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# Equisuper Pty Ltd

ABN 64 006 964 049

## Financial Statements

For the year ended 30 June 2019

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The financial statements are presented in Australian currency.

Equisuper Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Equisuper Pty Ltd  
Level 12, 330 Collins Street  
Melbourne VIC 3000.

A description of the entity's principal activities is included in the Directors' Report on page 2 which is not part of the financial statements.

The financial statements were authorised for issue by the Directors on 19 September 2019. The Directors have the power to amend and reissue the financial statements.

## Directors' Report

The Directors present their report on Equipsuper Pty Ltd (ABN 64 006 964 049) for the financial year ended 30 June 2019.

### Directors

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

A.E.J. Fairley AM  
J. Azaris  
M.N. Cerche  
M.J. Clinch  
P. Davy-Whyte (Appointed 1 July 2018)  
J.C. Dekker  
J.S. Hickey  
L. Rasmussen (Appointed 1 July 2018)  
W.E. Walker

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Principal Activities

The principal activity of Equipsuper Pty Ltd (the Trustee company) during the year was acting as the not-for-profit Trustee of Equipsuper Superannuation Fund (the Fund). In that capacity, the Trustee company is entitled by the trust deed (which constituted the Fund) to recover the costs and expenses of the operation, management, administration and investment of the Fund. However, the trust deed specifically provides that the Trustee is not entitled to receive from the Fund any commission or other remuneration in respect of the office of Trustee. The Trustee company obtained an extended public offer licence from the regulators permitting the company to be Trustee of multiple funds. However, it did not act as the Trustee of any other funds during the year. There was no change in the nature of the principal activities of the Trustee company during the financial year.

### Shareholding Arrangements

All shares in the Trustee company are held by Equipsuper Financial Holdings Pty Ltd. No options over issued shares or interests in the Trustee company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

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## Directors' Report (continued)

### Operating Results

The operating result for the financial year after providing for income tax amounted to a net loss of \$10,236 (2018: profit of \$2,897).

### Significant changes in the state of affairs

No significant changes in the Trustee company's state of affairs occurred during the financial year.

### Dividends

No dividend has been paid or declared since the previous financial statements and the Directors do not recommend the declaration of a dividend (2018: NIL).

### Indemnification and Insurance of Officers and Auditors

The Company has entered into Deeds of Indemnity and Access with each Director of the Company, as well as its Company Secretary and CEO. The Deeds indemnify those officers, subject to relevant laws, for losses or liabilities incurred as an officer in accordance with the indemnities allowed under article 104 of the Articles of Association for the positions of Director, Company Secretary and other officers of the Trustee company. No other indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the Trustee company.

The Trustee company has paid a Trustee Indemnity Insurance premium during the financial year.

### Events Subsequent to Reporting Date

Equip has signed a Memorandum of Understanding (MOU) for a joint venture with CSF Pty Ltd as Trustee for MyLifeMyMoney Superannuation Fund (CSF), subject to completion of due diligence. If it proceeds, the joint venture will form in October 2019, bringing the two funds under a single trustee. The Equip name will remain and we expect members will benefit from the increased scale, capability and cost-efficiency in areas of the business shared with CSF, such as the trustee office functions, investments and administration. This will create a combined fund of \$25 billion in assets and around 150,000 members Australia-wide.

On 3 September 2019 Mr Scott Cameron was appointed to the position of Chief Executive Officer of the Trustee company Equisuper Pty Ltd.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year, which significantly affected or may significantly affect the operation of the Trustee company, the result of those operations or the state of affairs of the Trustee company in subsequent financial years except as may be stated elsewhere in the financial statements.

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## Directors' Report (continued)

### Likely Developments

The Directors have no likely developments to report except as may be stated elsewhere in this report or in the financial statements. Further information on likely developments in the operations of the Trustee company and the expected results of operations have not been included in the annual financial statements because the Directors believe it would be likely to result in unreasonable prejudice to the Trustee company.

### Environmental Issues

The Trustee company takes into account Environmental, Social and Governance (ESG) factors in its investment processes. This is in line with Equisuper's Corporate Social Responsibility Policy and Equisuper's Investment Beliefs Document. The Trustee's ESG statement pronounces that climate change is a systemic issue and presents financial risks and opportunities for investors. As such, the Trustee needs to manage implications for the Fund on behalf of our members.

The Trustee company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

## Directors' Report (continued)

### Directors' Meetings

Sections 300(10)(b) and (c) of the Corporations Act (2001) require public companies that are not wholly-owned subsidiaries of another company to include details of the number of Board and Board Committee meetings held during the year and each Director's attendance at those meetings.

Equisuper Pty Ltd is not a public company but the Directors have adopted the policy of disclosing similar details as a matter of good corporate governance.

The number of Board and Committee meetings attended by each of the Directors during the financial year ended 30 June 2019 was:

Number of meetings during the year	Board		Investment Committee		Member and Employer Engagement Committee		Audit, Risk and Compliance Committee		Governance and Rewards Committee		Growth and Development Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A E J Fairley AM	8	8	1	1	-	-	6	6	4	4	3	3
J Azaris	8	8	-	-	4	4	-	-	4	4	-	-
M N Cerche	8	8	-	-	4	4	-	-	4	4	3	3
M J Clinch	8	5	-	-	4	3	-	-	4	3	-	-
P Davy-Whyte	8	8	-	-	4	4	-	-	4	4	-	-
J C Dekker	8	7	6	6	-	-	6	6	-	-	-	-
J S Hickey	8	7	6	6	-	-	6	6	-	-	-	-
L Rasmussen	8	8	6	6	-	-	6	6	-	-	-	-
W E Walker*	8	4	6	4	-	-	-	-	-	-	3	1

\* W E Walker was on sick leave of absence from 30 July 2018 to 30 November 2018.

Directors also occasionally do attend Committee meetings of which they are not a member as an observer. These attendances are not reflected in the above table.

### Legend in the table

- "Held" means the number of meetings held while the Director was a member of the Board or Committee.
- "Attended" means the number of meetings attended in person or via telephone while the Director was a member of the Board or Committee.

## Directors' Report (continued)

### Directors' Meetings (continued)

### Chair of the Board and Committees

- A.E.J. Fairley AM was elected as Independent Director, became Chair of the Board on 1 January 2009.
- M. Clinch has been the Chair of the Governance and Rewards Committee from 1 July 2018.
- J.C Dekker has been the Chair of the Audit, Risk and Compliance Committee from 1 January 2018.
- M. Cerche has been the Chair of the Member and Employer Engagement Committee from 1 July 2018.
- J. Hickey has been the Chair of the Investment Committee from 1 July 2018.
- W.E. Walker has been the Chair of the Growth and Development Committee from 1 January 2018 to 1 August 2018 and from 1 December 2018 to 1 June 2019.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31.

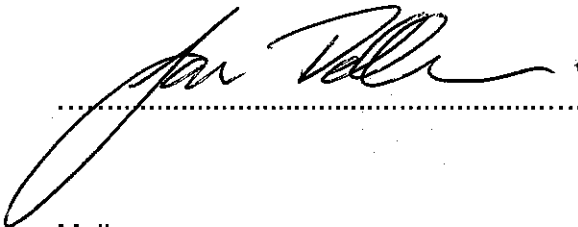
### Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors.



A.E.J. Fairley AM  
Chair



J.C. Dekker  
Director

Melbourne  
19 September 2019

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>Revenue from continuing operations</b>	2	39,582,368	39,056,628
<b>Expenses</b>			
Employee and Directors' expenses		(15,845,995)	(13,063,532)
External administration costs – Mercer		(11,745,970)	(14,868,466)
Consultants' fees	2	(5,702,327)	(5,528,456)
Communication	2	(2,037,139)	(1,971,327)
Audit fees	2	(213,611)	(225,589)
Depreciation expense – plant and equipment		(19,115)	(19,502)
Leasehold expenses		(839,787)	(661,746)
Other expenses	2	<u>(3,167,877)</u>	<u>(2,694,141)</u>
<b>Total expenses</b>		<u>(39,571,821)</u>	<u>(39,032,759)</u>
<b>Profit before income tax</b>		10,547	23,869
Income tax expense	6	<u>(20,783)</u>	<u>(20,972)</u>
<b>Net profit / (loss) for the year</b>		(10,236)	2,897
<b>Other comprehensive income</b>		-	-
Income tax expense on items of other comprehensive income		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<u>(10,236)</u>	<u>2,897</u>

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 31.



## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9(b)	102,731	228,772
Trade and other receivables	3	5,422,427	5,804,290
Prepayments		<u>506,765</u>	<u>575,658</u>
<b>TOTAL CURRENT ASSETS</b>		<u>6,031,923</u>	<u>6,608,720</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	7	-	21,441
Deferred tax asset	6	<u>1,471,696</u>	<u>1,548,355</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,471,696</u>	<u>1,569,796</u>
<b>TOTAL ASSETS</b>		<u>7,503,619</u>	<u>8,178,516</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	2,295,704	3,174,596
Provisions for employee benefits	5(a)	<u>4,007,845</u>	<u>3,805,582</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>6,303,549</u>	<u>6,980,178</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	6	1,077,623	1,133,500
Provisions for employee benefits	5(b)	<u>119,542</u>	<u>51,697</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,197,165</u>	<u>1,185,197</u>
<b>TOTAL LIABILITIES</b>		<u>7,500,714</u>	<u>8,165,375</u>
<b>NET ASSETS</b>		<u>2,905</u>	<u>13,141</u>
<b>EQUITY</b>			
Contributed equity	10	3	3
Retained profits		<u>2,902</u>	<u>13,138</u>
<b>TOTAL EQUITY</b>		<u>2,905</u>	<u>13,141</u>

The above balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 11 to 31.



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b>Total equity at the beginning of financial year</b>	13,141	10,244
Profit / (Loss) for the year	(10,236)	2,897
Other comprehensive income	-	-
<b>Total comprehensive income</b>	(10,236)	2,897
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial year</b>	2,905	13,141

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 11 to 31.



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Equisuper Fund and other parties		40,005,110	37,541,337
Payments to suppliers and employees		(40,161,491)	(37,451,770)
Interest received		28,014	23,595
Income tax (paid) / received		-	5,890
<b>Net cash flows from operating activities</b>	9(a)	<u>(128,367)</u>	<u>119,051</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		<u>2,326</u>	-
<b>Net cash flows used in investing activities</b>		2,326	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		(126,041)	119,051
<b>Cash and cash equivalents at beginning of year</b>		<u>228,772</u>	<u>109,721</u>
<b>Cash and cash equivalents at end of year</b>	9(b)	<u><u>102,731</u></u>	<u><u>228,772</u></u>

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 31.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (1) Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

##### *Compliance with IFRS*

These financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### *Historical cost convention*

These financial statements have been prepared on an accrual basis and in accordance with the historical cost convention.

##### *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trustee company's accounting policies. No higher degrees of judgement or complexity, or significant assumptions and estimates have been made to the financial statements.

#### (b) Provisions for Employee Benefits

Provision is made for the Trustee company's liability for annual leave and long service leave arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. A liability is recognised for the amount expected to be paid as a cash incentive payment under short-term and long-term incentive plans if the company has a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (1) Significant Accounting Policies (continued)

#### (c) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts 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 or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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 reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (d) Revenue

Costs incurred by the Trustee company in the administration and internal investment management of the Fund are recovered or recoverable from the Fund and recognised as revenue in the Statement of Comprehensive Income upon the delivery of the service. The service fees received by the Trustee company from Equipsuper Financial Planning Pty Ltd (EFP) are also recognised as revenue in the Statement of Comprehensive Income upon the delivery of the service. Interest revenue is recognised as it accrues, using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (1) Significant Accounting Policies (continued)

#### (e) Plant and Equipment

Plant and equipment are carried at cost less any accumulated depreciation and impairment losses (refer Note 1(i) Impairment). The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount of those assets. The depreciable amount of all plant and equipment is depreciated over the useful life to the Trustee company on a reducing value basis commencing from when the asset is held ready for use.

The depreciation rates for plant and equipment are as follows:

- Computer equipment 40%
- Office furniture and equipment 9% to 40%

#### (f) Leased Assets

Leases of assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Trustee company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated over their estimated useful lives where it is likely that the Trustee company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. The Trustee company does not currently have any assets under finance leases.

Lease payments under operating leases, where substantially all the risk and the benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### (g) Comparative Figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (h) Goods and Services Tax

Revenues, expenses and assets of the Trustee company are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are stated with the amount of GST included. The amount of GST recoverable from, or payable to, the ATO, is included as a current asset or liability in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of the cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (1) Significant Accounting Policies (continued)

#### (i) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### (j) Cash and Cash Equivalents

For the statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

#### (k) Trade and other receivables

Receivables are carried at amounts due and on normal commercial terms. The carrying amount of trade and other receivables approximates fair value.

#### (l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trustee company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (m) Retirement Benefit Obligations

The Trustee company has adopted "Choice of fund" for superannuation entitlements and contributes to Equipsuper or other regulated superannuation funds for its employees. Permanent employees, Directors and Contractors in the Accumulation Division or who are members of other regulated funds can contribute at any level while the Trustee company contributes at a rate of 9.5 percent (2018: 9.5 percent) to satisfy its obligations under the Superannuation Guarantee (Administration) Act 1992.

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (1) Significant Accounting Policies (continued)

#### (n) New accounting standards and interpretations

The Trustee adopted the following new accounting standards and interpretations during the year.

##### **IFRS 9 Financial Instruments (effective from 1 January 2018)**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of IFRS 9 does not have a significant impact on the Trustee's financial instruments as they are carried at fair value through profit and loss. Hedge accounting does not apply to the Trustee since the Trustee does not have hedging instruments or hedging items.

##### **IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)**

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard superseded all current revenue recognition requirements under IFRS and is effective for annual periods beginning on or after 1 January 2018. The Trustee's main sources of revenue are service fees and interest. These sources of revenue are recognised after the performance obligation has been performed. As a consequence, the adoption of the new revenue recognition standard does not have a significant impact on the Trustee's accounting policies or the amounts recognised in the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (1) Significant Accounting Policies (continued)

#### (n) New accounting standards and interpretations (continued)

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the company. Management's assessment of the impact of these new standards and interpretations is set out below:

##### (i) IFRS 16 Leases (effective 1 January 2019)

IFRS 16 was issued in January 2016 and requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Trustee company is a Lessee and expects the impact of adopting this standard to be minimal.

##### (ii) AASB Interpretation 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

##### (iii) AASB 2018-7 Definition of material (effective 1 January 2020)

This Standard amends AASB 101 *Presentation of Financial Statements* and AAS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

There are no other standards which are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

<b>(2) Revenue and Expenses</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Administration fees – Equisuper Fund	39,466,355	38,934,155
Interest received or due and receivable - Other parties	<u>28,014</u>	<u>23,593</u>
	<u>39,494,369</u>	<u>38,957,748</u>
<b>Other Income</b>		
Other sundry income	<u>87,999</u>	<u>98,880</u>
	<u>39,582,368</u>	<u>39,056,628</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(2) Revenue and Expenses (continued)	2019 \$	2018 \$
<b>Expenses</b>		
<b>Consulting Fees</b>		
Accounting fees	1,212,853	966,652
Actuarial fees	165,657	79,516
Business strategy	155,497	235,975
Legal fees	300,228	921,191
License fees	1,150,905	1,057,511
Project management	1,233,435	1,401,363
Other	1,483,752	866,248
	5,702,327	5,528,456
<p>Consulting fees for the year are on several projects which will lead to an improvement in member services. These projects included the development of the Equip strategy, Human Centred Design, Risk transformation and Insurance code.</p>		
<b>Communication Expenses</b>		
Marketing Communications	654,967	480,800
Research and Analytics	417,130	252,508
Corporate Marketing	96,120	279,366
Newsletters	174,462	166,245
Digital Strategy	150,108	247,803
Website costs	120,069	118,386
Other (Member statements & Employer communications)	424,283	426,219
	2,037,139	1,971,327
<b>Other Expenses</b>		
ASIC and APRA charges	97,696	4,759
Bank charges	18,697	24,782
Computer support	1,003,839	723,779
Entertainment	125,531	74,723
Office operating expenses	218,861	117,216
Postage	44,540	37,632
Photocopier	58,281	71,197
Record keeping	27,848	29,179
Subscriptions and memberships	316,795	214,382
Sundry expenses	47,505	54,520
Telephone and fax	106,391	106,374
Travel and accommodation	698,928	789,008
Trustee indemnity insurance	402,965	446,590
	3,167,877	2,694,141

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b>(2) Revenue and Expenses (continued)</b>		
<b>Auditor's Remuneration</b>		
Audit Fees:		
Ernst & Young:		
The Trustee Company	38,872	38,872
The Fund	151,245	151,348
The Fund - other assurance services*	23,494	35,369
Total Auditor's Remuneration	213,611	225,589
*Other assurance services includes audit of APRA return, GS007 and compliance with SIS, Corps Act 2001 and APRA prudential standards.		
<b>(3) Trade and Other Receivables</b>		
Administration fees	5,141,771	5,550,824
Other sundry debtors	46,480	53,644
Goods and services tax	234,176	199,822
	5,422,427	5,804,290
<b>(4) Trade and Other Payables</b>		
Payables	2,295,704	3,174,596
	2,295,704	3,174,596
<b>(5) Provisions for Employee Benefits</b>		
<b>(a) Current</b>		
Provision for annual leave	418,876	348,105
Provision for long service leave	777,311	713,600
Provision for incentive scheme	2,811,658	2,743,877
	4,007,845	3,805,582
<b>(b) Non-Current</b>		
Provision for long service leave	119,542	51,697
	119,542	51,697
Aggregate employee benefits	4,127,387	3,857,279
Number of employees at year end	78	63

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (6) Income Tax Expense

	2019	2018
	\$	\$
<b><u>Income Tax (Expense) / Credit</u></b>		
Deferred income tax (expense) / credit	(20,783)	(20,972)
<b>Income tax (expense) / credit reported in the Statement of Comprehensive Income</b>	(20,783)	(20,972)

A reconciliation of income tax expense with the prima facie tax payable calculated at 30% on the net change for the year is as follows:

Profit / (loss) before income tax	10,547	23,869
Prima facie tax payable calculated at 30% (2018: 30%) on the profit / (loss) before income tax	(3,165)	(7,160)
<b>Increase in income tax expense due to:</b>		
Non-deductible expenses	(17,618)	(13,812)
<b>Income Tax (Expense) / Credit</b>	(20,783)	(20,972)

### **Income Tax Refund**

Balance at the beginning of the year	-	5,890
Income tax refund received - prior year	-	(5,890)
Balance at the end of the year	-	-

### **Deferred Tax Asset**

Provision for employee benefits:		
- Provision for long service leave	269,056	229,590
- Provision for annual leave	125,663	104,431
- Provision for incentive scheme	843,498	823,163
Accrued expenses	65,016	248,336
Tax losses carried forward	168,463	142,835
	1,471,696	1,548,355

### **Deferred Tax Liabilities**

Accrued income	1,077,623	1,134,600
Depreciating assets and other capital allowances	-	(1,100)
	1,077,623	1,133,500

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (7) Plant and Equipment

	2019	2018
	\$	\$
Office furniture and equipment at cost	-	72,040
Less accumulated depreciation	-	(62,158)
	-	9,882
Computer equipment at cost	-	553,671
Less accumulated depreciation	-	(542,112)
	-	11,559
<b>Total plant and equipment</b>	-	21,441

### Reconciliation in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year.

	Office Furniture and Equipment	Computer Equipment	Total
	\$	\$	\$
Carrying amount at the beginning of the year	9,882	11,559	21,441
Disposals	(2,326)	-	(2,326)
Depreciation and amortisation expense	(7,556)	(11,559)	(19,115)
Carrying amount at the end of the year	-	-	-

During the year assets no longer in use were fully depreciated and written off. A small number of assets still in use were sold at written down value to the Fund.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (8) Related Parties

In accordance with the Fund Rules, the Trustee company acts as Trustee of the Fund.

#### (a) Directors

The names of the Directors of the Trustee company in office at any time during or since the end of the financial year and up to the date of signing these financial statements are:

A.E.J. Fairley AM  
J. Azaris  
M.N. Cerche  
M.J. Clinch  
P. Davy-Whyte (Appointed 1 July 2018)  
J.C. Dekker  
J.S. Hickey  
L. Rasmussen (Appointed 1 July 2018)  
W.E. Walker

Key Management Personnel during the financial year were:

N. Vamvakas (Chief Executive Officer) (Ceased employment 21 August 2019)  
N. E. Alford (Executive Officer, Governance and Risk)  
T. N. Cumming (Executive Officer, Strategy and Markets)  
J.M. Farrington (Executive Officer, Corporate Development and Growth)  
B.J. Grant (Executive Officer, Commercial)  
W.V. Grant (Executive Officer, Investment Integration)  
S.J. Guthleben (Executive Officer, Capability and Enablement)  
C.L. Magee (Executive Officer, Member Engagement)  
T.J. Rieck (Executive Officer, Investments)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (8) Related Parties (continued)

#### (b) Compensation of Directors and Key Management Personnel

Directors and Key Management Personnel compensation is paid by the Trustee company. In connection with the management of the Fund, the Directors and Key Management Personnel received no remuneration directly from the Fund or sponsoring employers.

Directors and Key Management Personnel compensation for the years ended 30 June is set out below:

	2019	2018
	\$	\$
Short-term benefits	3,878,769	3,424,777
Post-employment benefits	252,365	244,768
Other long-term benefits	25,332	201,470
Termination benefits	-	222,635
<b>Total</b>	<b>4,156,466</b>	<b>4,093,650</b>

#### Remuneration of Directors for the year ended 30 June

Director	2019 Total remuneration (including superannuation)	2018 Total remuneration (including superannuation)
A.E.J. Fairley AM	149,551	146,762
J. Azaris	74,775	82,554
M.N. Cerche	81,007	79,496
M.J. Clinch	81,007	74,380
P. Davy-Whyte (Appointed 1 July 2018)	74,775	-
J.C. Dekker	87,238	79,496
J.S. Hickey	93,469	73,381
P. Leary (Retired 30 June 2018)	-	76,334
L. Rasmussen (Appointed 1 July 2018)	74,775	-
J. Simon (Retired 30 Jun 2018)	-	94,721
W.E. Walker	78,411	76,439
<b>Total Directors</b>	<b>795,008</b>	<b>783,563</b>

- Remuneration for Directors represents the total amount of fees paid and superannuation.
- Directors do not receive any short-term incentive payments, long-term incentive payments, or post-directorship benefits.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (8) Related Parties (continued)

#### (b) Compensation of Directors and Key Management Personnel (continued)

Remuneration of Key Management Personnel for the year ended 30 June:

Executive	2019 Salary (including super- annuation)	2019 Incentive payment*	2019 Total remuneration (including super- annuation)	2018 Salary (including super- annuation)	2018 Incentive payment*	2018 Total remuneration (including super- annuation)
N. Vamvakas	503,271	72,000	575,271	455,444	157,082	612,526
N. E. Alford	241,079	42,000	283,079	128,961	-	128,961
G.R. Brooks**	-	-	-	219,779	123,918	343,697
T.N. Cumming***	300,000	60,000	360,000	68,899	-	68,899
J.M. Farrington	267,524	82,000	349,524	255,280	151,236	406,516
B.J. Grant	272,289	87,000	359,289	224,973	-	224,973
W.V. Grant	237,073	95,000	332,073	228,259	-	228,259
S.J Guthleben	220,664	66,000	286,664	197,374	129,234	326,608
C.L. Magee	240,531	96,000	336,531	209,397	15,200	224,597
T. Rieck	367,027	112,000	479,027	350,045	105,000	455,045
J.J. Sadler****	-	-	-	290,006	-	290,006
<b>Total Executives</b>	2,649,458	712,000	3,361,458	2,628,417	681,670	3,310,087
<b>Total Directors and Executives</b>	3,444,466	712,000	4,156,466	3,411,980	681,670	4,093,650

- \*The 2019 incentive payment includes the short-term incentive plan for targets achieved in the year ending 30 June 2018. The 2018 incentive payment includes the short-term incentive plan for targets achieved in the year ending 30 June 2017 and the long-term incentive plan for targets achieved in the year ending 30 June 2015.
- \*\*The Executive ceased to act as an executive officer on 8 April 2018.
- \*\*\*The Executive was appointed Executive Officer Strategy and Markets on 9 April 2018
- \*\*\*\*The Executive ceased employment on 7 September 2017. The remuneration included annual leave and termination benefits.
- Remuneration for Key Management Personnel includes salary, short-term incentive payments for the reported year and any long-term incentive payments that vested during the reporting year.

The Trustee company's remuneration policy sets out the remuneration philosophy, principles and governance on executive remuneration which is designed to attract, motivate and retain high performing individuals and align the interests of stakeholders. Executive remuneration is set by reference to external benchmark data based on comparable roles in other financial services organisations and is market competitive.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### **(8) Related Parties (continued)**

#### **(b) Compensation of Directors and Key Management Personnel (continued)**

Incentives are based on sustainable performance that reflects the Fund's strategic priorities, business goals and objectives. It is also based on both financial and non-financial key performance indicators, supports the Fund's risk management objectives and does not reward excessive risk taking. Some Directors are members of the Fund. They and any Key Management Personnel who are members of the Fund contribute and receive benefits on the same terms and conditions as those available to other members.

#### **(c) Related Party Transactions**

Investment management and Fund administration fees are incurred by the Trustee company and reimbursed by the Fund on a cost recovery basis. The fees received as a reimbursement by the Trustee company from the Fund during the year were \$39,466,355 (2018: \$38,934,155). The amounts due and receivable at balance date were \$5,155,698 (2018 \$5,550,823).

The Fund has transferred monies to the Trustee company to meet Australian Prudential Regulation Authority Registrable Superannuation Entity Licensing conditions. The monies are held in a term deposit and must be returned to the Fund if the Trustee company is wound up. The amount at balance date was \$100,000 (2018: \$100,000).

The Trustee company purchases gas, electricity, water and other services from employers who participate in the Fund. The transactions are carried out on an arms-length basis.

The Trustee company provides administration and infrastructure support services to Equipsuper Financial Planning Pty Ltd.

The service fees received by the Trustee company from Equipsuper Financial Planning Pty Ltd during the year were \$Nil (2018: \$Nil). The amounts due and receivable at balance date were \$Nil (2018: \$NIL). The Financial Services Agreement between the Trustee company and Equipsuper Financial Planning Pty Ltd was replaced by the Inter-Company Services Agreement in April 2016 which was executed by Equipsuper Financial Holdings Pty Ltd, Equipsuper Pty Ltd, Equipsuper Asset Management Pty Ltd and Equipsuper Financial Planning Pty Ltd to provide services and resources to each other. Service fees paid by the Trustee company to Equipsuper Financial Holdings Pty Ltd during the year were \$Nil (2018: \$Nil).

There have been no guarantees provided or received for any related party receivables or payables.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (8) Related Parties (continued)

#### (c) Related Party Transactions (continued)

*Terms and conditions of transactions with related parties*

All related party transactions are at arm's length and on normal commercial terms and conditions. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables.

#### (d) Trustee's Responsibility for Liabilities of Equisuper and Right of Indemnity (continued)

These financial statements have been prepared for the Trustee company and, as such, do not record assets and liabilities of the Fund. The Trustee company will only be liable for the liabilities of the Fund if it has committed a breach of its fiduciary duties or if the Fund has insufficient assets to meet its non-benefit liabilities. In the opinion of the Directors, there has been no breach of fiduciary duties of the Trustee company in its capacity as Trustee. At balance date, the assets of the Fund are sufficient to meet expenses incurred by the Trustee company and the Trustee company has an indemnity from the Fund to meet all costs and expenses of the Trustee company as and when they fall due.

A summary is included of the total assets and liabilities of the Fund. This information is not reflected in the Trustee company's financial statements:

	Total assets \$ M	Total liabilities excluding member liabilities \$ M	Total member liabilities \$ M	Total net assets \$ M
Equisuper – 2019	16,014	(288)	(15,070)	656
Equisuper – 2018	15,187	(347)	(14,266)	574

#### (e) Other Disclosures

The Trustee company paid the Australian Financial Complaints Authority Limited (AFCA) a membership levy of \$43,534 (2018: NA) to fund the operations of AFCA. Membership of AFCA is required under the SIS Act 1993 (amended). The Trustee company Chair, Mr A. E. J. Fairley AM was appointed an industry director of AFCA on 4 May 2018.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>(9) Statement of Cash Flows Information</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of cash flow from operations with profit / (loss) from ordinary activities after income tax</b>		
Profit / (loss) from ordinary activities after income tax	(10,236)	2,897
Non-cash items in profit / (loss) from ordinary activities		
Depreciation	19,115	19,502
Changes in assets and liabilities		
(Increase) / decrease in Receivables	381,862	(1,326,153)
(Increase) / decrease in Prepayments	68,894	(165,543)
(Increase) / decrease in Income tax refund	-	5,890
Increase / (decrease) in Deferred income tax	20,783	20,972
Increase / (decrease) in Payables	(878,893)	1,497,482
Increase / (decrease) in Provisions for employee benefits	270,107	64,004
Cash flows from operations	(128,367)	119,051

### **(b) Reconciliation of cash**

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in at-call deposits with banks or financial institutions. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Cash at bank	2,731	128,772
Term deposit	100,000	100,000
Total	102,731	228,772

### **(10) Contributed Equity**

	<b>2019</b>	<b>2018</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Ordinary shares	3	3

The 3 fully paid Ordinary shares of \$1 each are held by Equipsuper Financial Holdings Pty Ltd (EFHPL).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
<b>(11) Commitments</b>	\$	\$
<b>Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements are payable as follows:		
- not later than one year	805,333	721,064
- later than one year but not later than five years	2,293,306	2,017,563
- later than five years	-	453,681
<b>Total</b>	<b>3,098,639</b>	<b>3,192,308</b>

On 8 July 2013 the Trustee company relocated its offices to a new premise at Level 12, 330 Collins Street, Melbourne under a non-cancellable operating lease expiring on 30 April 2020. On 1 February 2013 the Trustee company entered into an agreement with the National Australia Bank Limited to guarantee the sum of \$566,181 to the lessor to secure the Trustee company's obligations as tenant under the lease, terminating on 1 May 2020.

On 1 February 2018 the Trustee company extended its offices to part of Level 11, 330 Collins Street, Melbourne under a non-cancellable operating lease expiring on 7 July 2023. On 22 December 2018 the Trustee company entered into an agreement with the National Australia Bank Limited to guarantee a further sum of \$81,735 to the lessor to secure the Trustee company's obligations as tenant under the lease, terminating on 8 July 2024.

On 1 March 2019 the Trustee company extended its offices to part of Level 11, 330 Collins Street, Melbourne under a non-cancellable operating lease expiring on 30 June 2023. On 27 February 2019 the Trustee company entered into an agreement with the National Australia Bank Limited to guarantee a further sum of \$89,000 to the lessor to secure the Trustee company's obligations as tenant under the lease, terminating on 1 July 2024.

### (12) Segment Reporting

The Trustee company acts as the Trustee of the Fund. The Trustee company comprises a single business segment, being the investment of assets and the administration of the Fund. The Trustee company operates predominately in a single geographical segment, the state of Victoria, Australia.

### (13) Contingent Liabilities

The Directors are not aware of any material contingent liabilities of the Trustee company, which have not been provided for in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (14) Economic Dependence

The Trustee company acts as the Trustee of the Fund. Its continuing operations depend on payments from the Fund for the Trustee company's services. There are no reasons to doubt the continuing operations of the Trustee company or the Fund and its payments to the Trustee company.

### (15) Financial Instruments

The Trustee company's exposure through its financial instruments, is to interest rate risk and credit risk on its cash and cash equivalent holdings.

The Trustee company is required to hold a deposit of \$100,000 as part of its APRA RSE licensing conditions. This deposit is held on a 12 month rolling term basis. All other cash balances are managed through the Trustee company's operating bank account on a daily basis to meet operating expenses.

#### (a) Interest Rate Risk

The Trustee company's exposure to interest rate movements on its cash balances as at 30 June 2019 was as follows:

30 June 2019

	Floating interest rate \$	One year or less \$	Over one to five years \$	More than five years \$	Non interest bearing \$	Total \$
<b>Financial Assets</b>						
Cash	-	102,731	-	-	-	102,731
Receivables	-	-	-	-	5,915,265	5,915,265
<b>Total Financial Assets</b>	-	102,731	-	-	5,915,265	6,017,996
<b>Financial Liabilities</b>						
Accounts payable	-	-	-	-	2,281,777	2,281,777
<b>Total Financial Liabilities</b>	-	-	-	-	2,281,777	2,281,777

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (15) Financial Instruments (continued)

#### (a) Interest Rate Risk (continued)

30 June 2018

	Floating interest rate	One year or less	Over One to five years	More than five years	Non interest bearing	Total
	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash	-	228,772	-	-	-	228,772
Receivables	-	-	-	-	6,379,948	6,379,948
<b>Total Financial Assets</b>	-	228,772	-	-	6,379,948	6,608,720
<b>Financial Liabilities</b>						
Accounts payable	-	-	-	-	3,174,596	3,174,596
<b>Total Financial Liabilities</b>	-	-	-	-	3,174,596	3,174,596

#### (b) Credit Risk

The Trustee company's credit risk measure for its cash balances as at 30 June 2019 is A-1+ (2018: A-1+).

#### (c) Net Fair Values

The Trustee company's financial assets and liabilities are carried at fair value.

### (16) Dividend Franking Account

Balance of franking account available to shareholders of the Trustee company for subsequent financial years:

	2019 \$	2018 \$
Opening balance	654,370	660,260
Tax paid / (refund)	-	(5,890)
Closing balance	<u>654,370</u>	<u>654,370</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### (17) Financing Arrangements

Access was available at balance date to the following bank facilities:

Total facilities	2019	2018
	\$	\$
Corporate credit card facility	300,000	250,000
	<u>300,000</u>	<u>250,000</u>
Unused at balance date		
Corporate credit card facility	296,248	230,822
	<u>296,248</u>	<u>230,822</u>

### (18) Events After the Balance Sheet Date

Equip has signed a Memorandum of Understanding (MOU) for a joint venture with CSF Pty Ltd as Trustee for MyLifeMyMoney Superannuation Fund (CSF), subject to completion of due diligence. If it proceeds, the joint venture will form in October 2019, bringing the two funds under a single trustee. The Equip name will remain and we expect members will benefit from the increased scale, capability and cost-efficiency in areas of the business shared with CSF, such as the trustee office functions, investments and administration. This will create a combined fund of \$25 billion in assets and around 150,000 members Australia-wide.

On 3 September 2019 Mr Scott Cameron was appointed to the position of Chief Executive Officer of the Trustee company Equisuper Pty Ltd.

There are no other matters or circumstances that have arisen since 30 June 2019 which have significantly affected or may significantly affect the operation of the Trustee company, the result of those operations or the state of affairs of the Trustee company in subsequent financial years except as may be stated elsewhere in the financial statements.



## DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 31 are in accordance with the *Corporations Act 2001*, including:

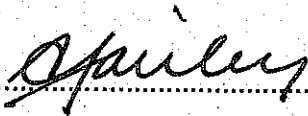
(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and

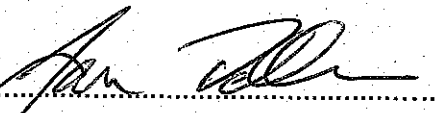
(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



A.E.J. Fairley AM  
Chair



J.C. Dekker  
Director

Melbourne  
19 September 2019



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## Auditor's Independence Declaration to the Directors of Equisuper Pty Ltd

As lead auditor for the audit of Equisuper Pty Ltd for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

John MacDonald  
Partner  
Melbourne

19 September 2019



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## **Independent Auditor's Report to the Members of Equisuper Pty Ltd**

### **Opinion**

We have audited the financial report of Equisuper Pty Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Information Other than the Financial Report and Auditor's Report thereon**

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going

concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

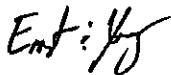
#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.


As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



John MacDonald

Partner

Melbourne

19 September 2019