.54(i)	Cash and cash equivalents	*13(a)*	6,963	8,996
	Shares in listed companies		100,931	199,361
	Units in unlisted unit trusts		776,828	901,449
	Derivative assets		2,933	3,252
AASB 101.54(b)	Investment properties	*4*	960	1,160
AASB 101.54(h)	**Receivables**			
	Investment income receivable		7,117	17,306
	Interest receivable		10	26
	Unsettled investment sales		1,121	805
	Other receivables		141	211
	Other assets			
	Deferred tax assets[2]	*9*	21,664	13,401
AASB 101.55	**Total assets**		918,668	1,145,967
AASB 101.55				
AAS 25.57(b)	**Liabilities**			
	Unsettled investment purchases		5,007	56,426
AASB 101.54(j)	Sundry creditors		1,668	987
	Derivative liabilities		264,793	374,564
AASB 101.54m	Current tax liabilities[2]	*8*	3,971	1,278
AASB 101.55	**Total liabilities (excluding net assets available to pay benefits)**		275,439	433,255
	Net assets available to pay benefits[3]		643,229	712,712
	Represented by:			
AAS 25.57(b)	**Liability for accrued benefits**	*10(a)*		
AAS 25.57(c)	Allocated to members' accounts	*10(b)*	641,621	712,712
AAS 25.57(c)	Reserves		1,608	-
			643,229	712,712

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 29 to 105.

Note	*Reference*	Explanatory note
1.	*AAS 25.13*	There is no mandatory format for the presentation of the operating statement prescribed by AAS 25. This example is consistent with the requirements of the example provided by Appendix 1 of AAS 25, and to the extent that there is no inconsistency with the AAS 25 requirements, is also presented in accordance with AASB 101.
	AASB 101.87	No items of income or expense may be presented as "extraordinary". The nature and amounts of material items should be disclosed separately on the face of the operating statement or in the notes. Individually material items are classified in accordance with their nature of function, consistent with the classification of items that are not individually material. In our view, it is preferable for separate presentation to be made on the face of the operating statement only when necessary for an understanding of the entity's financial performance. This issue is discussed in our publication *Insights into IFRS* (4.1.90).
	AASB 101.32	Items of income and expense shall not be offset unless required or permitted by an Australian Accounting Standard.
	AASB 101.99	The analysis of expenses may be based on function or nature of expenses. Entities that classify expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefits expense. Individually material items are classified in accordance with their nature or function, consistent with the classification of items that are not individually material.
	AASB 101.85	Additional line items, headings and subtotals shall be presented on the face of the operating statement when such presentation is relevant to an understanding of the entity's financial performance.
	AASB 101.86	Because the effects of an entity's various activities, transactions and other events differ in frequency, potential for gain or loss and predictability, disclosing the components of financial performance assists in an understanding of the financial performance achieved and in making projections of future results. Additional line items are included on the face of the operating statement, and the descriptions used and the ordering of items are amended when this is necessary to explain the elements of financial performance. Factors to be considered include materiality and the nature and function of the components of income and expenses.

2.	*AI 1031.6, 7*	Revenues and expenses shall be recognised net of the amount of GST, unless not recoverable from the ATO in which case GST shall be recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Reference	**Example Defined Contribution Superannuation Fund**			
	Operating statements[1,2]			
	For the year ended 30 June 2014			
	In thousands of dollars	***Note***	**2014**	**2013**
AAS 25.21,23,58				
SIS 112(1)(b)				
AAS 25.58(a)(i)	**Investment income**			
AASB 118.35(b)(iii)	Interest income		409	1,121
AASB 118.35(b)(v)	Distributions and dividends		25,585	35,372
AAS 25.44	Movement in net market value of investments	*5*	(128,683)	(182,849)
	Property rentals		57,628	79,182
AASB 140.75(f)(i)	Net foreign exchange gains/(losses)		(1,919)	(13,385)
			(43,142)	(80,559)
AAS 25.58(b)	**Less: direct investment expenses**		2,800	3,480
	Gross profit on investment activities		(45,942)	(84,039)
AASB 101.82(a)	**Contributions revenue**			
AAS 25.58(a)(ii)	Employer contributions		55,111	58,813
	Members' contributions		39,564	59,953
AAS 25.58(a)(iii)	Government co-contributions		139	750
	Transfers from other funds		60,347	240,809
			155,161	360,325
AAS 25.58(a)(iv)	Group life proceeds		3,291	9,717
	Total revenue		**112,510**	**286,003**
	Expenses			
AAS 25.58(b)	General administration expense		4,407	7,329
	Group life expense		2,943	1,352
	Other expenses		168	267
			7,518	8,948
	Benefits accrued as a result of operations before income tax		104,992	277,055
AAS 25.58(b) *AASB 112.77*	Income tax expense attributable to benefits accrued as a result of operations	*7*	(34)	(3,898)
AAS 25.54 *AAS 25.58(c)*	**Benefits accrued as a result of operations**	*10(a)*	104,958	273,157

The operating statements are to be read in conjunction with the notes to the financial statements set out on pages 29 to 105.

Note	*Reference*	Explanatory note
1.	*AASB 107.18*	In Example Superannuation series, we have presented cash flows from operating activities using the direct method, disclosing major classes of gross cash receipts and payments relating to operating activities. An entity may also present operating cash flows using the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, accruals and deferrals, and items of income or expense associated with investing or financing cash flows.
	AAS 25.59	The statement of cash flows of a defined contribution plan shall be prepared in accordance with AASB 107 *Statement of Cash Flows*, and shall include separate disclosure of the amount of benefits paid to members during the reporting period.
2.	*AASB 107.50*	Entities are encouraged, but not required, to disclose additional information relevant to understanding an entity's financial position and liquidity.
	AASB 107.10	The statement of cash flows shall report cash flows during the period classified by operating, investing and financing activities.
	SIS 67	Note that it will be rare for a superannuation entity to have financing activities due to the restrictions imposed on borrowings by the Superannuation Industry (Supervision) Act (1993).
3.	*AASB 107.43*	An entity should disclose investing and financing transactions that are excluded from the cash flow statement because they do not require the use of cash or equivalents in a way that provides all relevant information about these activities. Details of non-cash transactions shall be disclosed in the notes. Examples of non-cash transactions include the acquisition of assets by way of a finance lease.
4.	*AASB 107.31, 33*	Cash flows from interest and dividends received shall each be disclosed separately. These items may be classified as operating, investing or financing activities, but must be consistent between periods. AASB do not specify the classification of cash flows from interest and dividends received, and an entity should elect an accounting policy for classifying interest and dividends paid as either operating or financing activities, and interest and dividends received as either operating or investing activities. The presentation selected should be applied consistently. This issue is discussed in our publication *Insights into IFRS* (2.3.50).
5.	*AASB 107.35*	Cash flows arising from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities.
	AI 1031.10, 11	Cash flows shall be grossed up to include the amount of GST collected and paid. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO shall be classified as operating cash flows.
6.	*AASB 107.45*	An entity shall disclose the components of cash and cash equivalents and shall present a reconciliation of the amounts of cash and cash equivalents in the statement of cash flows with the equivalent items reported in the statement of financial position.
7.	*AASB 107.22*	Cash flows from operating, investing or financing activities may be reported on a net basis when the cash receipts and payments for items concerned turn over quickly, the amounts are large and the maturities are short.

Reference

Example Defined Contribution Superannuation Fund

Statements of cash flows[1]

For the year ended 30 June 2014

Reference	In thousands of dollars	Note	2014	2013
AAS 25.21,23,59 SIS 112(1)(c)				
AASB 107.10,14,18	**Cash flows from operating activities[2,5,7]**			
	Contributions received			
	Employers		55,111	58,813
	Members		39,564	59,953
	Transfer from other funds		60,347	240,809
	Co-contributions		139	750
AASB 107.31,33	Interest received[4]		425	1,193
AASB 107.31,33	Dividends received[4]		35,774	11,352
	Property rentals received		57,628	79,182
	Group life insurance proceeds		3,291	9,717
AAS 25.59	Benefits paid to members[1]	10(a)	(176,049)	(308,833)
	Group life insurance premium		(2,943)	(1,652)
AASB 107.35	Income tax paid[5]		(5,535)	(12,759)
	Other income received		11,782	9,005
	Net cash from operating activities	13(b)	79,534	147,530
AASB 107.10,16,21	**Cash flows from investing activities[3,7]**			
	Proceeds from sale of investments		284,259	421,964
	Payments for purchase of investments		(365,826)	(715,428)
	Net cash used in investing activities		(81,567)	(293,464)
	Net (decrease)/increase in cash and cash equivalents held		(2,033)	(145,934)
	Cash and cash equivalents at the beginning of the financial year		8,996	154,930
AASB 107.45	**Cash and cash equivalents at the end of the financial year**	13(a)	6,963	8,996

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 29 to 105.

Note	*Reference*	Explanatory note
1.	*AASB 101.12*	The notes to the financial statements should include narrative descriptions or break-downs of amounts disclosed on the face of the financial statements. They also include information about items that do not qualify for recognition in the financial statements.
2.	*AAS 25.21* *AASB 101.112*	The notes to the financial statements should disclose: information about the basis of preparing the financial statements and the specific accounting policies selected and applied for significant transactions and events; information required by AASBs that is not presented elsewhere in the financial statements; and additional information that is necessary for a fair presentation that is not presented on the face of the financial statements.
3.	*AASB 101.114*	Notes are normally presented in the following order, which assists users in understanding the financial report and comparing them with financial reports of other entities: (a) a statement of compliance with Australian Accounting Standards and IFRSs (see paragraph 14); (b) a summary of significant accounting policies applied; (c) supporting information for items presented on the face of the statement of financial performance, operating statement, and statement of cashflows, in the order in which each statement and each line item is presented; and (d) other disclosures, including: (i) contingent liabilities (see AASB 137) and unrecognised contractual commitments; and (ii) non-financial disclosures, for example the entity's financial risk management objectives and policies. Alternative orders of presentation are possible. Refer to *Example Public Company Limited: Illustrative disclosures 2013 – 2014*.
4.	*AASB 1048*	Compliance with Australian Interpretations (previously known as UIG Interpretations) is required by AASB 1048 *Interpretation and Application of Accounting Standards*. A statement of compliance with Australian Accounting Standards (AASBs) therefore includes a statement of compliance with Australian Interpretations. Accordingly, a separate statement of compliance with Australian Interpretations is no longer required.
5.	*AASB 101.116*	An entity shall disclose in the notes a statement whether the financial report has been prepared in accordance with Australian Accounting Standards, typically included in the 'Basis of Preparation' note of the financial report, as is illustrated in *Example Defined Contribution Superannuation Fund*.
	AASB 101.16	An entity whose financial statements and notes comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes. *Example Defined Contribution Superannuation Fund* as complying with AAS 25, cannot be compliant with all IFRSs as AAS 25 requires all assets and liabilities be measured at net market value which is not consistent with the fair value measurement requirement of IFRSs. Technically, there is no requirement to state that an entity does not comply with IFRS, however it is considered best practice that non-compliance is also reported.
6.	*AASB 110.17*	An entity shall disclose the date when the financial report was authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial report after issue, the entity shall disclose that fact.
7.	*AASB 101.53, ASIC CO 98/100*	Amounts in the *Example Defined Contribution Superannuation Fund* have been rounded to the nearest one thousand dollars for illustrative purposes only. While superannuation entities are not covered by the Corporations Act 2001 and Class Order 98/100, industry practice is to round amounts where the total assets exceed $10 million. The decision to adopt this practice should be made with regard to provisions of the Trust Deed/Constitution.

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Note	*Reference*	Explanatory note
8.	*AASB101.122-124*	An entity discloses the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The examples are provided in paragraphs 123 and 124 of AASB 101.
	AASB101.125, 129	An entity discloses the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The examples that are provided in paragraph 129 of AASB 101 indicate that such disclosure is based on quantitative data (e.g. appropriate discount rates).
9.	*AAS 25.69*	On the initial application of AAS 25, comparative amounts need not be disclosed: • where the financial report has been prepared on a different basis from the report for the preceding corresponding period; • particular disclosures are required for the first time; or • obtaining the information is impracticable.
10.	*AASB 101.25*	When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern, the entity should disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.
11.	*AASB 12.9A*	When a parent determines that is it an investment entity in accordance with paragraph 27 of AASB 10, the investment entity shall disclose information about significant judgements and assumptions it has made in determining that it is an investment entity. If the investment entity does not have one or more typical characteristics of an investment entity (refer to paragraph 28 of AASB10), it shall disclosure its reasons for conclusions that it is nevertheless an investment entity.
12.	*AASB 10.B85V,B85W*	An investment entity is typically, but is not required to be a separate legal entity. Ownership interests in an investment entity are typical in the form of equity or similar interests (eg partnership interests), to which proportionate shares of which have rights only to a specific investment or groups of investments or which have different proportionate shares of the net assets, does not preclude an entity from being an investment entity. In addition, an entity that has significant ownership interests in the form of debt that, in accordance with other applicable Australian Accounting Standards, does not meet the definition of equity, may still qualify as an investment entity, provided that the debt holders are exposed to variable returns from changes in the fair value of the entity's net assets.

Notes to the financial statements[1,2,3,9,10,12]

Reference For the year ended 30 June 2014

AAS 25.21
AASB 101.10(e)
AASB 101.51a)-(c)

1. Reporting entity

Example Defined Contribution Superannuation Fund (the "Fund") is a defined contribution superannuation fund domiciled in Australia. The address of the Fund's registered office is [address]. Previously the Fund presented consolidated financial statements including its controlled entities, however as a result of AASB 10 Consolidated Financial Statements and the investment entity exemption discussed in note 2(e) below, the Fund is no longer required to prepare consolidated financial statements. Accordingly the reporting entity for the current and prior period is the Fund.

The Fund primarily is involved in providing retirement benefits to its members. The Fund is constituted by a Trust Deed dated [date] as holds a public offer license primarily to provide superannuation benefits to employees in the [Name] industry in Australia.
The Trustee of the Fund is Example Trustee Company Limited (RSE No 12345678).

AASB 101.112(a)

2. Basis of preparation

(a) Statement of compliance[4,5]

AAS 25.13,
AASB 1054 7,8,9
AASB 101
16,114
AASB 1048

In the opinion of the Trustee the Fund is publicly accountable. The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standard AAS 25, other applicable Australian Accounting Standards and the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB. Certain requirements of AAS 25 however differ from the equivalent requirements that would be applied under IFRS.

AASB 110.17

The financial statements were authorised for issue by the Board of Directors of the Trustee, Example Trustee Company Limited, on [date].[6]

(b) Basis of measurement

The financial statements have been measured on a Net Market Value basis.

(c) Functional and presentation currency

AASB 101.51(d)

The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

AASB 101.51(e)

Amounts have been rounded to the nearest thousand dollars except where otherwise noted.[7]

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

2. Basis of preparation (continued)

(d) Use of estimates and judgements[8]

AASB 101.122,125

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 4 - valuation of investment property.
- Note 16 - additional financial instruments disclosure.

Further, the Fund has concluded that unlisted investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each fund's activities are restricted by its prospectus; and
- the funds have narrow and well-defined objectives to provide investment opportunities to investors.

(e) Changes in accounting policies

AASB 12.9A

(i) Subsidiaries

The Fund has adopted AASB 10 *Consolidated Financial Statements,* AASB 12 *Disclosure of Interests in Other Entities, AASB* 28 and AASB 127 *Separate Financial Statements (2011)* with a date of initial application of 1 July 2013. The Fund meets the definition of an investment entity and therefore has also early adopted the investment entity amendments to AASB 10, AASB 12 and AASB 127 with a date of initial application of 1 July 2013.

As a result of the adoption of AASB 10 including the early adoption of the investment entity amendments, the Fund has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. AASB 10 introduces a new control model that is applicable to all investees; however as the Fund is an investment entity it is not required to consolidate its investees, but must recognise and measure such investments at fair value through the operating statement.

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

2. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

AASB 10.27

(i) Subsidiaries (continued)

The Fund meets the definition of an investment entity per AASB 10 due to the following factors: [11,12]

- The Fund obtains and manages funds for the purpose of providing those investors with investment management services;
- The Fund commits to its investors that its business purpose is to invest solely for returns from capital appreciation and investment income;
- The Fund measures and evaluates the performance of substantially all of its investments on a net market value basis.

AASB 108.28 (b), (d)

In accordance with the transitional provisions of the amendments, the Fund has applied the new accounting policy retrospectively and restated comparative information. Accordingly investments in [insert details] are no longer being consolidated but recognised as investments at fair value through the operating statement.

AASB 108.28 (f)

The change in accounting policy resulted in no adjustment to the net assets available to pay benefits. The table below presents, in respect of the period immediately preceding the date of initial application, the resulting changes as previously reported in the consolidated financial statements. The transitional provisions of the amendments do not require disclosure of similar information in respect of the current period.

Statement of financial position *In thousands of dollar*	**30 June 2013 As previously reported**	**Adjustments**	**30 June 2013 As restated**
Cash and cash equivalents	13,211	(4,215)	8,996
Shares in listed companies	199,361	-	199,361
Units in unlisted unit trusts	1,286,991	(385,542)	901,449
Derivative assets	4,750	(1,498)	3,252
Investment properties	1,160	-	1,160
Investment income receivable	17,306	-	17,306
Interest receivable	26	-	26
Unsettled investment sales	805	-	805
Other receivables	1,800	(1,589)	211
Deferred tax assets	13,401	-	13,401
Total assets	**1,538,811**	**(392,844)**	**1,145,967**
Unsettled investment purchases	149,792	(93,366)	56,426
Sundry creditors	987	-	987
Derivative liabilities	674,042	(299,478)	374,564
Current tax liabilities	1,278	-	1,278
Total liabilities	**826,099**	**(392,844)**	**433,255**
Net assets available to pay benefits	**712,712**	**-**	**712,712**

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e) **2. Basis of preparation (continued)**

(e) Changes in accounting policies (continued)

AASB 10.27 **(i) Subsidiaries (continued)**

Operating statement *In thousands of dollar*	**30 June 2013 As previously reported**	**Adjustments**	**30 June 2013 As restated**
Interest income	1,121	-	1,121
Distributions and dividends	44,293	(8,923)	35,372
Movement in net market value of investments	(170,472)	(12,337)	(182,849)
Property rentals	79,182	-	79,182
Net foreign exchange gains/(losses)	(13,385)	-	(13,385)
Less: direct investment expenses	(3,480)	-	(3,480)
Contributions revenue	360,325	-	360,325
Group life proceeds	9,717	-	9,717
Total revenue	**307,303**	**(21,300)**	**286,003**
General administration expense	28,389	(21,060)	7,329
Group life expense	1,352	-	1,352
Other expenses	507	(240)	267
Total expenses	**30,248**	**(21,300)**	**8,948**
Benefits accrued as a result of operations (before income tax)	**277,055**	**-**	**277,055**
Income tax expense	(3,898)	-	(3,898)
Benefits accrued as a result of operations (after income tax)	**273,157**	**-**	**273,157**

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e) **2. Basis of preparation (continued)**

(e) Changes in accounting policies (continued)

AASB 10.27 **(i) Subsidiaries (continued)**

Statement of cash flows *In thousands of dollar*	**30 June 2013 As previously reported**	**Adjustments**	**30 June 2013 As restated**
Cash flows from operating activities			
Contributions received			
Employers	58,813	-	58,813
Members	59,953	-	59,953
Transfer from other funds	240,809	-	240,809
Co-contributions	750	-	750
Interest received	1,193	-	1,193
Dividends received	18,097	(6,745)	11,352
Property rentals received	79,182	-	79,182
Group life insurance proceeds	9,717	-	9,717
Benefits paid to members	(308,833)	-	(308,833)
Group life insurance premium	(1,652)	-	(1,652)
Income tax paid	(12,759)	-	(12,759)
Other income received	9,005	-	9,005
Net cash from operating activities	**154,275**	**(6,745)**	**147,530**
Cash flows from investing activities			
Proceeds from sale of investments	549,433	(127,469)	421,964
Proceeds for purchase of investments	(740,106)	(24,678)	(715,428)
Cash flows from investing activities	**(190,673)**	**(93,665)**	**(293,464)**
Net (decrease)/increase in cash and cash equivalents held	(36,398)	(109,536)	(145,934)
Cash and cash equivalents at the beginning of the financial year	49,609	(105,321)	154,930
Cash and cash equivalent at the end of the financial year	**13,211**	**(4,215)**	**8,996**

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

2. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

(ii) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosure about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Fund has included additional disclosures in this regard.

In accordance with the transitional provisions of AASB 13, the Fund has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Fund's assets and liabilities.

Note	*Reference*	Explanatory note
1.		Accounting policies in these illustrative financial statements reflect facts and circumstances of the fictitious entity that these financial statements are based on. They should not be relied upon for a complete understanding of Australian Accounting Standards requirements and should not be used as a substitute for referring to the Australian Accounting Standards and interpretations. Accounting policy disclosures appropriate for an entity depend on the facts and circumstances of that entity and may differ from the disclosures illustrated in this publication.
2.	*AASB 101.114(b)*	The accounting policies should describe each specific accounting policy that is necessary for a proper understanding of the financial statements.
3.	*AASB 101.10(f)*	Paragraph 10(f) of AASB 101 *Presentation of financial statements* requires a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D.
4.	*AASB 101.41* *AASB 101.42*	When the presentation or classification of items in the financial report is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparatives are reclassified, an entity shall disclose: (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification. When it is impracticable to reclassify comparative amounts, an entity shall disclosure: (a) the reason for not reclassifying the amounts; and (b) the nature of the adjustments that would have been made if the amounts had been reclassified.
5	*AAS 25.37*	Assets shall be measured at net market values as at the reporting date.
6.	*AAS 25.37* *AAS 25.13*	AAS 25 requires assets and financial liabilities of the Fund to be measured at net market value. This requirement overrides the fair value measurement of AASB 139, however where AAS 25 is silent in relation to the disclosure requirements of financial instruments, the requirements of AASB 7 apply.
7.	*AAS 25* *AASB 13*	The statement of financial position of a defined contribution plan shall disclose by way of note the method adopted in determining net market value for financial liabilities (AASB 25.57(d)(v)). The operating statement of a defined contribution plan shall disclose, by way of note changes in net market values of financial liabilities that have been recognised in the profit or loss for the reporting period (AASB 25.58(e)). While bank overdraft, benefits payable and derivative liabilities are financial liabilities as they meet the definition of a financial liability as per AASB 139.9, it should be noted that tax liabilities and liabilities for accrued benefits are not financial liabilities.
8.	*AASB 7.25-30*	Where the costs expected to be incurred in realising the proceeds of a disposal of an asset or settling a liability are expected to be material, net market value may not be a reasonable approximation of fair value and therefore additional disclosures are required in accordance with AASB 7.25-30.
9.	*AAS 25.57(d)(iv)*	The method adopted in determining net market value for each class of assets shall be disclosed.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)
AASB 101.51

3. Significant accounting policies [1,2,3,4]

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial assets and financial liabilities [5,6,7]

AAS 25.37
AAS 25.44
AASB 101.118

Financial assets and financial liabilities are included in the statement of financial position at net market value as at reporting date and movements in the net market value of assets and liabilities are recognised in the operating statement in the periods in which they occur.

AASB 139.38

The Fund recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognised using trade date accounting. From this date any gains and losses arising from changes in net market value are recorded.

AASB13.9,24,42

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 in the principal, or in its absence, the most advantageous market to which the Fund has access at that date.

AAS 25.10
AAS 25.50A, 50B
AAS 25.57(d)(v)

Estimated costs of disposal are deducted in the determination of net market value. As disposal costs are generally immaterial, unless otherwise stated, net market value approximates fair value.[8]

AASB 7.28(a)

The best evidence of the net market value of a financial asset at initial recognition is normally the transaction prices – i.e. the fair value of the consideration given. If the fund determined that the net market value at initial recognition differs from the transaction prices and the net market value of evidence neither by a quoted price in an active market for identical asset nor based on a valuation technique that uses only data from observable markets, the financial asset is initially measured at net market value with any difference between the net market value at initial recognition and the transaction price being recognised as a gain or loss in the statement of changes in net assets.

AAS 25.57(d)(iv)
AASB 13.91(a)

Net market values have been determined as follows:[9]

(i) Market quoted investments

AASB 13.79A

When applicable, the Fund measures the net market value of an instrument using the quoted prices in active market for that instrument less an appropriate allowance for cost expected to be incurred in realising the investment. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Note	Reference	Explanatory note
1.	*AASB 140.75*	Where an entity applies the fair value model AASB 140 para 75 (e) states that an entity should disclose the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed". AASB 101.126 also requires disclosures where fair values are not based on recently observable market data. In our view the accounting standard does not require disclosures on a property by property basis. However, it does require disclosures (both narrative and quantitative) of the key assumptions being used. The necessary disclosures will depend on the valuation methodology used. This issue is discussed in our publication *Insights into IFRS* (3.4.260.40).

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e) **3. Significant accounting policies (continued)**

AASB 101.51 **(a) Financial assets and financial liabilities (continued)**

(ii) Non-market quoted investments

AASB 13.61- 62 When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

Investments for which market quotations are not readily available are valued at the net fair value determined by the Trustee as follows:

- Unlisted securities – recorded with reference to recent arm's length transactions, current market value of another instrument substantially the same or discounted cash flows, less estimated realisation costs.
- Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions.
- Private equity investments are valued according to the most recent valuation obtained from the underlying manager at net market value adjusted for subsequent new investments, redemptions and significant changes in underlying market conditions through to balance date.

For financial instruments that trade infrequently and have little price transparency, net market value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Units in pooled superannuation trusts and unlisted managed investment schemes

Units in pooled superannuation trusts and unlisted managed investment schemes are valued at the redemption price at reporting date quoted by the investment managers which are based on the net market value of the underlying investments. Unit values denominated in foreign currency are then translated to Australian dollars at the current exchange rates.

AASB 140.75,77,78

(iv) Investment properties[1]

Investment properties comprise investment interests in land and buildings (including integral plant and equipment). Investment properties are initially recorded at cost of acquisition, less any disposal costs, at the date of acquisition.

AASB 140.75(a), (e)
AASB 13.91(a)

The carrying amount of an investment property is the net market value of the property which is determined using the capitalisation of net rental income and the discounted cash flow methods and also having regard to recent market transactions for similar properties in the same location as the Fund's investment property. Generally, the net market value is determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

(v) Interest receivable

Interest receivable represents accrued interest revenue from government securities, other fixed interest securities, money market securities and derivatives.

Note	*Reference*	Explanatory note
1.	*AASB 107.46*	In view of the variety of cash management practices and banking arrangements around the world and in order to comply with AASB 101, an entity discloses the policy which it adopts in determining the composition of cash and cash equivalents.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

3. Significant accounting policies (continued)

(b) Cash and cash equivalents[1]

AASB 107.6 Cash comprises cash on hand and demand deposits.

AASB 107.46 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.

(c) Benefits payable

Benefits payable comprises the entitlements of members who ceased employment with the employer sponsor prior to year end, but have not been paid by that date. Other payables are payable on demand or over short time frames of less than 60 days.

AASB 101.51

(d) Foreign currency

AASB 121.21, 23(a), (b), (c), 28 Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the operating statement.

Note	*Reference*	Explanatory note
1.	*AASB 118.35(a)*	The accounting policies for the recognition of revenues must be disclosed. Revenue recognition can be complex and appropriate disclosures will depend on the circumstances of the individual entity.
2.	*AASB 118.35(b),* *AASB 7.20, 24*	For interest-bearing financial instruments, a split between interest income and the change in net market value is not required by Australian Accounting Standards. However, in our view, an entity may choose to present interest income separately from change in net market value, if it is the entity's accounting policy and the fact is disclosed in the notes to the financial statements.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e) **3. Significant accounting policies (continued)**

AASB 118.35 **(e) Revenue recognition[1]**

AASB 118.30(a) **(i) Interest revenue**

Interest income is recognised in the operating statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.[2]

AASB 118.30(c) **(ii) Dividend revenue**

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at reporting date, is reflected in the statement of financial position as a receivable at net market value.

(iii) Distributions

Distributions from managed investment schemes are recognised as at 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 net market value.

(iv) Property rentals

AASB 117.50 Rental income from investment property is recognised in the operating statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

AAS 25.29 **(v) Contributions revenue and transfers**

Contributions revenue and transfers in are recognised when the control and the benefits from the revenue have transferred to the Fund and is recognised gross of any taxes.

AAS 25.44 **(vi) Movement in net market value of investments**

Changes in the net market value of investments (including investment property) are recognised as income and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the period).

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

3. Significant accounting policies (continued)

(f) Income tax

AASB 112.6, 58(a)

Income tax on the benefits accrued as a result of operations for the year comprises current and deferred tax. Income tax expense is recognised in the operating statement except to the extent that it relates to items recognised directly in members' funds in which case it is recognised directly in members' funds.

AASB 112.12, 46

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years.

AASB 112.15, 24, 39, 44, 47

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in controlled entities to the extent that it is not probable they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

AASB 112.51, 51C

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Fund expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at net market value, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

AASB 112.34,56

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised. Further, the Fund applies a deferred tax asset cap in line with its current deferred tax asset capping policy, whereby any deferred tax asset is capped at XX% of the Fund's net assets.

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income.

Note	*Reference*	Explanatory note
1.	*AASB 108.30,31*	An entity shall disclose known or reasonably estimable information relevant to assessing possible impact that applications of a new Standard or Interpretation will have on the entity's financial statements in the period of initial application. This paragraph suggests that the financial statements are not required to name all amendments, new Standards or Interpretation that are currently on issue, however it is considered best practise to list those which may have relevance to an entity either now (if they were to be early adopted) or in the future.
2.		When new standards, amendments to standards and interpretations that have been issued will have no, or no material, effect on the financial statements of the Fund, it is not necessary to list them as such a disclosure would not be material.
3.	*AASB108.28, 29*	AASB108 requires discussion of the impact of the future adoption of a new standard when the impact is known or reasonably estimable or when not known, a statement to that fact. Further details of such standards are included in KPMG publication *Standards on Issue*.
4.	*AASB 108.49*	All errors are corrected in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The following disclosures are required when a material prior year error has been discovered: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction: • for each financial statement line item affected; and • if AASB 133 applies to the entity, for basic and diluted earnings per share (c) the amount of the correction at the beginning of the earliest prior period presented; and (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected. Financial reports of subsequent periods need not repeat these disclosures.
5.	AASB 101.10(f)	Paragraph 10(f) of AASB 101 *Presentation of financial statements* requires a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

3. Significant accounting policies (continued)

AI 1031

(g) Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

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 components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

AASB 108.30,31

(h) New standards and interpretations not yet adopted[1,2,3]

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Fund are set out below. The Fund does not plan to adopt these standards early.

AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets. AASB 9 (2013) introduces new requirements for hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2017. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The adoption of these standards is expected to have an impact on the Fund's financial assets, but no impact on the Fund's financial liabilities. The Group has not yet determined the impact on its hedging arrangements.

AASB 108.49

(i) Prior period errors[4,5]

[Insert details where applicable]

Note	*Reference*	Explanatory note
1.	*AASB 140.75(f)*	An entity shall separately disclose the amounts recognised in profit or loss for direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income and did not generate rental income during the period.
2.	*AASB 140.75(e)*	Disclose the extent to which the fair value of investment property (as measured or disclosed in the financial report) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed.
	AASB 140.75(g), (h)	An entity discloses the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. Also disclose any material contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.
3.		Since AASB 140 *Investment Property* makes no reference to making disclosures on a class-by-class basis, it could be assumed that the minimum requirement is to make the disclosures on an aggregate basis for the whole investment property portfolio. In our view, when investment property represents a significant portion of the assets, it is preferable to disclosure additional analysis, for example portfolio by type of investment property. This issue is discussed in our publication *Insights into IFRS* (3.4.260.40).
4.	*AASB 140.76*	An entity that shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following: a) additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised in the carrying amount of an asset; b) additions resulting from acquisitions through business combinations; c) assets classified as held for sale or included in a disposal group in accordance with AASB 5 and other disposals; d) net gains or losses from fair value adjustments; e) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity; f) transfers to and from inventories and owner-occupied property; and g) other changes.
5.	*AASB 101.61*	For each asset and liability line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting date, and (b) more than twelve months after the reporting date, an entity shall disclose the amount expected to be recovered or settled after more than twelve months.

Notes to the financial statements

Reference For the year ended 30 June 2014

4. Investments

	In thousands of dollars	2014	2013
	(a) Investment properties[1,2,3,4]		
AASB 140.76	Opening balance as at 1 July	1,160	1,100
AASB 140.76(a)	Additions	-	200
AASB 140.76(g)	Disposals	(272)	(164)
AASB 140.76(d)	Movement in net market value	72	24
	Closing balance as at 30 June	960	1,160

Measurement of fair value

(i) Fair value hierarchy

AASB 140.75(a), (e) The carrying amount of investment property is the net market value of the property, generally ninety percent of the investment properties value is determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Fund's investment property portfolio every six months.

AASB 13.93(b) The fair value measurement for investment property of $960 thousand has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	In thousands of dollars	2014
AASB 13.93(e)	Opening balance as at 1 July	1,160
AASB 13.93(e)(iii)	Disposals	(272)
AASB 13.93(e)(i)	Gain included in 'other income'	
AASB 13.93(f)	Changes in fair value (unrealised)	72
AASB 13.93(e)	Closing balance as at 30 June	960

Valuation technique and significant unobservable inputs

AASB 13.93(d), 93(h)(i), 99 The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	• Expected market rental growth (2–3%, weighted average 2.6%). • Void periods (average 6 months after the end of each lease). • Occupancy rate (90–95%, weighted average 92.5%). • Rent-free periods (1-year period on new leases). • Risk-adjusted discount rates (5–6.3%, weighted average 5.8%).	The estimated fair value would increase (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower); • rent-free periods were shorter (longer); or • the risk-adjusted discount rate were lower (higher).

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Notes to the financial statements

Reference For the year ended 30 June 2014

4. Investments (continued)

(a) Investment properties (continued)

AASB 117.56(c)

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of [ ] years, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average renewal periods are [ ] years. No contingent rents are charged.

The range of yields applied to the net annual rentals to determine fair value of property for which current prices in an active market are unavailable is as follows:

Offices	Yields	
Sydney	[ ]% - [ ]%	(2013: [ ]% - [ ]%)
Brisbane	[ ]% - [ ]%	(2013: [ ]% - [ ]%)

AASB 101.61

In thousands of dollars	2014	2013
(b) Investments expected to be realised[5]		
- within 12 months	103,714	149,800
- after 12 months	784,901	964,418
	888,615	1,114,218

All other assets and liabilities included in the statement of financial position are expected to be recovered or settled no more than 12 months after reporting date.

5. Movements in net market values

In thousands of dollars	2014	2013
Investments held at the end of the financial year		
Shares in listed companies	(6,543)	(168,023)
Units in unlisted unit trusts	(118,441)	(6,895)
Derivatives	28,617	8,200
Investment Properties	72	24
	(96,295)	(166,694)
Investments realised during the financial year		
Shares in listed companies	(136,886)	(14,909)
Units in unlisted unit trusts	110,108	(5,533)
Derivatives	(5,722)	4,191
Investment Properties	112	96
	(32,388)	(16,155)
Total	**(128,683)**	**(182,849)**

Note	*Reference*	Explanatory note
1.	AASB 1054.10,11	A Fund shall disclose fees to each auditor or reviewer, separately for: (a) The audit or review of the financial statements, and (b) All other services performed during the reporting period. The Fund must describe the nature of other services provided. There is no a requirement to provide an amount for each non-audit service.
2.		Any deferred tax expenses arising from the write-down, or reversal of a previous write-down, of a deferred tax asset should be disclosed separately (AASB 112.80(g),56).
3.		In the reconciliation of the current year's tax expense, any benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period should be included, to the extent that it reduces current tax expense (AASB 112.80(e)). Where an entity classifies exchange differences on deferred foreign tax liabilities or assets that are recognised in the operating statement as deferred tax expense (income) in accordance with AASB 112.78, disclose the reasons why it considers that presentation is most relevant (AASB 112 Aus 80.1).

Notes to the financial statements

Reference For the year ended 30 June 2014

6. Auditors' remuneration[1]

In thousands of dollars

	2014	2013
Audit services		
Auditors of the Fund		
Audit and review of financial statements	69	60
Other regulatory audit services	20	19
Other services		
Taxation services	3	3
Total	92	82

7. Income tax expense

In thousands of dollars	2014	2013
Recognised in the operating statement		
Current tax expense		
Current year	7,899	8,759
Adjustment for prior periods	329	(600)
Deferred tax expense[2]		
Movement in temporary differences	(8,262)	(12,057)
Total income tax expense	(34)	(3,898)
Numerical reconciliation between tax expense and benefits accrued as a result of operations before income tax[3]		
Benefits accrued as a result of operations before tax	104,992	277,055
Tax at the complying superannuation fund tax rate of 15% (2013: 15%)	15,749	41,558
Increase in income tax expense due to:		
Superannuation Contributions (Surcharge) Tax	-	5
Imputation and foreign tax credits	393	479
Other non-deductible items	19,053	24,712
Decrease in tax expense due to:		
Non-assessable member contributions and Transfers	(13,903)	(35,301)
Imputation and foreign tax credits	(4,004)	(4,449)
Other items	(17,651)	(30,302)
Over provided in prior years	329	(600)
Income tax expense on benefits accrued as a result of operations	(34)	(3,898)

Note	*Reference*	Explanatory note
1.	*AASB 112.12, 112.71*	A current tax liability or asset is recognised for income tax payable or recoverable in respect of all periods to date. Current tax assets and current tax liabilities should be offset only where: • the entity has a legally enforceable right to set off current tax assets against current tax liabilities. As stated in the standard, this will normally be the case when the tax payable/receivable relates to income taxes levied by the same taxation authority and the taxation authority permits the entity to make or receive a single net payment. • the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
2.	*AASB 112.81(g)*	An entity is required to disclose, in respect of each type of temporary difference and in respect of each type of unused tax loss and unused tax credit, the amount of deferred tax assets and liabilities recognised in the balance sheet. AASBs are unclear as to what constitutes a type of a temporary difference. Disclosures presented in this publication are based on the balance sheet captions related to the temporary differences. Another possible interpretation is to present disclosures based on the reason for the temporary difference, e.g., depreciation. In our view, it is not appropriate to disclose gross deductible temporary differences with the related valuation allowance shown separately because, under AASBs, it is recognised temporary differences that are required to be disclosed. These issues are discussed in our publication Insights into IFRS (3.13.110).
3.	*AASB 112.82*	An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when: • the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and • the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.
	AASB 112.74	Deferred tax assets and liabilities must be offset if, and only, if: • the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and • the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either: - the same taxable entity; or - different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.
	AASB 112.82	Where changes in tax rates or tax laws are enacted or announced after the reporting date, an entity discloses any significant effect of those changes on its current and deferred tax assets and liabilities (see AASB 110 Events after the Reporting Period).An entity discloses any tax-related contingent liabilities and contingent assets in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Notes to the financial statements

Reference For the year ended 30 June 2014

8. Current tax assets and liabilities[1]

The current tax liability for the Fund of $3,971 thousand (2013: $1,278 thousand) represents the amount of income taxes payable in respect of current and prior financial periods.

9. Deferred tax assets and liabilities

In thousands of dollars	Assets[3]		Liabilities[3]		Net	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Unrealised gains in investments	21,664	13,401	-	-	21,664	13,401
Net deferred tax assets/(liabilities)	**21,664**	**13,401**	-	-	**21,664**	**13,401**

AAS 25.57(d)(i)

10. Liability for accrued benefits and funding arrangements

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries arising from membership of the Fund up to reporting date. It is measured as the difference between the carrying amount of the assets and the sum of the sundry liabilities and income tax liabilities as at reporting date.

(a) Changes in liability for accrued benefits

In thousands of dollars	**2014**	**2013**
Liability for accrued benefits at the beginning of the financial year	712,712	748,388
Plus: Benefits accrued as a result of operations	104,958	273,157
Less: Benefits paid during the year	(176,049)	(308,833)
Liability for accrued benefits at the end of the financial year	641,621	712,712

(b) Reserves

Under APRA Prudential Standards SPS 114: Operational Risk Financial Requirements, the Fund is required to maintain an ORFR reserve of at least 0.25% of the Fund's net assets. The ORFR reserve if part of the financial management of the Fund and is operated in accordance with Operational Risk Reserve Policy which is reviewed annually. The ORFR may be used in certain circumstances to address operational risk events or claims against the Fund arising from operational risk.

In thousands of dollars	**2014**	**2013**
Operational Risk Financial Requirement reserve	1,608	-

c) Funding arrangements

Members' contributions were made in accordance with the requirements of the Trust Deed pursuant to applications contained in the Product Disclosure Statement, supplements and Key Features Statements on issue by the Trustee during the year.

Note	*Reference*	Explanatory note
1.	*AAS 25.60(d)(iv)*	For any benefits which have been guaranteed, the identity of the guarantor(s), the nature of the guarantee(s) and any changes from the corresponding preceding reporting period must be disclosed.

Notes to the financial statements

Reference For the year ended 30 June 2014

AAS 25.57(d)(ii)

11. Vested benefits

In thousands of dollars	**2014**	**2013**
Vested benefits as at the end of the financial year	641,621	712,712

Vested benefits represent the members' rights to which, under the terms of a superannuation plan, are not conditional upon continued plan membership or any factor other than resignation from the plan.

AAS 25.57 (d)(iii)

12. Guaranteed benefits[1]

No guarantees have been made in respect to any part of the liability for accrued benefits.

Note	*Reference*	Explanatory note
1.	*AASB 107.43*	The details of non-cash transactions shall be disclosed in the notes. Examples of non-cash transactions include the acquisition of assets by way of a finance lease, acquisition of an entity by the issue of equity and the conversion of debt to equity.

Notes to the financial statements

Reference For the year ended 30 June 2014

13. Notes to the statement of cash flow

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and cash at bank, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

In thousands of dollars	**2014**	**2013**
Cash at bank	6,963	8,996
	6,963	8,996

AASB 107.43

(b) Reconciliation of cash flows from operating activities[1]

In thousands of dollars		**2014**	**2013**
Benefits accrued as a result of operations		104,958	273,157
Benefits paid	10(a)	(176,049)	(308,833)
Movement in net market value of investments		128,683	182,849
Decrease/(increase) in other receivable		70	(147)
Decrease/(increase) in investment income receivable		10,219	16,865
Decrease/(increase) in interest receivable		16	71
Increase/(decrease) in sundry creditors		681	225
Increase/(decrease) in current tax liabilities		2,693	(4,600)
Increase/ (decrease) in deferred tax assets		8,263	(12,057)
Net cash from operating activities		**79,534**	**147,530**

Note	*Reference*	**Explanatory note**
1.	*AASB 124.9*	The definition of "a related party" is such that if one entity is identified as a related party in another entity's financial statements then the other entity also will be a related party in the first entity's financial statements. In addition, two entities are not related if one of them is under significant influence of a person and the other is either under significant influence of that person's close family member or managed by that person in their capacity as KMP. A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity'). a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. b) An entity is related to a reporting entity if any of the following conditions applies: (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). The financial statements of the Example Defined Contribution Superannuation Fund have been prepared on the basis that the individual directors of the Trustee company are key management personnel, based on the assumption that they are remunerated directly by the Fund. Where this is not the case, preparers of the financial statements should consider whether the Trustee company, rather than the individual directors is the key management personnel. Where this is the case we would recommend early adoption of the Annual Improvements to IFRSs 2010–2012 for 30 June 2014. Users should refer to Example Managed Investment Scheme Annual Financial Report 30 June 2014 by analogy for example disclosures.
	AASB 124.17,18	An entity shall disclose key management personnel compensation in total and for each of the following categories: a) short-term employee benefits; b) post-employment benefits; c) other long-term benefits; d) termination benefits; and e) share-based payment. If there have been transactions, an entity shall disclose the nature of the relationship as well as information about the transactions including: the amount of the transactions and the amount of the outstanding balanced; terms and conditions; details of any guarantees given or received; provisions for doubtful debts related to the amount of outstanding balanced; and the expense recognised during the period in respect of bad or doubtful debts. These disclosure shall be made separately for each of the following categories: • the parent; • entities with join control or significant influence over the entity; • subsidiaries; • associates; • joint ventures in which the entity is a venturer; • key management personnel of the entity or its parent; and • other related parties. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including non-executive directors.

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Note	*Reference*	Explanatory note
2	*AASB 124.23*	Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

Notes to the financial statements

Reference For the year ended 30 June 2014

14. Related parties[1]

(a) Key management personnel disclosures[1]

AASB 124.12,19 (g)

Example Trustee Company Limited (ACN 001 002 003, RSE License 1234567) was appointed trustee on 1 July 1995.

(b) Directors

The following people were Key Management Personnel of the Fund at any time during the year:

AASB 124.19(f)

Directors	***Executives***
Mrs F Adair (Chairperson)	Ms J Smith (Chief Executive Officer)
Mr G Andrews	Mr H Jones (Chief Financial Officer)
Mr B Chan	
Mrs D Marks	
Mr R Di Martino	

AASB 124.17

The compensation paid to Key Management Personnel in relation to services to the Fund is as follows:

	2014	**2013**
	$	**$**
Short-term employee benefits	450,000	425,000
Other long-term employee benefits	17,500	12,500
Post-employment benefits	37,500	32,250
	505,000	**472,750**

Apart from those details disclosed in this note, no key management personnel have entered into a contract for services with the Fund since the end of the previous financial year and there were no contracts involving key management personnel subsisting at year end.

(c) Loans to key management personnel

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally-related entities at any time during the reporting period.

(d) Other Related party transactions

All Trustee transactions with related parties are conducted on normal commercial terms and conditions, or pursuant to normal membership terms and conditions.[2]

Note	*Reference*	Explanatory note
1.	*AASB 12.C2B*	In this section, the disclosures relating to the Fund's interests in unconsolidated structured entities are presented prospectively as from the first annual period which AASB 12 is applied.
	AASB 12.B21-B23	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, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual agreements. 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, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes • Restrictive activities; or • A narrow and well-defined objectives, such as to provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risk and rewards associated with the assets of the structured entity to investors; • Insufficient equity to permit the structured entity to finance it activities without subordinated financial support; or • Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches)
	AASB 12.29	Examples of entities that are regarded as structured entities include, but are not limited to • Securitisation vehicles • Asset-backed financings • Some investment funds
2.	*AASB 12.24-31*	The disclosure objective in respect of the Fund's interest in unconsolidated structured entities is to provide information that helps user of its financial statements to: • Understand the nature and extent of its unconsolidated structured entities; and • Evaluate the nature or, changes in, the risks associated with its interest in unconsolidated structured entities. In order to meet this disclosure objective, AASB 12 requires extensive qualitative and quantitative disclosure about the nature of an entity's interests and the nature of risks.
3.	*AASB 12.24, B25-B26*	Examples of additional disclosures that, depending on the circumstance s, might be relevant to an assessment of the risks to which an entity is exposed when it has an interest in an unconsolidated structured entity are as follows. • Terms of an arrangements that could require the entity to provide financial support to an unconsolidated structured entity; • Losses incurred by the entity during the reporting period from its interests in unconsolidated structured entities; • The types of income the entity received during the reporting period from its interests in unconsolidated structured entities; • Whether the entity is required to absorb losses of unconsolidated structured entity before other parties, the maximum limit of such losses and the ranking and the amounts of potential losses borne by parties whose interests rank lower than the Fund's interest in the unconsolidated structured entity; • Information about the liquidity arrangements, guarantees or other commitments with third parties that may affect the fair value or risk of the entity's interests unconsolidated structured entities; • Any difficulties an unconsolidated structured entity has experienced in financing its activities during the reporting period; • In relation to the funding of the unconsolidated structured entity, the forms of funding and their weighted average life.

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Involvement with unconsolidated structured entities[1,2,3]

AASB12.26,29 The table below describes the types of structured entities that the Fund does not consolidate but in which it holds an interest, set out by investment strategy.

Investment Strategy	**Net Market Value as at**	**Exposure %**	**Financial Statement Caption**
In thousands of dollars	**30 June 2014**		
International Equity	175,565	45.2%	Units in unlisted unit trust
Australian Fixed Interest	87,393	22.5%	Units in unlisted unit trust
International Fixed Interest	38,453	9.9%	Units in unlisted unit trust
Enhanced Cash	33,792	8.7%	Units in unlisted unit trust
Property	30,684	7.9%	Units in unlisted unit trust
Australian Small Cap	22,528	5.8%	Units in unlisted unit trust
Total	**388,415**	**100%**	

AASB 12.29 The above table lists the net market value and the Fund's percentage exposure to each investment strategy as at 30 June 2014. The maximum exposure or loss is limited to the net market value of the investment strategy as at 30 June 2014. The net market value of the exposure will change on a daily basis throughout the period and in the subsequent periods will cease once the investments are disposed.

AASB 12.26 The investments of the Fund are managed in accordance with the investment mandates with respective underlying investment managers. The investment decisions of the Fund are based on the analysis conducted by the investment manager. The return of the Fund is exposed to the variability of the performance of the underlying management of these investments.

Note	*Reference*	Explanatory note
1.	*AASB 12.19A*	An Investment entity that, in accordance with AASB 10, is required to apply to the exception to consolidation and instead account for its investment in a subsidiary at fair value through profit or loss shall disclose that fact.
2.	*AASB 12.19C*	If an investment entity is the parent of another investment entity, the parent shall also provide the disclosures identifying the subsidiaries that are controlled by its investment entity subsidiary (or subsidiaries) that contain the above information.
3.	*AASB 12.24, B25-B26*	An investment entity shall disclose: (a) The nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the investment entity; and (b) Any current commitments or intentions to provide financial or other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support.
	AASB 12.19E	If, during the reporting period, an investment entity or any of its subsidiaries has, without having contractual obligation to do so, provided financial or other support to an unconsolidated subsidiary (e.g. purchasing assets of, or instruments issued by, the subsidiary or assisting the subsidiary in obtaining financial support), the entity shall disclose: (a) The type and amount of support provided to each unconsolidated subsidiary; and (b) The reason for providing the support
	AASB 12.19F	An investment entity shall disclose the terms of any contractual arrangements that could require the entity or its unconsolidated subsidiaries to provide financial support to an unconsolidated, controlled, structured entity, including events or circumstances that could expose the reporting entity to a loss (e.g. liquidity arrangement or credit rating triggers associated with obligations to purchase assets of the structured entity or to provide financial support). If during the reporting period an investment entity or any of its unconsolidated subsidiaries has, without having a contractual obligation to do so, provided that financial or other support to an unconsolidated structured entity that the investment entity did not control, and if the provision of support resulted in the investment entity controlling the structured entity, the investment entity shall disclose an explanation of the relevant factors in reaching the decision to provide support.
4.	*AASB 12.25A*	An Investment entity need not provide the disclosures required by AASB12.24-31for an unconsolidated structured entity that it controls and for which it already presents the disclosures as outlined in explanatory note 1 to 3 (AASB 12.19A-19G).

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 12.19A

15. Involvement with unconsolidated structured entities (continued)[1,2,3,4]

Subsidiaries' are investees controlled by the Fund. The Fund 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee

In accordance with the transitional provisions of AASB 10, the Fund reassessed the control conclusion for its investees at 1 July 2013. There were no changes in the control conclusion as a result of this reassessment. As a consequence of adopting the investment entity amendments of AASB 10, the Fund is now accounting for investments in subsidiaries at net market value which approximates fair value.

AASB 12.19B

The Fund has a controlling interest in the unconsolidated subsidiaries, Example Fund X and Example Fund Y, which are domiciled in Australia and the address of the registered offices is 1 Queen Street, Melbourne. The Fund owns 55% share of Example Fund X and 78.5% of Example Fund Y. The Fund is now accounting for these investments in unconsolidated subsidiaries at net market value through the operating statement.

AASB 12.19D(a)

As at 30 June 2014, there are no significant restrictions (e.g. borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the Fund in the form of dividends or to repay loans or advances made to the unconsolidated subsidiary by the Fund.

AASB 12.19D(b)

As at 30 June 2014, the Fund does not have any current commitments or intentions to provide financial or other support to the unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support.

Note	*Reference*	Explanatory note
1.	*AASB 7.31, 32*	A Fund is required to disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the Fund is exposed at the reporting date. Those risks typically include, but are not limited to, credit risk, liquidity risk and market risk.
	AASB 7.33	For each type of risk, the Fund must disclose: 1) the exposures to risk and how they arise; 2) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and 3) any changes in (1) or (2) from the previous period.
2.	*AASB 7.3, 5*	The disclosure requirements of AASB 7 are limited to financial instruments that fall within the scope of that standard; therefore operational risks that do not arise from the entity's financial instruments are excluded from the requirements, as are commodity contracts that meet the "own use" exemption detailed in paragraphs 5-7 of AASB 139 *Financial Instruments: Recognition and Measurement*.
3.	*AASB 7.34*	AASB 7 requires the disclosure of risk information in a format based on the information provided internally to key management personnel of the entity (as defined in AASB 124 *Related Party Disclosures*), e.g. the Fund's Board of Directors or Chief Executive Officer.
	AASB 7.35, IG 20	If the quantitative data at the reporting date is not representative of its exposure to risk during the period, then the Fund should provide further information that is representative, for example the entity's average exposure to risk during the year.

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure

Overview [1,2,3]

The Fund's assets principally consist of financial instruments which comprise Shares in Listed Companies, units in collective investment vehicles such as pooled superannuation trusts and other unitised investments. The Trustee has determined that this type of investment is appropriate for the Fund and is in accordance with the Fund's published investment strategy.

AASB 7.31 The Fund's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk.

AASB 7.33 The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Trustee's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund's Investment Manager, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. The risk framework is documented in the Fund's Risk Management Plan and Strategy which is subject to regular review both by management and the Board and an annual audit of compliance.

The Board has established an Investment Committee, consisting of selected Board Members with appropriate Investment experience. The Investment Committee which is responsible for developing and monitoring the Fund's risk management policies related to investment activities. This includes oversight of the allocation of investments to fund managers, evaluating their performance and providing recommendations to the Board who has ultimate responsibility for the appointment of fund managers.

The Investment Committee receives quarterly risk management reports from the Fund's Investment Manager and, in turn, reports quarterly to the Board of Directors of the Trustee on its activities. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund's Investment Manager on a daily basis. Reports from the Fund's Investment Manager include the following:

- details of the controls it has in place to monitor compliance with the Fund's investment strategy;
- current asset allocations against target positions;
- investment performance against benchmarks; and
- Fund Investment Manager compliance reporting.

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Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

Overview (continued)

Further, the Fund undertakes extensive due diligence to ensure Fund Managers have appropriate skills and expertise to manage the Fund's allocated investments prior to their appointment. The Investment Department tracks the Fund's investment value on a daily basis through appropriate monitoring of the market conditions and benchmark analysis. XYZ Investment Consultants was appointed during the year to provide expert advice regarding the management of the Fund's investment portfolio in accordance with the investment strategy.

The Trustee's Audit and Compliance Committee oversees how management monitors compliance with the Fund and its controlled entities' risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Trustee's Audit and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Compliance Committee.

Market risk

AASB 7.33 Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

To mitigate market risk, the Fund undertakes extensive due diligence prior to the appointment of Fund Managers to ensure they have appropriate expertise and skill for monitoring of the market conditions and benchmark analysis. Further XYZ Investment Consultants were appointed on 30 September 2013 to provide expert investment advice.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to currency risk on financial instruments that are denominated in a currency other than the functional currency (Australian Dollars) of the Fund. The Fund currently maintains one investment with overseas fund managers (ABC Diversified Investments) which are primarily denominated in USD.

Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Fund's investments denominated in currencies other than the Australian Dollar.

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency within the conditions of the investment strategy. The Fund's strategy on the management of currency risk is driven by the Fund's investment objective and strategy. The Fund's investment strategy specifies that the value of investments denominated in foreign currencies may not exceed XX% of the total funds under management. The Fund's currency risk is managed on a daily basis by the Investment Manager in accordance with the asset allocations as outlined in the Fund's product disclosure statement and investment strategy. This includes monitoring the investment's performance against identified benchmarks.

Note	*Reference*	**Explanatory note**
1.	*AASB 7.41*	If a Fund prepares a sensitivity analysis that reflects inter-dependencies between different risk variables, e.g. a value-at-risk model, then the disclosure may be based on that model.
	AASB 7.40(a)	If a Fund prepares a sensitivity analysis that does not reflect interdependencies between different risk variables then the sensitivity analysis should be based on changes in the risk variable that were reasonably possible at the reporting date.
	AASB 7.40(b), (c)	A Fund should disclose the methods and assumptions used in preparing the sensitivity analysis, and changes therein and the reasons therefore compared to the comparative period.
	AASB 7. App B, IG	Guidance in respect of the sensitivity analysis is provided in Appendix B to AASB 7 and in the related implementation guidance.
	AASB 7 App B.18	Paragraph 40(a) of AASB 7 requires the sensitivity analysis to show the effect on profit or loss and equity of reasonably possible changes in the relevant risk variable (e.g. prevailing market interest rates, currency rates, equity prices or commodity prices). For this purpose: • entities are not required to determine what the profit or loss for the period would have been if relevant risk variables had been different. Instead, entities disclose the effect on profit or loss and equity at the reporting date assuming that a reasonably possible change in the relevant risk variable had occurred at the reporting date and had been applied to the risk exposures in existence at that date; and • entities are not required to disclose the effect on profit or loss and equity for each change within a range of reasonably possible changes of the relevant risk variable. Disclosure of the effects of the changes at the limits of the reasonably possible range would be sufficient.
	AASB 7 App B.19	In determining what a reasonably possible change in the relevant risk variable is, an entity should consider: • the economic environments in which it operates; and • the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period.
	AASB 7.42	When the sensitivity analysis required by AASB 7 is not representative of the underlying risks, e.g. the reporting date analysis is not representative of the position during the year, then a Fund should disclose that fact and the reasons therefore. For example, if a Fund's investment portfolio at the reporting date is materially different from its usual mix of investments, then a sensitivity analysis based on the position at the reporting date would not be representative of the underlying risks.

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

Currency risk (continued)

The Fund's total net exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

AASB 7.34(a), (c)

In thousands of dollars	**2014**	**2013**
Assets		
USD	18,406	10,062
GBP	2,327	6,925
EURO	15,358	3,651
	36,091	20,638

AASB 7.40

Sensitivity analysis[1]

Following analysis of historical data over the past 5 years and expected currency rate movement during the 2014 financial year together with consultation with the investment consultant, the Fund's Investment Department expects a 10% movement in the Australian Dollar is considered reasonably possible for the 2013/14 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013 and is not guaranteed.

A 10% percent strengthening/weakening of the AUD against the USD at 30 June would have increased/ (decreased) the Change for the year in net assets available to pay benefits and Net assets available to pay benefits by the amounts shown below:

		Change for the year in net assets available to pay benefits		**Net assets available to pay benefits**	
Effect in thousands of dollars	Carrying amount	- 10%	+ 10%	- 10%	+ 10%
30 June 2014					
USD	18,406	(1,565)	1,565	(1,565)	1,565
GBP	2,327	(198)	198	(198)	198
EURO	15,358	(1,306)	1,306	(1,306)	1,306
	36,091	**(3,069)**	**3,069**	**(3,069)**	**3,069**
30 June 2013					
USD	10,062	855	855	855	855
GBP	6,925	589	589	589	589
EURO	3,651	310	310	310	310
	20,638	**(1,754)**	**1,754**	**(1,754)**	**1,754**

Note	*Reference*	Explanatory note
1.		In this example superannuation series, the qualitative disclosures in respect of financial instruments have been separated from the related quantitative disclosures. Alternatively, all financial instrument disclosures could be grouped together in the financial statements.

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial instruments are non-interest-bearing with only cash and cash equivalents and fixed interest securities being directly subject to interest rate risk. Any excess cash and cash equivalents above immediate working capital requirements are invested in short-term deposits which are available at call to optimise returns. As a result, the Fund is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The Fund's interest rate risk is monitored on a daily basis by the Investment Manager in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Investment Manager also has the authority to maximise returns through the transfer of excess cash to short-term deposits. All transfers require dual authorisation from the Investment Manager, Chief Financial Officer or Chief Executive Officer. Currently all cash assets are held with ABC Bank Ltd holding a AAA rating as reported by Standard and Poor's. The adequacy of ABC Bank Ltd is reviewed by the Investment Committee on a quarterly basis and any change in banking institution, requires the approval of the Trustee Board.

AASB 7.40

Profile[1]

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

In thousands of dollars	**2014**	**2013**
Interest bearing instruments		
Cash and cash equivalents	6,963	8,996
	6,963	**8,996**

Note	*Reference*	**Explanatory note**
1.	*AASB 7.41*	If a fund prepares a sensitivity analysis that reflects inter-dependencies between different risk variables, e.g. a value-at-risk model, then the disclosure may be based on that model.
	AASB 7.40(a)	If a Fund prepares a sensitivity analysis that does not reflect interdependencies between different risk variables then the sensitivity analysis should be based on changes in the risk variable that were reasonably possible at the reporting date.
	AASB 7.40(b), (c)	A Fund should disclose the methods and assumptions used in preparing the sensitivity analysis, and changes therein and the reasons therefore compared to the comparative period.
	AASB 7.App B, IG	Guidance in respect of the sensitivity analysis is provided in Appendix B to AASB 7 and in the related implementation guidance.
	AASB 7 App B.18	Paragraph 40(a) of AASB 7 requires the sensitivity analysis to show the effect on profit or loss and equity of reasonably possible changes in the relevant risk variable (e.g. prevailing market interest rates, currency rates, equity prices or commodity prices). For this purpose: • entities are not required to determine what the profit or loss for the period would have been if relevant risk variables had been different. Instead, entities disclose the effect on profit or loss and equity at the reporting date assuming that a reasonably possible change in the relevant risk variable had occurred at the reporting date and had been applied to the risk exposures in existence at that date; and • entities are not required to disclose the effect on profit or loss and equity for each change within a range of reasonably possible changes of the relevant risk variable. Disclosure of the effects of the changes at the limits of the reasonably possible range would be sufficient.
	AASB 7 App B.19	In determining what a reasonably possible change in the relevant risk variable is, an entity should consider: • the economic environments in which it operates; and • the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period.
	AASB 7.42	When the sensitivity analysis required by AASB 7 is not representative of the underlying risks, e.g. the reporting date analysis is not representative of the position during the year, then a Fund should disclose that fact and the reasons therefore. For example, if a Fund's investment portfolio at the reporting date is materially different from its usual mix of investments, then a sensitivity analysis based on the position at the reporting date would not be representative of the underlying risks.

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

Interest rate risk (continued)

AASB 7.39 **Sensitivity analysis**[1]

Following analysis of historical data over the past 5 years and expected interest rate movement during the 2014 financial year together with consultation with the investment consultant, the Fund's Investment Department anticipates 100 basis points movement in interest rates is considered reasonably possible for the 2013/14 reporting period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013 and is not guaranteed.

An increase/decrease of 100 basis points in interest rates at the reporting date would have increased/(decreased) the Change for the year in net assets available to pay benefits and Net assets available to pay benefits by the amounts shown below:

		Change for the year in net assets available to pay benefits		Net assets available to pay benefits	
Effect in thousands of dollars	Carrying amount	- 100bps	+ 100bps	- 100bps	+ 100bps
30 June 2014					
Cash and cash equivalents	6,963	(70)	70	(70)	70
	6,963	**(70)**	**70**	**(70)**	**70**
30 June 2013					
Cash and cash equivalents	8,996	(90)	90	(90)	90
	8,996	**(90)**	**90**	**(90)**	**90**

Note	*Reference*	Explanatory note
1.	*AASB 7. Appendix A*	Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

Other market price risk[1]

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As all of the Fund's financial instruments are carried at net market value with changes recognised in the Operating Statement, therefore all changes in market conditions affecting net market value will be recognised in the Operating Statement. Investments of the Fund (other than cash held for liquidity purposes and investment properties) comprise fixed interest securities, listed Australian Shares in Listed Companies, units in collective investment vehicles such as life office policies, pooled superannuation trusts and other unitised investments. The Fund's exposure to other market price risk is therefore limited to the market price movement of these investments. The Trustee has determined that these investments are appropriate for the Fund and are in accordance with the Fund's published investment strategy in respect of asset class allocation. The Fund's exposure at year end to other market price risk is detailed at below. The investment managers for the these investments detailed maintain a balanced portfolio and have invested in a variety of financial instruments, including derivatives which could expose the Fund's investments to a variety of other market price risk. For investments in listed Australian Shares credit risk arising on these investments is mitigated by the extensive due diligence and research undertaken by the Investment Department prior to purchasing or selling of Shares in Listed Companies. The investment strategy of the Fund restricts equity investments to only Shares in the top 100 Australian companies. Further the Investment Department tracks the Shares in Listed Companies investment value on a daily basis through appropriate monitoring of the market conditions and analysis against benchmark returns.

Other market price risk is mitigated by constructing a diversified portfolio of instruments which are traded on various markets. All investment managers are subject to extensive due diligence prior to being appointed with the recommendation for their appointment and removal made by the Investment Committee to the Board for final approval. The Investment Department receive monthly reports from all investment managers which are reviewed in detail and assessed against relevant benchmarks and expected returns. Investment manager performance is reported to the Investment Committee and Board on a quarterly basis.
Further, the Investment Department tracks the Fund's investment value on a daily basis through appropriate monitoring of the market conditions. XYZ Investment Consultants were appointed on 30 September 2013 to provide expert advice regarding the management of the Fund's investment portfolio in accordance with the current investment strategy.

Note	*Reference*	**Explanatory note**
1.	*AASB 7.41*	If a Fund prepares a sensitivity analysis that reflects inter-dependencies between different risk variables, e.g. a value-at-risk model, then the disclosure may be based on that model.
	AASB 7.40(a)	If a Fund prepares a sensitivity analysis that does not reflect interdependencies between different risk variables then the sensitivity analysis should be based on changes in the risk variable that were reasonably possible at the reporting date.
	AASB 7.40(b), (c)	A Fund should disclose the methods and assumptions used in preparing the sensitivity analysis, and changes therein and the reasons therefore compared to the comparative period.
	AASB 7.App B, IG	Guidance in respect of the sensitivity analysis is provided in Appendix B to AASB 7 and in the related implementation guidance.
	AASB 7 App B.18	Paragraph 40(a) of AASB 7 requires the sensitivity analysis to show the effect on profit or loss and equity of reasonably possible changes in the relevant risk variable (e.g. prevailing market interest rates, currency rates, equity prices or commodity prices). For this purpose: • entities are not required to determine what the profit or loss for the period would have been if relevant risk variables had been different. Instead, entities disclose the effect on profit or loss and equity at the reporting date assuming that a reasonably possible change in the relevant risk variable had occurred at the reporting date and had been applied to the risk exposures in existence at that date; and • entities are not required to disclose the effect on profit or loss and equity for each change within a range of reasonably possible changes of the relevant risk variable. Disclosure of the effects of the changes at the limits of the reasonably possible range would be sufficient.
	AASB 7 App B.19	In determining what a reasonably possible change in the relevant risk variable is, an entity should consider: • the economic environments in which it operates; and • the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period.
	AASB 7.42	When the sensitivity analysis required by AASB 7 is not representative of the underlying risks, e.g. the reporting date analysis is not representative of the position during the year, then a Fund should disclose that fact and the reasons therefore. For example, if a Fund's investment portfolio at the reporting date is materially different from its usual mix of investments, then a sensitivity analysis based on the position at the reporting date would not be representative of the underlying risks.

2.		The example shown in these illustrative financial statements in relation to market price risk assumes that the primary basis for reporting to key management personnel on market price risk is an analysis of the portfolio diversification by asset type compared to investment policies. However, other presentations are possible and should be based on how key management personnel measure other price risk.

3.	*AASB 7.41*	When an entity presents information for disclosures of sensitivity analysis for market risk using a Value-at-Risk methodology, it shall disclose: • an explanation of the method used in preparing such a sensitivity analysis and the main parameters and assumptions underlying the data provided; and • an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. *Please refer to Example Managed Investment Scheme 30 June 2013 Annual Financial Report for the detailed disclosure.*

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

Other market price risk (continued)

AASB 7.40 **Sensitivity analysis – other market price risk[1,2,3]**

Following analysis of historical data over the past 5 years and expected investment rate movements during the 2014 financial year, together with consultation with the investment consultant, the Fund's Investment Department considers the following movements in other market price risk are reasonably possible for the 2013/14 reporting period:

Shares in listed companies	10%
Unlisted unit trusts	8%
Derivatives	10%

The increase/decrease in the market price against the investments of the Fund at 30 June would have increased/ (decreased) the Change for the year in net assets available to pay benefits and Net assets available to pay benefits by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant. The analysis is performed on the same basis for 2013 and is not guaranteed.

			Change for the year in net assets available to pay benefits		Net assets available to pay benefits	
Effect in thousands of dollars	%	Carrying Amount	Decrease	Increase	Decrease	Increase
30 June 2014						
Shares in listed companies	10	100,931	(10,093)	10,093	(10,093)	10,093
Unlisted unit trusts	8	776,828	(62,146)	62,146	(62,146)	62,146
Derivatives	10	2,933	(293)	293	(293)	293
		880,692	**(72,532)**	**72,532**	**(72,532)**	**72,532**
30 June 2013						
Shares in listed companies	10	199,361	(19,936)	19,936	(19,936)	19,936
Unlisted unit trusts	8	901,449	(72,116)	72,116	(72,116)	72,116
Derivatives	10	3,252	(325)	325	(325)	325
		1,104,062	**92,377**	**92,377**	**(92,377)**	**92,377**

Note	*Reference*	**Explanatory note**
1.	*AASB 7.34*	AASB 7 requires the disclosure of risk information in a format based on the information provided internally to key management personnel of the entity (as defined in AASB 124 *Related Party Disclosures*), e.g. the directors of the Fund's Trustee.
	AASB 7.35, IG 20	If the quantitative data at the reporting date is not representative, then an entity should provide further information that is representative, for example the entity's average exposure to risk during the year. For example, if a Fund's business results in material fluctuations during the year, then a sensitivity analysis based solely on the position at the reporting date would not be representative.
2.	*AASB 7.36(a)*	An entity discloses information about the nature and extent of its exposure to credit risk. The disclosure of the maximum exposure to credit risk ignores any collateral held or other credit enhancement.
	AASB 7.36, B1-B3	The disclosures in respect of credit risk apply to each "class" of financial asset, which is not defined in AASB 7. In determining classes of financial instrument an entity shall at a minimum distinguish instruments measured at amortised cost from those measured at fair value and treat as a separate class or classes, those financial instruments outside the scope of AASB 7.
	AASB 7.B9, 10	The maximum credit risk exposure typically is the gross carrying amount of the financial asset, net of any amounts offset in accordance with AASB 7 *Financial Instruments: Disclosures* and any impairment losses recognised in accordance with AASB 139.
	AASB 7, IG 21-29	The AASB 7 implementation guidance provides additional guidance on the disclosures without 21-29 specifying a minimum standard disclosure.
3.	*AASB 7.B8, IG 18, 19*	The identification of concentrations of risk requires judgement taking into account the circumstances of the Fund. For example, concentrations of credit risk may arise from industry sectors, credit rating or other measures of credit quality, geographical distribution or a limited number of individual counterparties. Therefore the disclosure of risk concentrations includes a description of the shared characteristics.
4.	*AASB 7.37*	For a Fund that has past due receivables, a Fund shall disclose by class of financial asset the following: (a) an analysis of the age of financial assets that are past due as at the reporting date but not impaired; (b) an analysis of financial assets that are individually determined to be impaired as at the reporting date, including the factors the entity considered in determining that they are impaired; and (c) for the amounts disclosed in (a) and (b), a description of collateral held by the entity as security and other credit enhancements and, unless impracticable, an estimate of their fair value. Note: The Fund in the illustrative financial statements does not hold any past due or impaired assets. If the Fund held past due or impaired assets additional disclosures would be necessary.
	AASB 7 Appendix A	A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

AASB 7.33

Credit risk [1,2,3,4]

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis by the Finance and Investment Departments. The credit policy provides guidelines as to the appropriate terms and conditions of transactions entered into and the escalation procedures to follow when the recovery of assets is considered doubtful.

AASB 7.36(a),(b),(c)
AASB 7.34

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No collateral is held as security or other credit enhancements exist for all financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Fund's financial assets exposed to credit risk amounted to the following:

In thousands of dollars	**30 June 2014**	**30 June 2013**
Cash and cash equivalents	6,963	8,996
Shares in listed companies	100,931	199,361
Shares in unlisted unit trusts	776,828	901,449
Derivatives	2,933	3,252
Unsettled investment sales	1,121	805
Investment properties	960	1,160
Interest, dividends and other receivables	7,268	17,543
	897,004	**1,132,566**

AASB 7.36(c)

Substantially all of the cash held by the Fund is held by ABC Bank. Bankruptcy or insolvency by ABC Bank may cause the Fund's rights with respect to the cash held by ABC Bank to be delayed or limited to the extent it is not covered by the Federal Deposit Guarantee. The Fund monitors its credit risk by monitoring the credit quality and financial positions of the bank through regular analysis of their financial reports.

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Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

Credit risk (continued)

For investments in Shares in Listed Companies credit risk arising on these investments is mitigated by the extensive due diligence and research undertaken by the Investment Department prior to purchasing or selling of Shares in Listed Companies. The investment strategy of the Fund restricts equity investments to only Shares in Listed Companies in the top 100 Australian companies.

Credit risk arising on other investments (life office policies, pooled superannuation trusts and other unitised trusts) is mitigated by the extensive due diligence prior to the appointment of Fund Managers appropriate monitoring of the market conditions and benchmark analysis.

Further XYZ Investment Consultants were appointed on 30 September 2013 to provide expert investment advice.

Note	*Reference*	Explanatory note
1.	*AASB 7.B10A*	An entity discloses summary quantitative data about its exposure to liquidity risk, based on information that is provided internally to key management personnel. An entity explains how those data are determined.
	AASB 7.B11	In preparing the maturity analyses for financial liabilities an entity uses its judgement to determine an appropriate number of time bands. This issue is discussed in our publication Insights into IFRS (7.8.370.70-80).
	AASB 7.B11B	An entity discloses a quantitative maturity analysis for derivative financial liabilities that shows remaining contractual maturities if the contractual maturities are essential for an understanding of the timing of the cash flows. This would, for example, be the case for all loan commitments, and for an interest rate swap with a remaining maturity of five years in a cash flow hedge of a variable rate financial asset or liability.
	AASB 7.B11D	Contractual cash flows are undiscounted and therefore may not agree with the carrying amounts in the statement of financial position.
	AASB 7.B11E	An entity discloses how it manages liquidity risk inherent in its maturity analyses for derivative and non-derivative financial liabilities. An entity also discloses a maturity analysis of financial assets that it holds for managing liquidity risk, if such information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

2.		AASB 7 does not define contractual maturities. It therefore leaves open to interpretation the amounts that need to be included in the analysis for certain types of financial liabilities, such as derivatives and perpetual instruments. It is our preference that both the interest and principal cash flows be included in the analysis, as this best represents the liquidity risk being faced by the entity. As a minimum, the principal amount is disclosed and sufficient appropriate narrative disclosures are provided in order to present a meaningful picture of the entity's liquidity exposures. This issue is discussed in our publication Insights into IFRS (7.8.370.70).

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

AASB 7.33

Credit risk (continued)

Credit risk associated with contributions receivable and other receivables is considered low as there is usually a short settlement period the majority of contributions are recognised as receipt and for instances where contribution receivable is recognised. The Fund monitors the ageing of the contributions and receivables outstanding on a monthly basis to ensure all receivables do not exceed 30 days.

Unsettled investment sales are transactions with investment managers that are awaiting settlement. The credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Fund monitors the aging of unsettled trades on a monthly basis to ensure all receivables do not exceed 30 days.

Substantially all of the assets of the Fund are held by XYZ Custodian Pty Ltd. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial positions of the custodian through regular analysis of their financial reports.

AASB 7.33
AASB 7.39(a)

Liquidity risk[1,2]

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. It is the Fund's policy to have liquid assets greater than or equal to 105% of anticipated withdrawals. As at reporting date, the liquid assets represented 255% (2012: 220%) of the Fund's anticipated withdrawals for the following 3 months.

The Fund's Trust Deed and Product Disclosure Statement provides for the daily withdrawal of benefits and it is therefore exposed to the liquidity risk of meeting members withdrawals at any time.

The Fund's financial instruments include investments in unlisted investments, which are not traded in an organised public market and which generally may be illiquid. As a result, the Fund may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements. As the amount of these investments is monitored to comply within the asset allocation stipulated in the Fund's Investment Strategy which is not to exceed 40% of the Funds under management this risk is considered minimal.

The Fund's listed securities are considered to be readily realisable as they are all listed on the Australian stock exchange.

AASB 7.39(b)

The Fund's liquidity risk is managed on a daily basis by the Investment Department in accordance with policies and procedures in place and the Fund's Investment Strategy. [Insert specific risk management policies and investment guidelines as outlined in the Fund's Product Disclosure Statement]. The Fund's overall liquidity risks are monitored on a monthly basis by the Trustee.

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Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

AASB 7.33 **Liquidity risk (continued)**

AASB 7.39(a) The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

In thousands of dollars	Carrying amount	Contractual cash flows	Less than 1 month	1-3 months
30 June 2014				
Unsettled investment purchases	5,007	5,007	5,007	-
Sundry creditors	1,668	1,668	-	1,668
Derivative liabilities (settled net)	264,793	581,296	581,296	-
Vested Benefits	641,621	641,621	641,621	-
	913,089	**1,229,592**	**1,227,924**	**1,668**
30 June 2013				
Unsettled investment purchases	56,426	56,426	56,426	-
Sundry creditors	987	987	-	987
Derivative liabilities (settled net)	374,564	826,321	826,321	-
Vested Benefits	712,712	712,712	712,712	-
	1,144,689	**1,596,446**	**1,595,459**	**987**

Vested benefits (refer note 11) have been included in the less than one month column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

Note	*Reference*	Explanatory note
1.	*AASB 13.93, C3*	Many of the AASB 13 disclosure requirements regarding financial assets and financial liabilities are already required under AASB 7. However, AASB 13 includes additional disclosure requirements. These include the following in respect of fair value measurements categorised within Level 3: • for recurring and non-recurring fair value measurements, quantitative information about significant unobservable inputs (the entity is not required to create such quantitative information if the unobservable inputs are not developed by the entity when measuring fair value. However, when providing this disclosure, the entity does not ignore quantitative unobservable inputs that are significant to the fair value measurement that are reasonably available); • for recurring and non recurring fair value measurement, a description of the valuation process used by the entity. For recurring fair value measurements, a narrative description of the sensitivity of the fair value measurements to changes in unobservable inputs and inter- relationships between unobservable inputs; • for recurring fair value measurements, disclosure of gains or losses recognised in the operating statement and of unrealised gains and losses. AASB 13 also requires disclosure of: • all transfers (not just significant ones) between Level 1 and level 2 of the fair value hierarchy and the reasons for those transfers; • for each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, the level of the fair value hierarchy within which the fair value measurements are categorised; • when an entity concludes that transaction price was not the best evidence of fair value at initial recognition, the reasons for this conclusion and a description of evidence that supports fair value.

Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

AASB 13.91

Estimation of fair value

The Fund's financial assets and liabilities included in the statement of financial position are carried at net market value which directors believe approximates net fair value. The major methods and assumptions used in determining net market value of financial instruments were disclosed in note 3 (b) of the Significant accounting policies section.

AASB 101.122

Fair value measurements recognised in the statement of financial position[1]

AASB 13.72

The Fund measures its financial instruments at net market value which approximates fair value, by valuation method using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement:

- Level 1 net market value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical instruments.
- Level 2 net market value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data
- Level 3 net market value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

AASB 101.122 **Fair value measurements recognised in the statement of financial position (continued)**

AASB 13.93(d) Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

AASB 13.93(g) The Fund has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function, which is independent of front office management and reports to the board of directors, who have overall responsibility for fair value measurements. Specific controls include:

- verification of observable pricing inputs
- re-performance of model valuations;
- a review and approval process for new models and changes to such models;
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of unobservable inputs and valuation adjustments.

When third party information, such as broker quotes or pricing services, is used to measure fair value, then the portfolio valuation function assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AAS. This includes:

- verifying that the broker or pricing service is approved by the Fund for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

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Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

AASB 101.122

Fair value measurements recognised in the statement of financial position (continued)

AASB 13.93(b)

The table below analyses financial instruments carried at net market value which approximates fair value by valuation method.

In thousands of dollars	Level 1	Level 2	Level 3	Total
30 June 2014				
Shares in Listed Companies	100,931	-	-	100,931
Units in unlisted unit trusts	82,867	512,633	181,328	776,828
Derivative assets	1,760	1,173	-	2,933
	185,558	**513,806**	**181,328**	**880,692**
Derivative liabilities	-	(264,793)	-	(264,793)
Total financial assets/liabilities	**185,558**	**249,013**	**181,328**	**615,899**

	Level 1	Level 2	Level 3	Total
30 June 2013				
Shares in Listed Companies	199,361	-	-	199,361
Units in unlisted unit trusts	211,654	497,006	192,789	901,449
Derivative assets	1,845	1,407	-	3,252
	412,860	**498,413**	**192,789**	**1,104,062**
Derivative liabilities	-	(374,564)	-	(374,564)
Total	**412,860**	**123,849**	**192,789**	**729,498**

AASB 13.93 (c)

During the current year, due to changes in market conditions for certain investment securities, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure net market value of these securities based on observable market inputs. Hence the securities with a carrying amount of $20,000 thousand, were transferred from Level 1 to Level 2 of the hierarchy.

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Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

AASB13.93 (e) 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:

	In thousands of dollars	**Financial assets/ liabilities**
	2014	
AASB 13.93 (e)	**Opening balance 1 July 2013**	192,789
AASB13.93(e)(i)	Total gains or losses in profit or loss	(7,893)
AASB 13.93(e) (iii)	Purchases	14,027
AASB 13.93(e) (iii)	Sales	(17,595)
AASB 13.93(e) (iv)	Transfers into Level 3	250
AASB 13.93(e) (iv)	Transfers out of Level 3	(250)
AASB13.93 (e)	**Closing balance 30 June 2014**	**181,328**
AASB13.93(f)	Total gains or losses for the period included in the operating statement attributable to changes in unrealised gains and losses relating to assets and liabilities held at the end of the reporting period	(3,674)

	2013	
AASB 13.93 (e)	**Opening balance 1 July 2012**	171,328
AASB13.93(e)(i)	Total gains or losses in profit or loss	11,458
AASB 13.93(e) (iii)	Purchases	15,762
AASB 13.93(e) (iii)	Sales	(5,759)
AASB 13.93(e) (iv)	Transfers into Level 3	-
AASB 13.93(e) (iv)	Transfers out of Level 3	-
AASB13.93 (e)	**Closing balance 30 June 2013**	**192,789**
	Total gains or losses for the period included in the operating statement attributable to changes in unrealised gains and losses relating to assets and liabilities held at the end of the reporting period	8,255

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Notes to the financial statements

Reference For the year ended 30 June 2014

16. Additional financial instruments disclosure (continued)

AASB 13.93(d) 93(h)(i), 99

The table below sets out information about significant unobservable inputs used at 30 June 2014 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type	Fair value $'000	Valuation approach	Key unobservable input	Range of estimates (weighted average for unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Units in unlisted unit trust	181,328	Net Asset Value of the Unit Trust	Valuation of the underlying investment of the unlisted unit trust	20% - 80% (50%)	An increase in the value of the investments of the unlisted unit trust will result in higher fair values. Reductions would result in lower fair values. Significant redemptions from the underlying unit trust may result in the trust having negative cashflow. Over an extended period of time this may result in redemptions of the Unit trust being gated and suspended until further notice.

Note	*Reference*	Explanatory note
1.	*AASB 110.8*	An entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date.
	AASB 110.9	The following are examples of adjusting events after the reporting date that require an entity to adjust the amounts recognised in its financial statements, or to recognise items that were not previously recognised: (a) the settlement after the reporting date of a court case that confirms that the entity had a present obligation at the reporting date. The entity adjusts any previously recognised provision related to this court case in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* or recognises a new provision. The entity does not merely disclose a contingent liability because the settlement provides additional evidence that would be considered in accordance with paragraph 16 of AASB 137; and (b) the discovery of fraud or errors that show that the financial statements are incorrect.
	AASB 110.10	An entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.
	AASB 110.16 *AASB 101*	AASB 110 *Events after the Reporting Period* specifies required disclosures if management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The events or conditions requiring disclosure may arise after the reporting date.
	AASB 110.19	If an entity receives information after the reporting date about conditions that existed at the reporting date, it shall update disclosures that relate to these conditions, in the light of the new information.
	AASB 110.21	If non-adjusting events after the reporting date are material (see AASB 110.22), non-disclosure could influence the economic decisions of users taken on the basis of the financial report. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting date: (a) the nature of the event; and (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.
	AASB 110.22(g)	Matters may arise after the reporting date, due to the volatility in the global financial markets that cause a negative or positive impact on the value of a Fund's investments. An example of a non-adjusting event after the reporting date that would generally result in disclosure is a significant movement (increase or decrease) in asset prices of investments held at fair value or foreign exchange rates. Entities should consider establishing guidelines, such as a 10% movement in the fair value of net assets subsequent to the reporting date that may be used to define a "significant" movement in the net asset value. In such a circumstance where the net asset value has changed due to the volatility in the global financial markets, the following wording may be inserted into the disclosure of events subsequent to the reporting date: *"Since balance date Australian and International markets have experienced a period of significant volatility, impacting on the valuation of the Fund's investment portfolio. Subsequent to reporting date, the aggregate net market value of the Fund's investments has increased/decreased by $xx as at September 2013. As the investments of the Fund are measured at their 30 June 2013 net market values in the financial report, this subsequent decrease in values is not reflected in the operating statement or the statement of financial position.."* The above wording should be edited on a case by case basis.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 110.10,21(a)(b)

17. Events subsequent to reporting date[1]

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Fund, the results of those operations, or the state affairs of the Fund, in future financial years.

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Trustees' declaration to the members

Example Defined Contribution Superannuation Fund

In the opinion of the Trustees of Example Defined Contribution Superannuation Fund:

(i) The accompanying financial statements of Example Defined Contribution Superannuation Fund are drawn up so as to present fairly the financial position of the Fund as at 30 June 2014 and the results of its operations and cash flows for the year then ended; and

(ii) The operation of Example Defined Contribution Superannuation Fund has been carried out in accordance with its [Trust Deed/Constitution] dated [date], as amended and in compliance with:

- the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
- applicable sections of the Corporations Act 2001 and Regulations; and
- the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001;

(iii) The financial statements have been prepared in accordance with Accounting Standards and the provisions of the [Trust Deed/Constitution] dated 5 February 1960, as amended.

Dated at (City) this day of 2014

Signed in accordance with a resolution of the [Trustees/directors of the Trustee]:

_____
F Adair
[Trustee/Director]

_____
J Smith
[Trustee/Director]

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KPMG

Example
Defined Benefit
Superannuation Fund

Annual financial report
30 June 2014

KPMG

Contents

Note	*Reference*	Explanatory note
1.	*AASB 101.55*	Additional line items, headings and subtotals shall be presented on the face of the statement of changes in net assets when such presentation is relevant to an understanding of the entity's financial performance.
2.	*AASB 101.56*	When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities).
3.	*AAS 25.37*	AAS 25.37 requires the assets of a defined benefit plan to be measured at net market values as at the reporting date. Net market value is defined in AAS 25.10 as "the amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising proceeds of such a disposal". For further guidance refer to AAS 25.38-41.

Reference

Example Defined Benefit Superannuation Fund

Statements of net assets[1]

As at 30 June 2014

Reference	*In thousands of dollars*	*Note*	2014	2013
AAS 25.21,23,57				
SIS 112(1)(a)				
AAS 25.57(a)	**Assets**			
AASB 101.54(i)	Cash and cash equivalents		43,481	49,459
	Shares in listed companies		100,931	199,361
	Units in unlisted unit trusts		898,230	1,032,659
	Derivative assets		2,933	3,252
AASB 101.54(b)	Investment properties	*4(a)*	960	1,160
AASB 101.54(h)	**Receivables**			
	Investment income receivable		38,719	36,822
	Interest receivable		54	124
	Unsettled investment sales		1,121	805
	Other receivables		570	886
	Other assets			
	Deferred tax assets[2]	*9*	21,664	13,401
AASB 101.55	**Total assets**		1,108,663	1,337,929
AASB 101.55				
AAS 25.57(b)	**Liabilities**			
	Unsettled investment purchases		5,007	5,259
AASB 101.54(j)	Sundry creditors		2,980	2,975
	Derivative liabilities		264,793	374,564
AASB 101.54m	Current tax liabilities[2]	*8*	3,971	1,278
AASB 101.55	**Total liabilities (excluding net assets available to pay benefits)**		276,751	384,076
	Net assets available to pay benefits[3]		831,912	953,853

The statements of net assets are to be read in conjunction with the notes to the financial statements set out on pages 119 to 197.

Note	*Reference*	Explanatory note
1.	*AAS 25.13*	There is no mandatory format for the presentation of the statement of changes in net assets prescribed by AAS 25. This example is consistent with the requirements of the example provided by Appendix 3 of AAS 25, and to the extent that there is no inconsistency with the AAS 25 requirements, is also presented in accordance with AASB 101.
	AASB 101.87	No items of income or expense may be presented as "extraordinary". The nature and amounts of material items should be disclosed separately on the face of the statement of changes of net assets or in the notes. Individually material items are classified in accordance with their nature of function, consistent with the classification of items that are not individually material. In our view, it is preferable for separate presentation to be made on the face of the statement of changes of net assets only when necessary for an understanding of the entity's financial performance. This issue is discussed in our publication *Insights into IFRS* (4.1.90).
	AASB 101.32	Items of income and expense shall not be offset unless required or permitted by an Australian Accounting Standard.
	AASB 101.99	The analysis of expenses may be based on function or nature of expenses. Entities that classify expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefits expense. Individually material items are classified in accordance with their nature or function, consistent with the classification of items that are not individually material.
	AASB 101.85	Additional line items, headings and subtotals shall be presented on the face of the statement of changes of net assets when such presentation is relevant to an understanding of the entity's financial performance.
	AASB 101.86	Because the effects of an entity's various activities, transactions and other events differ in frequency, potential for gain or loss and predictability, disclosing the components of financial performance assists in an understanding of the financial performance achieved and in making projections of future results. Additional line items are included on the face of the statement of changes of net assets, and the descriptions used and the ordering of items are amended when this is necessary to explain the elements of financial performance. Factors to be considered include materiality and the nature and function of the components of income and expenses.

2.	*AI 1031.6, 7*	When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities).

3.	*AAS 25.62*	Defined benefit plans which measure accrued benefits as at the end of each reporting period may elect to adopt a reporting format which includes a statement of financial position, an operating statement, a statement of cash flows and notes thereto. Defined benefit plans which elect to adopt this reporting format shall not comply with the standards set out in AAS 25 paragraphs 60 and 61, but shall prepare financial statements which comply with the standards set out in paragraphs 57(a), (b) and (d); 58(a), (b) and (d) and 59. In addition, such plans shall disclose: (a) the amount of benefits expense that has been accrued during the reporting period, measured in accordance with the standards set out in paragraph 55(a); and (b) the operating result, measured as the difference between revenues and expenses. Example Defined Benefit Plan has not made this election and therefore does not include a statement of cash flows.

Reference

Example Defined Benefit Superannuation Fund

Statements of changes in net assets [1,2,3]

For the year ended 30 June 2014

Reference	*In thousands of dollars*	*Note*	2014	2013
AAS 25.21,23,58				
SIS 112(1)(b)				
AAS 25.58(a)(i)	**Investment income**			
AASB 118.35(b)(iii)	Interest income		1,415	3,306
AASB 118.35(b)(v)	Distributions and dividends		39,471	63,205
AAS 25.44	Movement in net market value of investments	*5*	(203,293)	(263,919)
AASB 140.75(f)(i)	Property rentals		22,554	79,182
	Net foreign exchange gains/(losses)		42,833	(13,385)
			(97,020)	(131,611)
AAS 25.58(b)	**Less: direct investment expenses**		2,800	3,480
	Gross profit on investment activities		(97,020)	(128,131)
AASB 101.82(a)	**Contributions revenue**			
AAS 25.58(a)(ii)	Employer contributions		55,111	58,813
AAS 25.58(a)(iii)	Members' contributions		39,564	59,953
	Government co-contributions		139	750
	Transfers from other funds		60,347	240,809
			155,161	360,326
AAS 25.58(a)(iv)	Group life proceeds		6,091	9,716
	Total revenue		**64,232**	**241,911**
	Benefits paid		174,361	364,851
	Expenses			
AAS 25.58(b)	General administration expense		8,667	10,885
	Group life expense		2,943	1,352
	Other expenses		168	237
			11,778	12,474
	Net change for the year before income tax		**(121,907)**	**(135,414)**
AAS 25.58(b)				
AASB 112.77	Income tax expense	*7*	(34)	(3,898)
	Net change for the year after income tax		(121,941)	(139,312)
AAS 25.54	**Net assets available to pay benefits at the beginning of the financial year**			
AAS 25.58(c)			953,853	1,093,165
	Net assets available to pay benefits at the end of the financial year		831,912	953,853

The statements of changes in net assets are to be read in conjunction with the notes to the financial statements set out on pages 119 to 197.

Note	*Reference*	Explanatory note
1.	*AASB 101.12*	The notes to the financial statements should include narrative descriptions or break-downs of amounts disclosed on the face of the financial statements. They also include information about items that do not qualify for recognition in the financial statements.
2.	*AAS 25.21* *AASB 101.112*	The notes to the financial statements should disclose: information about the basis of preparing the financial statements and the specific accounting policies selected and applied for significant transactions and events; information required by AASBs that is not presented elsewhere in the financial statements; and additional information that is necessary for a fair presentation that is not presented on the face of the financial statements.
3.	*AASB 101.114*	Notes are normally presented in the following order, which assists users in understanding the financial report and comparing them with financial reports of other entities: (a) a statement of compliance with Australian Accounting Standards and IFRSs (see paragraph 14); (b) a summary of significant accounting policies applied ; (c) supporting information for items presented on the face of the statement of financial performance, and statement of changes in net assets, in the order in which each statement and each line item is presented; and (d) other disclosures, including: (i) contingent liabilities (see AASB 137) and unrecognised contractual commitments; and (ii) non-financial disclosures, for example the entity's financial risk management objectives and policies. Alternative orders of presentation are possible. Refer to Example Public Company Limited: Illustrative Disclosure 2013 – 2014.
4.	*AASB 1048*	Compliance with Australian Interpretations (previously known as UIG Interpretations) is required by AASB 1048 *Interpretation and Application of Accounting Standards*. A statement of compliance with Australian Accounting Standards (AASBs) therefore includes a statement of compliance with Australian Interpretations. Accordingly, a separate statement of compliance with Australian Interpretations is no longer required.
5.	*AASB 101.116* *AASB 101.16*	An entity shall disclose in the notes a statement whether the financial report has been prepared in accordance with Australian Accounting Standards, typically included in the 'Basis of Preparation' note of the financial report, as is illustrated in *Example Defined Benefit Superannuation Fund*. An entity whose financial statements and notes comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes. *Example Defined Benefit Superannuation Fund* as complying with AAS 25, cannot be compliant with IFRSs as AAS 25 requires all assets and liabilities be measured at net market value which is not consistent with the fair value measurement requirement of IFRSs. Technically, there is no requirement to state that an entity does not comply with IFRS, however it is considered best practice that non-compliance is also reported.
6.	*AASB 110.17*	An entity shall disclose the date when the financial report was authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial report after issue, the entity shall disclose that fact.
7.	*AASB 101.53, ASIC CO 98/100*	Amounts in the *Example Defined Benefit Superannuation Fund* have been rounded to the nearest one thousand dollars for illustrative purposes only. While superannuation entities are not covered by the Corporations Act 2001 and Class Order 98/100, industry practice is to round amounts where the total assets exceed $10 million. The decision to adopt this practice should be made with regard to provisions of the Trust Deed/Constitution. Auditor remuneration and director related, related party disclosures should not be rounded as materiality applies to each dollar of the disclosures.

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Note	*Reference*	Explanatory note
8.	*AASB101.122-124*	An entity discloses the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The examples are provided in paragraphs 123 and 124 of AASB 101.
	AASB101.125, 129	An entity discloses the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The examples that are provided in paragraph 129 of AASB 101 indicate that such disclosure is based on quantitative data (e.g. appropriate discount rates).
9.	*AAS 25.69*	On the initial application of AAS 25, comparative amounts need not be disclosed: • where the financial report has been prepared on a different basis from the report for the preceding corresponding period; • particular disclosures are required for the first time; or • obtaining the information is impracticable.
10.	*AASB 101.25*	When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern, the entity should disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.
11.	*AASB 12.9A*	When a parent determines that is it an investment entity in accordance with paragraph 27 of AASB 10, the investment entity shall disclose information about significant judgements and assumptions it has made in determining that it is an investment entity. If the investment entity does not have one or more typical characteristics of an investment entity (refer to paragraph 28 of AASB 10), it shall disclosure its reasons for conclusions that it is nevertheless an investment entity.
12.	*AASB 10.B85V,B85W*	An investment entity is typically, but is not required to be a separate legal entity. Ownership interests in an investment entity are typical in the form of equity or similar interests (eg partnership interests), to which proportionate shares of which have rights only to a specific investment or groups of investments or which have different proportionate shares of the net assets, does not preclude an entity from being an investment entity. In addition, an entity that has significant ownership interests in the form of debt that, in accordance with other applicable Australian Accounting Standards, does not meet the definition of equity, may still qualify as an investment entity, provided that the debt holders are exposed to variable returns from changes in the fair value of the entity's net assets.

Notes to the financial statements[1,2,3,9,10,12]

Reference For the year ended 30 June 2014

AAS 25.21
AASB 101.10(e)
AASB 101.51(a)-(c)

1. Reporting entity

Example Defined Benefit Superannuation Fund (the "Fund") is a defined benefit superannuation fund domiciled in Australia. The address of the Fund's registered office is [address]. Previously the Fund presented consolidated financial statements including its controlled entities, however as a result of AASB 10 Consolidated Financial Statements and the investment entity exemption discussed in note 2(e) below, the Fund is no longer required to prepare consolidated financial statements. Accordingly the reporting entity for the current and prior period is the Fund.

The Fund primarily is involved in providing retirement benefits to its members. The Fund is constituted by a Trust Deed dated [date] as holds a public offer license primarily to provide superannuation benefits to employees in the [Name] industry in Australia.

The Trustee of the Fund is Example Trustee Company Limited (RSE License No 1234567).

AASB 101.112(a)

2. Basis of preparation

(a) Statement of compliance[4,5]

AAS 25.13,
AASB 1054.7,8,9
AASB 10116,114
AASB 1048

In the opinion of the Trustee, the Fund is publicly accountable. The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standard AAS 25, other applicable Australian Accounting Standards, and the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB. Certain requirements of AAS 25 however differ from the equivalent requirements that would be applied under IFRS.

AASB 110.17

The financial statements were approved by the Board of Directors of the Trustee, Example Trustee Company Limited, on [date] [6]

(b) Basis of measurement

The financial statements have been prepared on a Net Market Value basis.

(c) Functional and presentation currency

AASB 101.51(d)

The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

AASB 101.51(e)

Amounts have been rounded to the nearest thousand dollars except where otherwise noted.[7]

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

2. Basis of preparation (continued)

(d) Use of estimates and judgements[8]

AASB 101.122,125

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 6 - valuation of investment property
- Note 10 – liability for accrued benefits and funding arrangements
- Note 15- additional financial instruments disclosure.

Further, the Fund has concluded that unlisted investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the fund are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each fund's activities are restricted by its prospectus; and
- the funds have narrow and well-defined objectives to provide investment opportunities to investors.

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

2. Basis of preparation (continued)

(e) Changes in accounting policies

AASB 12.9A

(i) Subsidiaries

The Fund has adopted AASB 10 *Consolidated Financial Statements,* AASB 12 *Disclosure of Interests in Other Entities, AASB* 28 and AASB 127 *Separate Financial Statements (2011)* with a date of initial application of 1 July 2013. The Fund meets the definition of an investment entity and therefore has also early adopted the investment entity amendments to AASB 10, AASB 12 and AASB 127 with a date of initial application of 1 July 2013.

As a result of the adoption of AASB 10 including the early adoption of the investment entity amendments, the Fund has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates it investees. AASB 10 introduces a new control model that is applicable to all investees; however as the Fund is an investment entity it is not required to consolidate its investees, but must recognise and measure the investment at fair value through profit and loss.

AASB 10.27

The Fund meets the definition of an investment entity per AASB 10 due to the following factors: [11,12]

- The Fund obtains and manages funds for the purpose of providing those investors with investment management services;
- The Fund commits to its investors that its business purpose is to invest solely for returns from capital appreciation and investment income;
- The Fund measures and evaluates the performance of substantially all of its investments on a net market value basis.

AASB 108.28 (b), (d)

In accordance with the transitional provision, the Fund has applied the new accounting policy retrospectively and restated comparative information. Accordingly investments in [insert details] are no longer being consolidated but recognised as investments at fair value through profit and loss.

AASB 108.28 (f)

The change in accounting policy resulted in no adjustment to the net assets available to pay benefits. The table below presents, in respect of the period immediately preceding the date of initial application, the resulting changes as previously reported in the consolidated financial statements. The transitional provisions of the amendments do not require disclosure of similar information in respect of the current period.

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

2. Basis of preparation (continued)

(e) Changes in accounting policies

(i) Subsidiaries

Statement of net assets *In thousands of dollars*	**30 June 2013 As previously reported**	**Adjustments**	**30 June 2013 As restated**
Assets			
Cash and cash equivalents	55,623	(6,164)	49,459
Shares in listed companies	199,361	-	199,361
Units in unlisted unit trusts	1,113,722	(81,063)	1,032,659
Derivative assets	3,252	-	3,252
Investment properties	1,160	-	1,160
Receivables			
Investment income receivable	39,432	(2,610)	36,822
Interest receivable	124	-	124
Unsettled investment sales	805	-	805
Other receivables	1,932	(1,046)	886
Other assets			
Deferred tax assets	13,401	-	13,401
Total assets	1,428,812	(90,883)	1,337,929
Liabilities			
Unsettled investment purchases	19,910	(14,651)	5,259
Sundry creditors	2,975	-	2,975
Derivative liabilities	374,564	(76,232)	374,564
Current tax liabilities	1,278	-	1,278
Total liabilities	384,076	(90,883)	384,076
Net assets available to pay benefits	953,853	-	953,853

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

2. Basis of preparation (continued)

(e) Changes in accounting policies

(i) Subsidiaries

Statement of changes in net assets *In thousands of dollars*	**30 June 2013 As previously reported**	**Adjustments**	**30 June 2013 As restated**
Investment income			
Interest income	5,298	(1,992)	3,306
Distributions and dividends	117,578	54,373	63,205
Movement in net market value of investments	(297,425)	(33,506)	(263,919)
Property rentals	79,182	-	79,182
Net foreign exchange gains/(losses)	(13,385)	-	(13,385)
Less: direct investment expenses	3,480	-	3,480
Contributions revenue	360,236	-	360,326
Group life proceeds	9,716	-	9,716
Total revenue	**264,770**	**(22,859)**	**241,911**
Benefits paid	364,851	-	364,851
Expenses			
General administration expenses	10,885	-	10,885
Other expenses	24,211	(22,859)	1,352
Group life expense	237	-	237
Total expenses	35,333	(22,859)	12,474
Net change for the year before income tax	**(135,414)**	**-**	**(135,414)**
Income tax expense	(3,898)	-	(3,898)
Net assets available to pay benefits (after income tax)	**(139,312)**	**-**	**(139,312)**

(ii) Fair value measurement

AASB 13 established a single framework for measuring fair value and making disclosures about fair value measurement when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other AASBs including AASB 7. As a result, the Fund has included additional disclosures in this regard.

In accordance with the transitional provisions of AASB 13, the Fund has applied the fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurement of the Fund's assets and liabilities.

Note	*Reference*	Explanatory note
1.		Accounting policies in these illustrative financial statements reflect facts and circumstances of the fictitious entity that these financial statements are based on. They should not be relied upon for a complete understanding of Australian Accounting Standards requirements and should not be used as a substitute for referring to the Australian Accounting Standards and interpretations. Accounting policy disclosures appropriate for an entity depend on the facts and circumstances of that entity and may differ from the disclosures illustrated in this publication.
2.	*AASB 101.114(b)*	The accounting policies should describe each specific accounting policy that is necessary for a proper understanding of the financial statements.
3.	*AASB 101.10(f)*	Paragraph 10(f) of AASB 101 *Presentation of financial statements* requires a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D.
4.	*AASB 101.41* *AASB 101.42*	When the presentation or classification of items in the financial report is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparatives are reclassified, an entity shall disclose: (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification. When it is impracticable to reclassify comparative amounts, an entity shall disclosure: (a) the reason for not reclassifying the amounts; and (b) the nature of the adjustments that would have been made if the amounts had been reclassified.
5.	*AAS 25.37*	Assets shall be measured at net market values as at the reporting date.
6.	*AAS 25.37* *AAS 25.13*	AAS 25 requires assets and financial liabilities of the Fund to be measured at net market value. This requirement overrides the fair value measurement of AASB 139, however where AAS 25 is silent in relation to the disclosure requirements of financial instruments, the requirements of AASB 7 apply.
7.	*AAS 25* *AASB 13*	The statement of financial position of a Defined Benefit plan shall disclose by way of note the method adopted in determining net market value for financial liabilities (AAS 25.60(vi). The statement of changes in net assets of a defined Benefit plan shall disclose, by way of note changes in net market values of financial liabilities that have been recognised in the profit or loss for the reporting period (AAS 25.61(l)) While bank overdraft, benefits payable and derivative liabilities are financial liabilities as they meet the definition of a financial liability as per AASB 139.9, it should be noted that tax liabilities and liabilities for accrued benefits are not financial liabilities.
8.	*AASB 7.25-30*	Where the costs expected to be incurred in realising the proceeds of a disposal of an asset are expected to be material, net market value may not be a reasonable approximation of fair value and therefore additional disclosures are required in accordance with AASB 7.25-30.
9.	*AAS 25.57(d)(iv)*	The method adopted in determining net market value for each class of assets shall be disclosed.

Notes to the financial statements

Reference

For the year ended 30 June 2014

AASB 101.10(e)
AASB 101.51

3. Significant accounting policies [1,2,3,4]

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial assets and financial liabilities [5,6,7]

AAS 25.37
AAS 25.44
AASB 101.118

Financial assets and financial liabilities are included in the statement of net assets at net market value as at reporting date and movements in the net market value of assets and liabilities are recognised in the operating statement in the periods in which they occur.

AASB 139.38

The Fund recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognised using trade date accounting. From this date any gains and losses arising from changes in net market value are recorded.

AASB13.9,24,42

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 in the principal, or in its absence, the most advantageous market to which the Fund has access at that date.

AAS 25.10
AAS 25.50A, 50B
AAS 25.57(d)(v)

Estimated costs of disposal are deducted in the determination of net market value. As disposal costs are generally immaterial, unless otherwise stated, net market value approximates fair value.[8]

AASB 7.28(a)

The best evidence of the net market value of a financial asset at initial recognition is normally the transaction prices – i.e. the fair value of the consideration given. If the fund determined that the net market value at initial recognition differs from the transaction prices and the net market value of evidence neither by a quoted price in an active market for identical asset nor based on a valuation technique that uses only data from observable markets, the financial asset is initially measured at net market value with any difference between the net market value at initial recognition and the transaction price being recognised as a gain or loss in the statement of changes in net assets.

AAS 25.57(d)(iv)
AASB 13.91(a)

Net market values have been determined as follows: [9]

(i) Market quoted investments

AASB 13.79A

When applicable, the Fund measures the net market value of an instrument using the quoted prices in active market for that instrument less an appropriate allowance for cost expected to be incurred in realising the investment. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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Note	*Reference*	Explanatory note
1.	*AASB 140 75(e)*	Where an entity applies the fair value model AASB 140 para 75(e) states that an entity should disclose the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed". AASB 101.1216 also requires disclosures where fair values are not based on recently observable market data. In our view the accounting standard does not require disclosures on a property by property basis. However, it does require disclosures (both narrative and quantitative) of the key assumptions being used. The necessary disclosures will depend on the valuation methodology used. This issue is discussed in our publication Insights into IFRS 3.4.260.40.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)
AASB 101.51

3. Significant accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

(ii) Non-market quoted investments

AASB 13.61- 62

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

Investments for which market quotations are not readily available are valued at the net fair value determined by the Trustee as follows:

- Unlisted securities – recorded with reference to recent arm's length transactions, current market value of another instrument substantially the same or discounted cash flows, less estimated realisation costs.
- Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions.
- Private equity investments are valued according to the most recent valuation obtained from the underlying manager at net market value adjusted for subsequent new investments, redemptions and significant changes in underlying market conditions through to balance date.

For financial instruments that trade infrequently and have little price transparency, net market value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Units in pooled superannuation trusts and unlisted managed investment schemes

Units in pooled superannuation trusts and unlisted managed investment schemes are valued at the redemption price at reporting date as advised by the investment managers which are based on the net market value of the underlying investments. Unit values denominated in foreign currency are then translated to Australian dollars at the current exchange rates.

AASB 140.75,77,78

(iv) Investment properties[1]

Investment properties comprise investment interests in land and buildings (including integral plant and equipment). Investment properties are initially recorded at cost of acquisition, less any disposal costs, at the date of acquisition.

AASB 140.75(a), (e)

The carrying amount of investment property is the net market value of the property, which is determined using the capitalisation of net rental income and the discounted cash flow methods and also having regard to recent market transactions for similar properties in the same location as the Fund's investment property. Generally, net market value is determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

(v) Interest receivable

Interest receivable represents accrued interest revenue from government securities, other fixed interest securities, money market securities and derivatives.

Note	*Reference*	Explanatory note
1.	*AASB 107.46*	In view of the variety of cash management practices and banking arrangements around the world and in order to comply with AASB 101, an entity discloses the policy which it adopts in determining the composition of cash and cash equivalents.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

3. Significant accounting policies (continued)

(b) Cash and cash equivalents[1]

AASB 107.6 Cash comprises cash on hand and demand deposits.

AASB 107.46 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.

(c) Benefit payable

Benefits payable comprises the entitlements of members who ceased employment with the employer sponsor prior to year end, but have not been paid by that date. Other payables are payable on demand or over short time frames of less than 60 days.

AASB 101.51

(d) Foreign currency

AASB 121.21, 23(a), (b), (c), 28 Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of changes in net assets.

Note	*Reference*	Explanatory note
1.	*AASB 118.35(a)*	The accounting policies for the recognition of revenues must be disclosed. Revenue recognition can be complex and appropriate disclosures will depend on the circumstances of the individual entity.
2.	*AASB 118.35(b),* *AASB 7.20, 24*	For interest-bearing financial instruments, a split between interest income and the change in net market value is not required by Australian Accounting Standards. However, in our view, an entity may choose to present interest income separately from change in net market value, if it is the entity's accounting policy and the fact is disclosed in the notes to the financial statements.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e) **3. Significant accounting policies (continued)**

AASB 118.35 **(e) Revenue recognition[1]**

AASB 118.30(a) **(i) Interest revenue**

Interest income is recognised in the statement of changes in net assets as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.[2]

AASB 118.30(c) **(ii) Dividend revenue**

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at reporting date, is reflected in the statement of net assets as a receivable at net market value.

(iii) Distributions

Distributions from managed investment schemes are recognised as at the date the unit value is quoted ex-distribution and if not received at reporting date, are reflected in the statement of net assets as a receivable at net market value.

AASB 117.50 **(iv) Property rentals**

Rental income from investment property is recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

AAS 25.29 **(v) Benefits revenue and transfers**

Benefits revenue and transfers in are recognised when the control and the benefits from the revenue have transferred to the Fund and is recognised gross of any taxes.

AAS 25.44 **(vi) Movement in net market value of investments**

Changes in the net market value of investments (including investment property) are recognised as income and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the period).

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Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

3. Significant accounting policies (continued)

(f) Income tax

AASB 112.6, 58(a) Income tax on the benefits accrued as a result of operations for the year comprises current and deferred tax. Income tax expense is recognised in the statement of changes in net assets except to the extent that it relates to items recognised directly in members' funds in which case it is recognised directly in members' funds.

AASB 112.12, 46 Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the statement of net assets date and any adjustment to tax payable in respect of previous years.

AASB 112.15, 24, 39, 44, 47 Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in controlled entities to the extent that it is not probable they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

AASB 112.51, 51C The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Fund expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at net market value, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

AASB 112.34,56 A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised. Further, the Fund applies a deferred tax asset cap in line with its current deferred tax asset capping policy, whereby any deferred tax asset is capped at XX% of the Fund's net assets.

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income.

Note	*Reference*	Explanatory note
1.	*AASB 108.30,31*	An entity shall disclose known or reasonably estimable information relevant to assessing possible impact that applications of a new Standard or Interpretation will have on the entity's financial statements in the period of initial application. This paragraph suggests that the financial statements are not required to name all amendments, new Standards or Interpretation that are currently on issue, however it is considered best practise to list those which may have relevance to an entity either now (if they were to be early adopted) or in the future.
2.		When new standards, amendments to standards and interpretations that have been issued will have no, or no material, effect on the consolidated financial statements of the Group, it is not necessary to list them as such a disclosure would not be material.
3.	*AASB108.28,29*	AASB108 requires discussion of the impact of the future adoption of a new standard when the impact is known or reasonably estimable or when not known, a statement to that fact. Further details of such standards are included in KPMG publication *Standards on Issue*.
4.	*AASB 108.49*	All errors have to be accounted for using AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The following disclosures are required when a material prior year error has been discovered: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction: • for each financial statement line item affected; and • if AASB 133 applies to the entity, for basic and diluted earnings per share (c) the amount of the correction at the beginning of the earliest prior period presented; and (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected. Financial reports of subsequent periods need not repeat these disclosures.
5.	AASB 101.10(f)	Paragraph 10(f) of AASB 101 *Presentation of financial statements* requires a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 101.10(e)

3. Significant accounting policies (continued)

AI 1031

(g) Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

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

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

AASB 108.30,31

(h) New standards and interpretations not yet adopted[1,2,3]

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Fund are set out below. The Fund does not plan to adopt these standards early.

AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets. AASB 9 (2013) introduces new requirements for hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2017. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The adoption of these standards is not expected to have a significant impact on the Funds' net assets, since the overriding requirement of AAS 25 is to measure assets and liabilities at net market value.

AASB 108.49

(i) Prior period errors[4,5]

[Insert details where applicable]

Note	*Reference*	Explanatory note
1.	*AASB 140.75(f)*	An entity shall separately disclose the amounts recognised in profit or loss for direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income and did not generate rental income during the period.
2.	*AASB 140.75(e)*	Disclose the extent to which the fair value of investment property (as measured or disclosed in the financial report) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed.
	AASB 140.75(g), (h)	An entity discloses the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. An entity also discloses any material contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.
3.		Since AASB 140 *Investment Property* makes no reference to making disclosures on a class-by-class basis, it could be assumed that the minimum requirement is to make the disclosures on an aggregate basis for the whole investment property portfolio. In our view, when investment property represents a significant portion of the assets, it is preferable to disclosure additional analysis, for example portfolio by type of investment property. This issue is discussed in our publication *Insights into IFRS* (3.4.260.40).
4.	*AASB 140.76*	An entity shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following: (a) additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised in the carrying amount of an asset; (b) additions resulting from acquisitions through business combinations; (c) assets classified as held for sale or included in a disposal group in accordance with AASB 5 and other disposals; (d) net gains or losses from fair value adjustments; (e) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity; (f) transfers to and from inventories and owner-occupied property; and (g) other changes.
5.	*AASB 101.61*	For each asset and liability line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting date, and (b) more than twelve months after the reporting date, an entity shall disclose the amount expected to be recovered or settled after more than twelve months.

Notes to the financial statements

Reference For the year ended 30 June 2013

4. Investments

	In thousands of dollars	2014	2013
	(a) Investment properties[1,2,3,4]		
AASB 140.76	Opening balance as at 1 July	1,160	1,100
AASB 140.76(a)	Additions	-	200
AASB 140.76(g)	Disposals	(272)	(164)
AASB 140.76(d)	Movement in net market value	72	24
	Closing balance as at 30 June	960	1,160

AASB 140.75(a), (e) The carrying amount of investment property is the net market value of the property, generally ninety percent of the investment properties is determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Measurement of fair value

(i) Fair value hierarchy

AASB 140.75(a), (e) The carrying amount of investment property is the net market value of the property, generally ninety percent of the investment properties value is determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Fund's investment property portfolio every six months.

AASB 13.93(b) The fair value measurement for investment property of $960 thousand has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	In thousands of dollars	2014
AASB 13.93(e)	Opening balance as at 1 July	1,160
AASB 13.93(e)(iii)	Disposals	(272)
AASB 13.93(e)(i)	Gain included in 'other income'	
AASB 13.93(f)	Changes in fair value (unrealised)	72
AASB 13.93(e)	Closing balance as at 30 June	960

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Notes to the financial statements

Reference For the year ended 30 June 2013

4. Investments (continued)

(a) Investment properties (continued)

Measurement of fair value (continued)

Valuation technique and significant unobservable inputs

AASB 13.93(d), 93(h)(i), 99

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	• Expected market rental growth (2–3%, weighted average 2.6%). • Void periods (average 6 months after the end of each lease). • Occupancy rate (90–95%, weighted average 92.5%). • Rent-free periods (1-year period on new leases). • Risk-adjusted discount rates (5–6.3%, weighted average 5.8%).	The estimated fair value would increase (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower); • rent-free periods were shorter (longer); or • the risk-adjusted discount rate were lower (higher).

AASB 117.56(c)

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of [ ] years, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average renewal periods are [ ] years. No contingent rents are charged.

The range of yields applied to the net annual rentals to determine fair value of property for which current prices in an active market are unavailable is as follows:

Offices	Yields	
Sydney	[ ]% - [ ]%	(2013: [ ]% - [ ]%)
Brisbane	[ ]% - [ ]%	(2013: [ ]% - [ ]%)

In thousands of dollars

AASB 101.61

	2014	2013
(b) Investments expected to be realised[5]		
- within 12 months	261,634	321,473
- after 12 months	784,901	964,418
	1,046,535	1,285,891

All other assets and liabilities included in the statement of net assets are expected to be recovered or settled no more than 12 months after reporting date.

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Notes to the financial statements

Reference For the year ended 30 June 2014

5. Movements in net market values

In thousands of dollars	2014	2013
Investments held at the end of the financial year		
Shares in listed companies	(6,543)	(168,023)
Units in unlisted unit trusts	(55,785)	(68,861)
Derivatives	28,617	(8,200)
Investment Properties	72	24
	(33,639)	(245,060)
Investments realised during the financial year		
Shares in listed companies	(136,886)	(14,909)
Units in unlisted unit trusts	(27,158)	(8,237)
Derivatives	(5,722)	4,191
Investment Properties	112	96
	(169,654)	(18,859)
Total	**(203,293)**	**(263,919)**

Note	*Reference*	Explanatory note
1.	*AASB 1054.10,11*	A Fund shall disclose fees to each auditor or reviewer, separately for: (a) The audit or review of the financial statements, and (b) All other services performed during the reporting period. The Fund must describe the nature of other services provided. There is no longer a requirement to provide an amount for each non-audit service.
2.		Any deferred tax expenses arising from the write-down, or reversal of a previous write-down, of a deferred tax asset should be disclosed separately (AASB 112.80(g),56).
3.		In the reconciliation of the current year's tax expense, any benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period should be included, to the extent that it reduces current tax expense (AASB 112.80(e)). Where an entity classifies exchange differences on deferred foreign tax liabilities or assets that are recognised in the statement of changes in net assets as deferred tax expense (income) in accordance with AASB 112.78, disclose the reasons why it considers that presentation is most relevant (AASB 112 Aus 80.1).

Notes to the financial statements

Reference For the year ended 30 June 2014

6. Auditors' remuneration[1]

In thousands of dollars	2014	2013
Audit services		
Auditors of the Fund		
Audit and review of financial statements	100	95
Other regulatory audit services	33	31
Other services		
Taxation services	3	3
Total	136	129

7. Income tax expense in the statement of changes in net assets

In thousands of dollars	2014	2013
Recognised in the statement of changes in net assets		
Current tax expense		
Current year	7,899	8,759
Adjustment for prior periods	330	(600)
Deferred tax expense[2]		
Movement in temporary differences	(8,263)	(12,057)
Total income tax expense	(34)	(3,898)
Numerical reconciliation between tax expense and benefits accrued as a result of operations before income tax[3]		
Net change for the year	(121,941)	(139,312)
Income tax expense	34	3,898
Net change for the year before income tax	(121,907)	(135,414)
Tax at the complying superannuation fund tax rate of 15% (2013: 15%)	(18,286)	(20,312)
Increase in income tax expense due to:		
Superannuation Contributions (Surcharge) Tax	-	5
Imputation and foreign tax credits	43,596	56,900
Other non-deductible items	24,153	24,712
Decrease in tax expense due to:	-	-
Non-assessable member contributions and transfers	(13,903)	(44,199)
Imputation and foreign tax credits	(27,661)	(8,347)
Other items	(8,263)	(12,057)
Over provided in prior years	330	(600)
Income tax expense on benefits accrued as a result of operations	(34)	(3,898)

Note	*Reference*	Explanatory note
1.	*AASB 112.12,*	A current tax liability or asset is recognised for income tax payable or recoverable in respect of all periods to date.
	112.71	Current tax assets and current tax liabilities should be offset only where: • the entity has a legally enforceable right to set off current tax assets against current tax liabilities. As stated in the standard, this will normally be the case when the tax payable/receivable relates to income taxes levied by the same taxation authority and the taxation authority permits the entity to make or receive a single net payment • the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.	*AASB 112.81(g)*	An entity is required to disclose, in respect of each type of temporary difference and in respect of each type of unused tax loss and unused tax credit, the amount of deferred tax assets and liabilities recognised in the balance sheet. AASBs are unclear as to what constitutes a type of a temporary difference. Disclosures presented in this publication are based on the balance sheet captions related to the temporary differences. Another possible interpretation is to present disclosures based on the reason for the temporary difference, e.g., depreciation. In our view, it is not appropriate to disclose gross deductible temporary differences with the related valuation allowance shown separately because, under AASBs, it is recognised temporary differences that are required to be disclosed. These issues are discussed in our publication Insights into IFRS (3.13.110).

3.	*AASB 112.82*	An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when: • the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and • the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.
	AASB 112.74	Deferred tax assets and liabilities must be offset if, and only, if: • the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and • the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either: - the same taxable entity; or - different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.
	AASB 112.82	Where changes in tax rates or tax laws are enacted or announced after the reporting date, an entity discloses any significant effect of those changes on its current and deferred tax assets and liabilities (see AASB 110 *Events after the Reporting Period*). An entity discloses any tax-related contingent liabilities and contingent assets in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Notes to the financial statements

Reference For the year ended 30 June 2014

8. Current tax assets and liabilities [1]

The current tax liability for the Fund of $3,971 thousand (2013: $1,278 thousand) represents the amount of income taxes payable in respect of current and prior financial periods.

9. Deferred tax assets and liabilities

In thousands of dollars	Assets[3]		Liabilities[3]		Net	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Unrealised gains in investments	21,664	13,401	-	-	21,664	13,401
Net deferred tax assets/(liabilities)	**21,664**	**13,401**	-	-	**21,664**	**13,401**

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Notes to the financial statements

Reference For the year ended 30 June 2014

AAS 25.60 (d)(i)

10. Liability for accrued benefits and funding arrangements

The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of accrued benefits was undertaken by the actuary as part of a comprehensive actuarial review undertaken during 2012. Accrued benefits were previously valued as part of a comprehensive actuarial review undertaken during 2009.

(a) Liability for accrued benefits

In thousands of dollars	2012	2009
Accrued benefits at the end of the financial year	807,903	694,270

(b) Allocation of benefits

In thousands of dollars	2014	2013
Allocated to member's accounts	828,821	952,799
Operational risk financial requirement reserve (ORFR)	2,079	-
Surplus	1,012	1,054
Net assets available to pay benefits	**831,912**	**953,853**

Under APRA Prudential Standards SPS 114: Operational Risk Financial Requirements, the Fund is required to maintain an ORFR reserve of at least 0.25% of the Fund's net assets. The ORFR reserve if part of the financial management of the Fund and is operated in accordance with Operational Risk Reserve Policy which is reviewed annually. The ORFR may be used in certain circumstances to address operational risk events or claims against the Fund arising from operational risk.

AAS 25.61(k)(ii)

(c) Funding arrangements

The funding policy adopted in respect of the Fund is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in framing employer and member contribution rates, the actuary has considered long-term trends in such factors as plan membership, salary growth and average market value of plan assets.

In the past the employer has contributed to the Fund at the rate recommended by the actuary. In 2014 that rate was approximately 7.3% (2013: 7.3%) of the gross salaries of those employees who were members of the plan. Employees contributed to the plan during 2014 at the rate of 6% (2013: 6%) of gross salary. Thus, any difference between net assets available to pay benefits and accrued benefits reported by the plan each period has been anticipated, except for the effects of the following factors:

a) some short-term variations in the experience of the Fund from that anticipated when framing contribution rates; and
b) valuing assets at net market values as at the reporting date (necessary to display the financial position of the Fund at that date) rather than adopting average asset values (as is typically done by an actuary when framing contribution rates).

As noted above, the funding policy adopted in respect of the Fund is expected to overcome these effects in the long term. The actuarial report is attached to these financial statements includes the actuary's opinion as to the financial condition of the Fund as at the last valuation date.

Note	*Reference*	Explanatory note
1.		If the vested benefits is greater than the Net Assets available to pay benefits then a deficit will result. Additional disclosures to explain the deficit may be required. Illustrative additional disclosures for a deficit are: On 14 December 2012, the Fund's actuary notified APRA that the total estimated vested benefits exceeded the net assets of the Plan implying the Fund was in an unsatisfactory financial position. In response to this situation, the actuary made the following recommendations aimed at restoring the vested benefit index to 100% by 30 June 2015: • increase employer contribution to 10% of salary for accumulation members; • increase employer contributions to 15% of salary for defined benefit members with the increase to took effect from 1 July 2013 • the company will contribute to the Fund: - any additional amounts required in order to meet the minimum SG requirements of 9% of ordinary time earnings; - the full amount of member salary sacrifice contributions;
2.	*AAS 25.60(d)(iv)*	For any benefits which have been guaranteed, the identity of the guarantor(s), the nature of the guarantee(s) and any changes from the corresponding preceding reporting period must be disclosed.

Notes to the financial statements

Reference For the year ended 30 June 2014

AAS 25.60(d)(iii)

11. Vested benefits[1]

Vested benefit are benefits that are not conditional upon continued membership of the Plan (or any factor other than resignation from the Plan) and include benefits which members were entitled to receive had they terminated their Plan membership as at reporting date.

In thousands of dollars	**2014**	**2013**
Vested benefits as at the end of the financial year	828,821	952,799

AAS 25.60(d)(iv)

12. Guaranteed benefits[2]

No guarantees have been made in respect to any part of the liability for accrued benefits.

Note	*Reference*	**Explanatory note**
1.	*AASB 124.9*	The definition of "a related party" is such that if one entity is identified as a related party in another entity's financial statements then the other entity also will be a related party in the first entity's financial statements. In addition, two entities are not related if one of them is under significant influence of a person and the other is either under significant influence of that person's close family member or managed by that person in their capacity as KMP. A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity'). (a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if any of the following conditions applies: (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). The financial statements of the Example Defined Benefit Superannuation Fund have been prepared on the basis that the individual directors of the Trustee company are key management personnel, based on the assumption that they are remunerated directly by the Fund. Where this is not the case, preparers of the financial statements should consider whether the Trustee company, rather than the individual directors is the key management personnel. Where this is the case, we would recommend early adoption of the Annual Improvements to IFRSs 2010–2012 for 30 June 2014. Users should refer to Example Managed Investment Scheme Annual Financial Report 30 June 2014 by analogy for example disclosures.
	AASB 124.17, 18,19	An entity shall disclose key management personnel compensation in total and for each of the following categories: (a) short-term employee benefits; (b) post-employment benefits; (c) other long-term benefits; (d) termination benefits; and (e) share-based payment. If there have been transactions, an entity shall disclose the nature of the relationship as well as information about the transactions including: the amount of the transactions and the amount of the outstanding balanced; terms and conditions; details of any guarantees given or received; provisions for doubtful debts related to the amount of outstanding balanced; and the expense recognised during the period in respect of bad or doubtful debts. These disclosure shall be made separately for each of the following categories: • the parent; • entities with join control or significant influence over the entity; • subsidiaries; • associates; • joint ventures in which the entity is a venturer; • key management personnel of the entity or its parent; and • other related parties. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including non-executive directors. Other related parties include the Fund's administrator and custodian of investments (these entities sometimes related to the investment manager), and directors.

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Note	*Reference*	Explanatory note
2	*AASB 124.23*	Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

Notes to the financial statements

Reference For the year ended 30 June 2014

13. Related parties[1]

(a) Key management personnel disclosures[1]

AASB 124.12,18(g) Example Trustee Company Limited (ACN 001 002 003, RSE License No 1234567) was appointed trustee on 1 July 1995.

(b) Directors

The following people were Key Management Personnel of the Fund at any time during the year:

AASB 124.18(f)

Directors	***Executives***
Mrs F Adair (chairperson)	Ms J Smith (Chief Executive Officer)
Mr G Andrews	Mr H Jones (Chief Financial Officer)
Mr B Chan	
Mrs D Marks	
Mr R Di Martino	

AASB 124.16 The compensation paid to Key Management Personnel in relation to services to the Fund is as follows:

	2014	**2013**
	$	**$**
Short-term employee benefits	450,000	425,000
Other long-term employee benefits	17,500	12,500
Post-employment benefits	37,500	35,250
	505,000	**472,750**

Apart from those details disclosed in this note, no key management personnel have entered into a contract for services with the Fund since the end of the previous financial year and there were no contracts involving key management personnel subsisting at year end.

(c) Loans to key management personnel

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally-related entities at any time during the reporting period.

(d) Other Related party transactions

All Trustee transactions with related parties are conducted on normal commercial terms and conditions, or pursuant to normal membership terms and conditions.[2]

Note	*Reference*	Explanatory note
1.	*AASB 12.C2B*	In this section, the disclosures relating to the Fund's interests in unconsolidated structured entities are presented prospectively as from the first annual period which AASB 12 is applied.
	AASB 12.B21-B23	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, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual agreements. 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, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes • Restrictive activities; or • A narrow and well-defined objectives, such as to provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risk and rewards associated with the assets of the structured entity to investors; • Insufficient equity to permit the structured entity to finance it activities without subordinated financial support; or • Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches)
	AASB 12.29	Examples of entities that are regarded as structured entities include, but are not limited to • Securitisation vehicles • Asset-backed financings • Some investment funds

2.	*AASB 12.24-31*	The disclosure objective in respect of the Fund's interest in unconsolidated structured entities is to provide information that helps user of its financial statements to: • Understand the nature and extent of its unconsolidated structured entities; and • Evaluate the nature or, changes in, the risks associated with its interest in unconsolidated structured entities. In order to meet this disclosure objective, AASB 12 requires extensive qualitative and quantitative disclosure about the nature of an entity's interests and the nature of risks.

3.	*AASB 12.24, B25-B26*	Examples of additional disclosures that, depending on the circumstance s, might be relevant to an assessment of the risks to which an entity is exposed when it has an interest in an unconsolidated structured entity are as follows. • Terms of an arrangements that could require the entity to provide financial support to an unconsolidated structured entity; • Losses incurred by the entity during the reporting period from its interests in unconsolidated structured entities; • The types of income the entity received during the reporting period from its interests in unconsolidated structured entities; • Whether the entity is required to absorb losses of unconsolidated structured entity before other parties, the maximum limit of such losses and the ranking and the amounts of potential losses borne by parties whose interests rank lower than the Fund's interest in the unconsolidated structured entity; • Information about the liquidity arrangements, guarantees or other commitments with third parties that may affect the fair value or risk of the entity's interests unconsolidated structured entities; • Any difficulties an unconsolidated structured entity has experienced in financing its activities during the reporting period; • In relation to the funding of the unconsolidated structured entity, the forms of funding and their weighted average life.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 124.13

14. Involvement with unconsolidated structured entities[1,2,3]

AASB12.26,29 The table below describes the types of structured entities that the Fund does not consolidate but in which it holds an interest, set out by investment strategy.

Investment Strategy *In thousands of dollars*	**Net Market Value as at 30 June 2014**	**Exposure %**	**Financial Statement Caption**
International Equity	223,299	45.2%	Units in unlisted unit trust
Australian Fixed Interest	111,155	22.5%	Units in unlisted unit trust
International Fixed Interest	48,908	9.9%	Units in unlisted unit trust
Enhanced Cash	42,980	8.7%	Units in unlisted unit trust
Property	39,028	7.9%	Units in unlisted unit trust
Australian Small Cap	28,653	5.8%	Units in unlisted unit trust
Total	**494,023**	**100%**	

AASB 12.29 The above table lists the net market value and the Fund's percentage exposure to each investment strategy as at 30 June 2014. The maximum exposure or loss is limited to the net market value of the investment strategy as at 30 June 2014. The net market value of the exposure will change on a daily basis throughout the period and in the subsequent periods will cease once the investments are disposed.

AASB 12.26 The investments of the Fund are managed in accordance with the investment mandates with respective underlying investment managers. The investment decisions of the Fund are based on the analysis conducted by the investment manager. The return of the Fund is exposed to the variability of the performance of the underlying management of these investments.

Note	*Reference*	Explanatory note
1.	*AASB 12.19A*	An Investment entity that, in accordance with AASB 10, is required to apply to the exception to consolidation and instead account for its investment in a subsidiary at fair value through profit or loss shall disclose that fact.
2.	*AASB 12.19C*	If an investment entity is the parent of another investment entity, the parent shall also provide the disclosures identifying the subsidiaries that are controlled by its investment entity subsidiary (or subsidiaries) that contain the above information.
3.	*AASB 12.24, B25-B26*	An investment entity shall disclose: (a) The nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the investment entity; and (b) Any current commitments or intentions to provide financial or other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support.
	AASB 12.19E	If, during the reporting period, an investment entity or any of its subsidiaries has, without having contractual obligation to do so, provided financial or other support to an unconsolidated subsidiary (e.g. purchasing assets of, or instruments issued by, the subsidiary or assisting the subsidiary in obtaining financial support), the entity shall disclose: (a) The type and amount of support provided to each unconsolidated subsidiary; and (b) The reason for providing the support
	AASB 12.19F	An investment entity shall disclose the terms of any contractual arrangements that could require the entity or its unconsolidated subsidiaries to provide financial support to an unconsolidated, controlled, structured entity, including events or circumstances that could expose the reporting entity to a loss (e.g. liquidity arrangement or credit rating triggers associated with obligations to purchase assets of the structured entity or to provide financial support). If during the reporting period an investment entity or any of its unconsolidated subsidiaries has, without having a contractual obligation to do so, provided that financial or other support to an unconsolidated structured entity that the investment entity did not control, and if the provision of support resulted in the investment entity controlling the structured entity, the investment entity shall disclose an explanation of the relevant factors in reaching the decision to provide support.
4.	*AASB 12.25A*	An Investment entity need not provide the disclosures required by AASB12.24-31for an unconsolidated structured entity that it controls and for which it already presents the disclosures as outlined in explanatory note 1 to 3 (AASB 12.19A-19G).

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 12.19A **14. Involvement with unconsolidated structured entities (continued)[1,2,3,4]**

(i) Involvement with unconsolidated subsidiaries

'Subsidiaries' are investees controlled by the Fund. The Fund 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In accordance with the transitional provisions of AASB 10, the Fund reassessed the control conclusion for its investees at 1 July 2013. There were no changes in the control conclusion as a result of this reassessment. As a consequence of adopting the investment entity amendments of AASB 10, the Fund is now accounting for investments in subsidiaries at net market value which approximates fair value.

AASB 12.19B The Fund has a controlling interest in the unconsolidated subsidiaries, Example Fund X and Example Fund Y, which are domiciled in Australia and the address of the registered offices is 1 Queen Street, Melbourne. The Fund owns 55% share of Example Fund X and 78.5% of Example Fund Y. The Fund is now accounting for these investments in unconsolidated subsidiaries at net market value through the statement of changes in net assets.

AASB 12.19D(a) As at 30 June 2014, there are no significant restrictions (e.g. borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the Fund in the form of dividends or to repay loans or advances made to the unconsolidated subsidiary by the Fund.

AASB 12.19D(b) As at 30 June 2014, the Fund does not have any current commitments or intentions to provide financial or other support to the unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support.

Note	*Reference*	**Explanatory note**
1.	*AASB 7.31, 32*	A Fund is required to disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the Fund is exposed at the reporting date. Those risks typically include, but are not limited to, credit risk, liquidity risk and market risk.
	AASB 7.33	For each type of risk, the Fund must disclose: (1) the exposures to risk and how they arise; (2) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and (3) any changes in (1) or (2) from the previous period.
2.	*AASB 7.3, 5*	The disclosure requirements of AASB 7 are limited to financial instruments that fall within the scope of that standard; therefore operational risks that do not arise from the entity's financial instruments are excluded from the requirements, as are commodity contracts that meet the "own use" exemption detailed in paragraphs 5-7 of AASB 139 *Financial Instruments: Recognition and Measurement*.
3.	*AASB 7.34*	AASB 7 requires the disclosure of risk information in a format based on the information provided internally to key management personnel of the entity (as defined in AASB 124 *Related Party Disclosures*), e.g. the Fund's Board of Directors or Chief Executive Officer.
	AASB 7.35, IG 20	If the quantitative data at the reporting date is not representative of its exposure to risk during the period, then the Fund should provide further information that is representative, for example the entity's average exposure to risk during the year.

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosures

Overview[1,2,3]

The Fund's assets principally consist of financial instruments which comprise Shares in Listed Companies, units in collective investment vehicles such as pooled superannuation trusts and other unitised investments. The Trustee has determined that this type of investment is appropriate for the Fund and is in accordance with the Fund's published investment strategy.

AASB 7.31 The Fund's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

AASB 7.33 The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Trustee's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund's Investment Manager, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. The risk framework is documented in the Fund's Risk Management Plan and Strategy which is subject to regular review both by management and the Board and an annual audit of compliance.

The Board has established an Investment Committee, consisting of selected Board Members with appropriate Investment experience. The Investment Committee which is responsible for developing and monitoring the Fund's risk management policies related to investment activities. This includes oversight of the allocation of investments to fund managers, evaluating their performance and providing recommendations to the Board who has ultimate responsibility for the appointment of fund managers.

The Investment Committee receives quarterly risk management reports from the Fund's Investment Manager and, in turn, reports quarterly to the Board of Directors of the Trustee on its activities. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund's Investment Manager on a daily basis. Reports from the Fund's Investment Manager include the following:

- details of the controls it has in place to monitor compliance with the Fund's investment strategy;
- current asset allocations against target positions;
- investment performance against benchmarks; and
- Fund Investment Manager compliance reporting.

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Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

Overview (continued)

Further, the Fund undertakes extensive due diligence to ensure Fund Managers have appropriate skills and expertise to manage the Fund's allocated investments prior to their appointment. The Investment Department tracks the Fund's investment value on a daily basis through appropriate monitoring of the market conditions and benchmark analysis. XYZ Investment Consultants was appointed during the year to provide expert advice regarding the management of the Fund's investment portfolio in accordance with the investment strategy.

The Trustee's Audit and Compliance Committee oversees how management monitors compliance with the Fund and its controlled entities' risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Trustee's Audit and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Compliance Committee.

Market risk

AASB 7.33 Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

To mitigate market risk, the Fund undertakes extensive due diligence prior to the appointment of fund managers to ensure they have appropriate expertise and skill for monitoring of the market conditions and benchmark analysis. Further XYZ Investment Consultants were appointed on 30 September 2012 to provide expert investment advice.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to currency risk on financial instruments that are denominated in a currency other than the functional currency (Australian Dollars) of the Fund. The Fund currently maintains one investment with overseas fund managers (ABC Diversified Investments) which are primarily denominated in USD.

Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Fund's investments denominated in currencies other than the Australian Dollar.

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency within the conditions of the investment strategy. The Fund's strategy on the management of currency risk is driven by the Fund's investment objective and strategy. The Fund's investment strategy specifies that the value of investments denominated in foreign currencies may not exceed XX% of the total funds under management. The Fund's currency risk is managed on a daily basis by the Investment Manager in accordance with the asset allocations as outlined in the Fund's product disclosure statement and investment strategy. This includes monitoring the investment's performance against identified benchmarks.

Note	*Reference*	**Explanatory note**
1.	*AASB 7.41*	If a Fund prepares a sensitivity analysis that reflects inter-dependencies between different risk variables, e.g. a value-at-risk model, then the disclosure may be based on that model.
	AASB 7.40(a)	If a Fund prepares a sensitivity analysis that does not reflect interdependencies between different risk variables then the sensitivity analysis should be based on changes in the risk variable that were reasonably possible at the reporting date.
	AASB 7.40(b), (c)	A Fund should disclose the methods and assumptions used in preparing the sensitivity analysis, and changes therein and the reasons therefore compared to the comparative period.
	AASB 7.App B, IG	Guidance in respect of the sensitivity analysis is provided in Appendix B to AASB 7 and in the related implementation guidance.
	AASB 7 App B.18	Paragraph 40(a) of AASB 7 requires the sensitivity analysis to show the effect on profit or loss and equity of reasonably possible changes in the relevant risk variable (e.g. prevailing market interest rates, currency rates, equity prices or commodity prices). For this purpose: • entities are not required to determine what the profit or loss for the period would have been if relevant risk variables had been different. Instead, entities disclose the effect on profit or loss and equity at the reporting date assuming that a reasonably possible change in the relevant risk variable had occurred at the reporting date and had been applied to the risk exposures in existence at that date; and • entities are not required to disclose the effect on profit or loss and equity for each change within a range of reasonably possible changes of the relevant risk variable. Disclosure of the effects of the changes at the limits of the reasonably possible range would be sufficient.
	AASB 7 App B.19	In determining what a reasonably possible change in the relevant risk variable is, an entity should consider: • the economic environments in which it operates; and • the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period.
	AASB 7.42	When the sensitivity analysis required by AASB 7 is not representative of the underlying risks, e.g. the reporting date analysis is not representative of the position during the year, then a Fund should disclose that fact and the reasons therefore. For example, if a Fund's investment portfolio at the reporting date is materially different from its usual mix of investments, then a sensitivity analysis based on the position at the reporting date would not be representative of the underlying risks.

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

Currency risk (continued)

The Fund's total net exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

AASB 7.34(a), (c)

In thousands of dollars	2014	2013
Assets		
USD	15,650	8,550
GBP	1,980	5,890
EURO	13,060	3,100
	30,690	17,540

AASB 7.40

Sensitivity analysis[1]

Following analysis of historical data over the past 5 years and expected currency rate movement during the 2014 financial year together with consultation with the investment consultant, the Fund's Investment Department expects a 10% movement in the Australian Dollar is considered reasonably possible for the 2013/14 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013 and is not guaranteed.

A 10% strengthening/weakening of the AUD against the USD at 30 June would have increased/(decreased) the Change for the year in net assets available to pay benefits and Net assets available to pay benefits by the amounts shown below:

		Change for the year in net assets available to pay benefits		Net assets available to pay benefits	
In thousands of dollars	Carrying Amount	- 10%	+ 10%	- 10%	+ 10%
30 June 2014					
USD	15,650	(1,565)	1,565	(1,565)	1,565
GBP	1,980	(198)	198	(198)	198
EURO	13,060	(1,306)	1,306	(1,306)	1,306
	30,690	**(3,069)**	**3,069**	**(3,069)**	**3,069**
30 June 2013					
USD	8,550	(855)	855	(855)	855
GBP	5,890	(589)	589	(589)	589
EURO	3,100	(310)	1,310	(1,310)	1,310
	17,540	**(1,754)**	**1,754**	**(1,754)**	**1,754**

Note	*Reference*	**Explanatory note**
1.		In this example superannuation series, the qualitative disclosures in respect of financial instruments have been separated from the related quantitative disclosures. Alternatively, all financial instrument disclosures could be grouped together in the financial statements.

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
The majority of the Fund's financial instruments are non-interest-bearing with only cash and cash equivalents and fixed interest securities being directly subject to interest rate risk. Any excess cash and cash equivalents above immediate working capital requirements are invested in short-term deposits which are available at call to optimise returns. As a result, the Fund is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The Fund's interest rate risk is monitored on a daily basis by the Investment Manager in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Investment Manager also has the authority to maximise returns through the transfer of excess cash to short-term deposits. All transfers require dual authorisation from the Investment Manager, Chief Financial Officer or Chief Executive Officer. Currently all cash assets are held with ABC Bank Ltd holding a AAA rating as reported by Standard and Poor's. The adequacy of ABC Bank Ltd is reviewed by the Investment Committee on a quarterly basis and any change in banking institutions requires the approval of the Trustee Board.

AASB 7.40 **Profile**[1]

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

In thousands of dollars	**2014**	**2013**
Interest bearing instruments		
Cash and cash equivalents	43,481	49,459
	43,481	**49,459**

Note	*Reference*	**Explanatory note**
1.	*AASB 7.41*	If a Fund prepares a sensitivity analysis that reflects inter-dependencies between different risk variables, e.g. a value-at-risk model, then the disclosure may be based on that model.
	AASB 7.40(a)	If a Fund prepares a sensitivity analysis that does not reflect interdependencies between different risk variables then the sensitivity analysis should be based on changes in the risk variable that were reasonably possible at the reporting date.
	AASB 7.40(b), (c)	A Fund should disclose the methods and assumptions used in preparing the sensitivity analysis, and changes therein and the reasons therefore compared to the comparative period.
	AASB 7.App B, IG	Guidance in respect of the sensitivity analysis is provided in Appendix B to AASB 7 and in the related implementation guidance.
	AASB 7 App B.18	Paragraph 40(a) of AASB 7 requires the sensitivity analysis to show the effect on profit or loss and equity of reasonably possible changes in the relevant risk variable (e.g. prevailing market interest rates, currency rates, equity prices or commodity prices). For this purpose: • entities are not required to determine what the profit or loss for the period would have been if relevant risk variables had been different. Instead, entities disclose the effect on profit or loss and equity at the reporting date assuming that a reasonably possible change in the relevant risk variable had occurred at the reporting date and had been applied to the risk exposures in existence at that date; and • entities are not required to disclose the effect on profit or loss and equity for each change within a range of reasonably possible changes of the relevant risk variable. Disclosure of the effects of the changes at the limits of the reasonably possible range would be sufficient.
	AASB 7 App B.19	In determining what a reasonably possible change in the relevant risk variable is, an entity should consider: • the economic environments in which it operates; and • the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period.
	AASB 7.42	When the sensitivity analysis required by AASB 7 is not representative of the underlying risks, e.g. the reporting date analysis is not representative of the position during the year, then a Fund should disclose that fact and the reasons therefore. For example, if a Fund's investment portfolio at the reporting date is materially different from its usual mix of investments, then a sensitivity analysis based on the position at the reporting date would not be representative of the underlying risks.

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

Interest rate risk (continued)

AASB 7.39 **Sensitivity analysis**[1]

Following analysis of historical data over the past 5 years and expected interest rate movement during the 2014 financial year together with consultation with the investment consultant, the Fund's Investment Department anticipates 100 basis points movement in interest rates is considered reasonably possible for the 2013/14 reporting period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014 and is not guaranteed.

An increase/decrease of 100 basis points in interest rates at the reporting date would have increased/(decreased) the Change for the year in net assets available to pay benefits and Net assets available to pay benefits by the amounts shown below:

		Change for the year in net assets available to pay benefits		Net assets available to pay benefits	
Effect in thousands of dollars	Carrying Amount	- 100bps	+ 100bps	- 100bps	+ 100bps
30 June 2014					
Cash and cash equivalents	43,481	(435)	435	(435)	435
	43,481	**(435)**	**435**	**(435)**	**435**
30 June 2013					
Cash and cash equivalents	49,459	(495)	495	(495)	495
	49,459	**(495)**	**495**	**(495)**	**495**

Note	*Reference*	Explanatory note
1.	*AASB 7.Appendix A*	Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

Other market price risk[1]

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As all of the Fund's financial instruments are carried at net market value with changes recognised in the Statements of Changes in Net Assets, therefore all changes in market conditions affecting net market value will be recognised in the Statements of Changes in Net Assets. Investments of the Fund (other than cash held for liquidity purposes and investment properties) comprise fixed interest securities, listed Australian Shares in Listed Companies, units in collective investment vehicles such as life office policies, pooled superannuation trusts and other unitised investments. The Fund's exposure to other market price risk is therefore limited to the market price movement of these investments. The Trustee has determined that these investments are appropriate for the Fund and are in accordance with the Fund's published investment strategy in respect of asset class allocation. The Fund's exposure at year end to other market price risk is detailed at below. The investment managers for the these investments detailed maintain a balanced portfolio and have invested in a variety of financial instruments, including derivatives which could expose the Fund's investments to a variety of other market price risk. For investments in listed Australian Shares credit risk arising on these investments is mitigated by the extensive due diligence and research undertaken by the Investment Department prior to purchasing or selling of Shares in Listed Companies. The investment strategy of the Fund restricts equity investments to only Shares in the top 100 Australian companies. Further the Investment Department tracks the Shares in Listed Companies investment value on a daily basis through appropriate monitoring of the market conditions and analysis against benchmark returns.

Other market price risk is mitigated by constructing a diversified portfolio of instruments which are traded on various markets. All investment managers are subject to extensive due diligence prior to being appointed with the recommendation for their appointment and removal made by the Investment Committee to the Board for final approval. The Investment Department receive monthly reports from all investment managers which are reviewed in detail and assessed against relevant benchmarks and expected returns. Investment manager performance is reported to the Investment Committee and Board on a quarterly basis. Further, the Investment Department tracks the Fund's investment value on a daily basis through appropriate monitoring of the market conditions. XYZ Investment Consultants were appointed on 30 September 2013 to provide expert advice regarding the management of the Fund's investment portfolio in accordance with the current investment strategy.

Note	*Reference*	Explanatory note
1.	*AASB 7.41*	If a Fund prepares a sensitivity analysis that reflects inter-dependencies between different risk variables, e.g. a value-at-risk model, then the disclosure may be based on that model.
	AASB 7.40(a)	If a Fund prepares a sensitivity analysis that does not reflect interdependencies between different risk variables then the sensitivity analysis should be based on changes in the risk variable that were reasonably possible at the reporting date.
	AASB 7.40(b), (c)	A Fund should disclose the methods and assumptions used in preparing the sensitivity analysis, and changes therein and the reasons therefore compared to the comparative period.
	AASB 7.App B, IG	Guidance in respect of the sensitivity analysis is provided in Appendix B to AASB 7 and in the related implementation guidance.
	AASB 7 App B.18	Paragraph 40(a) of AASB 7 requires the sensitivity analysis to show the effect on profit or loss and equity of reasonably possible changes in the relevant risk variable (e.g. prevailing market interest rates, currency rates, equity prices or commodity prices). For this purpose: • entities are not required to determine what the profit or loss for the period would have been if relevant risk variables had been different. Instead, entities disclose the effect on profit or loss and equity at the reporting date assuming that a reasonably possible change in the relevant risk variable had occurred at the reporting date and had been applied to the risk exposures in existence at that date; and • entities are not required to disclose the effect on profit or loss and equity for each change within a range of reasonably possible changes of the relevant risk variable. Disclosure of the effects of the changes at the limits of the reasonably possible range would be sufficient.
	AASB 7 App B.19	In determining what a reasonably possible change in the relevant risk variable is, an entity should consider: • the economic environments in which it operates; and • the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period.
	AASB 7.42	When the sensitivity analysis required by AASB 7 is not representative of the underlying risks, e.g. the reporting date analysis is not representative of the position during the year, then a fund should disclose that fact and the reasons therefore. For example, if a fund's investment portfolio at the reporting date is materially different from its usual mix of investments, then a sensitivity analysis based on the position at the reporting date would not be representative of the underlying risks.
2.		The example shown in these illustrative financial statements in relation to market price risk assumes that the primary basis for reporting to key management personnel on market price risk is an analysis of the portfolio diversification by asset type compared to investment policies. However, other presentations are possible and should be based on how key management personnel measure other price risk.
3.	*AASB 7.41*	When an entity presents information for disclosures of sensitivity analysis for market risk using a Value-at-Risk methodology, it shall disclose: • an explanation of the method used in preparing such a sensitivity analysis and the main parameters and assumptions underlying the data provided; and • an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. *Please refer to Example Managed Investment Schemes 30 June 2013 Annual Financial Report for the detailed disclosure.*

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

Other market price risk (continued)

AASB 7.40

Sensitivity analysis – other market price risk[1,2]

Following analysis of historical data over the past 5 years and expected investment rate movements during the 2014 financial year, together with consultation with the investment consultant, the Fund's Investment Department considers the following movements in other market price risk are reasonably possible for the 2013/14 reporting period:

Shares in listed companies	[ ]%
Units in unlisted unit trusts	[ ]%
Derivatives	[ ]%

The increase/decrease in the market price against the investments of the Fund at 30 June would have increased/ (decreased) the Change for the year in net assets available to pay benefits and Net assets available to pay benefits by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant. The analysis is performed on the same basis for 2013 and is not guaranteed.

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Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

Other market price risk (continued)

AASB 7.40 **Sensitivity analysis – (continued)**

Effect in thousands of dollars	%	Carrying Amount	Change for the year in net assets available to pay benefits Decrease	Change for the year in net assets available to pay benefits Increase	Net assets available to pay benefits Decrease	Net assets available to pay benefits Increase
30 June 2014						
Shares in listed companies	10	100,931	(10,093)	10,093	(10,093)	10,093
Unlisted unit trusts	8	898,230	(71,858)	71,858	(71,858)	71,858
Derivative assets	10	2,933	(293)	293	(293)	293
		1,002,094	**(82,244)**	**82,244**	**(82,244)**	**82,244**
30 June 2013						
Shares in listed companies	10	199,361	(19,936)	19,936	(19,936)	19,936
Unlisted unit trusts	8	1,032,659	(82,613)	82,613	(82,613)	82,613
Derivative assets	10	3,252	(325)	325	(325)	325
		1,235,272	**(102,874)**	**102,874**	**(102,874)**	**102,874**

Note	*Reference*	Explanatory note
1.	*AASB 7.34*	AASB 7 requires the disclosure of risk information in a format based on the information provided internally to key management personnel of the entity (as defined in AASB 124 *Related Party Disclosures*), e.g. the Fund's Trustee.
	AASB 7.35, IG 20	If the quantitative data at the reporting date is not representative, then an entity should provide further information that is representative, for example the entity's average exposure to risk during the year. For example, if a Fund's business results in material fluctuations during the year, then a sensitivity analysis based solely on the position at the reporting date would not be representative.
2.	*AASB 7.36(a)*	An entity discloses information about the nature and extent of its exposure to credit risk. The disclosure of the maximum exposure to credit risk ignores any collateral held or other credit enhancement.
	AASB 7.36, B1-B3	The disclosures in respect of credit risk apply to each "class" of financial asset, which is not defined in AASB 7. In determining classes of financial instrument an entity shall at a minimum distinguish instruments measured at amortised cost from those measured at fair value and treat as a separate class or classes, those financial instruments outside the scope of AASB 7.
	AASB 7.B9, 10	The maximum credit risk exposure typically is the gross carrying amount of the financial asset, net of any amounts offset in accordance with AASB 7 *Financial Instruments: Disclosures* and any impairment losses recognised in accordance with AASB 139.
	AASB 7, IG 21-29	The AASB 7 implementation guidance provides additional guidance on the disclosures without 21-29 specifying a minimum standard disclosure.
3.	*AASB 7.B8, IG 18, 19*	The identification of concentrations of risk requires judgement taking into account the circumstances of the Fund. For example, concentrations of credit risk may arise from industry sectors, credit rating or other measures of credit quality, geographical distribution or a limited number of individual counterparties. Therefore the disclosure of risk concentrations includes a description of the shared characteristics.
4.	*AASB 7.37*	For a Fund that has past due receivables, a Fund shall disclose by class of financial asset the following: (a) an analysis of the age of financial assets that are past due as at the reporting date but not impaired; (b) an analysis of financial assets that are individually determined to be impaired as at the reporting date, including the factors the entity considered in determining that they are impaired; and (c) for the amounts disclosed in (a) and (b), a description of collateral held by the entity as security and other credit enhancements and, unless impracticable, an estimate of their fair value. Note: The Fund in the illustrative financial statements does not hold any past due or impaired assets. If the Fund held past due or impaired assets additional disclosures would be necessary.
	AASB 7 Appendix A	A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

AASB 7.33

Credit risk [1,2,3,4]

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis by the Finance and Investment Departments. The credit policy provides guidelines as to the appropriate terms and conditions of transactions entered into and the escalation procedures to follow when the recovery of assets is considered doubtful.

AASB 7.36(a),(b),(c)
AASB 7.34

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No collateral is held as security or other credit enhancements exist for all financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Fund's financial assets exposed to credit risk amounted to the following:

Effect in thousands of dollars	**30 June 2014**	**30 June 2013**
Cash and cash equivalents	43,481	49,459
Shares in listed companies	100,931	199,361
Units in unlisted unit trusts	898,230	1,032,659
Derivatives	2,933	3,252
Unsettled investment sales	1,121	805
Investment properties	960	1,160
Interest, dividends and other receivables	39,343	37,832
	1,086,999	**1,324,528**

AASB 7.36(c)

Substantially all of the cash held by the Fund is held by ABC Bank. Bankruptcy or insolvency by ABC Bank may cause the Fund's rights with respect to the cash held by ABC Bank to be delayed or limited to the extent it is not covered by the Federal Deposit Guarantee. The Fund monitors its credit risk by monitoring the credit quality and financial positions of the bank through regular analysis of their financial reports.

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Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

Credit risk (continued)

For investments in Shares in Listed Companies credit risk arising on these investments is mitigated by the extensive due diligence and research undertaken by the Investment Department prior to purchasing or selling of Shares in Listed Companies. The investment strategy of the Fund restricts equity investments to only Shares in Listed Companies in the top 100 Australian companies.
Credit risk arising on other investments (life office policies, pooled superannuation trusts and other unitised trusts) is mitigated by the extensive due diligence prior to the appointment of Fund Managers appropriate monitoring of the market conditions and benchmark analysis.
Further XYZ Investment Consultants were appointed on 30 September 2013 to provide expert investment advice.

AASB 7.33 Credit risk associated with contributions receivable and other receivables is considered low as there is usually a short settlement period as the majority of contributions are recognised as receipt and for instances where contribution receivable is recognised. The Fund monitors the ageing of the Benefits and receivables outstanding on a monthly basis to ensure all receivables do not exceed 30 days.

Unsettled investment sales are transactions with investment managers that are awaiting settlement. The credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Fund monitors the aging of unsettled trades on a monthly basis to ensure all receivables do not exceed 30 days.

Substantially all of the assets of the Fund are held by XYZ Custodian Pty Ltd. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial positions of the custodian through regular analysis of their financial reports.

Note	*Reference*	Explanatory note
1.	*AASB 7.B10A*	An entity discloses summary quantitative data about its exposure to liquidity risk, based on information that is provided internally to key management personnel. An entity explains how those data are determined.
	AASB 7.B11	In preparing the maturity analyses for financial liabilities an entity uses its judgement to determine an appropriate number of time bands. This issue is discussed in our publication *Insights into IFRS* (7.8.370.70-80).
	AASB 7.B11B	An entity discloses a quantitative maturity analysis for derivative financial liabilities that shows remaining contractual maturities if the contractual maturities are essential for an understanding of the timing of the cash flows. This would, for example, be the case for all loan commitments, and for an interest rate swap with a remaining maturity of five years in a cash flow hedge of a variable rate financial asset or liability.
	AASB 7.B11D	Contractual cash flows are undiscounted and therefore may not agree with the carrying amounts in the statement of financial position.
	AASB 7.B11E	An entity discloses how it manages liquidity risk inherent in its maturity analyses for derivative and non-derivative financial liabilities. An entity also discloses a maturity analysis of financial assets that it holds for managing liquidity risk, if such information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

2.		AASB 7 does not define contractual maturities. It therefore leaves open to interpretation the amounts that need to be included in the analysis for certain types of financial liabilities, such as derivatives and perpetual instruments. It is our preference that both the interest and principal cash flows be included in the analysis, as this best represents the liquidity risk being faced by the entity. As a minimum, the principal amount is disclosed and sufficient appropriate narrative disclosures are provided in order to present a meaningful picture of the entity's liquidity exposures. This issue is discussed in our publication *Insights into IFRS* (7.8.370.70).

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

AASB 7.33
AASB 7.39(a)

Liquidity risk[1,2]

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. It is the Fund's policy to have liquid assets greater than or equal to 105% of anticipated withdrawals. As at reporting date, the liquid assets represented 255% (2013: [ ]%) of the Fund's anticipated withdrawals for the following 3 months.

The Fund's Trust Deed and Product Disclosure Statement provides for the daily withdrawal of benefits and it is therefore exposed to the liquidity risk of meeting members withdrawals at any time.

The Fund's financial instruments include investments in unlisted investments, which are not traded in an organised public market and which generally may be illiquid. As a result, the Fund may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements. As the amount of these investments is monitored to comply within the asset allocation stipulated in the Fund's Investment Strategy which is not to exceed 40% of the funds under management this risk is considered minimal.

The Fund's listed securities are considered to be readily realisable as they are all listed on the Australian stock exchange.

AASB 7.39(b)

The Fund's liquidity risk is managed on a daily basis by the Investment Department in accordance with policies and procedures in place and the Fund's Investment Strategy. [Insert specific risk management policies and investment guidelines as outlined in the Fund's Product Disclosure statement]. The Fund's overall liquidity risks are monitored on a monthly basis by the Trustee.

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Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

AASB 7.33

Liquidity risk (continued)

AASB 7.39(a) The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

In thousands of dollars	Carrying amount	Contractual cash flows	Less than 1 month	1-3 months
30 June 2014				
Unsettled investment purchases	5,007	5,007	5,007	-
Sundry creditors	2,980	2,980	-	2,980
Derivative liabilities (settled net)	264,793	581,296	581,296	-
Vested Benefits	828,821	828,821	828,821	-
	1,101,601	**1,418,104**	**1,415,124**	**2,980**
30 June 2013				
Unsettled investment purchase	5,259	5,259	5,259	-
Sundry creditors	2,975	2,975	-	2,975
Derivative liabilities (settled net)	374,564	826,321	826,321	-
Vested Benefits	952,799	952,799	952,799	-
	1,335,597	**1,787,354**	**1,784,379**	**2,975**

Vested benefits (refer note 11) have been included in the less than one month column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

Note	Reference	Explanatory note
1.	*AASB 13.93, C3*	Many of the AASB 13 disclosure requirements regarding financial assets and financial liabilities are already required under AASB 7. However, AASB 13 includes additional disclosure requirements. These include the following in respect of fair value measurements categorised within Level 3: • for recurring and non-recurring fair value measurements, quantitative information about significant unobservable inputs (the entity is not required to create such quantitative information if the unobservable inputs are not developed by the entity when measuring fair value. However, when providing this disclosure, the entity does not ignore quantitative unobservable inputs that are significant to the fair value measurement that are reasonably available); • for recurring and non recurring fair value measurement, a description of the valuation process used by the entity. For recurring fair value measurements, a narrative description of the sensitivity of the fair value measurements to changes in unobservable inputs and inter- relationships between unobservable inputs; • for recurring fair value measurements, disclosure of gains or losses recognised in the operating statement and of unrealised gains and losses. AASB 13 also requires disclosure of: • all transfers (not just significant ones) between Level 1 and level 2 of the fair value hierarchy and the reasons for those transfers; • for each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, the level of the fair value hierarchy within which the fair value measurements are categorised; • when an entity concludes that transaction price was not the best evidence of fair value at initial recognition, the reasons for this conclusion and a description of evidence that supports fair value.

Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

AASB 13.91

Estimation of fair value

The Fund's financial assets and liabilities included in the statement of net assets are carried at net market value which directors believe approximates net fair value. The major methods and assumptions used in determining net market value of financial instruments were disclosed in note 3 (b) of the Significant accounting policies section.

AASB 101.122
AASB13.72

Fair value measurements recognised in the statement of net assets[1]

The table below analyses financial instruments carried at net market value which approximates fair value, by valuation method. The different levels have been defined as follows:

- Level 1 net market value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical instruments.
- Level 2 net market value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3 net market value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

AASB 101.122

Fair value measurements recognised in the statement of net assets (continued)

AASB 13.93(d)

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

AASB 13.93(g)

The Fund has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function, which is independent of front office management and reports to the board of directors, who have overall responsibility for fair value measurements. Specific controls include:

- verification of observable pricing inputs
- re-performance of model valuations;
- a review and approval process for new models and changes to such models;
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of unobservable inputs and valuation adjustments.

When third party information, such as broker quotes or pricing services, is used to measure fair value, then the portfolio valuation function assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AAS. This includes:

- verifying that the broker or pricing service is approved by the Fund for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

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Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

AASB 101.122

Fair value measurements (continued)

AASB 13.93(b)

The table below analyses financial instruments carried at net market value which approximates fair value by valuation method.

In thousands of dollars	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2014				
Financial assets/liabilities				
Shares in listed companies	100,931	-	-	100,931
Units in unlisted unit trusts	204,269	512,633	181,328	898,230
Derivative assets	1,760	1,173	-	2,933
	306,960	**513,806**	**181,328**	**1,002,094**
Derivative liabilities	**-**	(264,793)	**-**	(264,793)
Total financial assets/liabilities	**306,960**	**249,013**	**181,328**	**737,301**

In thousands of dollars	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2013				
Shares in listed companies	199,361	-	-	199,361
Units in unlisted unit trusts	342,864	497,006	192,789	1,032,659
Derivative assets	1,845	1,407	-	3,252
	544,070	**498,413**	**192,789**	**1,235,272**
Derivative liabilities	-	(374,564)	-	(374,564)
Total	**544,070**	**123,849**	**192,789**	**860,708**

AASB 13.93 (c)

During the current year, due to changes in market conditions for certain investment securities, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure net market value of these securities based on observable market inputs. Hence the securities with a carrying amount of $20,000 thousand, were transferred from Level 1 to Level 2 of the hierarchy.

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Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

AASB 13.93(c) 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:

	In thousands of dollars	**Financial assets /liabilities**
	2014	
AASB 13.93(e)	**Opening balance 1 July 2013**	192,789
AASB 13.93(e)(i)	Total gains or losses in profit or loss	(7,893)
AASB 13.93(e)(iii)	Purchases	14,027
AASB 13.93(e)(iii)	Sales	(17,595)
AASB 13.93(e) (iv)	Transfers into Level 3	250
AASB 13.93(e) (iv)	Transfers out of Level 3	(250)
AASB 13.93(e)	**Closing balance 30 June 2014**	**181,328**
AASB 13.93(f)	Total gains or losses for the period included in the statement of changes in net assets attributable to changes in unrealised gains and losses relating to assets and liabilities held at the end of the reporting period:	(12,389)

		Financial assets /liabilities
	2013	
AASB 13.93(e)	**Opening balance 1 July 2012**	192,789
AASB 13.93(e)(i)	Total gains or losses in profit or loss	(7,893)
AASB 13.93(e)(iii)	Purchases	14,027
AASB 13.93(e)(iii)	Sales	(17,595)
AASB 13.93(e) (iv)	Transfers into Level 3	250
AASB 13.93(e) (iv)	Transfers out of Level 3	(250)
AASB 13.93(e)	**Closing balance 30 June 2013**	**181,328**
AASB 13.93(f)	Total gains or losses for the period included in the statement of changes in net assets attributable to changes in unrealised gains and losses relating to assets and liabilities held at the end of the reporting period:	(12,389)

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Notes to the financial statements

Reference For the year ended 30 June 2014

15. Additional financial instruments disclosure (continued)

AASB 13.93(d) 93(h)(i), 99

The table below sets out information about significant unobservable inputs used at 30 June 2014 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type	Fair value $'000	Valuation approach	Key unobservable input	Range of estimates (weighted average for unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Units in unlisted unit trust	181,328	Net Asset Value of the Unit Trust	Valuation of the underlying investment of the unlisted unit trust	20% - 80% (50%)	An increase in the value of the investments of the unlisted unit trust will result in higher fair values. Reductions would result in lower fair values. Significant redemptions from the underlying unit trust may result in the trust having negative cashflow. Over an extended period of time this may result in redemptions of the unit trust being gated and suspended until further notice.

Note	*Reference*	**Explanatory note**
1.	*AASB 110.8*	An entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date.
	AASB 110.9	The following are examples of adjusting events after the reporting date that require an entity to adjust the amounts recognised in its financial statements, or to recognise items that were not previously recognised: (a) the settlement after the reporting date of a court case that confirms that the entity had a present obligation at the reporting date. The entity adjusts any previously recognised provision related to this court case in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* or recognises a new provision. The entity does not merely disclose a contingent liability because the settlement provides additional evidence that would be considered in accordance with paragraph 16 of AASB 137; and (b) the discovery of fraud or errors that show that the financial statements are incorrect.
	AASB 110.10	An entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.
	AASB 110.16 *AASB 101*	AASB 110 *Events after the Reporting Period* specifies required disclosures if management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The events or conditions requiring disclosure may arise after the reporting date.
	AASB 110.19	If an entity receives information after the reporting date about conditions that existed at the reporting date, it shall update disclosures that relate to these conditions, in the light of the new information.
	AASB 110.21	If non-adjusting events after the reporting date are material (see AASB 110.22), non-disclosure could influence the economic decisions of users taken on the basis of the financial report. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting date: (a) the nature of the event; and (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.
	AASB 110.22(g)	Matters may arise after the reporting date, due to the volatility in the global financial markets that cause a negative or positive impact on the value of a Fund's investments. An example of a non-adjusting event after the reporting date that would generally result in disclosure is a significant movement (increase or decrease) in asset prices of investments held at net market value or foreign exchange rates. Entities should consider establishing guidelines, such as a 10% movement in the net market value of net assets subsequent to the reporting date that may be used to define a "significant" movement in the net asset value. In such a circumstance where the net asset value has changed due to the volatility in the global financial markets, the following wording may be inserted into the disclosure of events subsequent to the reporting date: *"Since balance date Australian and International markets have experienced a period of significant volatility, impacting on the valuation of the Fund's investment portfolio. Subsequent to reporting date, the aggregate net market value of the Fund's investments has increased/decreased by $xx as at September 2013. As the investments of the Fund are measured at their 30 June 2013 net market values in the financial report, this subsequent decrease in values is not reflected in the statement of changes in net assets or the statement of net assets."* The above wording should be edited on a case by case basis.

Notes to the financial statements

Reference For the year ended 30 June 2014

AASB 110.10,21(a)(b)

16. Events subsequent to reporting date[1]

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Fund, the results of those operations, or the state affairs of the Fund, in future financial years.

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Trustees' declaration to the members

Example Defined Benefit Superannuation Fund

In the opinion of the Trustees of Example Defined Benefit Superannuation Fund:

(i) The accompanying financial statements of Example Defined Benefit Superannuation Fund are drawn up so as to present fairly the financial position of the Fund as at 30 June 2014 and the results of its operations and cash flows for the year then ended; and

(ii) The operation of Example Defined Benefit Superannuation Fund has been carried out in accordance with its [Trust Deed/Constitution] dated [date], as amended and in compliance with:

- the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
- applicable sections of the Corporations Act 2001 and Regulations; and
- the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001.

(iii) The financial statements have been prepared in accordance with Accounting Standards, other mandatory reporting requirements and the provisions of the [Trust Deed/Constitution] dated 5 February 1960, as amended.

Dated at (City) this day of 2014

Signed in accordance with a resolution of the [Trustees/directors of the Trustee]:

_____
F Adair
[Trustee/Director]

_____
J Smith
[Trustee/Director]

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