

ING DIRECT Superannuation Fund

**Financial Statements for the year ended
30 June 2015**

ING DIRECT Superannuation Fund

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ING DIRECT Superannuation Fund
Statement of Financial Position
As at 30 June 2015

		2015	2014
		\$'000	\$'000
ASSETS			
Investments			
Term deposits	4	209,960	184,069
Australian equities	4	82,536	36,341
Unlisted unit trusts	4	896,933	530,270
		<u>1,189,429</u>	<u>750,680</u>
Other Assets			
Cash and cash equivalents	17	203,625	136,625
Trade and other receivables	6	3,982	3,482
Deferred tax assets	11	3,817	2,462
Outstanding investment settlements		-	2,485
Total Assets		<u>1,400,853</u>	<u>895,734</u>
LIABILITIES			
Benefits payable		-	275
Trade and other payables	7	512	307
Current tax liabilities	10	7,397	12,353
Deferred tax liabilities	11	-	-
Total Liabilities (excluding net assets available to pay benefits)		<u>7,909</u>	<u>12,935</u>
Net Assets Available to Pay Benefits		<u>1,392,944</u>	<u>882,799</u>
<i>Represented by:</i>			
Liability for accrued benefits			
Allocated to members' accounts	14	1,387,234	876,892
Unallocated to members' accounts		5,710	5,907
Total Liability for Accrued Benefits	13	<u>1,392,944</u>	<u>882,799</u>

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

**ING DIRECT Superannuation Fund
Operating Statement
For the year ended 30 June 2015**

	2015 \$'000	2014 \$'000
Investment Revenue		
Interest	11,608	8,210
Dividends	1,709	573
Distributions	60,206	52,454
Other investment income	-	-
Changes in net market values	5 (14,925)	(17,480)
Total Investment Revenue	58,598	43,757
Contributions Revenue		
Employer contributions	97,000	58,084
Members' contributions	79,805	61,579
Transfers from other funds	378,650	465,695
Total Contribution Revenue	555,455	585,358
Other Revenue		
Group life insurance proceeds	967	1,140
Other	327	24
Total Other Revenue	1,294	1,164
Total Revenue	615,347	630,279
Direct Investment Expenses	(287)	(124)
General Administrative Expenses		
Operating expenses	12 (893)	(397)
Group life insurance premiums	(3,147)	(1,738)
Total General Administrative Expenses	(4,040)	(2,135)
Total Expenses	(4,327)	(2,259)
Benefits accrued as a result of operations before income tax	611,020	628,020
Income tax (expense)/benefit	9 (13,379)	(10,141)
Benefits accrued as a result of operations	597,641	617,879

The above statement of operating statement should be read in conjunction with the accompanying notes.

ING DIRECT Superannuation Fund
Statement of Cash Flows
For the year ended 30 June 2015

	<i>Note</i>	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Employer contributions received		97,000	58,084
Member contributions received		79,805	61,579
Transfers from other funds		378,650	465,695
Interest received		11,373	6,241
Dividends received		1,709	573
Distributions		391	52,771
Other income received		327	24
Group life insurance proceeds		967	1,140
Benefits paid to members		(87,730)	(143,459)
Direct investment and other general administration expenses paid		(1,394)	(496)
Group life insurance premiums paid		(2,798)	(1,645)
Income tax paid		(19,690)	(3,365)
Net cash flows from operating activities	17	458,610	497,142
Cash flows from investing activities			
Purchase of investments		(912,471)	(668,498)
Proceeds on the sale of investments		520,861	239,473
Net cash used in investing activities		(391,610)	(429,025)
Net increase in cash and cash equivalents		67,000	68,117
Cash and cash equivalents at the beginning of the financial year		136,625	68,508
Cash and cash equivalents at the end of the financial year	17	203,625	136,625

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

ING DIRECT SUPERANNUATION FUND

Notes to the financial statements

For the year ended 30 June 2015

1. Reporting Entity

ING DIRECT 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.

The Trustee of the Fund is The Trust Company (Superannuation) 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.

2. Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards AAS 25, "Financial Reporting by Superannuation Plans", other applicable Australian Accounting Standards and the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

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

The financial statements were authorised for issue by the Board of Directors of the Trustee, The Trust Company (Superannuation) Limited, on 6 October 2015.

(b) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional currency of the Fund. Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

(c) Use of estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future period affected.

3. Significant accounting policies

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

(a) Financial assets and financial liabilities

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Estimated costs of disposal are deducted in determination of net market value. As disposal costs are generally immaterial, unless otherwise stated, net market value approximates fair value.

Net market values have been determined as follows:

Term deposits

Investments in term deposits are recorded at cost with the accrued interest being reflected in receivables.

Market quoted investments

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

Units in unlisted managed investment schemes

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

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

The Fund owns 100% of the issue units in the unlisted unit trusts in which the Fund invests.

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

3. Significant accounting policies (continued)

Derivatives

The Fund presently is not directly exposed to or involved in the use of derivative financial instruments. However, some of the Fund's underlying investments may, as part of the respective fund manager's investment strategy, utilise derivative financial instruments to hedge or partially hedge specific exposures. The Fund does not enter into, hold or issue derivative financial instruments for trading purposes.

(b) Cash and cash equivalents

Cash comprises cash on hand, cash at bank and short term deposits.

Cash equivalents are short term, highly liquid investments that are readily convertible to known cash amounts which are subject to an insignificant risk of changes in value.

(c) 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 carried at nominal amounts which approximate net market value. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid when the Fund becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled on 30 day terms.

(d) Benefits Payable

Benefits payable are valued at fair value which comprises the entitlements of members who ceased employment prior to the year-end but had not been paid at that time. Benefits payable are settled within 30 days.

(e) Revenue recognition

Interest

Interest income is recognised in the operating statement as it accrues, taking into account the effective yield on the financial asset. Interest revenue not received at reporting date is reflected in the statement of financial position as a receivable.

Dividend revenue

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

Distributions

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

Movements in net market value of investments

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

Contributions revenue and transfers in from other funds

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

Group Life insurance proceeds

Insurance claim amounts are recognised where the insurer has agreed to pay the claim lodged and has transferred the claim amount to the Fund.

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

3. Significant accounting policies (continued)

(f) Income Tax

Income tax on benefits accrued as a result of operations for the year comprises current and deferred tax.

Current tax

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

Deferred Tax

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

The measure of deferred tax reflects the tax consequences that would follow the manner in which the Fund expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Further, the Fund applies a deferred tax asset cap in line with its current deferred tax asset capping policy, whereby any deferred tax asset is capped at 3% of the Fund's net assets.

Current and deferred tax for the period

Income tax has been provided in the current year at the rate of 15% of taxable contributions (excluding exempt pension streams) as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund.

(g) Goods and services tax (GST)

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

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

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

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

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

3. Significant accounting policies (continued)

(h) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Fund are set out below. The Fund does not plan to adopt these standards early.

AASB 9 Financial Instruments, (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 operating statement for periods in which they occur.

AASB 15 Revenue from Contracts with Customers, (effective 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. The standard applies to annual reporting periods beginning on or after 1 January 2017. It will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are contributions, interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

AASB 1056 Superannuation Entities, (effective 1 July 2016)

Issued in June 2014, AASB 1056 replaces AAS 25 Financial reporting by Superannuation Plans and is applicable to annual reporting periods beginning on or after 1 July 2016.

AASB 1056 will have a number of impacts on the financial statements of the Fund, including the requirement to prepare the following five statements under the new standard rather than the current three.

- Statement of Financial Position;
- Income Statement;
- Statement of changes in equity/reserves;
- Statement of cash flows; and
- Statement of changes in members' benefits.

Other key changes:

- Funds must recognise member benefits as a liability on the face of the statement of financial position;
- The statement of financial position will need to disclose the surplus or deficit funds;
- Net assets will reflect the fund's reserves, including the Operational Risk Financial Requirement Reserve where applicable; and
- Increased disclosure in relation to insurance arrangements.

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

4. Investments

	2015	2014
	\$'000	\$'000
Term Deposits		
ING DIRECT term deposits	<u>209,960</u>	<u>184,069</u>
Australian Equities		
Listed equity securities	<u>82,536</u>	<u>36,341</u>
Unlisted Unit Trusts		
ING DIRECT Balanced Fund	665,644	420,708
ING DIRECT Growth Fund	35,038	16,993
ING DIRECT High Growth Fund	58,454	24,910
ING DIRECT Cash Fund	60,460	32,434
ING DIRECT Australian Shares Fund	26,177	14,884
ING DIRECT International Shares Fund	23,223	8,290
ING DIRECT Australian Fixed Income Fund	6,528	3,382
ING DIRECT Australian Listed Property Fund	12,094	4,830
ING DIRECT International Shares (Hedged) Fund	6,014	2,668
ING DIRECT International Fixed Income (Hedged) Fund	<u>3,301</u>	<u>1,171</u>
	<u>896,933</u>	<u>530,270</u>
Total Investments	<u>1,189,429</u>	<u>750,680</u>

The investments of the Fund are managed on behalf of the Trustee by selected managers. The custodian of the Fund, Stale 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.

5. Movements in Net Market Value of Investments

	2015	2014
	\$'000	\$'000
Investments held at the end of the reporting period		
Australian equities	(1,444)	350
Unlisted unit trusts	<u>(19,774)</u>	<u>(20,847)</u>
Total unrealised gains/(losses)	(21,218)	(20,497)
Investments realised during the reporting period		
Australian equities	968	396
Unlisted unit trusts	<u>5,325</u>	<u>2,621</u>
Total realised gains/(losses)	6,293	3,017
Total	<u>(14,925)</u>	<u>(17,480)</u>

The amounts recorded as 'realised gains/(losses)' above is the difference between the net market value at sale and the carrying amount at the beginning of the reporting period or when acquired, if acquired during the year.

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

6. Trade and Other Receivables

	2015	2014
	\$'000	\$'000
Recoverable within 12 months		
Investment income receivable	3,955	3,476
GST receivable	27	6
	<u>3,982</u>	<u>3,482</u>

Due to the short term nature of these receivables, their carrying value is assumed to approximate their net market value and fair value.

The maximum exposure to credit risk is the net market value of receivables. Information regarding credit risk exposure is set out in Note 20(e).

7. Trade and Other Payables

	2015	2014
	\$'000	\$'000
Due within 12 months		
Group life insurance payable	349	178
Accrued expenses	121	103
Benefit tax payable	42	26
	<u>512</u>	<u>307</u>

Due to the short term nature of these payables, their carrying value is assumed to approximate their net market value.

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 20(e).

8. Auditor's Remuneration

	2015	2014
	\$'000	\$'000
Ernst & Young		
Audit and review of the financial statements and regulatory audit services	113	111
Taxation services	56	46
Other services	20	20
	<u>189</u>	<u>177</u>
Grant Thornton		
Audit and review of the risk management framework	2	-
	<u>2</u>	<u>-</u>
Deloitte		
Audit and review of the risk management framework	-	4
	<u>-</u>	<u>4</u>

Auditor's remuneration is paid by the Fund Promoter.

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

9. Income Tax Expense

Recognised in the operating statement	2015	2014
	\$'000	\$'000
Recognised in the operating statement		
Current tax expense		
Current year	17,656	12,353
Adjustment for prior years	(2,922)	(39)
Deferred income tax expense		
Movement in temporary differences	(1,355)	(2,173)
Total income tax expense	13,379	10,141

Reconciliation between tax expense and benefits accrued as a result of operations before Income tax

Benefit accrued before tax operating result of operations before income tax	611,020	683,164
Tax at complying superannuation fund tax rate of 15%	91,653	102,474
Decrease in tax expense due to:		
Capital gains/(losses) not assessable/(deductible)	(4,199)	(2,355)
Exempt pension income	(941)	(1,201)
Non-assessable contributions	(67,595)	(86,435)
Anti detriment deduction	(139)	-
Group life proceeds	(145)	-
Net Imputation and foreign tax credits	(2,333)	(2,381)
Prior year adjustments	(2,922)	39
Income tax expense on benefits accrued as a result of operations	13,379	10,141

10. Current tax assets and liabilities

The current tax liability for the Fund of \$7,397,265 (2014: \$12,353,000) represents the amount of income taxes payable in respect of the current and prior financial periods.

11. Deferred tax assets and liabilities

	Assets	Liabilities	Net
	\$'000	\$'000	\$'000
2015			
Fund expenses accrued but not incurred	-	-	-
Unrealised losses on investments	3,817	-	3,817
	3,817	-	3,817
2014			
Fund expenses accrued but not incurred	-	-	-
Unrealised losses on investments	2,462	-	2,462
Net deferred tax asset/(liability)	2,462	-	2,462

12. Operating Expenses

	2015	2014
	\$'000	\$'000
Promoter fees	858	397
Other operating expenses	35	-
	893	397

The Promoter of the Fund is paid a promoter fee by the Fund. The Promoter is responsible for paying the costs associated with the running of the Fund, including trustee fees, audit fees, administration fees and investment adviser fees.

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

13. Liability for accrued benefits and funding arrangements

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

Changes in liability for accrued benefits

	2015 \$'000	2014 \$'000
Liability for accrued benefits at beginning of the reporting period	882,799	408,270
Plus: Benefits accrued as a result of operations	597,641	617,879
Less: Benefits paid during the year	(87,496)	(143,350)
Liability for accrued benefits at the end of the reporting period	1,392,944	882,799

Funding Arrangements

As a public fund, members can instruct their employer to contribute their superannuation guarantee contributions, and can make additional and voluntary contributions to the Fund if they elect to do so.

14. Vested Benefits

	2015 \$'000	2014 \$'000
Vested benefits as at the end of the reporting period	1,387,234	876,892

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

15. Guaranteed Benefits

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

16. Insurance

The Fund provides death and disability benefits, and income protection benefits to members. The Trustee has two group policies in place with a third party to insure death and disability benefits in excess of vested benefits, and to provide income protection benefits.

17. Notes to the statement of cash flows

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

Reconciliation of cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash and cash equivalents	203,625	136,625

Reconciliation of cash flows from operating activities

Benefits accrued as a result of operations after income tax	597,641	617,879
Benefits paid/payable	(87,498)	(143,350)
Movement in net market value of investments and investment income	(44,652)	17,480
(Increase)/decrease in trade and other receivables	(500)	(1,644)
(Increase)/decrease in deferred tax assets	(1,355)	(2,173)
Increase/(decrease) in trade and other payables	(70)	(66)
Increase/(decrease) in current tax payable	(4,956)	9,016
Net cash provided by operating activities	458,610	497,142

ING DIRECT SUPERANNUATION FUND

Notes to the financial statements

For the year ended 30 June 2015

18. Segment information

The Fund operates in one reportable business segment, being the provision of benefits to members. The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. Whilst the Fund operates from Australia only, the Fund has investment exposures in different countries and across different industries. Revenue is derived from interest, dividends, property rentals, gains on sale of investments, unrealised changes in values of investments, and contributions revenue.

19. Related Parties

(a) Trustee and Key Management Personnel

The Trustee of the Fund is The Trust Company (Superannuation) Limited (RSE No L0000635).

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

The directors of The Trust Company (Superannuation) Limited were as follows:

J.V. Edstein (Chairperson), resigned 1 September 2014

L. Rodriguez, resigned 1 September 2014

M. Collopy, resigned 1 September 2014

C. Green, resigned 1 September 2014

A. O'Sullivan (Alt), resigned 1 September 2014

On 1 September 2014, Diversa Group Limited acquired ownership of the Trustee entity, the Trust Company (Superannuation) Limited from Perpetual Limited, resulting in a change of directors. The new directors of The Trust Company (Superannuation) Limited are as follows:

M. Cerché (Chairperson), appointed 1 September 2014

M. Jones, appointed 1 September 2014

A. de Vries, appointed 1 September 2014

V. Parrott, appointed 1 September 2014

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 \$576,735 (2014:\$124,645).

The directors of the Trustee company did not receive any remuneration from the Fund or the Promoter. During the year the Fund did not pay any fees to the Trustee.

(b) Other entities with significant influence over the Fund

The Promoter of the Fund is ING DIRECT, 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 operating statement. The compensation received or due and receivable by the Promoter from the Fund in connection with services provided to the Fund was \$858,464 (2014: \$396,613).

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 2015.

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

20. Additional financial instruments disclosure

(a) Financial instruments management

The investments of the Fund (other than cash held for meeting daily administrative and benefit expenses), are managed on behalf of the Trustee by specialist fund managers in accordance with the investment strategy to achieve the Fund's investment objectives.

The Trustee has engaged an asset consultant to monitor and provide regular reports on the Fund's investments to the Trustee. The Trustee may seek information from the trustee and/or manager of each collective investment (and also may seek independent advice from other qualified persons) so as to determine the nature and extent of any risks, and the expected returns, associated with each investment prior to determining its suitability as an investment for the Fund.

State Street Australia Limited acts as custodian on behalf of the Trustee and as such provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions.

The Fund's financial assets and liabilities adopted in the statement of financial position are carried at their net market value, which directors believe approximate their fair value.

(b) Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

(c) Capital risk management

The Trustee is required under the conditions of its RSE License issued by APRA to maintain an approved guarantee of at least \$5,000,000 at all times during the reporting period. The approved guarantee amount is a part of the Trustee's capital risk management plan. Annually, the Trustee is required to certify to APRA that the approved guarantee amount is met.

The Trustee has established an operational risk trustee capital (ORTC) reserve for providing funding for incidents where material losses may arise from an operational risk event (as opposed to investment risk) relating to the Fund. The level of reserve is determined by the Trustee based on an assessment of the risks faced by the Fund.

(d) Financial risk management objectives

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Fund's risk management and investment policies, approved by the Trustee, seek to minimise the potential adverse effects of these risks on the Fund's financial performance. These policies may include the use of certain financial derivative instruments.

It is ultimately the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Fund. The Trustee has developed, implemented and maintains a Risk Management Framework ("RMF").

The RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Fund. Annually, the Trustee is required to certify to APRA whether adequate strategies have been put in place to monitor those risks, that the Trustee has systems in place to ensure compliance with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMF.

(e) 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 this type of investment is appropriate for the Fund and is 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 and 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.

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Notes to the financial statements
For the year ended 30 June 2015

20. Additional financial instruments disclosure (continued)

(e) 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 has an indirect currency exposure through the Fund's investment in international equities (unhedged) unit trust and in diversified unit trusts amounting to \$126,760,000 (2014:\$63,659,000). All of the Fund's investments are in Australian Dollar denominated funds.

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

	2015		2014	
	Movement in currency rates %	Effect on net assets (\$'000)	Movement in currency rates	Effect on net assets (\$'000)
International shares (unhedged)	11.7 / (11.7)	12,598 / (12,598)	11.7 / (11.7)	6,338 / (6,338)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund has set investment allocation ranges to meet its objectives of holding a balanced portfolio, including limits on investments in interest bearing assets, which are monitored regularly. The Fund may use derivatives to hedge against unexpected increases in interest rates.

Financial assets of the Fund exposed to interest rate risk are cash and cash equivalents and other interest bearing securities.

The sensitivity of the Statement of Financial Position is the effect of the assumed changes in interest rates on:

- (i) the interest income for one year, based on the floating rate financial assets held at the balance date; and
- (ii) changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the balance date.

The Fund's financial assets exposed to interest rate risk are as follows:

	2015	2014
	\$'000	\$'000
Investments		
Cash at Bank	203,625	136,625
Term deposits with a maturity of less than one year	89,038	68,648
Term deposits with a maturity of more than one year	120,922	115,421
Investments in Australian cash unit trusts	380,544	235,574
Investments in Australian fixed interest unit trusts	9,877	6,475
Investments in international fixed interest (hedged) unit trusts	3,393	1,171
	807,399	563,914

Sensitivity analysis - interest rate risk

The following table demonstrates the sensitivity of the Fund's Statement of Financial Position and Operating Statement to a reasonably possible change in the Reserve Bank of Australia's official cash interest rates and global interest rates based on historical data over a 10 year period and expected future movement over the next 12 months, with all other variables held constant.

	2015		2014	
	Change in basis points Increase/(decrease)	Sensitivity of interest income and changes on net	Change in basis points Increase/(decrease)	Sensitivity of interest income and changes on net assets \$'000
Term deposits - maturity of more than one year	25 / (160)	1,215 / (7,777)	75 / (110)	253 / (378)
Australian fixed interest unit trusts	25 / (195)	20 / (156)	75 / (175)	41 / (96)
International fixed interest (hedged) unit trusts	25 / (200)	7 / (56)	50 / (180)	5 / (18)

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
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20. Additional financial instruments disclosure (continued)

(e) Investment Risk (continued)

Other market price risk

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

Investments in the Fund that are exposed to other price risk include Australian equities and unlisted unit trusts.

As all of the Fund's financial instruments are carried at net market value with changes recognised in the operating statement, all changes in market conditions will directly affect changes in net market values.

Investments of the Fund comprise of cash, 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.

The effect on the statement of financial position due to a reasonably possible change in market factors, as represented by the volatility of change in the individual indices over the last 10 years, with all other variables held constant, is indicated in the table below.

Sensitivity analysis - other market price risk

Index/Benchmark	2015		2014	
	% Change in investment price	Effect on net assets (\$,000)	% Change in investment price	Effect on net assets (\$,000)
Australian Equities	9.5 / (13.1)	34,663 / (38,567)	10.5 / (13.4)	18,667 / (23,747)
International Equities (unhedged)	8.5 / (13.3)	9,158 / (14,330)	9.75 / (13.6)	4,764 / (7,351)
International Equities (hedged)	8.75 / (14.1)	7,385 / (11,990)	9.5 / (14.3)	5,141 / (6,985)
Australian Listed Property	9.0 / (14.0)	1,080 / (1,674)	9.0 / (14.0)	497 / (770)

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.

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

	2015	2014
	\$'000	\$'000
Cash and cash equivalents	209,960	136,625
Term deposits	209,960	184,069
Australian equities	82,536	36,341
Unlisted unit trusts	896,933	530,270
Interest, dividends and other receivables	3,982	5,967
	1,403,371	893,272

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

20. Additional financial instruments disclosure (continued)

(e) Investment Risk (continued)

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 requirements. As at reporting date the cash and cash equivalents represented 2,575% (2014: 1,056%) of the Fund's anticipated withdrawals for the following three months. The Fund's financial 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 can be required to pay.

Sensitivity analysis - liquidity risk

	Carrying amount \$'000	Less than 1 month \$'000	1 to 3 months \$'000	Greater than 3 months \$'000
2015				
Benefits payable	-	-	-	-
Trade and other payables	512	512	-	-
Current tax liabilities	7,397	-	7,397	-
Vested benefits	1,387,234	1,387,234	-	-
	1,395,143	1,387,746	7,397	-
	Carrying amount \$'000	Less than 1 month \$'000	1 to 3 months \$'000	Greater than 3 months \$'000
2014				
Benefits payable	275	275	-	-
Trade and other payables	307	307	-	-
Current tax liabilities	12,353	-	12,353	-
Vested benefits	876,892	876,892	-	-
Total undiscounted financial liabilities	889,827	877,474	12,353	-

Vested benefits 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' vested benefits; however the Trustee does not anticipate that members will call upon amounts vested to them during this time.

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

20. Additional financial instruments disclosure (continued)

(f) Estimation of fair value

The Fund's financial assets and liabilities included in the statement of financial position are carried at net market value which the Trustee believes approximates net market value. The major methods and assumptions used in determining net market value of financial instruments were disclosed in Note 3, significant accounting policies.

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value (net market value), grouped into Levels 1, 2 and 3 based on the degree to which the fair value is observable.

	2015			Total
	Valued at quoted market price (Level 1)	Valuation techniques - market observable inputs (Level 2)	Valuation techniques - non- market observable inputs	
	\$'000	\$'000	\$'000	\$'000
Term Deposits				
ING DIRECT term deposits	-	209,960	-	209,960
Australian Equities				
Listed equity securities	82,536	-	-	82,536
Unlisted Unit Trusts				
ING DIRECT Balanced Fund	-	665,644	-	665,644
ING DIRECT Cash Fund	-	60,460	-	60,460
ING DIRECT Australian Shares Fund	-	26,177	-	26,177
ING DIRECT Growth Fund	-	35,038	-	35,038
ING DIRECT High Growth Fund	-	58,454	-	58,454
ING DIRECT International Shares Fund	-	23,223	-	23,223
ING DIRECT Australian Fixed Income Fund	-	6,528	-	6,528
ING DIRECT Australian Listed Property Fund	-	12,094	-	12,094
ING DIRECT International Shares (Hedged) Fund	-	6,014	-	6,014
ING DIRECT International Fixed Income (Hedged) Fund	-	3,301	-	3,301
	-	896,933	-	896,933
Total Investments	82,536	1,106,893	-	1,189,429

ING DIRECT SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2015

20. Additional financial instruments disclosure (continued)

(f) Estimation of fair value (continued)

	2014			Total
	Valued at quoted market price (Level 1)	Valuation techniques - market observable inputs (Level 2)	Valuation techniques - non- market observable inputs (Level 3)	
	\$'000	\$'000	\$'000	\$'000
Term Deposits				
ING DIRECT term deposits	-	184,069	-	184,069
Australian Equities				
Listed equity securities	36,341	-	-	36,341
Unlisted Unit Trusts				
ING DIRECT Balanced Fund	-	420,708	-	420,708
ING DIRECT Cash Fund	-	32,434	-	32,434
ING DIRECT Australian Shares Fund	-	14,884	-	14,884
ING DIRECT Growth Fund	-	16,993	-	16,993
ING DIRECT High Growth Fund	-	24,910	-	24,910
ING DIRECT International Shares Fund	-	8,290	-	8,290
ING DIRECT Australian Fixed Income Fund	-	3,382	-	3,382
ING DIRECT Australian Listed Property Fund	-	4,830	-	4,830
ING DIRECT International Shares (Hedged) Fund	-	2,668	-	2,668
ING DIRECT International Fixed Income (Hedged) Fund	-	1,171	-	1,171
	-	530,270	-	530,270
Total Investments	36,341	714,339	-	750,680

(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.

21. Significant Events After Balance Date

The value of the Fund's assets in these Financial Statements is displayed as at 30 June 2015, and any subsequent change in value (either positive or negative) after 30 June 2015 is not reflected in these Financial Statements.

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.

22. Commitments and Contingencies

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

ING DIRECT Superannuation Fund
For the year ended 30 June 2015

Trustee's declaration

In the opinion of the Trustee of ING DIRECT Superannuation Fund:

1. The accompanying financial statements of ING DIRECT Superannuation Fund are properly drawn up so as to fairly present the financial position of the Fund as at 30 June 2015, the operating statement for the year ended 30 June 2015 and the Fund's cash flows for the year then ended on that date; and
2. The operation of ING DIRECT Superannuation Fund has been carried out in accordance with its Trust Deed 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 Trust Deed as amended.

Signed in accordance with a resolution of the trustee company, The Trust Company (Superannuation) Limited (RSE L0000635).

Signed at Melbourne, the 6th day of October 2015

Director

Director

