

ING Superannuation Fund

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

ING Superannuation Fund

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ING Superannuation Fund
Statement of financial position
As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Cash and cash equivalents			
Cash and cash equivalents	11	368,181	299,966
Receivables			
Investment income receivable		5,581	5,221
Unsettled investment sales		3,470	1,241
Trade and other receivables		103	88
Investments			
Term deposits	4	314,531	299,738
Australian equities	4	262,031	182,492
Unlisted unit trusts	4	1,550,481	1,236,565
Other Assets			
Deferred tax assets	9	-	5,082
Total assets		2,504,378	2,030,393
Liabilities			
Trade and other payables		2,538	1,245
Unsettled investment purchases		2,291	4,030
Current tax liabilities		3,532	5,760
Deferred tax liabilities	9	658	-
Total liabilities excluding member benefits		9,019	11,035
Net assets available for member benefits		2,495,359	2,019,358
Member liabilities	6	2,490,812	2,018,194
Total net assets		4,547	1,164
Equity			
Operational risk reserve	8	178	-
Unallocated to members' accounts	6	4,369	1,164
Total equity		4,547	1,164

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

ING Superannuation Fund
Income Statement
For the year ended 30 June 2017

	2017	2016
<i>Note</i>	<u>\$'000</u>	<u>\$'000</u>
Superannuation Activities		
Revenue		
Interest revenue	12,848	11,477
Dividends	8,666	3,901
Distributions	86,690	45,571
Other investment income	5,469	705
Net changes in fair value of investments	5 <u>54,731</u>	<u>(30,040)</u>
Total revenue	<u>168,404</u>	<u>31,614</u>
Expenses		
Investment Expenses	<u>(1,058)</u>	<u>(546)</u>
Total Expenses	<u>(1,058)</u>	<u>(546)</u>
Profit/(loss) from operating activities	<u>167,346</u>	<u>31,068</u>
Less: net benefits allocated to member's accounts	<u>(157,426)</u>	<u>(36,380)</u>
Profit/(loss) before income tax	<u>9,920</u>	<u>(5,312)</u>
Income tax (expense)/benefit	9 <u>(6,536)</u>	<u>1,503</u>
Profit/(loss) after income tax	<u>3,384</u>	<u>(3,809)</u>

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

ING Superannuation Fund
Statement of changes in member benefits
For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Opening Balance of member benefits at 1 July	6	2,018,194	1,387,971
Contributions:			
Employer		183,985	138,831
Member		100,025	89,980
Transfers from other superannuation funds		434,329	518,626
Income tax on contributions	9	(26,500)	(20,928)
Net after tax contributions		691,839	726,509
Benefit payments		(360,971)	(123,145)
Insurance premiums charged to member's accounts		(11,414)	(7,661)
Death and disability benefits credited to members accounts*		1,918	971
Benefits allocated to members accounts comprising:			
Net Investment income		157,426	36,380
Administration fees	10	(6,180)	(2,831)
Closing balance of member benefits at 30 June	6	2,490,812	2,018,194

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

**ING Superannuation Fund
Statement of changes in Equity
As at 30 June 2017**

	ORFR Reserve	Unallocated	Total Equity
Opening balance as at 1 July 2016	-	1,164	1,164
Net transfers to/(from) reserves	178	3,205	3,383
Profit/(loss)	-	-	-
Closing balance as at 30 June 2017	178	4,369	4,547
Opening balance as at 1 July 2015	-	5,710	5,710
Restatement of opening balance due to AASB 1056	-	(1,350)	(1,350)
Net transfers to/(from) reserves	-	(3,196)	(3,196)
Profit/(loss)	-	-	-
Closing balance as at 30 June 2016	-	1,164	1,164

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

ING Superannuation Fund
Statement of cash flows
For the year ended 30 June 2017

	<i>Note</i>	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Interest received		12,788	10,844
Dividends and distributions received		8,980	4,665
Other income received		5,469	40
Group life insurance proceeds		1,918	971
Group life insurance premiums		(11,414)	(6,889)
General administration expenses		(4,902)	(2,895)
Income tax paid		(3,026)	(1,400)
Net cash flows from operating activities	11	9,813	5,336
Cash flows from investing activities			
Proceeds from sale of investments			
Term deposits		442,421	327,879
Australian equities		181,244	70,993
Unlisted unit trusts		472,318	300,208
Payments for purchase of investments			
Term deposits		(457,214)	(417,657)
Australian equities		(245,760)	(173,437)
Unlisted unit trusts		(665,475)	(620,404)
Net cash flows used in investing activities		(272,466)	(512,418)
Cash flows from financing activities			
Employer contributions		183,985	138,831
Member contributions		100,025	89,980
Transfers from other funds		434,329	518,626
Benefits paid to members		(360,971)	(123,086)
Income tax paid on contributions received		(26,500)	(20,928)
Net cash inflows from financing activities		330,868	603,423
Net increase in cash and cash equivalents		68,215	96,341
Cash and cash equivalents at the beginning of the financial year		299,966	203,625
Cash and cash equivalents at the end of the financial year	11	368,181	299,966

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

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

1. General information

ING Superannuation Fund (ABN 13355603448) (the 'Fund') is a retail superannuation fund domiciled in Australia. The Fund is primarily involved in providing retirement benefits to its members. The Fund is constituted by a Trust Deed dated 13 June 2012 as amended.

Effective 1 September 2017, the Fund changed its name from ING Direct Superannuation Fund to ING Superannuation Fund.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993 the Fund is registered with the Australian Prudential Regulation Authority ("APRA") as a Registrable Superannuation Entity ("RSE") (R1074741).

The Trustee of the Fund during the reporting period was Diversa Trustees Limited (ABN 49 006 421 638) (RSE No L0000635).

The address of the Fund's registered office is Level 20, 357 Collins Street, Melbourne, VIC 3000.

Both the Trustee and the Fund are domiciled in Australia and registered with the Australian Prudential Regulation Authority (APRA).

These financial statements cover the Fund as an individual entity. The financial statements of the Fund were authorised for issue by the directors of the Trustee on 6 September 2017. The directors of the Trustee have the power to amend and re-issue these financial statements.

2. Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other applicable Australian Accounting Standards, the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

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

(b) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Fund's functional currency. Amounts are rounded to the nearest thousand unless otherwise stated.

(c) Adoption of AASB 1056 Superannuation Entities

The Fund's reported financial position and results of operations were affected by the adoption of AASB1056 Superannuation Entities on 1 July 2016. This resulted in the following changes:

- the presentation format of the financial statements changed from three (3) primary financial statements to five (5) as follows:
 - Statement of financial position
 - Income statement
 - Statement of changes in member benefits
 - Statement of changes in equity
 - Statement of cash flow
- the measurement of financial assets and liabilities changed from 'net market value' to 'fair value'. This change in measurement did not materially impact the carrying value of financial assets and liabilities reported by the Fund.
- member benefits are recognised as liabilities rather than equity, and
- contributions, rollovers and other inward transfers and benefits paid to members are not income or expenses but are instead presented in the statement of changes in member benefits.
- cash flow transactions from contributions relating to member benefits are now presented as financing activities.

As part of the transition to AASB1056, the Trustee also had to determine whether the Fund is exposed to material insurance risk in relation to members' insurance benefits. No material risk was identified therefore insurance premiums are no longer recognised as an expense.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

(c) Adoption of AASB 1056 Superannuation Entities (continued)

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

As a result, the Fund has restated amounts previously reported under AAS25 *Financial Reporting by Superannuation Plans ('AAS 25')* for the year ended 30 June 2016. The amounts reported under AAS 25 for the year ended 30 June 2016 are reconciled to the amounts reported under AASB 1056 as set out below:

(i) Statement of financial position

<i>In thousands of dollars</i>	30 June 2016 as previously reported	Adjustments	30 June 2016 as restated
Assets			
Cash and cash equivalents	299,966	-	299,966
Investment income receivable	5,221	-	5,221
Unsettled investment sales	-	-	-
Trade and other receivables	88	-	88
Term deposits	299,738	-	299,738
Australian equities	182,492	-	182,492
Unlisted unit trusts	1,236,565	-	1,236,565
Deferred tax assets	5,082	-	5,082
Total assets	2,029,152	-	2,029,152
Liabilities			
Trade and other payables	1,245	-	1,245
Unsettled investment purchases	2,789	-	2,789
Current tax liabilities	5,760	-	5,760
Total liabilities (excluding member benefits)	9,794	-	9,794
Net assets available for member benefits	2,019,358	-	2,019,358
Less: Member benefits	-	(2,018,194)	(2,018,194)
Total net assets	2,019,358	(2,018,194)	1,164
Equity			
Operational risk reserve	-	-	-
Unallocated to members' accounts	1,164	-	1,164
Total Equity	1,164	-	1,164

Explanation of movements:

AASB 1056 requires defined contribution member liabilities to be recognised and measured as the amount of accrued benefits. This movement represents the recognition of this liability on the face of the statement of financial position.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

(c) Adoption of AASB 1056 Superannuation Entities (continued)

(ii) Income statement

<i>In thousands of dollars</i>	30 June 2016 as previously	Adjustments	30 June 2016 as restated
Interest revenue	11,477		11,477
Dividends	3,901	-	3,901
Distributions	45,571	-	45,571
Other investment income	591	114	705
Net changes in fair value of investments	(30,040)	-	(30,040)
Employer contributions	138,831	(138,831)	-
Member contributions	89,980	(89,980)	-
Transfers from other funds	518,626	(518,626)	-
Group life insurance proceeds	971	(971)	-
Total revenue	779,908	(748,294)	31,614
Investment expenses	546		546
Other operating expenses	2,716	(2,716)	-
Group life insurance premiums	7,661	(7,661)	-
Total expense	10,923	(10,377)	546
Profit/(loss) from operating activities	768,985	(737,917)	31,068
Less: Net benefits allocated to members' accounts	-	36,380	36,380
Profit/(loss) before income tax	768,985	(774,297)	(5,312)
Income tax expense	(19,425)	(20,928)	1,503
Profit/(loss) after income tax	749,560	(795,225)	(3,809)

Explanation of movements:

(1) Adjustments represent member benefits that are required to be presented separately in the Statement of Changes in Member Benefits.

(2) Income tax on contributions is now required to be presented separately in the Statement of Changes in Member Benefits.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

(c) Adoption of AASB 1056 Superannuation Entities (continued)

(iii) Statement of Cash Flows

<i>In thousands of dollars</i>	30 June 2016 as previously reported	Adjustments	30 June 2016 as restated
Cash flows from operating activities			
Employer contributions received	138,831	(138,831)	-
Member contributions received	89,980	(89,980)	-
Transfers from other funds	518,626	(518,626)	-
Interest received	10,844		10,844
Dividends received	3,295		3,295
Distributions received	1,372		1,372
Other income received	586		586
Group life insurance proceeds	971		971
Benefits paid to members	(123,086)	123,086	-
Direct investment and other general administration expenses paid	(3,444)		(3,444)
Group life insurance premiums	(6,889)		(6,889)
Income tax paid	(22,327)	20,928	(1,399)
Net cash inflows from operating activities	608,769	(603,423)	5,336
Cash flows from investing activities			
<i>Proceeds from sale of investments</i>			
Term deposits	327,879	-	327,879
Australian equities	70,993	-	70,993
Unlisted unit trusts	300,208	-	300,208
<i>Payments for purchase of investments</i>			
Term deposits	(417,657)	-	(417,657)
Australian equities	(173,437)	-	(173,437)
Unlisted unit trusts	(620,404)	-	(620,404)
Net cash used in investing activities	(512,418)	-	(512,418)
Cash flows from financing activities			
Employer contributions received	-	138,831	138,831
Member contributions received	-	89,980	89,980
Transfers from other funds	-	518,626	518,626
Benefits paid to members	-	(123,086)	(123,086)
Income tax paid on contributions received	-	(20,928)	(20,928)
Net cash inflows from investing activities	-	603,423	603,423
Net increase/(decrease) in cash and cash equivalents	96,341	-	96,341
Cash and cash equivalents at the beginning of the period	203,625	-	203,625
Cash and cash equivalents at the end of the period	299,966	-	299,966

Explanation of movements

(1) Contributions, transfers and benefit payments are treated as financing activities as any member initiated activities will result in changes in the size and composition of the member liability of the superannuation entity.

(2) Income tax on contributions is presented separately in the cash flows from financing activities.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

(d) Financial instruments

(i) Classification

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

- Financial instruments designated at fair value through income statement upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchanged traded debt and equity instruments, unlisted trusts and commercial paper.

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

(ii) Recognition/de-recognition

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

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

(iii) Measurement

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

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

(e) Cash and cash equivalents

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

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

(f) Revenue recognition

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

Dividend and trust distribution income is recognised gross of withholding tax in the period in which the Fund's right to received payment is established.

(g) Receivables

Receivable amounts are generally received within 30 days of being recorded as receivables.

(h) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period. These amounts are unsecured and are usually paid within 30 days of recognition.

(i) Benefits paid/payable

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

(j) Contributions received and transfers from other funds

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

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

(k) Use of estimates

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

For the majority of the Fund's financial instruments, quoted market prices are readily available. However certain financial instruments, for example unquoted securities, are fair valued using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by experienced personnel.

(l) New accounting standards and interpretations

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

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

AASB 9 addresses classification, measurement and derecognition of financial assets and financial liabilities. This standard applies to annual reporting periods beginning on or after 1 January 2018. The adoption of this standard is expected to have no impact on the Fund's accounting for financial instruments as movements in the fair value of investments and derivatives will continue to be recognised in the income statement for periods in which they occur.

AASB 15 Revenue from contracts with customers, (effective 1 January 2018)

AASB 15 established a comprehensive framework for determining where, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, where early adoption is permitted.

The Fund is assessing the potential impact on its financial statements resulting from the application of AASB 15.

3. Financial risk management

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

The Fund has an investment governance framework ('IGF') established by the Trustee. The IGF sets out the Trustee policies and procedures for the selection, management and monitoring of investments for the Fund. For each investment option offered by the Fund, the Trustee seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

Investment Risk

The Fund's assets principally consist of financial instruments which comprise of cash, term deposits, shares in listed entities and collective investment vehicles such as managed investment schemes. The Trustee has determined that these types of investments are appropriate for the Fund and are in accordance with the Fund's investment strategy.

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

- Market risk
- Credit risk
- Liquidity risk

Market Risk

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 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 due diligence prior to the approval of fund managers to ensure they have appropriate expertise and skill for monitoring of the market conditions and benchmark analysis. Further, the Fund's asset consultant provides additional expert advice as required.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

3. Financial risk management (continued)

Investment Risk (continued)

Currency risk

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

The Fund is open to currency risk through its exposure to international investments. To mitigate currency risk fund managers may use derivatives to manage currency exposure. Derivatives are not used for speculative purposes.

Sensitivity analysis - currency risk

The Fund does not have direct exposures to investments denominated in foreign currency. The Fund's investments in the unlisted unit trusts are exposed to international equities and the sensitivity analysis for this exposure is disclosed in other market price risk.

Interest rate risk is the risk that the fair value of 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 fixed interest securities being subjected to interest rate risk. The Fund's exposure to interest rate risk is set out below.

Sensitivity analysis - interest rate risk

	Carrying Amount \$	Change in net assets available to pay benefits		Net assets available to pay benefits after change	
		-1%	+1%	Decrease	Increase
2017					
\$'000					
Cash and Cash Equivalents	368,181	(3,682)	3,682	364,500	371,863
Term Deposits	314,531	(3,145)	3,145	311,386	317,676
Investment in Australian Fixed Interest unit trust	45,608	(456)	456	45,152	46,064
Investment In International Fixed Interest (hedged) unit trust	7,228	(72)	72	7,156	7,300
	735,548	(7,355)	7,355	728,193	742,905
2016					
\$'000					
Cash and Cash Equivalents	299,966	(3,000)	3,000	296,966	302,966
Term Deposits	299,738	(2,997)	2,997	296,741	302,736
Investment in Australian Fixed Interest unit trust	16,246	(162)	162	16,084	16,408
Investment In International Fixed Interest (hedged) unit trust	5,562	(56)	56	5,506	5,618
	621,512	(6,215)	6,215	615,297	627,728

An increase/(decrease) of 1% in interest rates at reporting date would have increased/(decreased) the change for the year in net assets available to pay benefits by the amounts shown above, with all other variables held constant.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

3. Financial risk management (continued)

Investment Risk (continued)

Other market price risk

Other 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 (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 fair value with changes recognised in the income statement, all changes in market conditions will directly affect changes in fair values.

Investments of the Fund (other than cash held for operational purposes) comprise fixed income, shares in listed entities, and collective investment vehicles such as managed investment schemes. The Fund's exposure to other market price risk is therefore limited to market price movement in the asset classes of these investments.

At 30 June, the fair value of equities and investments in managed investment schemes exposed to price risk were as follows:

Sensitivity analysis - other market price risk by asset class

Asset Class

	%	Carrying Amount \$	Change in net assets available to pay benefits		Net assets available to pay benefits after change	
			Decrease	Increase	Decrease	Increase
2017						
\$'000						
Australian Equities	9	754,435	(67,899)	67,899	686,536	822,333
International Equities (unhedged)	8	233,311	(18,665)	18,665	214,646	251,976
International Equities (hedged)	8	194,234	(15,539)	15,539	178,695	209,772
Australian Listed Property	8	42,451	(3,396)	3,396	39,055	45,847
		1,224,431	(105,498)	105,498	1,118,933	1,329,928
2016						
\$'000						
Australian Equities	9	542,160	(48,794)	48,794	493,366	590,954
International Equities (unhedged)	8	168,053	(13,444)	13,444	154,609	181,497
International Equities (hedged)	8	130,814	(10,465)	10,465	120,349	141,279
Australian Listed Property	8	27,718	(2,217)	2,217	25,501	29,935
		868,745	(74,921)	74,921	793,824	943,666

An increase/(decrease) by the average return at reporting date would have increased/(decreased) the change for the year in net assets available to pay benefits by the amounts shown above, with all other variables held consistent.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

3. Financial risk management (continued)

Investment Risk (continued)

Credit Risk

Credit risk refers to the risk that the counterparty to the financial instrument will default on its contractual obligations resulting in a financial loss to the Fund.

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

Sensitivity analysis - credit risk

	2017	2016
	\$'000	\$'000
Cash and cash equivalents	368,181	299,966
Term deposits	314,531	299,738
Australian equities	262,031	182,492
Unlisted unit trusts	1,550,481	136,565
Interest, dividends and other receivables	9,154	5,309
	<u>2,504,379</u>	<u>924,070</u>

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations when they fall due. The risk is controlled through the Fund's investment in financial instruments which under normal market conditions are readily convertible to cash. In addition the Fund maintains sufficient cash and cash equivalents to meet normal operating conditions. The Fund's overall liquidity risks are monitored by the Trustee at least annually.

The following table summarises the maturity profile of the Fund's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund may be required to pay.

Sensitivity analysis - liquidity risk

	Carrying amount	Less than 1 month	1 to 3 months	Greater than 3 months
	\$'000	\$'000	\$'000	\$'000
2017				
\$'000				
Trade and other payables	2,538	2,538	-	-
Current tax liabilities	3,532	-	3,532	-
Unsettled trades	2,291	2,789	-	-
Member liabilities	2,490,812	2,490,812	-	-
Total undiscounted financial liabilities	<u>2,499,173</u>	<u>2,496,138</u>	<u>3,532</u>	<u>-</u>
	Carrying amount	Less than 1 month	1 to 3 months	Greater than 3 months
	\$'000	\$'000	\$'000	\$'000
2016				
\$'000				
Trade and other payables	1,245	1,245	-	-
Current tax liabilities	5,760	-	5,760	-
Unsettled trades	4,030	2,789	-	-
Member liabilities	2,018,194	2,018,194	-	-
Total undiscounted financial liabilities	<u>2,029,229</u>	<u>2,022,228</u>	<u>5,760</u>	<u>-</u>

Member liabilities have been included in the less than one month column, as this is the amount that members could call upon at year-end. This is the earliest date on which the Fund can be required to pay members' liabilities however members may not necessarily call upon this time.

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4. Fair values of financial instruments

(a) Fair value hierarchy

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

The fair value hierarchy has the following levels:

- (i) **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- (ii) **Level 2:** 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). The Trustee values units in unit trusts using the unit prices provided by the underlying fund manager.
- (iii) **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique includes inputs not based on observable data and whose unobservable inputs have a significant effect on the instrument's valuation.

Recognised fair value measurements

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised.

As at 30 June 2017

<i>In thousands of dollars</i>	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
Term Deposits	314,531	314,531	-	-	314,531
Australian Equities	262,031	262,031	-	-	262,031
Unlisted Unit Trusts	1,550,481	-	1,550,481	-	1,550,481
Total financial assets	2,127,043	576,561	1,550,481	-	2,127,043

As at 30 June 2016

<i>In thousands of dollars</i>	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
Term Deposits	299,738	299,738	-	-	299,738
Australian Equities	182,492	182,492	-	-	182,492
Unlisted Unit Trusts	1,236,565	-	1,236,565	-	1,236,565
Total financial assets	1,718,795	482,230	1,236,565	-	1,718,795

The investments of the Fund are managed on behalf of the Trustee by selected managers. The custodian of the Fund, State Street Australia Limited, holds the unlisted unit trusts. The Fund owns 100% of the issued units in the unlisted trusts in which the Fund invests.

(b) Transfers Between Hierarchy Levels

There have been no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the year. There are no Level 3 investments.

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5. Net changes in fair value of financial instruments

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

<i>in thousands of dollars</i>	2017	2016
Investments held at the end of the reporting period		
Australian equities	8,465	(2,719)
Unlisted unit trusts	21,354	(25,042)
	29,819	(27,761)
Investments realised during the reporting period		
Australian equities	7,513	522
Unlisted unit trusts	17,399	(2,801)
	24,912	(2,279)
Total	54,731	(30,040)

6. Member liabilities

(a) Recognition and measurement of member liabilities

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

(i) Defined contribution member liabilities

Defined contribution member account balances are measured using unit prices determined by the Trustee based on the underlying investment option values selected by members or alternatively elect the fair value of the investments held by the members.

(ii) Defined contribution member liabilities

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

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

<i>in thousands of dollars</i>	2017	2016
Member benefits	2,490,812	2,018,194
Unallocated amount	4,369	1,164
Reserves	178	-
Net assets available for member benefits	2,495,358	2,019,358

(b) Funding Arrangements

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

7. Insurance arrangements

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

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

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8. Reserves

From 1 June 2017 the Fund commenced the operation of a Operational Risk Financial Requirement (ORFR) reserve. Prior to this date the Trustee met their ORFR obligations by accumulating the required Target amount as capital outside of the Fund. It is estimated that there will be a period of 3 years in which both the Trustee Capital ORFR and the Fund ORFR will co-exist to enable the Trustee to meet the Fund's overall ORFR obligations.

An ORFR reserve is required under Australian Prudential Regulation Authority Prudential Standards to maintain adequate financial resources to address potential losses arising from operational risks. The Trustee assessed a reserve of approximately 0.275% of funds under management as being appropriate for the Fund

<i>in thousands of dollars</i>	2017	2016
ORFR Reserve	178	-

9. Income Tax Expense

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

(i) Accounting policy

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

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

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

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

(ii) Income tax expense

<i>in thousands of dollars</i>	2017	2016
Current tax		
Current year		
Tax on statement of changes in member benefits	26,500	20,928
Tax on income statement	872	337
Adjustment for prior years	(76)	(577)
Total current tax expense	27,296	20,688
Deferred income tax		
Movement in temporary differences	5,740	(1,263)
Total income tax expense	33,036	19,425

(iii) Numerical reconciliation between tax expense and profit before income tax

Profit/(loss) from operating activities	9,920	(5,312)
Tax at complying superannuation fund tax rate of 15%	1,488	(797)
Non-assessable investment income	(9,209)	1,848
Net imputation and foreign tax credits	(9,126)	(6,637)
Other	23,308	4,660
Prior year adjustments	76	(577)
Income tax expense on benefits accrued as a result of operations	6,536	(1,503)

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9. Income Tax Expense (continued)

(iv) Deferred tax assets and liabilities

<i>in thousands of dollars</i>	2017	2016
Deferred tax asset		
Unrealised losses on investments	-	5,082
	-	5,082
Deferred tax liabilities		
Unrealised gains on investments	(658)	-
Net deferred tax asset/(liability)	(658)	-
(d) Recognised in the statement of changes in member benefits		
Contributions and transfers in recognised in the statement of changes in member benefits	341,692	614,771
Tax at the complying superannuation fund rate of 15%	51,254	92,216
Non-assessable contributions	(78,309)	(89,524)
Group Life proceeds	(288)	(146)
Anti detriment deduction	(457)	(154)
Non deductible benefit payments	54,146	18,472
Other	154	64
Total	26,500	20,928

10. Other operating expenses

<i>in thousands of dollars</i>	2017	2016
Promoter fees	3,299	1,573
Adviser fees	2,881	1,143
	6,180	2,716

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11. Cash flows reconciliation

(a) Reconciliation of cash and cash equivalents

<i>in thousands of dollars</i>	2017	2016
Cash at bank	<u>368,181</u>	299,966
	<u>368,181</u>	<u>299,966</u>

(b) Reconciliation of cash flows from operating activities

Profit/(loss) after income tax	3,384	(3,809)
Adjustments for:		
(Increase)/decrease in assets measured at fair value	(139,752)	(14,158)
(Increase)/decrease in trade and other receivables	(375)	(1,361)
(Increase)/decrease in deferred tax assets	5,082	(1,265)
Increase/(decrease) in trade and other payables	1,293	-
Increase/(decrease) in current tax payable	(1,570)	(1,638)
Allocation to member's accounts	157,426	36,380
General administration expenses	(6,180)	(2,895)
Group Life insurance proceeds	1,918	971
Group Life insurance premiums	(11,414)	(6,889)
Net cash provided by operating activities	9,813	5,336

12. Commitments

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

13. Contingent liabilities and contingent assets

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

14. Events subsequent to reporting date

Effective 1 September 2017 the Fund changed its name from ING Direct Superannuation Fund to ING Superannuation Fund.

There have been no significant events since the end of the reporting period and the date of this report that would have an impact on the financial position of the Fund or on the results of its operations, or the state of affairs of the Fund in future years.

15. Auditor's Remuneration

<i>in thousands of dollars</i>	2017	2016
KPMG		
Audit and review of the financial statements and regulatory audit services	<u>100</u>	90
	<u>100</u>	<u>90</u>
Ernst & Young		
Tax agent services	75	-
Consulting fees	97	52
	<u>172</u>	<u>52</u>
Grant Thornton		
Audit and review of the risk management framework	3	2
	<u>3</u>	<u>2</u>

Auditor's remuneration is paid by the Fund Promoter.

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Notes to the financial statements
For the year ended 30 June 2017

16. Related Parties

(a) Trustee and Key Management Personnel

The Trustee of the Fund during the reporting period was Diversa Trustees Limited (ABN 49 006 421 638) (RSE No L0000635).

Key management personnel include persons who were directors of the trustee at any time during the reporting period.

The directors of Diversa Trustees Limited were as follows:

V. Plant (Chairperson), appointed 4 May 2017

K. Gibson, appointed 4 May 2017

M. Jones, appointed 1 September 2014

V. Parrott, appointed 1 September 2014

G. Wayling, appointed 4 May 2017

* M. Cerché (Chairperson), appointed 1 September 2014, resigned 4 May 2017

* L. Barrett, appointed 23 June 2016, resigned 4 May 2017

* A. de Vries, appointed 1 September 2014, resigned 13 January 2017

None of the directors were members of the Fund.

Remuneration of directors of the Trustee

The compensation received or due and receivable by the Trustee from the Promoter in connection with the trusteeship of the Fund was \$1,811,948 (2016: \$1,162,379).

The directors of the Trustee do not receive any remuneration directly from the Fund or the Promoter.

(b) Other entities with significant influence over the Fund

The Promoter of the Fund is ING, a division of ING Bank (Australia) Limited ABN 24 000 893 292, AFSL 229823.

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

Remuneration of the Promoter

There have been no transactions between the Promoter and the Fund other than promoter fees disclosed in the income statement. The compensation received or due and receivable by the Promoter from the Fund in connection with services provided to the Fund was \$4,660,193 (2016: \$2,249,963).

The Promoter is responsible for paying the costs associated with the running of the Fund, including trustee fees, audit fees, administration, investment management and asset consultant fees.

There were no other transactions between the Promoter and the Fund during the year.

Investments

ING Bank N.V. (Sydney Branch), a company related to the Promoter may be appointed as the sub investment manager for the Cash Option, Term Deposits and the Cash Hub of the Fund. The investment in the Term Deposits and the Cash Option are disclosed in Note 4.

There were no other related party transactions that require disclosure as at 30 June 2017.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2017

17. Involvement with unconsolidated investment entities

The table below sets out interests held by the fund in the unconsolidated investment entities that the Fund does not consolidate but holds an interest, set out by investment strategy. The maximum exposure to each investment strategy is limited to the fair value of the investment strategy as at 30 June 2017.

The fair value of the exposure changes on a daily basis throughout the period is as follows:

Investment strategy	Fair Value as at 30 June 2017	Fair Value as at 30 June 2016	Exposure % (2017)	Exposure % (2016)	Financial Statement Caption
	\$'000	\$'000			
Balanced	1,063,295	887,390	69%	1	Unlisted unit trusts
Growth	82,485	50,743	5%	0	Unlisted unit trusts
High Growth	142,674	87,444	9%	0	Unlisted unit trusts
Cash Fund	92,702	90,879	6%	0	Unlisted unit trusts
Australian Shares	53,041	35,537	3%	0	Unlisted unit trusts
International Shares	49,021	34,240	3%	0	Unlisted unit trusts
Australian Fixed Income	15,911	11,746	1%	0	Unlisted unit trusts
Australian Listed Property	28,367	24,593	2%	0	Unlisted unit trusts
International Shares (Hedged)	15,735	8,310	1%	0	Unlisted unit trusts
International Fixed Income (Hedged)	7,250	5,683	0%	0	Unlisted unit trusts
	1,550,481	1,236,565	100%	1	

The Fund's investment in each of the unconsolidated investment entities is detailed below:

Unconsolidated Investment Entities	Domicile	Percentage Ownership (2017)	Percentage Ownership (2016)
ING DIRECT Balanced Fund	Australia	100%	100%
ING DIRECT Growth Fund	Australia	100%	100%
ING DIRECT High Growth Fund	Australia	100%	100%
ING DIRECT Cash Fund	Australia	100%	100%
ING DIRECT Australian Shares Fund	Australia	100%	100%
ING DIRECT International Shares Fund	Australia	100%	100%
ING DIRECT Australian Fixed Income Fund	Australia	100%	100%
ING DIRECT Australian Listed Property Fund	Australia	100%	100%
ING DIRECT International Shares (Hedged) Fund	Australia	100%	100%
ING DIRECT International Fixed Income (Hedged) Fund	Australia	100%	100%

As at 30 June 2017, there are no significant restrictions (e.g. borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated investment entities to transfer funds to the Fund in the form of dividends or to repay loans or advances made to the unconsolidated investment entities by the Fund (2016: Nil).

As at 30 June 2017, the Fund does not have any current commitments or intentions to provide financial or other support to the unconsolidated investment entities, including commitments or intentions to assist the investment entities in obtaining financial support (2016: Nil).

The Fund did not provide financial or other support to the unconsolidated investment entities.

**ING Superannuation Fund
For the year ended 30 June 2017**

Trustee's declaration to members

In the opinion of the Trustee of ING Superannuation Fund:

1. The accompanying financial statements of ING Superannuation Fund are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2017, and the results of its operations and cash flows for the year then ended on that date; and
2. The operation of ING Superannuation Fund has been carried out in accordance with its Trust Deed dated 13 June 2012 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;
 - The requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001;
3. The accompanying financial statements have been drawn up in accordance with Australian Accounting Standards and the provisions of the Trust Deed dated 13 June 2012, as amended.

Dated at Melbourne, the 6th day of September, 2017

Signed on behalf of the directors of the Trustee:



Director



Director