

AustralianSuper Pty Ltd

ABN 94 006 457 987

Financial Report

For the year ended 30 June 2018

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The Directors present their report on AustralianSuper Pty Ltd (the "Company") at 30 June 2018 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
J. Angrisano (appointed 31 August 2017)	G. Coyne (appointed 31 August 2017)	J. Craig
P. Bastian	L. Di Bartolomeo	
B. Daley	H. Ridout	
D. Oliver	G. Willis	
D. Walton	I. Willox	

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
N. Apple	P. Burn
B. Crofts	A. Flanagan
W. Kensett-Smith	S. Kay (appointed 25 January 2018)
R. Lewtas	G. Stamas
M. O'Neil	
C. Pace (appointed 31 August 2017)	

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

J. Ingram (resigned 1 March 2017)
S. McDine (resigned 17 November 2016)
G. Pinnell (resigned 5 May 2017)
F. Jordan (ceased 1 July 2016)
R. Maddox (ceased 1 March 2017)

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 2018 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 \$746,047 (2017: \$798,066) 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 2018



Auditor's Independence Declaration

As lead auditor for the audit of AustralianSuper Pty Ltd for the year ended 30 June 2018, 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.

A handwritten signature in black ink, appearing to read 'JF Power'.

JF Power
Partner
PricewaterhouseCoopers

Melbourne
30 August 2018

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Liability limited by a scheme approved under Professional Standards Legislation.

AustralianSuper Pty Ltd
Statement of comprehensive income
For the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Income from continuing operations			
Trustee services	15	410,591	374,826
Other income		369	430
Total income from continuing operations		<u>410,960</u>	<u>375,256</u>
Expenses			
Administration costs		133,178	137,117
Staff costs		139,364	124,339
Director costs		3,715	3,507
Professional services		37,036	23,843
Communications and development		43,113	36,610
Travel costs		3,902	3,734
Facilities costs		37,065	30,903
Depreciation and amortisation		13,366	9,303
Motor vehicle costs		221	240
Total expenses		<u>410,960</u>	<u>369,596</u>
Profit / (loss) before income tax		-	5,660
Income tax expense	5	104	45
Profit / (loss) for the year		(104)	5,615
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		(104)	5,615

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 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	19,277	8,308
Trade and other receivables	6	46,597	41,200
Total current assets		<u>65,874</u>	<u>49,508</u>
Non-current assets			
Trade and other receivables	6	8,616	3,945
Property, plant and equipment	7	12,637	12,331
Intangible assets	8	39,749	25,781
Deferred tax assets	5	-	360
Total non-current assets		<u>61,002</u>	<u>42,417</u>
Total assets		<u>126,876</u>	<u>91,924</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	55,338	40,182
Provisions	10	13,427	11,941
Income Tax Payable	5	186	-
Total current liabilities		<u>68,951</u>	<u>52,123</u>
Non-current liabilities			
Trade and other payables	9	55,386	36,231
Provisions	10	2,796	3,208
Deferred tax liabilities	5	-	515
Total non-current liabilities		<u>58,182</u>	<u>39,954</u>
Total liabilities		<u>127,133</u>	<u>92,077</u>
Net liabilities		<u>(257)</u>	<u>(153)</u>
EQUITY			
Contributed equity	11	-	-
Accumulated losses		(257)	(153)
Total equity		<u>(257)</u>	<u>(153)</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 2018

Attributable to owners of AustralianSuper Pty Ltd				
	Notes	Contributed Equity \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 30 June 2018	11	-	(257)	(257)
Total comprehensive income for the year		-	(104)	(104)
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)

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 2018

		2018	2017
	Notes	\$'000	\$'000
Cash flows from operating activities			
Trustee services fee receipt		410,244	361,526
Payments to suppliers and employees		<u>(399,570)</u>	<u>(377,991)</u>
		10,674	(16,465)
Other income		45	97
Interest received		324	333
Income tax paid		<u>(74)</u>	<u>-</u>
Net cash inflow / (outflow) from operating activities	16	10,969	(16,035)
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		10,969	(16,035)
Cash and cash equivalents at the beginning of the financial year		<u>8,308</u>	<u>24,343</u>
Cash and cash equivalents at end of year		19,277	8,308

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 2018. 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.

Accrued income is recognised in relation to non-deductible expenses and will be invoiced to the Fund as the underlying liabilities are settled.

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.

Expenses prepaid by the Fund relates to the purchase of property, plant and equipment and intangible assets. The liability unwinds as the underlying assets are depreciated and the associated Trustee Service fee income is recognised.

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 2018 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 2018 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. Management has reviewed all existing leases and expects a significant change only to the accounting for operating leases of property as a result of this standard.

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 \$19,277,000 (2017: \$8,308,000). 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 payable

	2018	2017
	\$'000	\$'000
Gross tax payable	259	-
Tax instalments paid	(73)	-
	<u>186</u>	<u>-</u>

(b) Income tax expense

	2018	2017
	\$'000	\$'000
Deferred tax expense	-	45
Under provision from prior year	30	-
Current year tax expense	74	-
	<u>104</u>	<u>45</u>

5 Income tax (continued)

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

	2018	2017
	\$'000	\$'000
Profit before income tax	-	5,660
Tax at the Australian Tax rate of 30%	-	1,698
Adjusted for tax effect of the following items:		
Increase in income tax expense due to		
Non-deductible entertainment expense	74	45
Accrued expense not yet deductible	2,372	1,160
Provision for annual leave and long service leave	386	1,419
Amortisation of intangible assets	515	562
Under provision from prior year	30	-
Decrease in tax expense due to		
Deductible intangible assets	-	-
Reduction of deferred tax liability (intangible assets)	(515)	(562)
Accrued income not yet assessable	(2,758)	(4,277)
Income tax expense on profit	104	45

(d) Deferred tax asset

	2018	2017
	\$'000	\$'000
Carried forward tax losses	-	360
	-	360

(e) Deferred tax liability

	2018	2017
	\$'000	\$'000
Intangible assets	-	515
	-	515

6 Trade and other receivables

	2018	2017
	\$'000	\$'000
Current		
Trade receivables	20,154	19,560
Accrued Income	21,684	17,162
Other receivables	2,165	2,575
Prepayments	2,594	1,903
Sub-total current	46,597	41,200
Non current		
Accrued Income	8,616	3,945
Sub-total non current	8,616	3,945
	55,213	45,145

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 2018						
Cost	10,210	1,346	6,675	666	28	18,925
Accumulated depreciation	(2,632)	(577)	(2,708)	(344)	(27)	(6,288)
Net book amount	7,578	769	3,967	322	1	12,637
Year ended 30 June 2018						
Opening net book amount	6,980	324	4,686	339	2	12,331
Additions	1,562	815	374	252	-	3,003
Disposals / Trade-ins	-	-	-	(109)	-	(109)
Depreciation charge	(964)	(370)	(1,093)	(160)	(1)	(2,588)
Closing net book amount	7,578	769	3,967	322	1	12,637
At 1 July 2017						
Cost	8,648	531	6,301	633	28	16,141
Accumulated depreciation	(1,668)	(207)	(1,615)	(294)	(26)	(3,810)
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

8 Intangible assets

	Software development costs \$'000
At 30 June 2018	
Cost	66,427
Accumulated amortisation	<u>(26,678)</u>
Net book amount	<u>39,749</u>
Year ended 30 June 2018	
Opening net book amount	25,781
Additions	24,745
Amortisation	<u>(10,777)</u>
Closing net book amount	<u>39,749</u>
At 1 July 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>

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

Amortisation of \$10,777,000 (2017: \$7,559,000) is included in depreciation and amortisation expense in the statement of comprehensive income.

9 Trade and other payables

	2018	2017
	\$'000	\$'000
Current		
Trade payables	6,232	4,120
Other payables	49,106	36,062
Sub-total current	55,338	40,182
Non current		
Expenses prepaid by the Fund	54,209	35,929
Deferred rent	1,177	302
Sub-total non current	55,386	36,231
	110,724	76,413

10 Provisions

	2018	2017
	\$'000	\$'000
Current		
Employee benefits	13,245	11,748
Surplus lease	182	193
Sub-total current	13,427	11,941
Non current		
Employee benefits	1,796	2,008
Surplus lease	-	200
Make good - office space	1,000	1,000
Sub-total non current	2,796	3,208
	16,223	15,149

(a) Movements in provision

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

Surplus lease provision	2018	2017
	\$'000	\$'000
Carrying amount at start of year	393	-
Additional provisions recognised	-	393
Used during the year	(211)	-
Carrying amount at end of year	182	393
Make good - office space provision	2018	2017
	\$'000	\$'000
Carrying amount at start of year	1,000	-
Additional provisions recognised	-	1,000
Carrying amount at end of year	1,000	1,000

11 Contributed equity

Issued and paid up capital	2018 \$	2017 \$
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	12	12

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
J. Angrisano (appointed 31 August 2017)	G. Coyne (appointed 31 August 2017)	J. Craig
P. Bastian	L. Di Bartolomeo	
B. Daley	H. Ridout	
D. Oliver	G. Willis	
D. Walton	I. Willox	

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
N. Apple	P. Burn
B. Crofts	A. Flanagan
W. Kensett-Smith	S. Kay (appointed 25 January 2018)
R. Lewtas	G. Stamas
M. O’Neil	
C. Pace (appointed 31 August 2017)	

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

J. Ingram (resigned 1 March 2017)
S. McDine (resigned 17 November 2016)
G. Pinnell (resigned 5 May 2017)
F. Jordan (ceased 1 July 2016)
R. Maddox (ceased 1 March 2017)

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. Nicolaides and S. Weston.

12 Key management personnel (continued)

Other key management personnel are I Silk, Chief Executive Officer, M Delaney, Deputy Chief Executive Officer and Chief Investment Officer, S Blackmore, Group Executive Member Experience, A Cavanagh, Group Executive Corporate Services, J Foley, Group Executive Strategy, People and Performance (resigned 29 March 2018), M Glover, Group Executive, People and Culture (appointed 25 July 2018) R Kerlin, Group Executive Membership, P Schroder, Group Executive Product, Brand and Reputation, F Trewin, Group Executive Technology Services (appointed 23 July 2018).

Key management personnel compensation

	2018 \$	2017 \$
Short term benefits	6,110,874	5,724,728
Post employment benefits (superannuation)	317,656	361,450
Long term benefits (long service leave)	161,858	124,704
Total key management personnel compensation	6,590,388	6,210,882

13 Auditor's remuneration

	2018 \$	2017 \$
Amounts paid and payable to PwC Australia for:		
Audit of the financial statements for Company and Fund	657,000	585,380
Other assurance services	120,000	124,500
Other services	197,154	605,695
	974,154	1,315,575

Amounts paid and payable to PwC UK for:

Audit of the financial statements and regulatory returns	59,861	62,574
	59,861	62,574
	1,034,015	1,378,149

14 Commitments

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

	2018 \$'000	2017 \$'000
Within one year	9,337	8,757
Later than one year but not later than five years	31,617	30,151
Later than five years	30,072	37,088
	71,026	75,996

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 ("AiGroup") \$195,700 (2017: \$195,700) and the Australian Council of Trade Unions ("ACTU") \$210,000 (2017: \$201,000) for advertising related opportunities and general marketing for AustralianSuper. The Trustee also paid the AiGroup \$120,000 (2017: \$109,000) and ACTU \$0 (\$2017: \$79,000) for directors fees for AustralianSuper directors and alternate directors who are employed by the AiGroup and ACTU.

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.

	2018	2017
	\$'000	\$'000
Trustee services fees paid and payable by the Fund to the Trustee	410,591	374,826
Amount payable by the Fund to the Trustee at the end of the reporting period	18,797	12,874
Expenses prepaid by the Fund	54,209	35,929
Accrued income receivable from the Fund	30,300	21,107

The Trustee paid the following amounts to the organisations that employ either a Director or Alternate Director of the Trustee. Directors' remuneration is set with reference to rates paid by comparable businesses in the financial services industry. Other payments includes advertising, marketing and education services for AustralianSuper and are made on normal commercial terms.

2018			
Organisation	Directors	Other	Total
	Payments	Payments	Payments
	\$'000	\$'000	\$'000
Australian Manufacturing Workers' Union	78	219	297
Australian Workers' Union	59	210	269
Finance Sector Union	31	30	61
Textile, Clothing and Footwear Union	18	30	48
United Voice	6	185	191
Total	192	674	866

2017			
Organisation	Directors	Other	Total
	Payments	Payments	Payments
	\$'000	\$'000	\$'000
Australian Manufacturing Workers' Union	76	212	288
Australian Workers' Union	60	227	287
Finance Sector Union	-	28	28
Textile, Clothing and Footwear Union	14	5	19
United Voice	5	218	223
Total	155	690	845

AustralianSuper held a 20.6% (2017: 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 non-investment transactions are summarised in the following table.

Company	Nature of transaction	2018 \$'000	2017 \$'000
Industry Funds Services Limited	Financial planning, arrears collections and other member services	3,395	2,050
Industry Super Australia Pty Ltd	Marketing services	5,454	4,774
IFS Insurance Solutions Pty Ltd	Insurance services	846	825

L. Di Bartolomeo is a Director of The New Daily Pty Ltd, a wholly owned subsidiary of ISH. In the year ended 30 June 2018, the Company paid L. Di Bartolomeo \$25,200 (2017: \$24,800) for being AustralianSuper's nominee on the Board of The New Daily.

AustralianSuper held a 31.0% (2017: 31.0%) shareholding of ordinary shares in Frontier. Frontier provides investment consulting services to the Fund and other institutional clients. Frontier received fees from AustralianSuper for investment consulting services. These fees were \$1,389,000 (2017: \$1,535,000). L. Di Bartolomeo was a director of Frontier Advisors Pty Ltd in the year ended 30 June 2018.

AustralianSuper (UK) Limited, a wholly owned subsidiary of the Fund domiciled in the UK, was incorporated 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 \$6,345,073 (2017: \$3,174,028). The Company has a net amount payable of \$325,818 (2017: \$320,890 receivable) to AustralianSuper (UK) Limited at year end.

During the year ended 30 June 2018, the Company paid an amount of \$60,000 (2017: \$45,000) for consultancy fees to Bellwether Holdings Pty Ltd, a company 100% owned by J Craig.

The above transactions were made on normal commercial terms, under normal conditions.

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

	2018	2017
	\$'000	\$'000
Profit / (loss) after tax	(104)	5,615
Depreciation and amortisation	13,366	9,795
Fixed asset movements	(2,894)	(11,979)
Intangible asset movements	(24,745)	(16,376)
Change in operating assets and liabilities		
(Increase) / decrease in receivables	(875)	(18,032)
(Increase) / decrease in accrued income	(9,192)	(14,255)
(Increase) / decrease in deferred tax assets	360	607
Increase / (decrease) in payables	34,308	23,028
Increase / (decrease) in deferred tax liabilities	(515)	(562)
Increase / (decrease) in provisions	1,074	6,124
Increase / (decrease) in income tax payable	186	-
Net cash inflow / (outflow) from operating activities	10,969	(16,035)

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 2018 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 2018

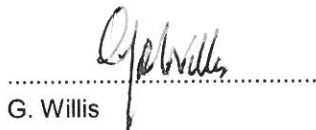
In the Directors' opinion:

- (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 2018 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 2018



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 2018 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 2018
- 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.

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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.

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 handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'JF Power'.

JF Power
Partner

Melbourne
30 August 2018