

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND**

**ABN 78 984 178 687**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

# PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND

## TABLE OF CONTENTS

	<b>PAGE</b>
Statement of Financial Position	1
Statement of Financial Performance	2
Statement of Cash Flows	3
Notes To and Forming Part of the Financial Statements	4 - 24
Trustee Statement	25

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	NOTE	30-Jun-11 \$	30-Jun-10 \$
<b>ASSETS</b>			
Cash at Bank	7	41,437,126	61,676,611
		<u>41,437,126</u>	<u>61,676,611</u>
<b>RECEIVABLES</b>			
Contributions Receivable		25,980,152	27,751,384
Deferred Tax Assets	17	246,542	4,064,496
GST Receivable		464,410	784,464
Other Receivables	9	2,744,885	2,738,538
		<u>29,435,989</u>	<u>35,338,882</u>
<b>INVESTMENTS</b>			
Unit Trusts	8(a)	1,715,222,957	1,459,312,376
Cash in Transit	8(b)	74,659,230	-
		<u>1,789,882,187</u>	<u>1,459,312,376</u>
<b>TOTAL ASSETS</b>		<u>1,860,755,302</u>	<u>1,556,327,869</u>
<b>LIABILITIES</b>			
Other Payables	10	7,949,951	17,764,642
Income Tax Payable		19,829,043	10,551,745
Deferred Tax Liabilities	17	26,039,800	22,400,416
<b>TOTAL LIABILITIES</b>		<u>53,818,794</u>	<u>50,716,803</u>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>		<u>1,806,936,508</u>	<u>1,505,611,066</u>
<b>Represented by:</b>			
<b>LIABILITIES FOR ACCRUED BENEFITS</b>			
Members' Accounts - Allocated	4	1,760,228,157	1,450,292,867
Members' Accounts - Unallocated		22,083,129	23,588,679
Reserve	5	24,625,222	31,729,520
	3	<u>1,806,936,508</u>	<u>1,505,611,066</u>

The accompanying notes form an integral part of this Statement of Financial Position

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	30-Jun-11 \$	30-Jun-10 \$
<b>INVESTMENT REVENUE</b>			
Interest		1,143,959	557,831
Changes in Net Market Values	11	92,870,854	99,657,089
Dividends/Distributions		90,652,926	45,855,720
Direct Investment Rebates/(Expenses)	12	974,155	509,302
<b>Net Investment Revenue</b>		<b>185,641,894</b>	<b>146,579,942</b>
<b>CONTRIBUTIONS REVENUE</b>			
Employer Contributions		288,674,882	247,285,608
Member Contributions		9,131,973	8,536,710
Government Co-Contributions		2,441,606	3,052,657
Benefits Transferred In		61,712,589	40,738,824
<b>Total Contributions Revenue</b>		<b>361,961,050</b>	<b>299,613,799</b>
<b>OTHER REVENUE</b>			
Group Life Insurance Proceeds		22,149,664	13,149,146
Other Income		32,414	198,233
<b>Total Other Revenue</b>		<b>22,182,078</b>	<b>13,347,379</b>
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>569,785,022</b>	<b>459,541,120</b>
<b>GENERAL ADMINISTRATION EXPENSES</b>			
Operating Expenses	13	39,734,464	39,691,081
Professional Fees	14	1,137,153	741,371
Group Life Insurance Premiums		20,722,473	18,890,148
Other Expenses	15	449,549	262,502
Superannuation Contribution Surcharge		3,051	5,058
<b>TOTAL EXPENDITURE FROM ORDINARY ACTIVITIES</b>		<b>62,046,690</b>	<b>59,590,160</b>
Operating Surplus for the Period Before Tax		507,738,332	399,950,960
Less: Income Tax Expense	17	53,016,756	45,142,642
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<b>454,721,576</b>	<b>354,808,318</b>

The accompanying notes form an integral part of this Statement of Financial Performance

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	30-Jun-11 \$	30-Jun-10 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Employer Contributions		288,780,220	247,101,756
Member Contributions		9,131,973	8,536,710
Government Co-Contributions		2,818,003	3,037,801
Benefits Transferred In		61,712,589	40,738,825
Interest and Other Income		571,021	352,871
Commissions and Profit Shares		-	198,085
Group Life Insurance Proceeds		20,896,329	12,783,735
GST Paid and Claimable		320,053	303,832
Members' Benefits		(153,170,564)	(124,137,069)
Operating Expenses		(45,015,765)	(35,833,716)
Professional Fees		(1,227,832)	(438,260)
Group Life Insurance Premiums		(22,444,766)	(17,113,130)
Other Operating Expenses		(433,832)	(262,503)
Surcharge Tax Paid		(3,051)	(5,058)
Income Taxes Paid		(36,282,120)	(34,893,631)
<b>NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>	18	<u>125,652,258</u>	<u>100,370,248</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Investments		365,984,121	165,950,487
Distribution Income		90,197,888	44,965,339
Interest Income		635,172	166,180
Investment Units Purchased		(603,683,078)	(288,699,337)
Direct Investment Rebate/(Expenses)		974,155	509,301
<b>NET CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>		<u>(145,891,742)</u>	<u>(77,108,030)</u>
<b>Net Increase/(Decrease) in Cash Held</b>		(20,239,484)	23,262,218
<b>OPENING CASH BROUGHT FORWARD</b>		61,676,610	38,414,393
<b>CLOSING CASH CARRIED FORWARD</b>	18	<u><u>41,437,126</u></u>	<u><u>61,676,611</u></u>

The accompanying notes form an integral part of this Statement of Cash Flows

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following explains the significant accounting policies which have been adopted in the preparation of the financial statements.

***(a) Basis of Preparation***

The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards including AAS25 "Financial Reporting by Superannuation Plans" ("AAS25") as amended by AASB 2005-13 "Amendments to Australian Accounting Standards [AAS25]", the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed.

Both the functional and presentation currency of Professional Associations Superannuation Fund, ("Fund") is Australian Dollars (\$).

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments and derivatives, which are measured at net market value.

***(b) Statement of Compliance***

These financial statements are prepared in accordance with Australian Accounting Standards only to the extent that AAS25 is silent.

The following accounting standards and interpretations are now applicable for the 30 June reporting period. The directors' assessment of the impact of these new standards (to the extent they are relevant to the Fund) and interpretation is set below:

(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013).

AASB 9 Financial Instruments addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.

AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Fund has not yet decided when to adopt AASB 9. However, management does not expect this will have a significant impact on the Fund's financial statements as the Fund does not hold any available-for-sale investments.

(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011).

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The Fund will apply the amended standard from 1 July 2011. When the amendments are applied, the Fund will need to disclose any transactions between its subsidiaries and its associates.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(iii) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011).

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First-time Adoption of Australian Accounting and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particular entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Fund's disclosures.

(iv) Amendments to AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011).

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Fund does not expect that any adjustments will be necessary as the result of applying the revised rules.

Certain new accounting standards have been published that are not mandatory for 30 June 2011 reporting periods, but are available for early adoption. The Trustee is of the opinion that none of these new standards will be relevant now and therefore have decided to not take up the option of early adoption.

***(c) Investments***

Investments of the Fund are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments are measured at net market value. Gains or losses on investments are recognised in the operating statement. Changes in net market value of assets are brought to account in the statement of financial performance in the periods in which they occur.

Net market values have been determined as follows:

Unit trusts by reference to the unit redemption prices at the reporting date.

Estimated costs of realisation have been deducted in determining net market value. Net market value is considered a reasonable approximation of fair value.

Purchases and sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Fund commits to purchase the asset.

***(d) Revenue Recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund during the period and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

***Changes in net market values***

Changes in the net market value of investments are calculated as the difference between the net market value at sale, or at balance date, and the net market value at the previous valuation point and recognised in the Statement of Financial Performance.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Contributions and Transfers In*

Contributions and transfers in are recognised when control of the assets have been attained and are recorded, gross of any tax, in the period to which they relate.

*Interest*

Interest is recognised as it accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

*Trust Distributions*

Trust distributions are recognised when the right to receive payment is established.

**(e) Taxation**

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act (1997). Accordingly, the concessional tax rate of 15% has been applied to the Fund's income.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The tax rate applied to timing differences relevant to unrealised losses in the value of investments is at a reduced rate of 10% to reflect the reduction in effective tax rates when future capital gains are realised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(f) Goods & Services Tax (GST)***

Revenues, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of goods and services tax (GST) to the extent that the GST is recoverable from the ATO. Where GST is not recoverable it is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable.

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

Cash Flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

***(g) Derecognition of Financial Assets and Financial Liabilities***

A financial asset is derecognised when:

- \* the rights to receive cash flows from the asset have expired; or
- \* the Fund transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

***(h) Benefits Payable***

Benefits payable are valued at net market value which comprises the entitlements of members who ceased membership prior to the year end but had not been paid at that time.

***(i) Receivables and Other Payables***

Receivables are carried at nominal amounts due which approximate net market value. Receivables are normally settled within 30 days. An allowance for uncollectible amounts is only made where there is objective evidence that the debt will not be collected.

Other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the fund and are carried at nominal amounts which approximate net market value. Payables are normally settled on 30 day terms.

***(j) Cash and cash equivalents***

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less that are readily convertible to cash.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

***(k) Accrued Benefits***

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at reporting date.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(l) Superannuation Contribution Surcharge***

Superannuation Contribution Surcharge is levied on surchargeable contributions on the basis of the individual member's adjusted taxable income. The liability for the Superannuation Contribution Surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured.

The superannuation surcharge liability recognised by the Fund has been charged to the relevant members' accounts.

The Superannuation Laws Amendment (abolition of Surcharge) Act 2005 abolished both the superannuation contributions surcharge and termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

***(m) Other Operating Expenses***

All operating expenses of the Fund are recognised in the Statement of Financial Performance on an accrual basis.

***(n) Significant Accounting Estimates and Assumptions***

The preparation of the financial statements requires the making of estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities where they are not available from independent sources. The key estimates and assumptions that have a significant risk of causing a material adjustment to the values of assets and liabilities are: Valuation of Investments. All amounts are presented in Australian Dollars unless otherwise stated.

***(o) No-TFN Contributions Tax***

Where a member does not provide their Tax File Number (TFN) to the Fund, the Fund may be required to pay a no-TFN contributions tax at a rate of 31.5% which is in addition to the concessional tax rate of 15% which applies to the Fund's taxable income.

The no-TFN contributions tax liability recognised by the Fund will be charged to the relevant members' accounts. Where a tax offset is obtained by the Fund in relation to members' no-TFN contributions tax, the tax offset will be included in the relevant members' accounts.

***(p) Excess Contributions Tax***

The Australian Taxation Office may issue release authorities to members of the Fund relating to the relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year. Where a member receives an excess contributions tax release authority, the member:

- may give the release authority relating to the member's concessional contributions to a fund for payment; and
- must give the release authority relating to the member's non-concessional contributions to a fund for payment.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Release authorities may be issued by the Australian Taxation Office from 1 July 2007 in relation to transitional non-concessional contributions received by the Fund between 10 May 2006 and 30 June 2007. Release authorities in relation to concessional and/or non-concessional contributions received from 1 July 2007 may be issued from the Australian Taxation Office from 1 July 2008.

The liability for the excess contribution tax will be recognised when the relevant release authorities are received from the members, as the Trustee considers this is when it can be reliably measured.

The excess contributions tax liability recognised by the Fund will be charged to the relevant members' accounts.

***(q) Reserving Policy***

A reserve is maintained by the Fund to meet operational or Fund related expenses not met by levies deducted from members' accounts. The Reserve may also be used to manage earnings in times of volatility. Reserves are managed and maintained in accordance with the Fund's Investment Earnings Distribution and Reserving Policy.

***(r) Comparative figures***

Previous year's figures have been reworked, regrouped and reclassified wherever necessary, to conform to current year's classification and presentation.

**2. OPERATION OF THE FUND**

The Professional Associations Superannuation Fund ("Fund") consists of four divisions - RecruitmentSuper, AccountantsSuper, Australian Enterprise Super and SMARTpension. The Fund was originally established to provide employees in the recruitment industry with a portable superannuation scheme but has since expanded to cover all sectors. Under the terms of the Fund's declaration of trust, Professional Associations Superannuation Limited (A.C.N. 056917303) is appointed Trustee of the Fund.

The Fund provides for payment of contributions by participating employers at agreed rates, either as legislated or as agreed between the employer and the member. Members are also able to make voluntary contributions. Generally, automatic insurance for a minimal amount is provided on entry but additional optional insurance coverage is available for members of the Fund upon written application.

The Fund is managed by eo Financial Services Pty Limited and administered by Australian Administration Services Pty Ltd.

The principal place of business of the Fund is Level 5, 575 Bourke Street, Melbourne, Victoria 3000.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 3. LIABILITY FOR ACCRUED BENEFITS**

The liability for accrued benefits is the Fund's present obligations to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at reporting date.

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$</b>	<b>\$</b>
Changes in the liability for accrued benefits are as follows:		
<b>Liability for accrued benefits at the beginning of the year</b>	1,505,611,066	1,276,005,774
Plus: Increase in Accrued Benefits	454,721,574	354,808,318
Less: Gross Benefits Paid and Payable		
Resignations	(5,239,338)	(1,843,660)
Retirements	(7,406,160)	(11,086,762)
Transfers to other funds and ERF	(114,432,239)	(92,074,341)
Deaths	(15,097,538)	(12,074,555)
Disablements	(3,320,169)	(2,215,065)
Hardship	(2,040,181)	(2,021,108)
Overseas Resident Benefits Paid	(3,572,350)	(3,246,721)
Compassionate payments	(1,436,778)	(82,661)
Pensions Paid	(851,379)	(558,153)
Total Gross Benefits Paid and Payable	<u>(153,396,132)</u>	<u>(125,203,026)</u>
<b>Liability for accrued benefits at the end of the year</b>	<u>1,806,936,508</u>	<u>1,505,611,066</u>

**NOTE 4. VESTED BENEFITS**

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

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$</b>	<b>\$</b>
Changes in the value of vested benefits are as follows:		
<b>Vested Benefits at Beginning of Year</b>	1,450,292,867	1,220,668,673
Contributions	302,019,694	256,111,296
Transfers In	61,712,589	40,738,825
Interest Allocated/(Charged) to Members	172,869,770	135,629,072
Cost of Member Benefit Protection	8,788,586	8,243,620
Proceeds from Insurance	22,149,664	13,149,244
Member Levies in Respect of:		
Contributions Tax	(45,089,916)	(37,751,449)
Administration Fees	(37,975,121)	(35,145,254)
Group Life Insurance Premiums	(20,739,474)	(18,736,913)
Surcharge	(3,051)	(5,058)
Expense Recovery Charge	(401,319)	(7,180,209)
Benefits Paid and Payable	<u>(153,396,132)</u>	<u>(125,428,981)</u>
<b>Net Movement in Vested Benefits</b>	<u>309,935,290</u>	<u>229,624,194</u>
<b>Vested Benefits at End of Year</b>	<u>1,760,228,157</u>	<u>1,450,292,867</u>

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 5. MOVEMENT IN RESERVE</b>		
<b>Balance at Beginning of Year</b>	31,729,520	34,097,551
Investment Income		
Dividends/Distributions	90,652,926	45,855,721
Interest	1,143,959	557,832
Movements in Net Market Value	92,870,854	99,657,089
Other Income	32,414	198,233
Direct Investment Expenses	974,155	509,301
Interest (allocated)/charged to members	(132,310,711)	(101,178,553)
Unit Price Revaluations	(40,559,058)	(34,450,519)
Group Life Insurance Premiums	(20,722,473)	(18,890,148)
Group Life Insurance Levies	20,739,474	18,736,913
Proceeds from Insurance	22,149,664	13,149,146
Insurance proceeds allocated to members	(22,149,664)	(13,149,244)
Operating Expenses	(38,769,818)	(38,726,634)
Professional Fees and other expenses	(1,565,530)	(1,003,873)
Administration Fees Deducted from Members' Accounts		
Account Keeping Levies	36,607,502	33,819,087
Benefit Payment Levies	1,367,618	1,326,167
Expense Recovery Charge	401,319	7,180,209
Cost of Member Benefit Protection	(8,788,586)	(8,243,620)
Superannuation Contributions Surcharge	(3,051)	(5,058)
Tax Levies in respect of Superannuation Contributions Surcharge	3,051	5,058
Income Tax Expense		
Tax on net investment income	(7,388,864)	(7,916,464)
Contributions Tax	(45,893,577)	(36,811,627)
Tax Levies charged to members	45,089,916	37,751,449
Non Claimable GST	(985,818)	(964,447)
Benefits Paid to Members	(153,396,132)	(125,203,027)
Benefits Paid and Payable from Members' Accounts	153,396,132	125,428,981
<b>Balance at End of Year</b>	<u><u>24,625,222</u></u>	<u><u>31,729,520</u></u>

**NOTE 6. GUARANTEED BENEFITS**

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

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 7. CASH AT BANK</b>		
Cash at Bank - Withdrawals Account	3,185,228	7,594,955
Cash at Bank - Operational Accounts	17,932,645	15,075,032
J P Morgan - Custodial Services Account	20,319,253	39,006,624
	<b>41,437,126</b>	<b>61,676,611</b>

**NOTE 8 (a). INVESTMENTS**

**Unit Trusts**

**Australian Equities**

Concord Capital Australian Shares Fund	104,078,756	99,254,931
Cooper Investors Australian Equities Fund	113,536,642	91,247,252
Vanguard Australian Shares Index Fund	229,316,798	188,220,006

**International Equities**

Altrinsic Global Equity Trust	46,453,368	36,749,037
Trilogy Concentrated Global Equities Fund	45,811,604	36,615,705
Zurich Investments Unhedged Global Thematic Share Fund	44,719,889	37,911,518
Vanguard International Shares Index Fund (AUD hedged)	234,539,351	249,837,960
Vanguard International Shares Index Fund	91,936,476	-
Genesis Emerging Markets Investment Company	54,006,720	50,696,400

**Property**

AMP Capital Shopping Centre Fund	52,480,097	-
AMP Capital Wholesale Office Fund	35,905,180	-
Charter Hall Core Plus Office Fund	30,900,434	29,395,102
DEXUS Wholesale Property Fund	-	69,408,935
EQT SGH LaSalle Global Listed Property Securities Trust	59,038,417	32,929,244

**Liquid Alternatives**

BlackRockCash Fund	47,360,014	67,209,966
Bridgewater All Weather Fund (Australia) Series 1	15,850,383	13,009,925
Bridgewater All Weather Fund (Australia) Series 11	93,720,609	56,248,165
Macquarie Debt Market Opportunity No 1 Fund	28,130,281	26,606,189
K2 Advisors Diversity Fund, Ltd. Class B-2010-03	-	49,707,750

**Bonds**

BlackRock Global Bond Index Fund	52,324,886	68,625,696
BlackRock Indexed Global Inflation-Linked Bond Fund	-	69,021,676
BlackRock Australian Government Inflation-Linked Bond Fund	84,747,415	-
PIMCO Global Real Return Fund	82,036,334	68,961,679
Schroders Fixed Income Fund	77,112,960	46,905,325
Vianova Strategic Fixed Interest Trust	30,581,399	20,714,634
The Super Loans Trust	1,156,780	1,184,237

**Cash**

BlackRockCash Fund	34,535,202	25,632,466
--------------------	------------	------------

**Private Capital**

Hastings Utilities Trust of Australia	24,003,013	22,284,485
Industry Superannuation Holdings Pty Ltd	939,952	934,092

	<b>1,715,222,957</b>	<b>1,459,312,376</b>
--	----------------------	----------------------

**NOTE 8 (b). CASH IN TRANSIT**

Proceeds from K2 Advisors Diversity Fund, Ltd. Class B-2010-03*	<b>74,659,230</b>	<b>-</b>
---	-------------------	----------

\* Note: These proceeds were reinvested in the same Investment on July 1, 2011.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 9. OTHER RECEIVABLES**

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$</b>	<b>\$</b>
Bank Interest Receivable	14,659	44,479
Sundry Debtors	-	418,871
Trust Distribution Receivable	2,730,226	2,275,188
	<u>2,744,885</u>	<u>2,738,538</u>

**NOTE 10. OTHER PAYABLES**

Administration Expenses Payable	1,608,370	3,398,429
Management Fees Payable	1,713,332	4,892,614
Insurance Expense Payable	1,581,449	3,303,742
Audit Fees Payable	62,479	135,850
Accrued Expenses	373,536	1,669,033
Benefits Payable	1,343,328	1,147,730
Benefit Tax Payable	51,624	23,555
Unallocated Contributions - Current Year	1,115,423	2,781,318
Amount Payable to PASL	100,410	412,371
	<u>7,949,951</u>	<u>17,764,642</u>

**NOTE 11. CHANGES IN NET MARKET VALUE OF INVESTMENTS**

**Unrealised Gains/(Losses)**

Unit Trusts	79,081,223	95,023,784
	<u>79,081,223</u>	<u>95,023,784</u>

**Realised Gains/(Losses)**

Unit Trusts	13,789,631	4,633,305
	<u>13,789,631</u>	<u>4,633,305</u>
	<u>92,870,854</u>	<u>99,657,089</u>

**NOTE 12. DIRECT INVESTMENT REBATES/(EXPENSES)**

Investment Management Fees	(1,082,560)	(1,121,995)
Investment Management Rebates	2,056,715	1,631,297
	<u>974,155</u>	<u>509,302</u>

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	\$	\$
<b>NOTE 13. OPERATING EXPENSES</b>		
Management Fees (eo)	19,200,483	23,700,688
Administration fees (AAS)	19,311,750	15,873,392
Trustee Expenses	1,103,271	-
Advisor Commissions	118,960	117,001
	<u>39,734,464</u>	<u>39,691,081</u>

For the 2010 financial year, Trustee Expenses were incorporated in Management Fee (eo). The Fund now pay these expenses directly.

**NOTE 14. PROFESSIONAL FEES**

Custodian Fees	411,443	-
Asset Consulting Fees	461,099	-
Audit Services	83,186	204,286
Other Audit Services	25,520	32,415
Legal Fees	14,690	-
Actuarial Fees	3,177	-
General Consulting Fees	138,038	504,670
	<u>1,137,153</u>	<u>741,371</u>

For the 2010 financial year, Custodian Fees, Assets Consulting Fees, Legal Fees and Actuarial Fees were incorporated in Management Fee (eo). The Fund now pays these expenses directly.

**NOTE 15. OTHER OPERATING EXPENSES**

Statutory Filing & Lodgement Fees	369,051	210,056
Bank Charges	59,998	50,018
Communication & Mail House Expenses	-	2,428
Advertising	20,500	-
	<u>449,549</u>	<u>262,502</u>

**NOTE 16. SEGMENT INFORMATION**

The Fund operates solely in the business of provision of superannuation benefits to members and operates in Australia only.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**17. INCOME TAX**

Major components of income tax expense for the years ended 30 June 2011 and 30 June 2010 are:

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	\$	\$
<b>Current Income Tax</b>		
Current Income Tax Charge	48,012,176	33,253,820
Adjustments in Respect of Previous Years	(2,452,758)	126,830
<b>Deferred Income Tax</b>		
Relating to origination and reversal of Temporary Differences	7,457,338	11,761,992
	<u>53,016,756</u>	<u>45,142,642</u>
Benefits accrued before Income Tax	507,738,332	399,950,961
Prima Facie Tax Thereon at 15%	76,160,750	59,992,644
<b>Permanent Differences</b>		
Non-Assessable Contributions	(1,736,037)	(1,738,405)
Non-Assessable Roll ins/Transfers	(9,256,889)	(6,110,824)
Assessable Concessional Member Contributions	178,390	286,262
Non-Assessable Investment Income	(615)	(285)
Trust Distributions - Imputation Credits	801,800	337,431
Trust Distributions - Tax deferred income written off	-	(8,914)
Realised Taxable (Gains)/Losses	(5,774,040)	1,453,953
Unrealised Capital Gains/(Losses)	1,604,370	(4,769,544)
Group Life Insurance Proceeds	(3,322,450)	(1,972,372)
No TFN on Concessional Contributions	2,467,245	(556,408)
Anti Detriment payments	(69,091)	-
Superannuation Surcharge	458	759
Imputation Credits & Other Rebates	(5,345,332)	(2,249,539)
Adjustments in Respect of Previous Years	(2,452,758)	126,830
Unallocated contributions	(249,884)	391,428
Non-Deductible Expenses	10,839	5,237
Forward Currency Exchange	-	(57,665)
Prior Year assessable contribution	-	12,054
<b>Income Tax Expense</b>	<u>53,016,756</u>	<u>45,142,642</u>
<b>Deferred Income Tax</b>		
Deferred Income Tax at 30 June relates to the following:		
<b>Deferred Income Tax Liabilities</b>		
Contributions Receivable	3,897,023	4,162,708
Distribution Deferred Income	-	691,962
Unrealised Gains in Investments relating to CGT	22,142,777	17,545,746
	<u>26,039,800</u>	<u>22,400,416</u>
<b>Deferred Income Tax Assets</b>		
Realised Losses On Investments relating to CGT	-	3,548,558
Audit Fees Payable	9,325	20,378
Insurance Premiums Payable	237,217	495,560
	<u>246,542</u>	<u>4,064,496</u>

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 18. NOTES TO THE STATEMENT OF CASH FLOWS**

***(a) Reconciliation of Cash***

Cash 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:

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank	<u>41,437,126</u>	<u>61,676,611</u>

***(b) Reconciliation of Net Cash Provided by Operating Activities to Benefits Accrued as a Result of Operations***

Benefits Accrued as a Result of Operations	454,721,577	354,808,318
--	-------------	-------------

***Cash Flows in Operating Profit Attributable to Non- Operating Activities***

Interest	(635,172)	(166,180)
Changes in Net Market Values of Investments (Gains)/Losses	(92,870,854)	(99,657,089)
Dividends/Distributions	(90,652,926)	(45,855,721)
Direct Investment Rebates/(Expenses)	(974,155)	(509,301)
Other Investment Income	-	-

***Changes in Asset and Liabilities Attributable to Operating Activities***

(Increase)/Decrease in Contributions Receivable	1,771,233	(2,763,679)
(Increase)/Decrease in Deferred Tax Assets	3,817,954	1,208,318
(Increase)/Decrease in GST Receivable	320,053	303,833
(Increase)/Decrease in Other Debtors	448,691	(39,266)
Increase/(Decrease) in Administration Services Payable	(1,790,058)	3,853,830
Increase/(Decrease) in Management Fee Payable	(3,179,282)	-
Increase/(Decrease) in Group Life Insurance Premiums Payable	(1,722,293)	1,777,019
Increase/(Decrease) in Audit Fees Payable	(73,371)	67,100
Increase/(Decrease) in Operating Expenses Payable	(438,991)	(36,314)
Increase/(Decrease) in Benefits Payable	195,598	1,139,619
Increase/(Decrease) in Benefits Tax Payable	28,069	(73,659)
Increase/(Decrease) in PAYG Tax Payable	-	-
Increase/(Decrease) in Other Payables	(2,834,364)	2,475,754
Increase/(Decrease) in Income Tax Payable	9,277,298	(1,512,980)
Increase/(Decrease) in Deferred Tax Payable	3,639,384	10,553,674

***Cash Items not included in Result of Operations***

Benefits Paid	(153,396,133)	(125,203,030)
---------------	---------------	---------------

***Net Cash Provided by Operating Activities***

<u>125,652,258</u>	<u>100,370,248</u>
--------------------	--------------------

***(c) Non Cash Transactions***

During the year, distributions of \$90,197,888 were received which were reinvested by way of acquiring units in the relevant trust from which they were received.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 19. INTEREST CREDITING RATE**

Interest allocated to members' accounts for the year ended is based on crediting rates as follows:

	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>%</b>	<b>%</b>
<b>Recruitment Super Division - EasyChoice/EasySuper/PreservedSuper</b>		
Growth	12.1	11.0
<b>Recruitment Super Division - SelectSuper/SelectPlus</b>		
Aggressive	12.2	11.1
Growth	11.1	10.6
Moderate	9.6	10.0
Stable	7.5	8.9
Australian Shares	11.2	14.0
Overseas Shares	14.6	11.9
Property	12.8	4.8
Bonds	7.2	10.5
Cash	3.4	3.5
<b>Accountants Super Division</b>		
Aggressive	11.9	11.1
Growth	11.0	10.8
Moderate	9.4	9.9
Stable	7.5	8.7
Australian Shares	12.0	13.9
Overseas Shares	13.9	11.8
Property	21.6	4.1
Bonds	4.3	10.7
Cash	3.7	3.4
<b>Australian Enterprise Super Division</b>		
Aggressive	11.7	11.2
Growth	11.0	11.0
Moderate	9.3	10.0
Stable	8.5	8.8
Australian Shares	11.0	14.0
Overseas Shares	14.1	11.9
Property	12.4	4.8
Bonds	7.2	10.4
Cash	3.5	3.5
<b>Smart Pension</b>		
Aggressive	11.8	11.8
Growth	11.9	10.4
Moderate	9.5	11.0
Stable	4.7	10.0
Australian Shares	4.2	9.6
Overseas Shares	22.8	(3.2) #
Property	14.1	3.8 #
Bonds	8.7	6.8 #
Cash	3.3	3.9

# Bonds, Property and Overseas Shares options opened for investment 12 January 2009. The first investment into the Bonds option was received 13 November 2009, the first investment into the Property option was received 18 December 2009, and the first investment into the Overseas Shares option was received 8 January 2010. As these options commenced part way through the year, these 2010 returns are not annualised.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 20. RELATED PARTIES**

***(a) Trustee and Key Management Personnel***

The Trustee of the Fund throughout the year was Professional Associations Superannuation Limited. The names of the directors of the Trustee Company who held office during the year are:

<b>Employer Representatives</b>	<b>Member Representatives</b>
Gordon Ross Fisher - Chairman	Marian Valma Bolton (Resigned 17 November 2010)
John Charles Plummer	Sylvia Catherine Moreno
Ross Marshall Herron	Ian Maxwell Chisholm
	Katherine Kaspar (Appointed 9 December 2010)

Certain directors are members of the Fund. Their membership terms and conditions are the same as those available to other members of the Fund.

***Other key management personnel***

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

***Trustee***

During the year PASL charged the Fund \$1,183,997 including GST (2010 \$2,250,365) for recovery of expenses incurred by PASL. At balance date, \$100,410 (2010 \$412,372) (including year end accruals) remains payable to PASL.

***eo entities***

Ross Herron and John Plummer are directors of eo Group Limited and eo Financial Services Pty Ltd. eo Group Ltd is the parent of eo Financial Services Pty Ltd and is incorporated as a company with its shares held ultimately beneficially for the members of Professional Associations Superannuation Fund. Net assets of eo Group Ltd were \$20,883,551 at 30 June 2011 (2010 \$15,559,685).

During the year a total of \$20,605,354 (2010 \$21,584,721) was paid to eo Financial Services Pty Ltd as fees for provision of management services. At balance date, \$1,713,332 (2010 \$4,892,614) (including year end accruals) remains payable to eo.

<b>30-Jun-11</b>	<b>30-Jun-10</b>
\$	\$

***(b) Compensation of Key Management Personnel***

Compensation received, or due and receivable by the Directors of the Trustee Company from the Fund or party in connection with the management of the Fund:

Short-term benefits - (Directors Fees)	429,085	422,875
Post employment - (Superannuation)	47,199	46,516
Total	476,284	469,391

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 21. FINANCIAL RISK MANAGEMENT**

**Strategy in using financial instruments**

The Fund's principal financial instruments comprise units in unit trusts, which invest primarily in equities, fixed interest securities, property, infrastructure and private equity, cash and short-term deposits. The Fund's primary purpose for using these financial instruments is to generate investment returns for its members.

The Fund also holds various other financial instruments such as sundry receivables and payables, which arise directly from its operations.

The main risks arising from the Fund's financial instruments are market risk, interest rate risk, foreign currency risk, liquidity risk, credit risk and other price risk. The Trustee is responsible for identifying and controlling the risks that arise from the financial instruments held by the Fund. It reviews and agrees policies for managing each of these risks and they are summarised below. The Trustee also monitors the market price risk arising from all financial instruments.

**(i) Market risk**

Market Risk is the risk that the fair value or future cashflows of the Fund's financial instruments will fluctuate as a result of changes in market-related factors, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments in the market, such as interest rates, foreign currency exposure and equity prices.

Market risk is minimised by ensuring that all investment activities are undertaken in accordance with the investment strategy and policies of the Fund. The Trustee implements an investment strategy to manage the market risk across asset classes, including a strategy to hedge against adverse foreign exchange movements.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value and future cash flows of financial instruments will fluctuate due to changes in interest rates.

The Fund's primary exposure to interest rate risk is from the direct holdings in bank deposits and in the holding of unit trusts invested in underlying cash, interest bearing securities and discount securities.

The Fund's policy is to mitigate the impact of this risk by investing across a diversified range of financial instruments exposed to interest rate risk.

**(iii) Foreign Currency risk**

Foreign currency risk is the risk that the fair value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund may invest in unit trusts that hold underlying securities denominated in currencies other than the Australian Dollar that are unhedged. The Fund is implicitly exposed to the risk that the Australian Dollar exchange rate relative to other currencies may change such that it has an adverse affect on the value of that investment in Australian Dollar terms.

The Fund has direct exposure to foreign currency risk via its holding of overseas domiciled unlisted unit trusts denominated in a currency other than in Australian Dollars.

The Fund also has indirect exposure to currency risk via its investments in unhedged Australian-domiciled unlisted unit trusts, which hold underlying financial instruments domiciled in non-Australian Dollar currencies.

The Fund mitigates a proportion of its foreign currency risk by hedging 100% of its international bonds exposure and around 50% of its international equities exposure.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**21. FINANCIAL RISK MANAGEMENT (Continued)**

**(iv) Liquidity risk**

Liquidity risk is the risk that the Fund will be unable to meet the commitments associated with any of the financial instruments the Fund is invested in or pay its liabilities.

The Fund's financial liabilities comprise vested benefits, benefits payable and accounts payable and uncalled commitments to unlisted unit trusts. These liabilities are generally settled within 30 days via cash flow or investment redemptions.

The Fund mitigates liquidity risk by having positive net cashflows and limiting the level of unfilled commitments.

The following table outlines the value of the financial liabilities of the Fund as at 30 June 2011

	<b>Less than 1 mth</b>	<b>1-3 mths</b>	<b>4-12 mths</b>	<b>1-5yrs</b>	<b>Total</b>
<b>Financial Liabilities</b>	\$	\$	\$	\$	\$
Benefits Payable	1,343,328				1,343,328
Trade and other payables	6,544,144	62,479			6,606,623
Vested benefits	1,760,228,157				1,760,228,157
<b>Totals</b>	<b>1,768,115,629</b>	<b>62,479</b>	-	-	<b>1,768,178,108</b>

The following table outlines the value of the financial liabilities of the Fund as at 30 June 2010

	<b>Less than 1 mth</b>	<b>1-3 mths</b>	<b>4-12 mths</b>	<b>1-5yrs</b>	<b>Total</b>
<b>Financial Liabilities</b>	\$	\$	\$	\$	\$
Benefits Payable	1,171,285				1,171,285
Trade and other payables	16,593,357				16,593,357
Vested benefits	1,450,292,869				1,450,292,869
<b>Totals</b>	<b>1,468,057,511</b>	-	-	-	<b>1,468,057,511</b>

**(v) Credit risk**

Credit risk represents the risk that a counterparty to a financial instrument held by the Fund will fail to meet its contractual obligation and lead to the Fund incurring a financial loss. The Fund does not have direct exposure to credit risk. It's exposure to credit risk is limited to its investment in unit trusts that hold underlying financial instruments that are exposed to credit risk.

The Fund may have an indirect credit risk exposure in relation to derivative instruments held in one or more of the unit trusts the Fund is invested in.

The Fund does not hold any collateral as security for any credit risk it may have exposure to and there are no financial assets that are impaired due to credit risk.

**(iv) Other price risk**

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund is exposed to the price risk relating to changes in the net market value of the investments held by the Fund, namely unit trusts. Any changes in the net market value of these investments are due to movements in the unit price of the underlying investment options that the Fund invests in and the volatility of the various asset classes within them.

The Trustee, as advised by Towers Watson, the Fund's asset consultant, mitigates this risk through diversification and appropriate selection of investment managers that invest in securities and other financial instruments in accordance with their governing documents. The Fund's overall market positions are monitored and reviewed by the Trustee.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**21. FINANCIAL RISK MANAGEMENT (Continued)**

The asset allocation ranges for each asset class have been determined by the Trustee in consultation with Towers Watson. These ranges have been set to ensure the appropriate overall Fund risk is maintained and to ensure satisfactory diversification across sectors. Investments in each sector are generally spread over more than one investment manager. In this way the Fund is not overly exposed to any single investment, investment judgment, or underlying economic event.

**Sensitivity analysis**

The volatility of expected carrying amounts for the purpose of this analysis has been based on analysis and sensitivity factors provided by Towers Watson. The following table represents the change in the carrying amount of the underlying asset classes that would be considered reasonable based on sensitivity factors as at 30 June 2011 and 30 June 2010.

	Carrying Amount	Sensitivity in underlying sectors	Increase/ (Decrease) in benefits accrued as a result of operations	Increase/ (Decrease) in members liabilities for accrued benefits
2011	\$'000	%	\$'000	\$'000
Australian Equities	446,933	26.1%	116,650	(116,650)
International Equities (unhedged)	228,922	21.6%	49,447	(49,447)
International Equities (hedged)	234,539	22.5%	52,771	(52,771)
Emerging Market Equities	54,007	29.8%	16,094	(16,094)
Cash	81,895	1.0%	819	(819)
Australian Direct Property	119,286	13.1%	15,626	(15,626)
Global Listed Property	59,038	17.9%	10,568	(10,568)
Structured Beta	109,571	8.8%	9,642	(9,642)
Australian RMBS	28,130	2.2%	619	(619)
Australian Fixed Interest	108,851	3.6%	3,919	(3,919)
International Fixed Interest (hedged)	52,325	3.4%	1,779	(1,779)
Australian Inflation Linked	84,747	4.9%	4,153	(4,153)
International Inflation Linked				
Bonds (hedged)	82,036	5.2%	4,266	(4,266)
Infrastructure	24,003	14.5%	3,480	(3,480)
Private Equity (hedged)	940	33.3%	313	(313)
	1,715,223			

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**21. FINANCIAL RISK MANAGEMENT (Continued)**

2010	Carrying Amount \$'000	Sensitivity in underlying sectors %	Increase/ (Decrease) in benefits accrued as a result of operations \$'000	Increase/ (Decrease) in members liabilities for accrued benefits \$'000
Australian Equities	378,722	28.6%	108,314	(108,314)
International Equities	111,277	22.8%	25,371	(25,371)
International Equities	249,838	25.0%	62,460	(62,460)
Emerging Market Equities	50,696	35.7%	18,098	(18,098)
Cash	92,843	1.0%	928	(928)
Australian Direct Property	98,804	13.1%	12,943	(12,943)
Global Listed Property	32,929	19.7%	6,487	(6,487)
Structured Beta	69,258	8.7%	6,025	(6,025)
Fund of Hedge Funds	49,708	8.3%	4,126	(4,126)
Australian RMBS	26,606	3.0%	798	(798)
Australian Fixed Interest	68,804	3.8%	2,615	(2,615)
International Fixed Interest	68,626	4.1%	2,814	(2,814)
International Inflation Linked	137,983	5.1%	7,037	(7,037)
Infrastructure	22,284	14.5%	3,231	(3,231)
Private Equity (hedged)	934	36.3%	339	(339)
	<b>1,459,312</b>			

**Classification of Financial Instruments under the Fair Value Hierarchy**

From 1 January 2009, AASB amended the AASB7 standard to require all the Fund's financial assets and liabilities recorded in the Statement of Financial Position be recorded at their net market value, which approximates their respective fair values.

All financial instruments recorded at fair value in the Statement of Financial Position must be classified into a three-level fair value hierarchy.

**The three levels of the fair value hierarchy are as follows:**

**Level 1:** Assets are valued with 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.

**Level 2:** Assets are valued with inputs other than quoted prices included within Level 1 that are observable in a market for the asset either directly or indirectly.

**Level 3:** Valuation of these assets rely on techniques for which any significant input is not based on observable market data. This will include any financial instrument that is not categorised at either Level 1 or Level 2.

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**21. FINANCIAL RISK MANAGEMENT (Continued)**

The table below categorises the holdings as at 30 June 2011 as follows:

	LEVEL 1 \$'000s	LEVEL 2 \$'000s	LEVEL 3 \$'000s	TOTAL \$'000s
Cash Holdings	41,437			41,437
Type of Unit Trust				
Australian Equities		446,933		446,933
International Equities (unhedged)		228,922		228,922
International Equities (hedged)		234,539		234,539
Emerging Market Equities		54,007		54,007
Cash		81,895		81,895
Australian Direct Property			119,286	119,286
Global Listed Property		59,038		59,038
Structured beta			109,571	109,571
Australian RMBS			28,130	28,130
Australian Fixed Interest		108,851		108,851
International Fixed Interest (Hedged)		52,325		52,325
Australian Inflation Linked Bonds		84,747		84,747
International Inflation Linked Bonds (hedged)		82,036		82,036
Infrastructure			24,003	24,003
Private Equity (hedged)			940	940
	41,437	1,433,293	281,930	1,756,660

In considering the fair value hierarchy it was deemed that an investment in a unit trust, where the underlying assets are valued with quoted prices that are observable in active markets, will be categorised as Level 2.

Investments in unit trusts, where the valuation of the underlying assets is not based on observable market data, or a significant input is not reliant upon observable market data, will be categorised as Level 3.

Reconciliation of Level 3 movements:

	\$'000s
Opening Balance	267,594
Purchases	127,864
Sales	(143,691)
Market Value adj't	30,163
Closing Balance	<u>281,930</u>

**PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**21. FINANCIAL RISK MANAGEMENT (Continued)**

The table below categorises the holdings as at 30 June 2010 as follows:

	LEVEL 1 \$'000s	LEVEL 2 \$'000s	LEVEL 3 \$'000s	TOTAL \$'000s
Cash Holdings	61,677			61,677
Type of Unit Trust				
Australian Equities		378,722		378,722
International Equities (unhedged)		111,277		111,277
International Equities (hedged)		249,838		249,838
Emerging Market Equities		50,696		50,696
Cash		92,843		92,843
Australian Direct Property			98,804	98,804
Global Listed Property		32,929		32,929
Structured beta			69,258	69,258
Fund of Hedge Funds			49,708	49,708
Australian RMBS			26,606	26,606
Australian Fixed Interest		68,804		68,804
International Fixed Interest		68,626		68,626
International Inflation Linked Bonds		137,983		137,983
Infrastructure			22,284	22,284
Private Equity (hedged)			934	934
	61,677	1,191,718	267,594	1,520,989

Reconciliation of Level 3 movements:

	\$'000s
Opening Balance	171,114
Purchases	95,106
Sales	(40,083)
Market Value adj't	41,457
Closing Balance	<u>267,594</u>

**NOTE 22. SUBSEQUENT EVENTS**

Subsequent to the 30th June 2011, global macro-economic events have resulted in considerable volatility across equity markets with global shares declining by almost 10% on a hedged basis\*. Despite the Fund's diversified investment strategy and its substantial allocation to defensive assets, it has not avoided the negative impacts caused by the recent falls in equity markets.

\* MSCI World ex Australia Index (Hedged)

## PROFESSIONAL ASSOCIATIONS SUPERANNUATION FUND

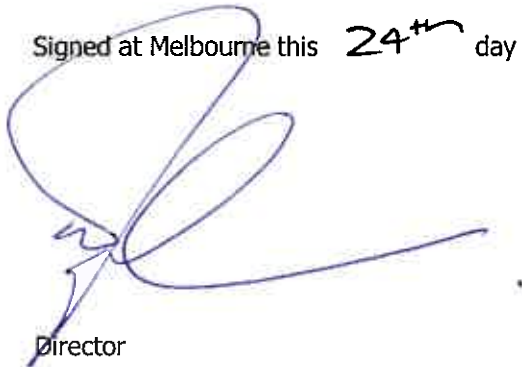
### TRUSTEE STATEMENT

In the opinion of the Directors of Professional Associations Superannuation Ltd (A.C.N. 056 917 303) being the Trustee of Professional Associations Superannuation Fund:

1. the accompanying financial statements of Professional Associations Superannuation Fund are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2011 and the results and cash flow for the year ended on that date;
2. the accompanying financial statements have been drawn up in accordance with Australian Accounting Standards and Urgent Issues Group Interpretations; and
3. the Fund has been conducted in accordance with its constituent Trust Deed as amended at all times during the year ended 30 June 2011 and in compliance with the requirements of the Superannuation Industry (Supervision) Act, 1993.

This statement has been made in accordance with a resolution of the Directors of Professional Associations Superannuation Ltd (A.C.N. 056 917 303).

Signed at Melbourne this 24<sup>th</sup> day of October 2011.



Director



Director





***Professional Associations Superannuation Fund (ABN: 78 984 178 687)***

***Report by the independent auditor to the trustee and members***

***Financial statements***

I have audited the financial statements of Professional Associations Superannuation Fund for the year ended 30 June 2011 comprising the Statement of Financial Position, Statement of Financial Performance and Statement of Cash Flows.

***Trustee's responsibility for the financial statements***

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

***Auditor's responsibility***

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of Professional Associations Superannuation Fund.

My audit has been conducted in accordance with Australian Auditing Standards. These Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

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



*Auditor's opinion*

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Professional Associations Superannuation Fund as at 30 June 2011 and the results of its operations and its cash flows for the year ended 30 June 2011.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'David Coogan'.

David Coogan  
Melbourne

24 October 2011