

AustralianSuper Pty Ltd

ABN 94 006 457 987

Financial Report

For the year ended 30 June 2019

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The Directors present their report on AustralianSuper Pty Ltd (the "Company") at 30 June 2019 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 this report:

Member nominated	Employer nominated	Independent
J. Angrisano P. Bastian	G. Coyne L. Di Bartolomeo	J. Craig D. Russell (appointed 2 May 2019)
B. Daley	J. Dixon (appointed 26 September 2019)	
D. Oliver	H. Ridout (resigned 26 September 2019)	
D. Walton	G. Willis I. Willox	

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

Member nominated	Employer nominated
N. Apple B. Crofts W. Kensett-Smith (resigned 23 November 2018) R. Lewtas M. O'Neil C. Pace	P. Burn A. Flanagan S. Kay G. Stamas

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 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

The Company entered into a lease agreement for a property after 30 June 2019 that will be subject to the new lease accounting standard, AASB 16, in 2019/20. Apart from this non-adjusting event, there are no other significant events that 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 2019 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 (as indicated).

Insurance of officers


During the financial year, the Company paid premiums of \$757,101 (2018: \$746,047) 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.


.....
G. Willis
Director


.....
P. Bastian
Director

Melbourne
26 September 2019



Auditor's Independence Declaration

As lead auditor for the audit of AustralianSuper Pty Ltd for the year ended 30 June 2019, 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 blue ink, appearing to read 'JF Power', is written over the printed name.

JF Power
Partner
PricewaterhouseCoopers

Melbourne
26 September 2019

AustralianSuper Pty Ltd
Statement of comprehensive income
For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Income from continuing operations			
Trustee services	15	486,070	410,591
Other income		326	369
Total income from continuing operations		486,396	410,960
Expenses			
Administration costs		139,521	133,178
Staff costs		170,110	139,364
Director costs		3,511	3,715
Professional services		46,359	37,036
Communications and development		52,721	43,113
Travel costs		5,034	3,902
Facilities costs		48,348	37,065
Depreciation and amortisation		20,623	13,366
Motor vehicle costs		169	221
Total expenses		486,396	410,960
Profit / (loss) before income tax		-	-
Income tax expense	5	111	104
Profit / (loss) for the year		(111)	(104)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		(111)	(104)

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 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	14,115	19,277
Trade and other receivables	6	62,716	46,597
Total current assets		76,831	65,874
Non-current assets			
Trade and other receivables	6	14,414	8,616
Property, plant and equipment	7	13,544	12,637
Intangible assets	8	41,861	39,749
Deferred tax assets	5	-	-
Total non-current assets		69,819	61,002
Total assets		146,650	126,876
LIABILITIES			
Current liabilities			
Trade and other payables	9	59,352	55,338
Provisions	10	16,374	13,427
Income Tax Payable (Receivable)	5	(256)	186
Total current liabilities		75,470	68,951
Non-current liabilities			
Trade and other payables	9	68,400	55,386
Provisions	10	3,148	2,796
Deferred tax liabilities	5	-	-
Total non-current liabilities		71,548	58,182
Total liabilities		147,018	127,133
Net liabilities		(368)	(257)
EQUITY			
Contributed equity	11	-	-
Accumulated losses		(368)	(257)
Total equity		(368)	(257)

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 2019

Attributable to owners of AustralianSuper Pty Ltd

	Notes	Contributed Equity \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 30 June 2019	11	-	(368)	(368)
Total comprehensive income for the year		-	(111)	(111)
Balance at 30 June 2018	11	-	(257)	(257)
Total comprehensive income for the year		-	(104)	(104)
Balance at 30 June 2017	11	-	(153)	(153)

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 2019

	Notes	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Trustee services fee receipt		503,337	410,244
Payments to suppliers and employees		<u>(508,271)</u>	<u>(399,570)</u>
		(4,934)	10,674
Other income		25	45
Interest received		300	324
Income tax paid		<u>(553)</u>	<u>(74)</u>
Net cash inflow / (outflow) from operating activities	16	<u>(5,162)</u>	<u>10,969</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		(5,162)	10,969
Cash and cash equivalents at the beginning of the financial year		<u>19,277</u>	<u>8,308</u>
Cash and cash equivalents at end of year		<u>14,115</u>	<u>19,277</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 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 33, 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 26 September 2019. 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. During the 2018/19 financial year, the depreciation methodology used for Property Plant and Equipment has been revised from reducing-balance to straight-line in order to better reflect the economic benefit of the current assets. Due to the nature of the change it has been applied prospectively and prior year(s) reporting have not been restated.

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.

2 Summary of significant accounting policies (continued)

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.

(h) Income tax

Tax expense in the statement of comprehensive income for the year comprises current and deferred tax. The Company's deferred tax position is offset in full between deferred tax assets and deferred tax liabilities.

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. Any amount of deferred tax provided would be 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

New and amended standards adopted

AASB 9 Financial Instruments became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB139. The adoption did not result in a change to the classification or measurement of financial instruments, including receivables, in either the current or comparative period.

AASB 15 Revenue from Contracts with Customers became effective for annual periods beginning on or after 1 January 2018. The adoption did not result in a change to the classification or measurement of revenue, including receivables, in either the current or comparative period.

New standards effective after 30 June 2019

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2019 and have not been applied in preparing these financial statements.

Certain of these new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted. After assessment of the impact of the new standards and interpretations, only AASB 16 was identified as impacting the Company and is set out below.

2 Summary of significant accounting policies (continued)

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet by lessees, 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 Company expects to recognise lease liabilities of approximately \$80,000,000 and right-of-use assets of \$78,142,000 (including offsetting the right-of-use assets by the existing deferred tax liability of \$1,858,000) on 1 July 2019. The Company expects that expenses will increase by approximately \$1,085,000 for 2019/20 as a result of adopting the new rules. While the statement of profit or loss will be affected, it is a timing difference as the total expense will be higher in the earlier years of a lease and lower in later years. Additionally, facilities costs will be replaced with interest and depreciation.

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 \$14,115,000 (2018: \$19,277,000). 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

	2019	2018
	\$'000	\$'000
Gross tax payable	111	259
Tax instalments paid	(367)	(73)
	<u>(256)</u>	<u>186</u>

(b) Income tax expense

	2019	2018
	\$'000	\$'000
Deferred tax expense	-	-
Under provision from prior year	-	30
Current year tax expense	111	74
	111	104

5 Income tax (continued)

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

	2019	2018
	\$'000	\$'000
Profit before income tax	-	-
Tax at the Australian Tax rate of 30%	-	-
Adjusted for tax effect of the following items:		
Increase in income tax expense due to		
Non-deductible entertainment expense	111	74
Accrued expense not yet deductible	2,635	2,372
Provision for annual leave and long service leave	1,044	386
Amortisation of intangible assets	-	515
Under provision from prior year	-	30
Decrease in tax expense due to		
Deductible intangible assets	-	-
Reduction of deferred tax liability (intangible assets)	-	(515)
Accrued income not yet assessable	(3,679)	(2,758)
Income tax expense on profit	111	104

(d) Deferred tax asset

	2019	2018
	\$'000	\$'000
Carried forward tax losses	-	-
	-	-

(e) Deferred tax liability

	2019	2018
	\$'000	\$'000
Intangible assets	-	-
	-	-

6 Trade and other receivables

	2019	2018
	\$'000	\$'000
Current		
Trade receivables	28,265	20,154
Accrued Income - receivable from the Fund	28,151	21,684
Other receivables	3,880	2,165
Prepayments	2,420	2,594
Sub-total current	62,716	46,597
Non current		
Accrued Income - receivable from the Fund	14,414	8,616
Sub-total non current	14,414	8,616
	77,130	55,213

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 2019						
Cost	13,044	3,228	5,332	901	28	22,533
Accumulated depreciation	(4,562)	(1,701)	(2,355)	(343)	(28)	(8,989)
Net book amount	8,481	1,527	2,978	558	-	13,544
Year ended 30 June 2019						
Opening net book amount	7,578	769	3,967	322	1	12,637
Additions	2,997	1,520	27	359	-	4,903
Disposals / Trade-ins	-	-	(314)	-	-	(314)
Depreciation charge	(2,094)	(762)	(702)	(123)	(1)	(3,682)
Closing net book amount	8,481	1,527	2,978	558	0	13,544
At 1 July 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

8 Intangible assets

	Software development costs \$'000
At 30 June 2019	
Cost	83,951
Accumulated amortisation	(42,091)
Net book amount	41,861
Year ended 30 June 2019	
Opening net book amount	39,749
Additions	19,053
Amortisation	(16,941)
Closing net book amount	41,861
At 1 July 2018	
Cost	66,427
Accumulated amortisation	(26,678)
Net book amount	39,749
Year ended 30 June 2018	
Opening net book amount	25,781
Additions	24,745
Amortisation	(10,777)
Closing net book amount	39,749

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

Amortisation of \$16,941,000 (2018: \$10,777,000) is included in depreciation and amortisation expense in the statement of comprehensive income.

9 Trade and other payables

	2019 \$'000	2018 \$'000
Current		
Trade payables	19,106	6,232
Other payables	40,246	49,106
Sub-total current	59,352	55,338
Non current		
Expenses prepaid by the Fund	66,542	54,209
Deferred rent	1,858	1,177
Sub-total non current	68,400	55,386
	127,752	110,724

10 Provisions

	2019	2018
	\$'000	\$'000
Current		
Employee benefits	16,374	13,245
Surplus lease	-	182
Sub-total current	16,374	13,427
Non current		
Employee benefits	2,148	1,796
Make good - office space	1,000	1,000
Sub-total non current	3,148	2,796
	19,522	16,223

(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	2019	2018
	\$'000	\$'000
Carrying amount at start of year	182	393
Additional provisions recognised	-	-
Used during the year	(182)	(211)
Carrying amount at end of year	-	182

Make good - office space provision	2019	2018
	\$'000	\$'000
Carrying amount at start of year	1,000	1,000
Additional provisions recognised	-	-
Carrying amount at end of year	1,000	1,000

11 Contributed equity

Issued and paid up capital	2019	2018
	\$	\$
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 Company at any time during the financial year, and up to the date of this report, as follows:

Member nominated	Employer nominated	Independent
J. Angrisano	G. Coyne	J. Craig
P. Bastian	L. Di Bartolomeo	D. Russell (appointed 2 May 2019)
B. Daley	J. Dixon (appointed 26 September 2019)	
D. Oliver	H. Ridout (resigned 26 September 2019)	
D. Walton	G. Willis	
	I. Willox	

The following persons were Alternate Directors of the Company 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 (resigned 23 November 2018)	S. Kay
R. Lewtas	G. Stamas
M. O'Neil	
C. Pace	

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

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 Risk (previously Group Executive Corporate Services, resigned 26 September 2019), P Curtis, Group Executive Finance and Operations (appointed to the Executive Committee 1 February 2019, appointed Group Executive Finance and Operations 5 August 2019), 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

	2019	2018
	\$	\$
Short term benefits	7,118,853	6,110,874
Post employment benefits (superannuation)	363,462	317,656
Long term benefits (long service leave)	202,257	161,858
Total key management personnel compensation	7,684,572	6,590,388

13 Auditor's remuneration

	2019	2018
	\$	\$
Amounts paid and payable to PwC Australia for:		
Audit of the financial statements for Company and Fund	537,000	657,000
Other assurance services	127,000	120,000
Other services	313,000	197,154
	977,000	974,154
Amounts paid and payable to PwC UK for:		
Audit of the financial statements and regulatory returns	72,900	59,861
	72,900	59,861
	1,049,900	1,034,015

14 Commitments

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

	2019	2018
	\$'000	\$'000
Within one year	10,337	9,337
Later than one year but not later than five years	41,480	31,617
Later than five years	33,282	30,072
	85,099	71,026

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") \$207,000 (2018: \$195,700) and the Australian Council of Trade Unions ("ACTU") \$207,000 (2018: \$210,000) for advertising related opportunities and general marketing for AustralianSuper. The Company also paid the AiGroup \$130,000 (2018: \$120,000) and ACTU \$20,000 (2018: \$0) 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.

AustralianSuper Pty Ltd
Notes to the financial statements
30 June 2019

	2019	2018
	\$'000	\$'000
Trustee services fees paid and payable by the Fund to the Trustee	486,070	410,591
Amount payable by the Fund to the Trustee at the end of the reporting period	29,867	18,797
Expenses prepaid by the Fund	66,542	54,209
Accrued income receivable from the Fund	42,565	30,300

The Company paid the following amounts to the organisations that employ either a Director or Alternate Director of the Company. 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.

2019	Directors	Other	Total
Organisation	Payments	Payments	Payments
	\$'000	\$'000	\$'000
Australian Manufacturing Workers' Union	84	185	269
Australian Workers' Union	50	190	240
Finance Sector Union	40	30	70
United Voice	-	180	180
Total	174	585	759

2018	Directors	Other	Total
Organisation	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
Manufacturing Division - Construction, Forestry, Maritime, Mining and Energy Union*	18	30	48
United Voice	6	185	191
Total	192	674	866

* In 2018 this was labelled Textile, Clothing and Footwear Union which merged with CFMEU in March 2018

AustralianSuper held a 19.95% (2018: 20.6%) 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	2019	2018
		\$'000	\$'000
Industry Funds Services Limited	Financial planning, arrears collections and other member services	2,556	3,395
Industry Super Australia Pty Ltd	Marketing services	5,187	5,454
IFS Insurance Solutions Pty Ltd	Insurance services	1,156	846

L. Di Bartolomeo is a Director of The New Daily Pty Ltd, a wholly owned subsidiary of ISH. In the year ended 30 June 2019, the Company paid L. Di Bartolomeo \$25,700 (2018: \$25,200) for being AustralianSuper's nominee on the Board of The New Daily.

AustralianSuper held a 31.0% (2018: 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 \$1,449,000 (2018: \$1,389,000). L. Di Bartolomeo was a director of Frontier Advisors Pty Ltd in the year ended 30 June 2019.

During the year ended 30 June 2019, the Company paid an amount of \$45,000 (2018: \$60,000) for consultancy fees to Bellwether Holdings Pty Ltd, a company 100% owned by J Craig.

During the year ended 30 June 2019, the Company paid an amount of \$10,000 (2018: \$0) to the Royal Automobile Club of Victoria for the hire of event space. A Flanagan was employed by the Royal Automobile Club of Victoria during the year ended 30 June 2019.

During the year ended 20 June 2019 the Company employed S Weston on a short term contract. S Weston received remuneration of \$149,000 (2018: \$0).

During the year ended 30 June 2019 the Company paid an amount of \$4,000 (2018: \$0) to SuperFriend – Industry Funds Mental Health Initiative (SuperFriend). SuperFriend advocates for, equips and empowers profit-to-member superannuation funds and insurers to achieve mentally healthy workplaces for their staff and members. P Schroder is a director of SuperFriend.

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 \$6,446,833 (2018: \$6,345,073). The Company has a net amount payable of \$1,261,316 (2018: \$325,818 payable) to AustralianSuper (UK) Limited at year end.

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

	2019	2018
	\$'000	\$'000
Profit / (loss) after tax	(111)	(104)
Depreciation and amortisation	20,623	13,366
Fixed asset movements	(4,589)	(2,894)
Intangible asset movements	(19,053)	(24,745)
Change in operating assets and liabilities		
(Increase) / decrease in receivables	(9,653)	(875)
(Increase) / decrease in accrued income	(12,265)	(9,192)
(Increase) / decrease in deferred tax assets	-	360
Increase / (decrease) in payables	17,029	34,308
Increase / (decrease) in deferred tax liabilities	-	(515)
Increase / (decrease) in provisions	3,299	1,074
Increase / (decrease) in income tax payable	(442)	186
Net cash inflow / (outflow) from operating activities	(5,162)	10,969

17 Subsequent events

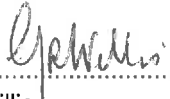
The Company entered into a lease agreement for a property after 30 June 2019 that will be subject to the new lease accounting standard, AASB 16, in 2019/20. Apart from this non-adjusting event, there are no other significant events that have occurred since the end of the reporting period which would impact on the balances of the Company as disclosed in the statement of financial position as at 30 June 2019 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 2019**

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 2019 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.


.....
G. Willis
Director


.....
P. Bastian
Director

Melbourne
26 September 2019



Independent auditor's report

To the members 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 2019 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 2019;
- 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; and
- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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Liability limited by a scheme approved under Professional Standards Legislation.



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 on the other information that we obtained prior to the date of this auditor's report, 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 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 blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

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

JF Power
Partner

Melbourne
26 September 2019