

AustralianSuper Pty Ltd

ABN 94 006 457 987

Financial Report

For the year ended 30 June 2017

AustralianSuper Pty Ltd
Financial Statements
For the year ended 30 June 2017

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AustralianSuper Pty Ltd
Directors' report
For the year ended 30 June 2017

The Directors present their report on AustralianSuper Pty Ltd (the "Company") at 30 June 2017 and on the results for the year then ended.

Directors

The following persons were Directors of the Company during the financial year and up to the date of signing this report:

Member nominated	Employer nominated	Independent
P. Bastian	L. Di Bartolomeo	J Craig (appointed 2 March 2017)
B. Daley	J. Ingram (resigned 1	
S. McDine (resigned 17	March 2017)	
November 2016)	H. Ridout	
D. Oliver	G. Willis	
G. Pinnell (resigned 5 May 2017)	I. Willox	
D Walton (appointed 15		
December 2016)		

The following persons were Alternate Directors of the Trustee during the financial year and up to the date of this report:

Member nominated	Employer nominated
J. Angrisano (appointed 15 December 2016, ceased 5 May 2017)	P. Burn
N. Apple	A. Flanagan
B. Crofts	R. Maddox (ceased 1 March 2016)
F. Jordan (ceased 1 July 2016)	G. Stamas
W. Kensett-Smith	
R. Lewtas (appointed 15 December 2016)	
M. O'Neil	

The following persons were Directors or Alternate Directors during the prior financial year:

M. Boyd (ceased 3 May 2016)
L. O'Brien (ceased 12 January 2016)

Principal activities

The Company is the trustee of AustralianSuper (the 'Fund'). During the year, the principal activities of the Company consisted of providing trustee services to the Fund. It is also the holder of the Australian Financial Services licence and the Registrable Superannuation Entity licence.

The Company incurs operating and administration expenses in providing trustee services to the Fund. Under the terms of the Trust Deed of AustralianSuper, the Company is entitled to receive trustee services fees, calculated by reference to the costs incurred by the Company in running the Fund.

Significant changes in the state of affairs

There have been no significant changes to the state of affairs.

Matters subsequent to the end of the financial year

No significant events have occurred since the end of the reporting period which would impact on the balances of the Company as disclosed in the statement of financial position as at 30 June 2017 or on the results of operations of the Company for the year ended on that date.

Likely developments

Information on likely developments in the operations of the Company have not been included in this report because the Directors believe it would likely result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to significant environmental regulation in respect of its activities.

Rounding off

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Insurance of officers

During the financial year, the Company paid premiums of \$798,066 (2016: \$779,171) to insure the Directors and Officers of the Company.

Auditor's independence declaration

The auditor's independence declaration is set out on page 5.

This report is made in accordance with a resolution of Directors.



H. Ridout
Director



G. Willis
Director

Melbourne
30 August 2017



Auditor's Independence Declaration

As lead auditor for the audit of AustralianSuper Pty Ltd for the year ended 30 June 2017, I declare that 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.

JF Bush

JF Power
Partner
PricewaterhouseCoopers

Melbourne
30 August 2017

AustralianSuper Pty Ltd
Statement of comprehensive income
For the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Income from continuing operations			
Trustee services	15	374,826	344,978
Other income		430	427
Total income from continuing operations		<u>375,256</u>	<u>345,405</u>
Expenses			
Administration costs		137,117	134,004
Staff costs		124,339	103,049
Director costs		3,507	3,419
Professional services		23,843	36,940
Communications and development		36,610	35,684
Travel costs		3,734	4,064
Facilities costs		30,903	24,266
Depreciation and amortisation		9,303	5,028
Motor vehicle costs		240	260
Total expenses		<u>369,596</u>	<u>346,714</u>
Profit / (loss) before income tax		5,660	(1,309)
Income tax expense	5	45	42
Profit / (loss) for the year		<u>5,615</u>	<u>(1,351)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		<u>5,615</u>	<u>(1,351)</u>

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

AustralianSuper Pty Ltd
Statement of financial position
As at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	8,308	24,343
Trade and other receivables	6	41,200	12,857
Total current assets		<u>49,508</u>	<u>37,200</u>
Non-current assets			
Trade and other receivables	6	3,945	-
Property, plant and equipment	7	12,331	2,098
Intangible assets	8	25,781	17,455
Deferred tax assets	5	360	968
Total non-current assets		<u>42,417</u>	<u>20,521</u>
Total assets		<u>91,924</u>	<u>57,721</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	40,182	37,649
Provisions	10	11,941	9,025
Total current liabilities		<u>52,123</u>	<u>46,674</u>
Non-current liabilities			
Trade and other payables	9	36,231	15,737
Provisions	10	3,208	-
Deferred tax liabilities	5	515	1,078
Total non-current liabilities		<u>39,954</u>	<u>16,815</u>
Total liabilities		<u>92,077</u>	<u>63,489</u>
Net liabilities		<u>(153)</u>	<u>(5,768)</u>
EQUITY			
Contributed equity	11	-	-
Accumulated losses		(153)	(5,768)
Total equity		<u>(153)</u>	<u>(5,768)</u>

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

AustralianSuper Pty Ltd
Statement of changes in equity
For the year ended 30 June 2017

Attributable to owners of AustralianSuper Pty Ltd

	Notes	Contributed Equity \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 30 June 2017	11	-	(153)	(153)
Total comprehensive income for the year		-	5,615	5,615
Balance at 30 June 2016	11	-	(5,768)	(5,768)
Total comprehensive income for the year		-	(1,351)	(1,351)
Balance at 30 June 2015	11	-	(4,417)	(4,417)

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

AustralianSuper Pty Ltd
Statement of cash flows
For the year ended 30 June 2017

		2017	2016
	Notes	\$'000	\$'000
Cash flows from operating activities			
Trustee services fee receipt		361,526	347,398
Payments to suppliers and employees		<u>(377,991)</u>	<u>(346,362)</u>
		(16,465)	1,036
Other income		97	61
Interest received		333	367
Net cash inflow / (outflow) from operating activities	16	<u>(16,035)</u>	<u>1,464</u>
Net cash inflow / (outflow) from investing activities		<u>-</u>	<u>-</u>
Net cash inflow / (outflow) from financing activities		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		(16,035)	1,464
Cash and cash equivalents at the beginning of the financial year		<u>24,343</u>	<u>22,879</u>
Cash and cash equivalents at end of year		<u>8,308</u>	<u>24,343</u>

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

1 Corporate information

This financial report contains the financial statements of AustralianSuper Pty Ltd (the "Company") and are presented in the Australian currency.

The Company is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 26, 50 Lonsdale Street, Melbourne, Victoria.

The Company is the trustee of AustralianSuper (the 'Fund'). During the year, the principal activities of the Company consisted of providing trustee services to the Fund. It is also the holder of the Australian Financial Services licence and the Registrable Superannuation Entity licence.

The financial statements were authorised for issue by the Directors on 30 August 2017. The Directors have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. Unless otherwise stated, these policies are consistent with those applied in the previous year.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. AustralianSuper Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of the AustralianSuper Pty Ltd also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention.

(b) Cash and cash equivalents

Cash and cash equivalents include deposits held at call with financial institutions.

(c) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured.

(d) Trade and other receivables and trade payables

Trade and other receivables are carried at fair value.

Accounts payable are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade payables are normally settled on 30 day terms.

2 Summary of significant accounting policies (continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is calculated using the diminishing value method to allocate the cost or revalued amounts, net of their residual values over their estimated useful lives or in the case of leasehold improvements, over the lease term. The useful lives are as follows:

• Leasehold improvements	Lease term
• Computer equipment	3 years
• Office equipment	3-5 years
• Office furniture and fittings	10 years
• Motor vehicles	8 years

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) Intangibles

Costs incurred in developing products and systems and acquiring software and licences that will contribute to future period financial benefits through income generation and / or cost reduction are capitalised. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over a period of 3 years.

(g) Employee benefits

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities for annual leave and long service leave are recognised in the provision for employee benefits. All other short term benefit obligations are presented as payables.

Other long term employee benefits

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits. This is measured as the present value of the expected future payments to be made in respect of services provided by the employees up to the end of reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

2 Summary of significant accounting policies (continued)

(h) Income tax

Tax expense in the statement of comprehensive income for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation of assets or settlement of the liability.

(i) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as a part of the expense item as applicable. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from the taxation authority is included as part of receivables in the statement of financial position.

(j) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(k) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2017 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Company. The assessment of the impact of these new standards and interpretations is set out below.

AASB16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. Management does not intend to adopt the standard before its effective date.

3 Trustee liabilities and right of indemnity

The Company acts as the trustee of AustralianSuper. Assets are held in trust on behalf of members and other beneficiaries and liabilities have been incurred on behalf of AustralianSuper in the Company's capacity as trustee.

The Company has a right of indemnity for liabilities incurred in performing its fiduciary duties as a trustee. The assets of AustralianSuper, which lie behind the right of indemnity, are not directly available to meet any liabilities of the Company acting in its own right.

4 Financial risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due. At the end of the reporting period the Company held cash and cash equivalents of \$8,308,000 (2016: \$24,343,000). Under the terms of the Trust Deed of AustralianSuper, the Company is indemnified out of the assets of the Fund for the costs incurred by the Company in running the Fund.

The Company monitors cash and cash equivalents on the basis of expected cash flows.

5 Income tax

(a) Income tax expense

	2017 \$'000	2016 \$'000
Deferred tax expense	45	42
	<u>45</u>	<u>42</u>

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

	2017 \$'000	2016 \$'000
Profit before income tax	5,660	(1,309)
Tax at the Australian Tax rate of 30%	1,698	(393)
Adjusted for tax effect of the following items:		
Increase in income tax expense due to		
Non-deductible entertainment expense	45	42
Accrued expense not yet deductible	1,160	1,893
Provision for annual leave and long service leave	1,419	554
Amortisation of intangible assets	562	574
Decrease in tax expense due to		
Deductible intangible assets	-	(282)
Reduction of deferred tax liability (intangible assets)	(562)	(291)
Accrued income not yet assessable	(4,277)	(2,055)
Income tax expense on profit	<u>45</u>	<u>42</u>

(c) Deferred tax asset

	2017 \$'000	2016 \$'000
Carried forward tax losses	360	968
	<u>360</u>	<u>968</u>

5 Income tax (continued)

(d) Deferred tax liability

	2017 \$'000	2016 \$'000
Intangible assets	515	1,078
	<u>515</u>	<u>1,078</u>

6 Trade and other receivables

	2017 \$'000	2016 \$'000
Current		
Trade receivables	19,560	1,992
Accrued Income	17,162	6,852
Other receivables	2,575	2,510
Prepayments	1,903	1,503
Sub-total current	<u>41,200</u>	<u>12,857</u>
Non current		
Accrued Income	3,945	-
Sub-total non current	<u>3,945</u>	<u>-</u>
	<u>45,145</u>	<u>12,857</u>

7 Property, plant and equipment

	Leasehold improvements	Computer equipment	Office furniture, fittings and equipment	Motor vehicles	Low value asset pool	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2017						
Cost	15,931	2,298	6,976	853	34	26,092
Accumulated depreciation	(8,951)	(1,974)	(2,290)	(514)	(32)	(13,761)
Net book amount	6,980	324	4,686	339	2	12,331
Year ended 30 June 2017						
Opening net book amount	754	405	568	368	3	2,098
Additions	7,130	418	4,775	312	-	12,635
Disposals / Trade-ins	(331)	(253)	127	(199)	-	(656)
Depreciation charge	(573)	(246)	(784)	(142)	(1)	(1,746)
Closing net book amount	6,980	324	4,686	339	2	12,331
At 1 July 2016						
Cost	9,132	2,133	2,074	740	34	14,113
Accumulated depreciation	(8,378)	(1,728)	(1,506)	(372)	(31)	(12,015)
Net book amount	754	405	568	368	3	2,098
Year ended 30 June 2016						
Opening net book amount	1,808	545	598	537	5	3,493
Additions	638	94	326	244	-	1,302
Disposals / Trade-ins	-	-	-	(212)	-	(212)
Depreciation charge	(1,692)	(234)	(356)	(201)	(2)	(2,485)
Closing net book amount	754	405	568	368	3	2,098
At 1 July 2015						
Cost	8,494	2,039	1,748	946	34	13,261
Accumulated depreciation	(6,686)	(1,494)	(1,150)	(409)	(29)	(9,768)
Net book amount	1,808	545	598	537	5	3,493

8 Intangible assets

	Software development costs \$'000
At 30 June 2017	
Cost	41,682
Accumulated amortisation	<u>(15,901)</u>
Net book amount	<u>25,781</u>
Year ended 30 June 2017	
Opening net book amount	17,455
Additions	16,376
Amortisation	(7,559)
Disposal of asset	<u>(491)</u>
Closing net book amount	<u>25,781</u>
At 1 July 2016	
Cost	25,306
Accumulated amortisation	<u>(7,851)</u>
Net book amount	<u>17,455</u>
Year ended 30 June 2016	
Opening net book amount	9,802
Additions	10,196
Amortisation	<u>(2,543)</u>
Closing net book amount	<u>17,455</u>
At 1 July 2015	
Cost	15,110
Accumulated amortisation	<u>(5,308)</u>
Net book amount	<u>9,802</u>

Software includes capitalised development costs being an internally generated intangible asset.

Amortisation of \$7,559,000 (2016: \$2,543,000) is included in depreciation and amortisation expense in the statement of comprehensive income.

9 Trade and other payables

	2017 \$'000	2016 \$'000
Current		
Trade payables	4,120	2,076
Other payables	36,062	35,573
Sub-total current	<u>40,182</u>	<u>37,649</u>
Non current		
Expenses prepaid by the Fund	35,929	15,737
Deferred rent	302	-
Sub-total non current	<u>36,231</u>	<u>15,737</u>
	<u>76,413</u>	<u>53,386</u>

10 Provisions

	2017 \$'000	2016 \$'000
Current		
Employee benefits	11,748	9,025
Surplus lease	193	-
Sub-total current	<u>11,941</u>	<u>9,025</u>
Non current		
Employee benefits	2,008	-
Surplus lease	200	-
Make good	1,000	-
Sub-total non current	<u>3,208</u>	<u>-</u>
	<u>15,149</u>	<u>9,025</u>

During the period ended 30 June 2017, the estimate of the long service leave provision included in employee benefits was revised, resulting in an increase to the provision in relation to staff with 0 to 4 years of service.

(a) Movements in provision

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	2017 \$'000	2016 \$'000
Service error provision		
Carrying amount at start of year	-	114
Additional provisions recognised	-	68
Used during the year	-	(182)
Carrying amount at end of year	<u>-</u>	<u>-</u>

10 Provisions (continued)

	2017 \$'000	2016 \$'000
Surplus lease provision		
Carrying amount at start of year	-	-
Additional provisions recognised	393	-
Used during the year	-	-
Carrying amount at end of year	<u>393</u>	<u>-</u>
	2017 \$'000	2016 \$'000
Make good provision		
Carrying amount at start of year	-	-
Additional provisions recognised	1,000	-
Used during the year	-	-
Carrying amount at end of year	<u>1,000</u>	<u>-</u>

11 Contributed equity

	2017 \$	2016 \$
Issued and paid up capital		
Issued capital – 6 “A” class shares of \$1 each, fully paid	6	6
Issued capital – 6 “B” class shares of \$1 each, fully paid	6	6
Total issued and paid up capital	<u>12</u>	<u>12</u>

Under the terms of the Company's constitution, the owners of the Company are not entitled to receive dividends from the Company.

12 Key management personnel

Key management personnel include persons who were Directors of the Trustee at any time during the financial year, and up to the date of this report, as follows:

Member nominated	Employer nominated	Independent
P. Bastian	L. Di Bartolomeo	J. Craig (appointed 2 March 2017)
B. Daley	J. Ingram (resigned 1	
S. McDine (resigned 17	March 2017)	
November 2016)	H. Ridout	
D. Oliver	G. Willis	
G. Pinnell (resigned 5 May 2017)	I. Willox	
D. Walton (appointed 15		
December 2016)		

12 Key management personnel (continued)

The following persons were Alternate Directors of the Trustee during the financial year and up to the date of this report:

Member nominated

J. Angrisano (appointed 15 December 2016,
ceased 5 May 2017)
N. Apple
B. Crofts
F. Jordan (ceased 1 July 2016)
W. Kensett-Smith
R. Lewtas (appointed 15 December 2016)
M. O'Neil

Employer nominated

P. Burn
A. Flanagan
R. Maddox (ceased 1 March 2016)
G. Stamas

The following persons were Directors or Alternate Directors during the prior financial year:

M. Boyd (ceased 3 May 2016)
L. O'Brien (ceased 12 January 2016)

Members of the Committees of the Board who are not Directors or Alternate Directors of the Trustee are considered key management personnel of the Fund. These Committee members are, R. Maddox, M. Nicolades and S. Weston.

The other key management personnel of the Fund are I. Silk, Chief Executive Officer, M. Delaney, Deputy Chief Executive Officer and Chief Investment Officer, S. Blackmore, Group Executive Member Experience and Advice, A. Cavanagh, Group Executive Corporate Services, J. Foley, Group Executive Strategy, People and Performance, R. Kerlin, Group Executive Membership (appointed 5 December 2016), P. Schroder, Group Executive Product, Brand and Reputation (appointed 5 December 2016, previously Group Executive Membership) and G. Williams, Group Executive Engagement, Advocacy and Brand (resigned 25 November 2016).

Key management personnel compensation

	2017	2016
	\$	\$
Short term benefits	5,724,728	5,096,032
Post employment benefits (superannuation)	361,450	354,929
Long term benefits (long service leave)	124,704	148,251
Total key management personnel compensation	6,210,882	5,599,211

13 Auditor's remuneration

	2017	2016
	\$	\$
Amounts paid / payable to PwC (2016: KPMG) for:		
Audit of the financial statements for Company and Fund	585,380	729,118
Other assurance services	124,500	175,500
Tax services	-	426,715
Other services	605,695	1,164,802
	<u>1,315,575</u>	<u>2,496,135</u>

During the year the Company and Fund changed its external auditor from KPMG to PwC who previously were the Company's internal auditor.

14 Commitments

Lease commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2017	2016
	\$'000	\$'000
Within one year	8,757	8,418
Later than one year but not later than five years	30,151	29,446
Later than five years	37,088	42,028
	<u>75,996</u>	<u>79,892</u>

15 Related parties

The Company is owned by the Australian Industry Group and ACTU Super Shareholding Pty Ltd. ACTU Super Shareholding Pty Ltd holds the shares on behalf of the Australian Council of Trade Unions and participating unions. Under the terms of the Company's constitution, the owners of the Company are not entitled to receive dividends from the Company.

The Company paid the Australian Industry Group \$195,700 (2016: \$201,000) and the Australian Council of Trade Unions \$201,000 (2016: \$225,000) for advertising related opportunities and general marketing for AustralianSuper.

The Company is the trustee of AustralianSuper. Under the terms of the Trust Deed, the Company is entitled to receive trustee services fees, calculated by reference to the costs incurred by the Company in running the Fund.

15 Related parties (continued)

	2017	2016
Trustee services fees paid and payable by the Fund to the Trustee	\$374,826,000	\$344,978,000
Amount payable by the Fund to the Trustee at the end of the reporting period	\$12,874,000	\$8,692,000
Expenses prepaid by the Fund	\$35,929,000	\$15,737,000
Accrued income receivable from the Fund	\$21,107,000	\$6,852,000

AustralianSuper has a 32.9% (2016: 32.9%) shareholding in Industry Super Holdings Pty Ltd (ISH). I. Silk and P. Burn are Directors of Industry Super Australia Pty Ltd which is a subsidiary of ISH. ISH has various other subsidiaries with which the Company transacts. These transactions that relate to financial planning, seminars and other member services totalled \$7,648,000 (2016: \$7,451,000).

On 20 June 2016, the Company sold its shareholding of ordinary shares in The New Daily Pty Ltd. The New Daily Pty Ltd provides an online news publication, The New Daily, which is made available to members.

During the year the Company contributed \$0 (2016: \$40,000) to The New Daily for marketing purposes.

L. Di Bartolomeo is a Director of The New Daily Pty Ltd. During the year, the Company paid L. Di Bartolomeo \$24,800 (2016: \$24,300) for being AustralianSuper's nominee on the Board of The New Daily Pty Ltd.

On 13 January 2016, the Company incorporated AustralianSuper (UK) Limited to provide investment management services to the Fund. AustralianSuper (UK) Limited is entitled to receive service fees, calculated by reference to the costs it has incurred. Fees paid and payable by the Company and the Fund to AustralianSuper (UK) Limited during the year totalled \$3,174,028 (2016: Nil). The Company has a net amount receivable of \$320,890 (2016: Nil) from AustralianSuper (UK) Limited at year end.

The above transactions were made on normal commercial terms, under normal conditions and at market rates.

16 Reconciliation of profit after income tax to net cash inflow / (outflow) from operating activities

	2017 \$'000	2016 \$'000
Profit / (loss) after tax	5,615	(1,351)
Depreciation and amortisation	9,795	5,028
Fixed asset movements	(11,979)	(1,091)
Intangible asset movements	(16,376)	(10,195)
Change in operating assets and liabilities		
(Increase) / decrease in receivables	(18,032)	2,643
(Increase) / decrease in accrued income	(14,255)	(6,852)
(Increase) / decrease in deferred tax assets	607	333
Increase / (decrease) in payables	23,028	11,506
Increase / (decrease) in deferred tax liabilities	(562)	(291)
Increase / (decrease) in provisions	6,124	1,734
Net cash (outflow) / inflow from operating activities	(16,035)	1,464

17 Subsequent events


No significant events have occurred since the end of the reporting period which would impact on the balances of the Company as disclosed in the statement of financial position as at 30 June 2017 or on the results of operations of the Company for the year ended on that date.

AustralianSuper Pty Ltd
Directors' Declaration
For the year ended 30 June 2017

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 22 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and other mandatory professional reporting requirements, and the *Corporations Regulations 2001*; 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.
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the Board of Directors of AustralianSuper Pty Ltd.


.....
H. Ridout
Director
.....
G. Willis
Director

Melbourne
30 August 2017



Independent auditor's report

To the shareholders of AustralianSuper Pty Ltd

Our opinion

In our opinion:

The accompanying financial report of AustralianSuper Pty Ltd (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 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

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.

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 *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.

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In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A blue ink signature, likely of a representative from PricewaterhouseCoopers, written in a cursive style.

PricewaterhouseCoopers

A blue ink signature, likely of JF Power, written in a cursive style.

JF Power
Partner

Melbourne
30 August 2017

