

AustralianSuper Pty Ltd

ABN 94 006 457 987

Financial Report

For the year ended 30 June 2020

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AustralianSuper Pty Ltd
Directors' report
For the year ended 30 June 2020

The Directors present their report on AustralianSuper Pty Ltd (the "Company") at 30 June 2020 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	G. Coyne	J. Craig
P. Bastian (resigned 31 December 2019)	L. Di Bartolomeo	D. Russell
B. Daley	J. Dixon (appointed 26 September 2019)	
D. Oliver	C. Keating (appointed 1 January 2020)	
G. Thompson (appointed 31 January 2020)	H. Ridout (resigned 26 September 2019)	
D. Walton	G. Willis (resigned 31 December 2019)	
	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
P. Cozens (appointed 12 December 2019)	A. Flanagan
B. Crofts	S. Kay
R. Lewtas (ceased 12 December 2019)	H. Ridout (appointed 26 September 2019)
J. Mitchell (appointed 30 June 2020)	G. Stamas
M. O'Neil (ceased 11 February 2020)	
C. Pace	
J. Schofield (appointed 12 December 2019)	

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 costs 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.

Impact of COVID-19

The COVID-19 pandemic has had, and continues to have, a significant impact on the general business environment and financial markets. The Company continues to focus on three key priorities:

- the health and safety of our team;
- the provision of services for members; and
- the ongoing operation of the Fund and investment performance.

The effects on the Company's operations during the period have been relatively limited, the main impact being the change to operating in a remote working environment which has not created any material issues to date. The Directors and Management continue to closely monitor developments

including advice from the relevant authorities in respect to COVID-19, whilst managing the impact of the pandemic on member services, investments and staff.

The Company has considered the impact of COVID-19 in preparing the financial statements and related disclosures and do not foresee any significant impacts with the ongoing operations or financial stability of the Company.

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 2020 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 \$1,204,914 (2019: \$757,101) 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.



.....
D. Russell
Director



.....
C. Keating
Director

Melbourne
10 September 2020



Auditor's Independence Declaration

As lead auditor for the audit of AustralianSuper Pty Ltd for the year ended 30 June 2020, 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 'CJ Cummins', written over a horizontal line.

CJ Cummins
Partner
PricewaterhouseCoopers

Melbourne
10 September 2020

AustralianSuper Pty Ltd
Statement of comprehensive income
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Income from continuing operations			
Trustee services	16	554,692	486,070
Other income		925	326
Total income from continuing operations		<u>555,617</u>	<u>486,396</u>
Expenses			
Administration costs		134,253	139,521
Staff costs		201,176	170,110
Director costs		4,508	3,511
Professional services		57,642	46,359
Communications and development		56,020	52,721
Travel costs		4,843	5,034
Facilities costs		62,910	48,348
Finance costs	8	1,746	-
Depreciation and amortisation		32,322	20,623
Motor vehicle costs		197	169
Total expenses		<u>555,617</u>	<u>486,396</u>
Profit / (loss) before income tax		-	-
Income tax expense	5	54	111
Profit / (loss) for the year		<u>(54)</u>	<u>(111)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		<u>(54)</u>	<u>(111)</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 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	2,673	14,115
Trade and other receivables	6	79,953	62,716
Income tax receivable	5	395	256
Total current assets		83,021	77,087
Non-current assets			
Trade and other receivables	6	22,599	14,414
Property, plant and equipment	7	13,010	13,544
Intangible assets	9	39,077	41,861
Right of use assets	8	166,411	-
Deferred tax assets	2(h)	-	-
Total non-current assets		241,097	69,819
Total assets		324,118	146,906
LIABILITIES			
Current liabilities			
Trade and other payables	10	62,966	59,352
Provisions	11	23,793	16,374
Lease liabilities	8	12,171	-
Total current liabilities		98,930	75,726
Non-current liabilities			
Trade and other payables	10	62,554	68,400
Provisions	11	3,507	3,148
Lease liabilities	8	159,549	-
Deferred tax liabilities	2(h)	-	-
Total non-current liabilities		225,610	71,548
Total liabilities		324,540	147,274
Net liabilities		(422)	(368)
EQUITY			
Contributed equity	12	-	-
Accumulated losses		(422)	(368)
Total equity		(422)	(368)

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 2020

Attributable to owners of AustralianSuper Pty Ltd				
	Notes	Contributed Equity \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 30 June 2020	12	-	(422)	(422)
Total comprehensive income for the year		-	(54)	(54)
Balance at 30 June 2019	12	-	(368)	(368)
Total comprehensive income for the year		-	(111)	(111)
Balance at 30 June 2018		-	(257)	(257)

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 2020

	Notes	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Trustee services fee receipt		532,537	506,537
Payments to suppliers and employees		<u>(536,811)</u>	<u>(511,471)</u>
		(4,274)	(4,934)
Other income		831	25
Interest received		94	300
Income tax paid		<u>(193)</u>	<u>(553)</u>
Net cash inflow / (outflow) from operating activities	17	<u>(3,542)</u>	<u>(5,162)</u>
Net cash inflow / (outflow) from investing activities			
		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Principal elements of lease payments		<u>(7,900)</u>	-
Net cash inflow / (outflow) from financing activities		<u>(7,900)</u>	-
Net increase / (decrease) in cash and cash equivalents			
		(11,442)	(5,162)
Cash and cash equivalents at the beginning of the financial year		<u>14,115</u>	<u>19,277</u>
Cash and cash equivalents at end of year		<u>2,673</u>	<u>14,115</u>

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

1 Corporate information

The 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 10 September 2020. 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 2019 financial year, the depreciation methodology used for Property Plant and Equipment was 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 had been applied prospectively and prior year(s) reporting was not 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

The Company has changed its accounting policy for leases where the Company is the lessee. The new policy is described in note 8 and the impact of the change in note 2(k).

Until 30 June 2019, Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases (note 14 Commitments). Payments made under operating leases (net of any incentives received from the lessor) were 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

The assessment of the impact of these new standards and interpretations is set out below.

AASB 16 Leases

The Company has applied *AASB 16 Leases* for the first time for the annual reporting period commencing 1 July 2019.

This note explains the impact of the adoption of *AASB 16 Leases* on the Company's financial statements.

As indicated in note 2 (j) above, the Company has adopted *AASB 16 Leases* from 1 July 2019 as permitted under the modified retrospective approach in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 8(b)(iii).

2 Summary of significant accounting policies (continued)

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.3%.

(i) *Practical expedients applied*

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases, and
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Measurement of lease liabilities

	1 July 2019 \$'000
Operating lease commitments disclosed as at 30 June 2019	85,099
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(6,281)
Add: lease liabilities not recognised as at 30 June 2019	1,490
(Less): adjustments for variable payments not included in lease liability (included in Facilities costs)	(16,109)
Add/(less): adjustments as a result of a different treatment of extension and termination options	(1,501)
Lease liability recognised as at 1 July 2019	62,698
Comprising:	
Current lease liabilities	7,821
Non-current lease liabilities	54,877
	62,698

(ii) *Measurement of right-of-use assets*

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

2 Summary of significant accounting policies (continued)

(iii) Adjustments recognised in the balance sheet on 1 July 2019.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets – increase by \$62,698,000
- deferred tax assets – increase by \$0
- lease liabilities – increase by \$62,698,000

The net impact on retained earnings on 1 July 2019 was an increase of \$0

New standards effective after 30 June 2020

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Company.

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 \$2,673,000 (2019: \$14,115,000). 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 receivable

	2020	2019
	\$'000	\$'000
Gross tax payable	(54)	(111)
Tax instalments paid	449	367
	395	256

(b) Income tax expense

	2020	2019
	\$'000	\$'000
Deferred tax expense	-	-
Under provision from prior year	-	-
Current year tax expense	54	111
	54	111

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

	2020	2019
	\$'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	54	111
Accrued expense not yet deductible	3,158	2,635
Provision for annual leave and long service leave	2,075	1,044
Decrease in tax expense due to		
Accrued income not yet assessable	(5,233)	(3,679)
Income tax expense on profit	54	111

6 Trade and other receivables

	2020	2019
	\$'000	\$'000
Current		
Trade receivables	31,192	28,265
Accrued Income - receivable from the Fund	37,410	28,151
Other receivables	7,603	3,880
Prepayments	3,748	2,420
Sub-total current	79,953	62,716
Non-current		
Accrued Income - receivable from the Fund	22,599	14,414
Sub-total non-current	22,599	14,414
	102,552	77,130

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 2020						
Cost	12,281	5,547	4,885	854	-	23,567
Accumulated depreciation	(5,116)	(2,686)	(2,403)	(352)	-	(10,557)
Net book amount	7,165	2,861	2,482	502	-	13,010
Year ended 30 June 2020						
Opening net book amount	8,481	1,527	2,978	558	-	13,544
Additions	798	3,136	169	91	-	4,194
Disposals / Trade-ins	(988)	(294)	(233)	(47)	-	(1,562)
Depreciation charge	(1,126)	(1,508)	(432)	(100)	-	(3,166)
Closing net book amount	7,165	2,861	2,482	502	-	13,010
At 30 June 2019						
Cost	13,044	3,228	5,332	901	28	22,533
Accumulated depreciation	(4,563)	(1,701)	(2,354)	(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	-	13,544

8 Leases

This note provides information for leases where the Company is a lessee.

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2020 \$'000	1 July 2019 \$'000
Right of use assets		
Buildings	166,125	62,314
Equipment	286	384
	166,411	62,698
Lease Liabilities		
Current	12,171	7,821
Non-Current	159,549	54,877
	171,720	62,698

Additions to the right-of-use assets during the 2020 financial year were \$178,401,000.

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
Depreciation charge of right-of-use assets		
Buildings	9,220	-
Equipment	98	-
	9,318	-
Interest expense (included in finance costs)	1,746	-
Expense relating to short-term leases (included in Facilities costs)	1,299	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in expenses)	-	-
Expense relating to variable lease payments not included in lease liabilities (included in Facilities costs)	2,092	10,017

The total cash outflow for leases in 2020 was \$11,291,000.

8 Leases (continued)

(c) The Company's leasing activities and how these are accounted for

The Company leases offices across most of the Australian states. Rental contracts are typically made for fixed periods of 2 years to 12 years but may have extension options as described in (d) below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2020 financial year, leases of property, plant and equipment were classified as operating leases, see note 2(j) for details. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options, if exercised, will be included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

8 Leases (continued)

(c) The Company's leasing activities and how these are accounted for (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

(d) Extension and termination options

Extension and termination options are available in a number of property leases, and will be included in the measurement of the lease liability where exercised.

9 Intangible assets

	Software development costs \$'000
At 30 June 2020	
Cost	101,005
Accumulated amortisation	(61,928)
Net book amount	39,077
Year ended 30 June 2020	
Opening net book amount	41,861
Additions	17,054
Amortisation	(19,838)
Closing net book amount	39,077
At 30 June 2019	
Cost	83,951
Accumulated amortisation	(42,090)
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

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

Amortisation of \$19,839,000 (2019: \$16,941,000) is included in depreciation and amortisation expense in the statement of comprehensive income.

10 Trade and other payables

	2020	2019
	\$'000	\$'000
Current		
Trade payables	15,064	19,106
Other payables	47,902	40,246
Sub-total current	62,966	59,352
Non-current		
Expenses prepaid by the Fund	62,554	66,542
Deferred rent	-	1,858
Sub-total non-current	62,554	68,400
	125,520	127,752

11 Provisions

	2020	2019
	\$'000	\$'000
Current		
Employee benefits	22,933	16,374
Surplus lease	860	-
Sub-total current	23,793	16,374
Non-current		
Employee benefits	2,507	2,148
Make good - office space	1,000	1,000
Sub-total non-current	3,507	3,148
	27,300	19,522

(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

	2020	2019
	\$'000	\$'000
Carrying amount at start of year	-	182
Additional provisions recognised	860	-
Used during the year	-	(182)
Carrying amount at end of year	860	-

Make good - office space provision

	2020	2019
	\$'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

12 Contributed equity

Issued and paid up capital

	2020	2019
	\$	\$
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.

13 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 (resigned 31 December 2019)	L. Di Bartolomeo	D. Russell
B. Daley	J. Dixon (appointed 26 September 2019)	
D. Oliver	C. Keating (appointed 1 January 2020)	
G. Thompson (appointed 31 January 2020)	H. Ridout (resigned 26 September 2019)	
D. Walton	G. Willis (resigned 31 December 2019)	
	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
P. Cozens (appointed 12 December 2019)	A. Flanagan
B. Crofts	S. Kay
R. Lewtas (ceased 12 December 2019)	H. Ridout (appointed 26 September 2019)
J. Mitchell (appointed 30 June 2020)	G. Stamas
M. O’Neil (ceased 11 February 2020)	
C. Pace	
J. Schofield (appointed 12 December 2019)	

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 (ceased 12 December 2019), C. Rosenberg (commenced 12 March 2020) and S. Weston (ceased 19 June 2020).

13 Key management personnel (continued)

Other key management personnel were I. Silk, Chief Executive Officer, M. Delaney, Deputy Chief Executive Officer and Chief Investment Officer, S. Adams, Group Executive Strategy, Brand and Reputation (commenced 1 June 2020), S. Blackmore, Group Executive Member Experience, S. Burley Acting Group Executive Strategy, Brand and Reputation (commenced acting 28 October 2019 and ceased 29 May 2020), A. Cavanagh, Group Executive Risk (previously Group Executive Corporate Services, resigned 18 October 2019), P. Curtis, Group Executive Finance and Operations (appointed 5 August 2019), M. Glover, Group Executive, People and Culture, R. Kerlin, Group Executive Membership, P. Schroder, Chief Risk Officer (previously Group Executive, Strategy, Brand and Reputation, appointed 28 October 2019), F. Trewin, Group Executive Technology Services.

Key management personnel compensation

	2020	2019
	\$	\$
Short term benefits	9,088,652	7,593,903
Post employment benefits	403,684	363,462
Long term benefits	556,334	505,107
Total key management personnel compensation	10,048,670	8,462,472

Short-term benefits include cash salary, annual leave, lump sum payments, and other non-monetary benefits. Post-employment benefits relate to superannuation benefits. Other long-term benefits relate to long service leave entitlements and deferred Investment Performance Payment Plan payments.

14 Auditor's remuneration

	2020	2019
	\$	\$
Amounts paid and payable to PwC Australia for:		
Audit of the financial statements for Company and Fund	1,377,000	802,000
Other assurance services	204,000	127,000
Other services	282,000	48,000
	1,863,000	977,000
Amounts paid and payable to PwC UK for:		
Audit of the financial statements and regulatory returns	87,400	72,900
	87,400	72,900
	1,950,400	1,049,900

15 Commitments

Non-cancellable operating leases

The Company leases various offices and equipment under non-cancellable operating leases expiring within 10 months to 12 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 July 2019, the Company has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 8 and note 2 for further information.

Short-term and low-value lease commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	279	10,337
Later than one year but not later than five years	-	41,480
Later than five years	-	33,282
	279	85,099

16 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") \$211,000 (2019: \$207,000) and the Australian Council of Trade Unions ("ACTU") \$211,000 (2019: \$207,000) for advertising related opportunities and general marketing for AustralianSuper. The Company also paid the AiGroup \$132,000 (2019: \$130,000) and ACTU \$14,000 (2019: \$20,000) 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.

	2020	2019
	\$'000	\$'000
Trustee services fees paid and payable by the Fund to the Trustee	554,692	486,070
Amount payable by the Fund to the Trustee at the end of the reporting period	26,470	29,867
Expenses prepaid by the Fund	62,554	66,542
Accrued income receivable from the Fund	60,009	42,565

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.

16 Related parties (continued)

2020			
Organisation	Directors Payments \$'000	Other Payments \$'000	Total Payments \$'000
Australian Manufacturing Workers' Union	79	204	283
Australian Workers' Union	90	208	298
Finance Sector Union	52	30	82
United Voice	-	22	22
United Workers Union	-	8	8
Total	221	472	693

2019			
Organisation	Directors Payments \$'000	Other Payments \$'000	Total Payments \$'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

AustralianSuper held a 19.95% (2019: 19.95%) 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	2020 \$'000	2019 \$'000
Industry Funds Services Limited	Financial planning, arrears collections and other member services	2,203	2,556
Industry Super Australia Pty Ltd	Marketing services	5,070	5,187
IFS Insurance Solutions Pty Ltd	Insurance services	245	1,156

L. Di Bartolomeo (ceased 15 November 2019), B. Crofts (commenced 8 April 2020) and G. Thompson were Directors of The New Daily Pty Ltd, a wholly owned subsidiary of ISH. During the year ended 30 June 2020, the Company paid L. Di Bartolomeo \$10,700 (2019: \$25,700) and B. Crofts \$5,300 (2019: \$0) for being AustralianSuper's nominee on the Board of The New Daily.

AustralianSuper held a 31.0% (2019: 31.0%) shareholding of ordinary shares in Frontier Advisors Pty Ltd (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 \$1,647,000 (2019: \$1,449,000). L. Di. Bartolomeo (ceased 2 December 2019) and J. Dixon (appointed 27 February 2020) were directors of Frontier Advisors Pty Ltd during the year ended 30 June 2020.

During the year ended 30 June 2020, the Company paid an amount of \$0 (2019: \$45,000) for consultancy fees to Bellwether Holdings Pty Ltd, a company 100% owned by J. Craig.

16 Related parties (continued)

During the year ended 30 June 2019, the Company paid an amount of \$10,000 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 30 June 2019 the Company employed S. Weston on a short-term contract. S. Weston received remuneration of \$149,000.

During the year ended 30 June 2020 the Company paid an amount of \$27,000 (2019: \$4,000) 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 (ceased 23 April 2020) and R. Kerlin (commenced 23 April 2020) were unpaid directors of SuperFriend during the year ended 30 June 2020.

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 \$14,185,784 (2019: \$6,446,833). The Company has a net amount payable of \$1,722,106 (2019: \$1,261,316 payable) to AustralianSuper (UK) Limited at year end.

All transactions with the related parties listed above were made on normal commercial terms, under normal conditions and at market rates.

17 Reconciliation of profit after income tax to net cash inflow / (outflow)

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

	2020	2019
	\$'000	\$'000
Profit / (loss) after tax	(54)	(111)
Depreciation and amortisation	32,322	20,623
Fixed asset movements	(2,632)	(4,589)
Intangible asset movements	(17,054)	(19,053)
Finance costs	1,746	-
Change in operating assets and liabilities		
(Increase) / decrease in receivables	(7,978)	(9,653)
(Increase) / decrease in accrued income	(17,444)	(12,265)
(Increase) / decrease in deferred tax assets	-	-
Increase / (decrease) in payables	(87)	17,029
Increase / (decrease) in deferred tax liabilities	-	-
Increase / (decrease) in provisions	7,778	3,299
Increase / (decrease) in income tax payable	(139)	(442)
Net cash inflow / (outflow) from operating activities	(3,542)	(5,162)

17 Reconciliation of profit after income tax to net cash inflow / (outflow) (continued)

(b) Non-cash investing and financing activities

Non-cash financing activities disclosed in other notes are the acquisition of right-of-use assets – note 8(b).

18 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 2020 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 2020**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 26 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 2020 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.



.....
D. Russell
Director



.....
C. Keating
Director

Melbourne
10 September 2020



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 2020 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 2020
- 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 (including Independence Standards)* (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 annual report for the year ended 30 June 2020, 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.



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 black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CJ Cummins', written in a cursive style.

CJ Cummins
Partner

Melbourne
10 September 2020