



Equipsuper

ABN 33 813 823 017

Financial Statements

For the year ended 30 June 2015

Table of Contents

Table of Contents	1
Statement of Changes in Net Assets	2
Statement of Net Assets	3
Notes to the Financial Statements	
Note 1 The Fund	4
Note 2 Basis of Preparation	4 - 7
Note 3 Significant Accounting Policies	8 - 14
Note 4 Investment Income	15
Note 5 Accrued Benefits	16
Note 6 Vested Benefits	17
Note 7 Funding Arrangements	18
Note 8 Guaranteed Benefits	18
Note 9 Changes in Net Market Values of Investments	19
Note 10 Auditor's Remuneration	20
Note 11 Income Tax Expense	20 - 21
Note 12 Related Parties	22 - 25
Note 13 Segment Information	26
Note 14 Financial Risk Management	26 - 34
Note 15 Fair Value Hierarchy	34 - 38
Note 16 Commitments and Contingent Liabilities	38
Note 17 Events Subsequent to Balance Date	38 - 39
Note 18 Member Contributions	39
Note 19 Investment Expenses	39
Note 20 Receivables	39
Note 21 Payables	40
Note 22 Plant and Equipment	40
Note 23 Reserves	40 - 41
Note 24 Meeting of Directors of the Trustee Company	41 - 42
Trustee Declaration to the Members	43
Report by the RSE Auditor to the Trustee and Members	
Summary of Actuary's Report for the Purposes of Australian Accounting Standard AAS 25	

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$ 000	2014 \$ 000
INVESTMENT REVENUE			
Investment Income	4	242,434	205,132
Changes in Net Market Values of Investments	9,17	445,786	589,970
		<u>688,220</u>	<u>795,102</u>
CONTRIBUTIONS AND TRANSFERS-IN REVENUE			
Member Contributions	18	91,514	55,598
Spouse Contributions		105	94
Employer Contributions		334,882	334,076
Accumulation Division – Transfers-In		142,927	107,579
		<u>569,428</u>	<u>497,347</u>
OTHER REVENUE			
Insurance Proceeds		9,002	11,492
Non-Investment Interest		871	837
		<u>9,873</u>	<u>12,329</u>
TOTAL REVENUE		<u>1,267,521</u>	<u>1,304,778</u>
INVESTMENT EXPENSES			
Investment Expenses	19	(29,038)	(25,111)
GENERAL ADMINISTRATION EXPENSES			
Administration Expenses		(21,410)	(22,589)
Insurance Premiums		(11,981)	(12,155)
Superannuation Contributions Surcharge	3(i)	(6)	(15)
Depreciation Expense - Plant and Equipment		(180)	(159)
		<u>(62,615)</u>	<u>(60,029)</u>
Pensions Paid		(50,341)	(39,393)
Member Withdrawals and Deductions	3(j)	(482,805)	(333,506)
		<u>(533,146)</u>	<u>(372,899)</u>
TOTAL EXPENSES, PENSIONS AND WITHDRAWALS		<u>(595,761)</u>	<u>(432,928)</u>
CHANGE IN NET ASSETS BEFORE INCOME TAX		671,760	871,850
INCOME TAX EXPENSE	11	<u>(82,014)</u>	<u>(104,452)</u>
CHANGE IN NET ASSETS AFTER INCOME TAX		589,746	767,398
NET ASSETS AVAILABLE TO PAY BENEFITS			
At the beginning of the year		<u>6,434,766</u>	<u>5,667,368</u>
NET ASSETS AVAILABLE TO PAY BENEFITS			
At the end of the year		<u>7,024,512</u>	<u>6,434,766</u>

The above statement of changes in net assets is to be read in conjunction with the notes to the financial statements set out on pages 4 to 42.

**STATEMENT OF NET ASSETS
AS AT 30 JUNE 2015**

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Cash and cash equivalents			
Cash at Bank		32,748	29,287
Trade and other receivables			
Receivables	20	52,965	58,069
Investments			
	3(a)		
Cash		948,869	844,382
Fixed Interest		943,051	821,156
Property		567,794	515,358
Australian Equities		1,939,719	1,873,655
International Equities		1,730,999	1,589,011
Defensive Alternatives		489,188	425,715
Annuity		1,777	1,620
Growth Alternatives		97,464	77,514
Infrastructure	3(p)	398,577	356,854
Other assets			
Plant and Equipment	22	1,389	1,446
Deferred Tax Assets	11	996	854
TOTAL ASSETS		<u>7,205,536</u>	<u>6,594,921</u>
LIABILITIES			
Trade and other payables			
Payables	21	40,838	47,298
Tax liabilities			
Income Tax Payable	11	14,882	10,640
Deferred Tax Liabilities	11	125,304	102,217
TOTAL LIABILITIES		<u>181,024</u>	<u>160,155</u>
NET ASSETS AVAILABLE TO PAY BENEFITS		<u>7,024,512</u>	<u>6,434,766</u>

Represented by:

LIABILITY FOR ACCRUED BENEFITS

Corporate Plan Defined Benefit Divisions		2,096,329	2,138,636
Corporate and Personal Plan Accumulation Divisions		4,051,580	3,638,046
Allocated Pension Division		831,065	624,094
		<u>6,978,974</u>	<u>6,400,776</u>
Reserves	23	45,538	33,990
TOTAL LIABILITY FOR ACCRUED BENEFITS		<u>7,024,512</u>	<u>6,434,766</u>

The above statement of net assets is to be read in conjunction with the notes to the financial statements set out on pages 4 to 42.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. The Fund

Equisuper Superannuation Fund (the "Fund") was originally established in 1931 by the State Electricity Commission of Victoria (SECV) to provide superannuation benefits for its staff. The Fund has developed into a multi-employer Fund offering a diverse product range following the disaggregation of the SECV (1994), mergers with the Gas and Fuel Superannuation Fund (1997) and the Water Industry Superannuation Fund (1999) and take-on of various corporate superannuation funds. The Fund offers defined benefit and accumulation benefits for employed members, benefits for spouses, allocated and lifetime pensions for retired members and eligible dependents and rollover benefits for members who have terminated employment but not retired.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993, the Fund was registered with the Australian Prudential Regulation Authority (APRA) on 31 August 2005 (registration no R1000177).

a. Defined Benefit (Corporate Division)

The benefits provided and the contribution levels by members and employers depend on the particular benefit division. When a member retires and takes a lifetime pension, the pension liability is underwritten by assets in the defined benefit Employer Benefit Account.

b. Accumulation Benefit (Corporate Division)

The accumulation division is an accumulation fund that offers investment, contribution and insurance choice. The administration fees charged and the insurance cover offered can depend on who the employer is. Defined benefit division members who wish to "top-up" their defined benefits may also invest in the accumulation division. The spouse division has similar features to the accumulation division except that only spouses of existing members are eligible for membership.

c. Rollover Benefit (Personal Division and Allocated Pension Division)

The retirement investment account is a product for members terminating employment. It offers both investment and insurance choice. Retirement pension accounts have similar features to the retirement investment accounts and offer members an allocated pension.

2. Basis of Preparation

a. Statement of Compliance

The financial statements are general purpose statements which have been drawn up in accordance with Australian accounting standards including AAS 25 "Financial Reporting by Superannuation Plans" ("AAS25") as amended by AASB 2005-13 "Amendments to Australian Accounting Standards (AAS 25)", the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed. Since AAS 25 is the principal standard that applies to the financial statements, other standards, including Australian Accounting Standards issued by the AASB are also applied where necessary except to the extent that they differ from AAS 25.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Basis of Preparation (Continued)

a. Statement of Compliance (Continued)

The financial statements were approved by the board of directors of the Trustee, Equisuper Pty Ltd on 9 October 2015.

New accounting standards and interpretations (not adopted)

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

(i) **AASB 1056 Superannuation Entities (effective 1 July 2016)**

AASB 1056 Superannuation Entities, released in June 2014, replaces AAS 25 Financial Reporting by Superannuation Plans effective from 1 July 2016. The objective of AASB 1056 is to provide greater transparency and consistency in reporting by superannuation entities to other entities applying Australian Accounting Standards. The adoption of AASB 1056 will have significant impacts on the composition of the primary financial statements, measurement and recognition of assets and member liabilities and will also require significantly more disclosures. Early adoption is permissible; however, the Fund will adopt AASB 1056 from 1 July 2016. This is to maintain consistency in the use of AAS25 which is still required for APRA reporting purposes during the early adoption period.

(ii) **AASB 9 Financial Instruments (effective 1 January 2018)**

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

- a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Basis of Preparation (Continued)

a. Statement of Compliance (Continued)

d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB2009-11 and superseded by AASB 2010-7 and 2010-10.

The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.
2. Entities may elect to apply only the accounting for gains and losses from its own credit risk without applying the other requirements of AASB 9 at the same time.
3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018.

The Fund has decided not to early adopt AASB 9. Management does not expect this will have a significant impact on the Fund's financial statements.

New accounting standards and interpretations (adopted)

There are no new accounting standards that are effective and applied for the first time in the current financial year.

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

b. Functional and Presentation Currency

The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

2. Basis of Preparation (Continued)

c. Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Vested benefits

Vested benefits are benefits, which are not conditional upon continued membership (or any factor other than leaving the service of a participating employer), that members were entitled to receive had their Fund membership voluntarily terminated as at the reporting date.

(ii) Liability for accrued benefits

The amount of accrued benefits has been determined on the basis of the present value of expected future payments of benefits to the member which arise from membership of the Fund up to the reporting date, determined using the Actuary's current expectations of earnings on the Fund's assets, future inflation and salary levels and other relevant assumptions.

(iii) Valuation of Investments and Derivatives

Significant judgements and assumptions are required in determining net market value for investments that are classified in Level 3 in the fair value hierarchy. Refer to Note 15 (d).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. Significant Accounting Policies

The accounting policies set out within this note have been applied consistently to all periods presented in these financial statements.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments and derivatives, which are measured at net market value.

a. Investments and Derivatives

Investments and derivatives of the Fund are initially recognised at cost, being the fair value of the consideration given including transaction costs. After initial recognition, investments and derivatives are measured at net market value. Gains or losses on investments and derivatives are recognised in the Statement of Changes in Net Assets.

Assets of the Fund are included in the Statement of Net Assets and are measured at net market value after allowing for the estimated cost of realisation. Movement in the net market value of assets are brought to account in the Statement of Changes in Net Assets in the period in which they occur.

Purpose of derivative financial products

The Trustee utilises derivatives, such as futures contracts and options, in order to gain access to the financial markets and allow flexibility in order to manage and structure the Fund's investment portfolio in line with the Fund's investment strategy. Derivatives are not utilised in a speculative manner, therefore whenever derivative positions are created, cash or securities are held to cover any derivative's exposures.

Estimated costs of realisation have been deducted in determining net market value. Net market value is considered a reasonable approximation of fair value.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund commits to purchase or sell the asset.

Net market values have been determined as follows:

Shares in listed companies, convertible notes in listed companies and units in listed property trusts: Investments traded on the Australian Securities Exchange are valued by reference to the relevant market quotation at the reporting date. Investments traded on overseas exchanges are valued at reporting date, those values are then translated into Australian dollars at the exchange rate applying at 30 June 2015.

Shares in unlisted companies:

Net asset value per share or by valuation by independent valuer as at the reporting date or by some other valuation process acceptable to the Directors, based on sound and justifiable practices.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Significant Accounting Policies (Continued)

a. Investments and Derivatives (Continued)

Short-term deposits:

Outstanding principal and interest as at the reporting date.

Units in managed funds:

By reference to the unit redemption price at the reporting date as advised by the investment managers which is based on the market value of the underlying investments. Unit values denominated in foreign currency are then translated into Australian dollars at the exchange rate applying at year end.

Annuities:

The Fund has purchased policies from a life office to underwrite the pensions of members who were formerly employed by a participating employer who has withdrawn from the Fund. The value attributed to these policies is the value of the underlying pensions as determined by Mercer (Australia) Pty Ltd (the "Fund's Actuary").

Government securities and other fixed interest securities:

Government securities, semi-government securities, bills of exchange, notes and other fixed interest securities are valued at market value derived from yields obtained from independent sources.

b. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Changes in net market values

Changes in the net market value of investments and derivatives are calculated as the difference between the net market value at sale, or at balance date, and the net market value at the previous valuation point and recognised in the Statement of Changes in Net Assets.

Contributions and transfers-in:

Contributions and transfers-in are recognised when control of the asset has been attained and are recorded, gross of any tax, in the period to which they relate.

Interest:

Interest revenue on cash and other financial assets carried at net market value is recorded according to the terms of the contract and when the Fund's right to receive the interest is established.

Dividends and distributions:

Revenue is recognised when the right to receive payment is established.

All revenue received arises from the operating activities of the Fund. Distributions from managed investment schemes are recognised as at the date the units are quoted ex-distribution and if not received at balance date, are reflected in the Statement of Net Assets as a receivable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. Significant Accounting Policies (Continued)

c. Income Tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1936. Accordingly, the concessional tax rate of 15% has been applied.

Income tax in the Statement of Changes in Net Assets for the year comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year using the concessional tax rate of 15% for Fund income. Assessable income referable to pension liabilities may be exempt from tax.

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Significant Accounting Policies (Continued)

c. Income Tax (Continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

d. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Net Assets.

e. Foreign Currency

Both the functional and presentation currency of the Fund is Australian dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, are recognised in the operating result in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

f. Receivables and Other Payables

Receivables are carried at nominal amounts due which approximate net market value. Receivables are normally settled within 30 days. An allowance for uncollectible amounts is only made where there is objective evidence that the debt will not be collected.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Significant Accounting Policies (Continued)

f. Receivables and Other Payables (Continued)

Other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund and are carried at nominal amounts which approximate net market value. Payables are normally settled on 30-day terms.

g. Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Net Assets comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value.

h. Accrued Benefits

The amount of accrued benefits has been determined on the basis of the present value of expected future payments that arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

For defined contribution members, the liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries. This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

i. Superannuation Contributions Surcharge

The Fund recognises the amount paid and payable in respect of the surcharge contributions levy as an expense. The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Fund. No estimate has been made for the balance of any levy payable.

In respect of surchargeable contributions received by the Fund during the year, the Fund is unable to determine this amount until receipt of applicable assessments. The superannuation contributions surcharge is charged to the relevant member unless precluded by legislation.

The Superannuation Laws Amendment (abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Significant Accounting Policies (Continued)

j. Member Withdrawals and Deductions

These amounts reflect full or partial withdrawals from the members Personal Division and Allocated Pension Division together with the deduction of financial planning advice fees.

k. Complying Superannuation Fund

From 1 July 1996, the Fund is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993. Accordingly, for the year ended 30 June 2015 the Fund is deemed a complying superannuation fund pursuant to Part IX of the Income Tax Assessment Act 1936 as amended and is eligible to be taxed at the concessional rate of 15% (2014: 15%).

l. Reserves

The Trustee has created reserves to cover certain operational risks, contingencies and provide for future development of the fund. The management of these reserves is in accordance with the Trustee's "Policy for the Management of Reserves".

m. Plant and Equipment

Plant and equipment including leasehold improvements are carried at cost less any accumulated depreciation and impairment losses (refer Note 3(n) Impairment). The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount of those assets. The depreciable amount of all plant and equipment is depreciated over the useful life to the Trustee company on a reducing value basis commencing from when the asset is held ready for use.

The depreciation rates for plant and equipment are as follows:

- Computer and information technology equipment	10 to 40%
- Office furniture and equipment	10 to 40%
- Leasehold improvements	8.33%.

n. Impairment

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Significant Accounting Policies (Continued)

o. Derecognition of Financial Assets and Financial Liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either
 - (a) The Fund transfers substantially all the risks and rewards of ownership of the asset; or
 - (b) The Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Significant Accounting Policies (Continued)

p. Asset Class Commencement

In March 2015 the "Infrastructure" asset class was added as a new asset class. The assets were transferred from "Growth Alternatives" to this new asset class. The amounts disclosed as assets and income for the year ended 30 June 2014 have been reclassified for comparative purposes from Growth Alternatives to Infrastructure. The income for 30 June 2015 was allocated as at the time of receipt of income to the asset class that held the underlying asset.

4. Investment Income	2015 \$'000	2014 \$'000
<i>Interest</i>		
Cash	14,912	14,917
Fixed Interest	36,051	35,262
Property	40	23
Australian Equities	652	837
International Equities	364	271
Defensive Alternatives	11,056	6,140
Growth Alternatives (refer note 3.p)	13	74
Infrastructure (refer note 3.p)	294	338
	63,382	57,862
<i>Dividends and Distributions</i>		
Property	24,830	22,126
Australian Equities	81,605	73,220
International Equities	29,235	28,006
Defensive Alternatives	22,281	5,484
Growth Alternatives (refer note 3.p)	15,824	2,998
Infrastructure (refer note 3.p)	3,813	13,802
	177,588	145,636
<i>Other Investment Income</i>		
Cash	-	21
Fixed Interest	48	47
Property	25	23
Australian Equities	27	134
International Equities	1,035	1,097
Defensive Alternatives	177	164
Annuity	152	148
	1,464	1,634
Total	242,434	205,132

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

5. Accrued Benefits

The Fund's Actuary has undertaken the valuation of accrued benefits. For pensioners, the accrued benefit is the value of their pension as determined by the Fund's Actuary. For all other members of the Defined Benefit (Corporate Division) it is the valuation of their benefits on a "past membership" basis and represents the present value of expected future benefit payments, which arise from membership of those Divisions up to the measurement date. On an annual basis, the Fund's Actuary undertakes a valuation of accrued defined benefits.

	2014	2013
	\$'000	\$'000
The most recent valuations of accrued benefits, in 2014 are disclosed below:		
Accrued Benefits – Defined Benefit (Corporate Divisions)	1,906,536	1,856,556
Net Assets as at 30 June	2,138,636	1,958,691
Surplus as at 30 June	<u>232,100</u>	<u>102,135</u>

The triennial review was completed by the Fund's Actuary, Mercer (Australia) Pty Ltd to 30 June 2013. For the years in between the triennial review, the actuary performs an annual valuation and review based on the contribution and funding policy. For the purposes of Australian Accounting Standard AAS 25 a summary of the actuary's, most recent, annual review is attached to these statements.

A member's accrued benefit is determined by reference to expected future salary levels and by application of an appropriate market based, risk adjusted discount rate and relevant actuarial assumptions, and is subject to a minimum of the total vested benefit. Since the introduction of a tax on surchargeable contributions made after 20 August 1996, the Fund has raised debit account balances for each member, which is taken into account by the Fund's Actuary in determining accrued benefits of members.

The main assumptions used to determine the actuarial value of the accrued benefits at the last review date were:

- The future rate of investment return (net of investment taxes and net of investment management fees) earned by defined benefit members at 5.6% pa and by lifetime pension members at 6.8%;
- The future rate of salary inflation forecasted at 4.5% pa; and
- The future rate of pension increases forecasted between 0% and 5% depending on member category.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

6. Vested Benefits

For pensioners, the vested benefit is the value of their pension as determined by the Fund's Actuary. For current members of the Defined Benefit Divisions the vested benefit is the value of the resignation benefit from these Divisions. For all other members, vested benefits are the benefits that are not conditional upon continued membership of the Fund. They are benefits that the members were entitled to receive had they voluntarily terminated their Fund membership as at the reporting date.

	2015	2014
	\$'000	\$'000
Vested Benefits – Corporate Plan Defined Benefit Divisions	1,829,635	1,926,542
Vested Benefits – Corporate and Personal Plan Accumulation Divisions	4,051,580	3,638,046
Vested Benefits – Allocated Pension Division	831,065	624,094
Total	<u>6,712,280</u>	<u>6,188,682</u>

As a result of the introduction of a levy on surchargeable contributions (after 20 August 1996), the Fund has disclosed vested benefits net of taxes paid on surchargeable contributions.

An "unsatisfactory financial position", as defined by SIS Regulation 9.04, for a defined benefit fund is defined as when the value of the assets of a fund is inadequate to cover the value of the liabilities of that fund in respect of benefits vested in the members of that fund. The Fund's Actuary and the Trustee have followed the procedure required by section 130 of the SIS Act and currently believe in respect of the long-term financial condition of the Fund that assets as at 30 June 2015, together with current contribution rates, are expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members.

As at 30 June 2015 the assets of the Corporate Plan Defined Benefit Division in aggregate were \$267 million above the Vested Benefits in that Division (2014: \$208 million above). The Corporate Plan Defined Benefit Division is made up of 40 separately funded plans and vesting benefit liabilities, which on an individual basis have different levels of funding. As at the 30 June 2015 one plan was in an "unsatisfactory financial position". Since balance date the value of the defined benefit assets supporting benefits have decreased in value by 2.39% as at 30 September 2015 and at that date two plans were in an "unsatisfactory financial position".

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

7. Funding Arrangements

a. Defined Benefit (Corporate Division)

Each employer who participates in the Defined Benefit Division is assigned an Employer Benefit Account. Each account records the vested benefit entitlements of the members in that plan and the assets held to support those benefit entitlements. On joining the Fund, the employer agrees to abide by the Trustee's "Contribution and Funding Policy". The objective of this policy is to achieve a long-term funding ratio for each plan of 105%. Where a plan's funding ratio is less than 100%, the objective of the policy is for a contribution rate to be determined by the Fund's Actuary to achieve a funding ratio of 100% in 3 years or 105% in 5 years, whichever is the higher rate. The Fund's Actuary, Mercer (Australia) Pty. Ltd., reviews the financial position of each Employer Benefit Account semi-annually. In addition, where a plan has a funding position of less than 95%, the policy requires an employer to make an additional contribution equal to the unfunded portion, before a full benefit payment can be made.

In conjunction with the semi-annual review, the Fund's Actuary prepares a new Funding and Solvency Certificate (a copy is attached to these financial statements). The Fund's Actuary has certified that the Fund is solvent (as defined in the SIS Regulations) for Superannuation Guarantee (SG) purposes, i.e. SG minimum benefits are covered by assets. It also certifies that, on reasonable assumptions about the future, the Fund is likely to remain "solvent" in this limited sense, during the period covered by the certificate, provided all employers contribute at no less than the levels specified by the Fund's Actuary after completing the semi-annual review.

Employers contribute to the Accumulation Division largely to satisfy their obligations under the Superannuation Guarantee Administration Act (1992).

8. Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
9. Changes in Net Market Values of Investments	\$'000	\$'000
Investments held at balance date		
Cash	913	1,363
Fixed Interest	14,956	12,301
Property	33,354	24,113
Australian Equities	(17,972)	149,429
International Equities	303,114	201,059
Defensive Alternatives	18,518	9,170
Annuity	157	(21)
Growth Alternatives (refer note 3.p)	(1,604)	6,056
Infrastructure (refer note 3.p)	44,349	27,880
	<u>395,785</u>	<u>431,350</u>
Investments realised during the year		
Cash	8,554	7,945
Fixed Interest	(5,590)	7,134
Property	(10,869)	3,877
Australian Equities	42,996	59,216
International Equities	43,573	75,267
Defensive Alternatives	(29,951)	5,067
Growth Alternatives (refer note 3.p)	1,288	20
Infrastructure (refer note 3.p)	-	94
	<u>50,001</u>	<u>158,620</u>
Total	<u>445,786</u>	<u>589,970</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

10. Auditor's Remuneration

	2015	2014
Auditor's remuneration is paid by the Trustee company and reimbursed by the Fund on a cost recovery basis:	\$000	\$000
Ernst & Young		
- Audit of the Fund	100	100
- Other Services of the Fund	12	11
Total Auditor's Remuneration	112	111

11. Income Tax Expense

Major components of income tax expense for the year ended 30 June are:

Statement of Changes in Net Assets

Current income tax

Current income tax charge	61,842	51,520
Over provided in prior year	(2,757)	(1,060)
Relating to origination and reversal of temporary differences	22,929	53,992
Income tax expense reported in Statement of Changes in Net Assets	82,014	104,452

A reconciliation of income tax expense with the prima facie tax payable calculated at 15% on the net change for the year is as follows:

Total Change in Net Assets Before Income Tax	671,760	871,850
Income Tax Expense		
Prima facie tax payable calculated at 15% (2014:15%) on the movement in net assets available to pay benefits	100,764	130,778
<i>Increase in income tax expense due to:</i>		
Member benefits paid	79,977	55,935
Surcharge Levy	1	2

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

11. Income Tax Expense (continued)	2015	2014
	\$000	\$000
Decrease in income tax expense due to:		
Member – non-taxable contributions	(13,481)	(8,179)
Pension Exemption	(5,007)	(2,798)
Transfers-in	(21,342)	(16,003)
Difference in timing of treatment for accounting and income tax	285	(1,431)
Capital gain discounts and realised loss offsets	(26,049)	(27,288)
Anti-detriment deduction	(626)	(708)
Proceeds from insurance claims	(1,350)	(1,724)
Imputation credits	(28,402)	(23,072)
Over provided in prior years	(2,756)	(1,060)
Income Tax Expense	<u>82,014</u>	<u>104,452</u>
Income Tax Payable		
Balance at beginning of the year	10,640	14,512
Income tax paid – prior year	(10,720)	(13,452)
Refund received for prior year	2,836	-
Over provision prior year	(2,757)	(1,060)
Income tax paid – current year	(41,694)	(35,757)
Current year income tax provision	56,577	46,397
Balance at end of the year	<u>14,882</u>	<u>10,640</u>
Deferred Income Tax		
Deferred income tax at 30 June relates to the following:		
Deferred tax assets		
Creditors and accrued expenses	993	851
Depreciation of plant and equipment	3	3
Gross deferred tax assets	<u>996</u>	<u>854</u>
Deferred tax liabilities		
Accrued interest income	1,614	1,624
Dividends receivable	2,108	1,805
Prepaid expenses	15	15
Unrealised Capital Gain – Investments	121,567	98,773
Gross deferred tax liabilities	<u>125,304</u>	<u>102,217</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

12. Related Parties

Directors

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

A.E.J. Fairley
J. Azaris
B.G. Beeren
T. Birkbeck (Resigned 14 July 2014)
G.N. Hade
R.C. Jarvis-Read
P. Leary (Appointed 17 July 2015)
J. O'Neill (Resigned 13 January 2015)
A.J. Pickering
J. Simon (Appointed 14 January 2015)
T. M. Swinger.

Key management personnel during the financial year were:

D.F. Press (Chief Executive Officer)
G.R. Brooks (Executive Officer, Strategic Marketing and Communications)
J.M. Farrington (Executive Officer, Corporate Relationships)
S.J. Guthleben (Executive Officer, People and Culture)
P.M. Marshall (Group General Counsel and Company Secretary)
T. Rieck (Executive Officer, Liability Management – appointed 25 May 2015)
J.J. Sadler (Executive Officer, Member Relationships)
M.G. Strachan (Chief Investment Officer)
N. Vamvakas (Executive Officer, Risk).

Related party transactions with the sponsoring employers arise from the Trustee's normal dealings when managing the superannuation fund. In accordance with the Rules of the Fund, Equisuper Pty Ltd (ABN 64 006 964 049) is the Trustee of the Fund. The following are the transactions requiring disclosure:

a. Compensation of Directors and Key Management Personnel

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

12. Related Parties (continued)

a. Compensation of Directors and Key Management Personnel (continued)

Directors and Key management personnel compensation for the years ended 30 June is set out below:

	2015 \$	2014 \$
Short-term benefits	3,144,552	3,398,617
Post-employment benefits	204,063	201,255
Other long-term benefits	171,458	193,655
Total	<u>3,520,073</u>	<u>3,793,527</u>

Remuneration of Directors for the year ended 30 June:

Director	2015 Total remuneration (including superannuation)	2014 Total remuneration (including superannuation)
A.E.J. Fairley	140,078	135,820
J. Azaris	81,712	79,228
B.G. Beeren	75,514	67,910
T. Birkbeck*	2,538	67,910
G.N. Hade	75,876	70,739
R.C. Jervis-Read	72,387	70,739
J. O'Neill**	44,142	70,641
A.J. Pickering	87,549	84,887
J. Simon***	32,632	-
T. M. Swingler	70,039	67,910
Total Directors	682,467	715,784

- Remuneration for Directors represents the total amount of fees paid and superannuation.
- Directors do not receive any short-term incentive payments, long-term incentive payments, or post-Directorship benefits.
- * T. Birbeck retired on 14 July 2014.
- ** J. O'Neill retired on 13 January 2015.
- *** J. Simon was appointed on 14 January 2015.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

12. Related Parties (continued)

a. Compensation of Directors and Key Management Personnel (continued)

Remuneration of key management personnel for the year ended 30 June:

Executive	2015 Salary (including super- annuation)	2015 Incentive payment	2015 Total remuneration (including super- annuation)	2014 Salary (including super- annuation)	2014 Incentive payment	2014 Total remuneration (including super- annuation)
D.F. Press	426,743	139,139	565,882	385,000	172,286	557,286
G.R. Brooks	178,410	33,699	212,109	172,818	38,795	211,613
J.M. Farrington	237,235	45,747	282,982	234,600	52,785	287,385
S.J Guthleben	177,486	35,410	212,896	144,531	36,050	180,581
P.M. Marshall	249,985	48,438	298,423	248,400	62,100	310,500
T. Rieck*	25,641	-	25,641	-	-	-
J.E.Rodd**	-	-	-	338,054	41,055	379,109
J.J. Sadler	237,375	44,850	282,225	230,000	63,250	293,250
M.G. Strachan	409,009	320,600	729,609	408,000	418,055	826,055
N. Vamvakas***	227,839	-	227,839	31,964	-	31,964
Total Executives	2,169,723	667,883	2,837,606	2,193,367	884,376	3,077,743
Total Directors and Executives	2,852,190	667,883	3,520,073	2,909,151	884,376	3,793,527

- *The Executive commenced employment on 25 May 2015.
- **The Executive ceased employment on 1 May 2014 and was paid leave entitlements and termination benefits.
- ***The Executive commenced employment on 5 May 2014.
- Remuneration for Key management personnel includes salary, short-term incentive payments for the reported year and any long-term incentive payments that vested during the reporting year.

Some Directors are members of the Fund. They and any key management personnel who are members of the Fund contribute and receive benefits on the same terms and conditions as those available to other members.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

12. Related Parties (continued)

b. Employer Sponsors

The employer sponsors of the Fund are predominantly businesses operating in, or associated with, the Australian electricity, gas and water industries. There were no transactions between the employer sponsors and the Fund except for the payment of contributions to the Fund by the associated businesses in respect of their employee members.

c. Employer Contributions

Employer sponsors and businesses from outside those industries also participate as a consequence of Equisuper successfully tendering for corporate superannuation business. Employer contributions are disclosed in the Statement of Changes in Net Assets.

d. Related Party Transactions

Investment management and fund administration fees are incurred by the Trustee company and reimbursed by the Fund on a cost recovery basis.

The fees paid as a reimbursement to the Trustee company by the Fund during the year (including the amount of GST not recoverable from the ATO) were \$26,664,533 (2014: \$26,983,243). The amounts due and payable at balance date were \$5,170,170 (2014: \$4,232,047).

The service fees paid to Equisuper Financial Planning Pty Ltd by the Fund during the year (including the amount of GST not recoverable from the ATO) were \$1,242,244 (2014: \$1,263,091). The amounts due and payable at balance date were \$Nil (2014: NIL).

The Fund has transferred money to the Trustee company to meet Australian Prudential Regulation Authority Registrable Superannuation Entity Licensing conditions. The money is held in a term deposit and must be returned to the Fund if the Trustee company is wound up. The amount included in payables at balance date is \$100,000 (2014: \$100,000).

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

Terms and conditions of transactions with related parties

All related party transactions are at arm's length and on normal commercial terms and conditions.

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

13. Segment Information

The Fund operates in one business segment, which is to provide superannuation benefits to members and their dependents upon retirement, death or disability. The Fund invests in Australia both directly and via external investment managers. It also has exposure to overseas markets via external investment managers.

14. Financial Risk Management

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Trustee's risk management policies identify and analyse the risks faced by the Fund, including those risks managed by the Fund's internal investment manager, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. Compliance with the framework is undertaken on an ongoing basis, which is subject to regular review both by management and the Board and an annual audit of compliance.

The Board has an Investment Committee, which is responsible for developing and monitoring the Fund's risk management policies related to investment activities. This includes the selection of fund managers, oversight of the allocation of investments to fund managers and evaluating their performance.

The Investment Committee receives bi-monthly reports from the Fund's internal investment manager and, in turn, reports quarterly to the Board of Directors of the Trustee on its activities. Divergence from asset allocations and to the composition of the portfolio is monitored by the Fund's internal investment manager on a daily basis.

The Trustee's Audit, Risk and Compliance Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

All investments of the fund are held on behalf of the Trustee by National Australia Bank Limited Asset Servicing division, which acts as the global custodian. Each fund manager is required to invest the assets managed by it in accordance with the terms of a written mandate.

For the Defined Benefit Division, the Trustee sets the investment objective and strategy, with appropriate allocation to different asset classes within specific ranges. The Trustee receives advice from its investment adviser in making its assessments. The other Divisions of the Fund offer separate investment options providing specific investment objectives and asset allocations with specific ranges. These are detailed in the relevant Product Disclosure Statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Financial Risk Management (Continued)

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Trustee manages this investment risk as part of its overall risk management framework. The Investment Committee may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular asset classes or markets within pre-determined ranges. Derivative financial instruments are included in the relevant asset category in the Statement of Net Assets.

The Investment Committee uses different methods to measure different types of risk to which the Fund is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and rating analysis for credit risk. The Investment Committee, in conjunction with its investment adviser, uses a range of qualitative and quantitative measures when assessing the individual fund managers' and overall Fund's investment arrangements.

The outlines of the various risks are a generic assessment of the financial risks and associated sensitivity analysis for the investment assets classes of the Fund. The impact of these sensitivities will vary between members depending on the member's choice of investment option(s). It is through the investment option that the member has exposure to the investment assets of the Fund and any movement in the underlying financial instruments. The members' investment option exposure to the investment asset classes of the Fund is outlined in the relevant Product Disclosure Statement.

(a) Market Risk

(i) Price Risk

The Fund is exposed to equity securities and derivative securities price risk. The investments of the Fund are traded on listed and unlisted markets, where prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will fluctuate because of changes in foreign exchange rates. The securities are classified on the Statement of Net Assets at net market value. All securities investments present a risk of loss of capital. The maximum risk is determined by the net market value of the financial instruments.

The Investment Committee mitigates this price risk through diversification, achieved through fund manager selection with a range of investment styles and different investment mandates. The majority of the Funds equity investments are publicly traded on well regulated markets and are included in the major ASX indices and/or MSCI World indices.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Financial Risk Management (continued)

Sensitivity Analysis

A percentage increase, as set out in the table below, in the relevant asset classes at the reporting date would have increased the net assets available to pay benefits by \$336 million (2014: \$339 million). An equal change in the opposite direction would have decreased the net assets available to pay benefits by \$336 million (2014: \$339 million). The impact on net investment revenue would have increased or decreased by \$336 million (2014: \$339 million). The analysis was performed on the same basis for 2014. The impact mainly arises from the reasonably possible change in the net market value of listed equities, direct property, unlisted trusts and equity derivatives. The reasonably possible movements in the risk variable have been determined based on the Trustee's expected asset class return, on a medium-term basis (over 7 years), having regard to historical experience and relationships and current valuations. These expectations are based upon current information and on an assumption that historical relationships are maintained.

Asset Class	2015 %	2014 %
Australian Equities	8.2	7.0
International Equities (in Australian dollars)	5.0	6.9
Defensive Alternative Assets	4.0	6.5
Growth Alternative Assets	5.5	8.2
Property	6.8	6.8
Infrastructure	6.8	-

(ii) Foreign Exchange Risk

The Fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of the monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

The Investment Committee manages the overall exposure to protect the yield income and to provide some limit to the impact on asset values caused through the volatility of the Australian dollar. This is implemented through specialist fund managers or through the setting of hedged benchmarks. For accounting and investment purposes, the Fund does not designate any derivatives as hedges in a hedging relationship and hence these derivative financial instruments are classified on the Statement of Net Assets at net market value. Compliance with the Fund's strategy is reported to the Investment Committee at each meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Financial Risk Management (continued)

The table below summarises the Fund's assets and liabilities that are denominated in a currency other than the Australian dollar for the year ended 30 June:

30 June 2015	US Dollar A\$'000	EURO A\$'000	YEN A\$'000	GB Pound A\$'000	Other A\$'000	Total \$'000
Assets	1,576,105	310,441	117,426	141,887	397,846	2,543,705
Liabilities	(13,690)	(6,470)	(495)	(141)	(3,405)	(24,201)
Foreign Exchange Contracts **	(691,542)	(175,915)	(66,358)	(58,121)	(159,718)	(1,151,654)
Net Exposure	870,873	128,056	50,573	83,625	234,723	1,367,850

30 June 2014	US Dollar A\$'000	EURO A\$'000	YEN A\$'000	GB Pound A\$'000	Other A\$'000	Total \$'000
Assets	1,373,609	296,442	121,995	135,247	348,149	2,275,442
Liabilities	(22,214)	(2,037)	(4,668)	(41)	(551)	(29,511)
Foreign Exchange Contracts **	(535,620)	(154,475)	(52,034)	(63,127)	(158,763)	(964,019)
Net Exposure	815,775	139,930	65,293	72,079	188,835	1,281,912

** Foreign Exchange Contracts are the value of the exchange exposures (rather than the market value of the hedged instrument)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Financial Risk Management (continued)

Sensitivity Analysis

A 10% strengthening of the Australian dollar against the following currencies as at 30 June 2015 would have decreased the net assets available to pay benefits and the net investment revenue by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2014. These estimates are based upon current information and an expectation that historical relationships are maintained.

	US Dollar A\$'000	EURO A\$'000	YEN A\$'000	GB Pound A\$'000	Other A\$'000
30 June 2015	79,170	11,641	4,597	7,602	21,338
30 June 2014	74,161	12,721	5,936	6,553	17,167

A 10% weakening of the Australian dollar against the above currencies at the 30 June 2015 would have the opposite effect, by the amounts shown below, on the net assets and net investment revenue on the basis that all other variables remain constant.

	US Dollar A\$'000	EURO A\$'000	YEN A\$'000	GB Pound A\$'000	Other A\$'000
30 June 2015	96,764	14,228	5,619	9,292	26,080
30 June 2014	90,642	15,548	7,255	8,009	20,982

(iii) Interest Rate Risk

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates and investment strategy. The risk is measured using sensitivity analysis. The Fund may enter into derivative financial instruments to mitigate the risk of future interest rate changes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Financial Risk Management (continued)

The Fund's exposure to interest rate movements on those investments at 30 June was as follows:

30 June 2015	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
Financial Assets				
Cash and deposits	158,637	546,736	-	705,373
Fixed interest bonds	-	793,947	-	793,947
Indexed securities	3,987	-	-	3,987
Floating rate notes	165,793	-	-	165,793
Mortgage backed securities	77,027	-	-	77,027
Term Loan	23,614	-	-	23,614
Discount securities	-	440,347	-	440,347
Convertible notes	-	-	-	-
Derivative financial instruments	2,465	-	-	2,465
Investment settlements - receivable	-	-	51,854	51,854
Financial Liabilities				
Investment settlements – payable	-	-	(27,496)	(27,496)
Derivative financial instruments	(2,534)	-	-	(2,534)
Total	428,989	1,781,030	24,358	2,234,377
Net effective exposure through Interest rate futures	-	-	34,224	34,224
Net exposure	428,989	1,781,030	58,582	2,268,601

30 June 2014	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
Financial Assets				
Cash and deposits	153,627	506,854	-	660,481
Fixed interest bonds	-	746,313	-	746,313
Indexed securities	41,408	-	-	41,408
Floating rate notes	64,515	-	-	64,515
Mortgage backed securities	39,377	-	-	39,377
Term Loan	21,488	-	-	21,488
Discount securities	-	379,253	-	379,253
Convertible notes	-	-	-	-
Derivative financial instruments	-	-	-	-
Investment settlements - receivable	-	-	57,170	57,170
Financial Liabilities				
Investment settlements – payable	-	-	(33,081)	(33,081)
Derivative financial instruments	-	-	-	-
Total	320,415	1,632,420	24,089	1,976,924
Net effective exposure through Interest rate futures	-	-	48,872	48,872
Net exposure	320,415	1,632,420	72,961	2,025,796

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Financial Risk Management (continued)

Sensitivity Analysis

A 50 basis point decrease/(increase) in interest rates would have increased/(decreased) the net assets available to pay benefits and the net investment revenue by \$25.7 million (2014: \$22.2 million). The analysis was performed on the same basis for 2014. The impact mainly arises from the reasonably possible changes in interest rates on the net market value of fixed interest securities. The reasonably possible movements in the risk variable have been determined based on the Trustee's expected asset class return, on a medium-term basis (over 7 years), having regard to historical experience and relationships and current valuations. These expectations are based upon current information and on an assumption that historical relationships are maintained.

(b) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents. None of these assets are impaired nor past due but not impaired.

The Fund invests in debt securities which are rated by well-known and industry recognised rating agencies. The internal investment manager manages its exposure to credit risk by setting minimum grade ratings by investment type and a minimum overall weighted average credit rating in investment mandates. The Fund does not have any significant exposure to any individual counterparty or industry.

The net market value of financial assets included in the Statement of Net Assets represents the Fund's exposure to credit risk relating to those assets. An analysis of debt securities by rating is set out below.

30 June 2015

Long Term Rating	AAA	AA	A	BBB	Non-investment Grade	Not Rated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fixed Interest Securities	146,195	202,104	125,487	130,804	189,356	-
Indexed Securities	-	3,987	-	-	-	-
Floating Rate Notes	4,225	75,298	66,409	18,482	1,379	-
Mortgage Securities	25,276	11,769	9,431	11,758	18,793	-
Term Loan	-	-	-	1,938	19,421	2,256
Total	175,696	293,158	201,327	162,982	228,949	2,256
Short Term Rating	A1	A2				
Cash and Deposits	705,373	-				
Discount Securities	428,375	11,972				
Total	1,133,748	11,972				

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Financial Risk Management (continued)

30 June 2014

Long Term Rating	AAA	AA	A	BBB	Non-investment Grade	Not Rated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fixed Interest Securities	163,426	209,481	122,678	112,358	137,924	447
Indexed Securities	23,411	13,671	-	4,326	-	-
Floating Rate Notes	3,546	24,552	25,949	8,728	1,741	-
Mortgage Securities	5,656	8,161	5,226	6,762	13,022	550
Term Loan	-	-	-	5,459	16,029	-
Total	196,039	255,865	153,853	137,633	168,716	997
Short Term Rating	A1	A2				
Cash and Deposits	660,481	-				
Discount Securities	374,258	4,995				
Total	1,034,739	4,995				

Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by counterparty, by geographical region and by industry sector. With the exception of securities issued by the governments of Australia, the United States of America, Japan, France, Germany and the United Kingdom, the exposure to any issue or issuer of debt securities is limited to 5% of the value of the portfolio at the time of purchase.

(c) Liquidity Risk

The liquidity risk is the risk that the Fund will encounter difficulty in raising cash to meet commitments associated with member benefits. Cash flow interest rate risk is the risk that the future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

To control liquidity and cash flow interest rate risk, the Fund invests the large majority of its assets in financial markets which under normal market conditions are readily convertible into cash.

Vested benefits, as per Note 6, have been included in the less than one month column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members vested benefits, however members may not necessarily call upon amounts vested to them during this time.

The table below analyses the contractual maturities of the Fund's financial liabilities, excluding gross settled derivative liabilities, based on the remaining period to the contractual maturity date at the year end. The Fund does not hold derivatives settled on a gross basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Financial Risk Management (continued)

30 June 2015	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	>6 months \$'000
Financial Liabilities				
Net Settled Derivatives	2,916	14	368	2,534
Unsettled Investment Accruals	27,496	27,496	-	-
Foreign Exchange Contracts	8,692	3,329	5,363	-
Vested Benefits	6,712,280	6,712,280	-	-
Total Financial Liabilities	6,751,384	6,743,119	5,731	2,534

30 June 2014	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	>6 months \$'000
Financial Liabilities				
Net Settled Derivatives	223	1	174	48
Unsettled Investment Accruals	33,081	33,081	-	-
Foreign Exchange Contracts	-	-	-	-
Vested Benefits	6,188,682	6,188,682	-	-
Total Financial Liabilities	6,221,986	6,221,764	174	48

Vested benefits have been included in the less than one month column, as this is the amount that members could call upon at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

Financial assets that are available in cash or are readily convertible to cash within a business day to meet the above financial liabilities are \$891.3 million (2014: \$813.2 million).

15. Fair Value Hierarchy

(a) Classifications of Financial Instruments under the Fair Value Hierarchy

AAS 25 requires investments to be measured using net market value. The following table shows financial instruments recorded at net market value, analysed between those whose net market value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs that are significant to the determination of net market value. Net market value is considered a reasonable approximation of fair value, and for the purposes of the 'fair value hierarchy', estimated costs of disposal have been disregarded for Level 1 financial assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

15. Fair Value Hierarchy (continued)

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the net market value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument. The fair value hierarchy has the following levels:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Securities included in this level are those which are valued daily using prices sourced from the market they are traded on.

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as a price) or indirectly (derived from a price). Securities included in this level are those priced by the manager on a regular basis, by referencing the underlying investments to prices where they are actively traded or where regular independent valuations are obtained for property assets held in well-developed and actively traded markets.

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Trustee. The Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Fixed Interest Securities	943,051	-	-	943,051
Listed Australian Equities	1,939,719	-	-	1,939,719
Listed International Equities	1,659,238	71,761	-	1,730,999
Listed Property Trusts	226,315	-	-	226,315
Unlisted Property Trusts	-	341,479	-	341,479
Alternatives	190,520	164,871	231,260	586,651
Cash	956,182	-	-	956,182
Infrastructure	-	-	398,577	398,577
Derivatives	4,295	-	-	4,295
Foreign Exchange Contracts	-	-	-	-
Financial Liabilities				
Derivatives	(2,916)	-	-	(2,916)
Foreign Exchange Contracts	(8,692)	-	-	(8,692)
Total Investments	5,907,712	578,111	629,837	7,115,660

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

15. Fair Value Hierarchy (continued)

30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Fixed Interest Securities	821,156	-	-	821,156
Listed Australian Equities	1,873,655	-	-	1,873,655
Listed International Equities	1,536,550	52,461	-	1,589,011
Listed Property Trusts	203,419	-	-	203,419
Unlisted Property Trusts	-	311,939	-	311,939
Alternatives	136,750	137,896	585,437	860,083
Cash	832,841	-	-	832,841
Derivatives	2,377	-	-	2,377
Foreign Exchange Contracts	9,387	-	-	9,387
Financial Liabilities				
Derivatives	-	-	-	-
Foreign Exchange Contracts	(223)	-	-	(223)
Total Investments	5,415,912	502,296	585,437	6,503,645

(b) Level 3 Financial Instruments Transactions

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the end of the reporting period.

30 June 2015

	Alternatives
	\$'000
Opening balance	585,438
Total realised/unrealised gains and losses	73,250
Purchases/Applications	11,505
(Sales)/(Redemptions)	(40,356)
Transfers into Level 3	-
Closing Balance	629,837

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

15. Fair Value Hierarchy (continued)

30 June 2014

	Alternatives
	\$'000
Opening balance	395,686
Total realised/unrealised gains and losses	51,546
Purchases/Applications	188,791
(Sales)/(Redemptions)	(55,175)
Transfers out of Level 3	4,590
Closing Balance	585,438

No investments during the year were reclassified down from Level 1 or 2 into Level 3.

(c) Valuation Process for Level 3 valuations:

The level 3 valuation process utilises valuations that have been determined by the external investment managers responsible for the relevant assets in the alternatives asset category. These valuations are determined on a monthly, half yearly and yearly basis with the unadjusted valuation being incorporated into the Fund's total asset value.

An exception to the above process exists in relation to certain alternative investments whereby the valuation is determined by the Trustee of the Fund. The Trustee reviews a range of valuations that are produced by an external valuation consultant and has historically selected the most conservative of these to record as the value of the asset.

(d) Quantitative information of significant unobservable inputs – Level 3

	Description	\$'000	Valuation Technique	Significant Unobservable Inputs	Discount Rate
30 June 2015	Alternatives (Unlisted companies/trusts)	152,284	Discounted cashflow method	Discount Rate	10.8%
30 June 2014	Alternatives (Unlisted companies/trusts)	121,444	Discounted cashflow method	Discount Rate	11.4%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

15. Fair Value Hierarchy (continued)

The 'Discount Rate' is derived by the independent valuer utilising the risk free rate, market risk premium, asset beta, gearing ratio, tax rate and equity beta amongst other metrics.

(e) Sensitivity analysis to significant changes in unobservable inputs within Level 3

	Description	Input	Sensitivity Used	Effect on Fair Value \$'000
30 June 2015	Alternatives (Unlisted companies/trust)	Discount Rate	0.6%	12,822
30 June 2014	Alternatives (Unlisted companies/trust)	Discount Rate	0.4%	6,244

16. Commitments and Contingent Liabilities

There were capital commitments as at 30 June 2015 of \$10,415,500 (2014: \$21,552,246). These commitments represent uncalled capital amounts that are committed to various private equity funds within the Growth Alternatives asset class. There are no contingent liabilities as at 30 June 2015 (2014: \$ Nil).

17. Events Subsequent to Balance Date

The Trustee company Equisuper Pty Ltd has undertaken a review of its corporate structure during the financial year. In line with the Equip Strategic Business Plan for 2015-2018 a new structure has been proposed. The Trustee company has obtained an extended public offer licence from the regulators permitting the company to be Trustee of multiple funds. This restructure will involve the transfer of shares of Equisuper Pty Ltd and Equisuper Financial Planning Pty Ltd to a newly formed holding company and the formation of a new asset management company. This will occur in the new financial year. This strategy has been implemented on the basis that it will position Equisuper Pty Ltd for future growth and deliver material benefits to fund members in the long term. This will not affect the results of the financial year ended 30 June 2015.

Investment Markets

The fund holds investments in Australian and international listed equities and is consequently exposed to the market risk associated with these investments. Since balance date, Australian and international share markets have experienced a decrease in value with the total fund's investments diminishing, as at 30 September 2015, by 2.31% overall. Market volatility is a normal characteristic of investment markets.

As the investments are measured at their 30 June 2015 net market values in the financial statements any subsequent changes in value are not reflected in the Statement of Changes in Net Assets or the Statement of Net Assets. As the Fund allocates all of its investment income to members, the decrease in

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

17. Events Subsequent to Balance Date (continued)

value of investments has been reflected in the current unit prices, resulting in a corresponding decrease in member funds. The impact on the funding position of the Defined Benefit Divisions is shown in Note 6.

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

18. Member Contributions

Member Contributions represent non-concessional contributions made by members during the financial year.

	2015	2014
	\$'000	\$'000
19. Investment Expenses		
Custodian Fees	1,634	2,349
Management Expenses		
- Cash	140	121
- Fixed Interest	2,752	2,333
- Property	1,100	1,381
- Australian Equities	11,102	8,462
- International Equities	7,995	7,119
- Defensive Alternatives	1,955	1,286
- Growth Alternatives	1,402	261
- Infrastructure	373	1,203
Consultants' Fees	585	596
Total	29,038	25,111

20. Receivables

Unsettled Investment Sales	28,989	35,265
Investment Income Due and Receivable	22,865	21,905
Employer Non-Member Pay Receivables	260	174
Prepaid Expenses	98	101
Australian Taxation Office (Goods and Services Tax)	682	618
Other Receivables	71	6
Total	52,965	58,069

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

21. Payables	2015	2014
	\$'000	\$'000
Unsettled Investment Purchases	27,496	33,081
Accounts Due and Unpaid	8,172	9,985
Administration Fee Payable to Equisuper Pty Ltd	5,170	4,232
Total	<u>40,838</u>	<u>47,298</u>

22. Plant and Equipment

Office furniture and equipment at cost	486	482
Less accumulated depreciation	<u>(132)</u>	<u>(71)</u>
	354	411
Computer and information technology equipment at cost	273	166
Less accumulated depreciation	<u>(53)</u>	<u>(15)</u>
	220	151
Leasehold improvements at cost	969	957
Less accumulated depreciation	<u>(154)</u>	<u>(73)</u>
	815	884
Total plant and equipment	<u>1,389</u>	<u>1,446</u>

23. Reserves

Operating Risk Reserve

Balance as at 1 July	7,175	3,800
Increase/(decrease) for the year	<u>4,130</u>	<u>3,375</u>
Balance as at 30 June	<u>11,305</u>	<u>7,175</u>

Administration and General Purpose Reserve

Balance as at 1 July	11,091	2,681
Increase for the year	<u>6,599</u>	<u>8,410</u>
Balance as at 30 June	<u>17,690</u>	<u>11,091</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

23. Reserves (continued)

Self-Insurance Reserve	2015 \$'000	2014 \$'000
Balance as at 1 July	15,724	14,344
Increase for the year	<u>819</u>	<u>1,380</u>
Balance as at 30 June	<u>16,543</u>	<u>15,724</u>
Total Reserves	<u>45,538</u>	<u>33,990</u>

In line with APRA standard SPS 114 the Trustee has determined a target amount for the Operational Risk Reserve. This Reserve is for the purposes of supporting the financial requirements of the Trustee in the case of loss arising from an operational risk event. The Reserve has a target value of 25 basis points of the Fund's overall value.

The Administration and General Purpose Reserve is used to meet ongoing and long term expenses in line with the strategic and business plans of the Trustee of the Fund.

The Self Insurance Reserve is used to fund the future service component of death and disability benefits of certain defined benefit members.

24. Meeting of Directors of the Trustee Company

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

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

The number of Board and Committee meetings attended by each of the Directors during the financial year ended 30 June 2015 was:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

24. Meeting of Directors of the Trustee Company (continued)

Number of meetings during year	Board		Investment Committee		Appeals and Review Committee		Audit, Risk and Compliance Committee		Governance and Rewards Committee		Finance Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A E J Fairley	7	7	-	-	-	-	-	-	4	4	-	2*
J Azaris	7	5	6	6	-	1*	5	5	4	4	-	1*
B G Beeren	7	6	6	6	-	-	-	-	-	-	3	3
T Birkbeck	-	-	-	-	-	-	-	-	-	-	-	-
G N Hade	7	7	-	-	5	5	5	5	4	4	-	-
R C Jervis-Read	7	6	4	4	2	4*	5	4	-	1*	-	-
J O'Neill	4	4	-	-	3	3	-	-	-	-	1	1
A J Pickering	7	6	6	6	-	-	-	-	4	4	-	-
J Simon	3	2	2	2	-	-	-	-	-	-	2	2
T M Swingler	7	7	-	-	5	5	5	5	-	-	3	3

Legend in the table

- "Held" means the number of meetings held while the Director was a member of the Board or Committee.
- "Attended" means the number of meetings attended while the Director was a member of the Board or Committee.
- An "*" indicates that the Director attended the meeting in place of a member of the Committee.

Chairmen of the Board and Committees

- Mr A.E.J. Fairley was elected as Independent Director and became Chairman of the Board on 1 January 2009.
- Mr J. Azaris has been the Chairman of the Audit, Risk and Compliance Committee since 1 June 2010.
- Mr B.G. Beeren has been the Chairman of the Finance Committee since 1 January 2014.
- Mr G.N. Hade has been the Chairman of the Governance and Rewards Committee since 1 January 2014.
- Mr R.C. Jervis-Read has been Chairman of the Appeals and Review Committee from 28 January 2015.
- Mr J. O'Neill was the Chairman of the Appeals and Review Committee from 1 January 2014 to 13 January 2015.
- Mr A.J. Pickering has been the Chairman of the Investment Committee since 1 June 2010.

TRUSTEE DECLARATION FOR THE YEAR ENDED 30 JUNE 2015

In the opinion of the Directors of Equipsuper Pty Ltd (ABN 64 006 964 049) being the Trustee of Equipsuper:

1. (i) The financial statements and notes to the financial statements for the year ended 30 June 2015 present fairly the net assets of the Fund at 30 June 2015 and the changes in net assets for the year then ended in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
 - (ii) The financial statements and notes to the financial statements have been prepared in accordance with the requirements of the Rules of the Fund; and
 - (iii) The operation of the Fund has been carried out in accordance with its Rules and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, Regulations and the guidelines issued by the Australian Prudential Regulation Authority on Risk management Statements for Superannuation Entities Investing in Derivatives during the year ended 30 June 2015 except as already reported to the Australian Securities & Investments Commission and Australian Prudential Regulation Authority.
2. At the date of this declaration, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Trustee by:



A.E.J. Fairley
Chairman



G.N. Hade
Director

Melbourne
9 October 2015



Building a better
working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Equisuper ABN: 33 813 823 017

REPORT BY THE RSE AUDITOR TO THE TRUSTEE AND MEMBERS

Financial statements

I have audited the financial statements of Equisuper for the year ended 30 June 2015 comprising the statement of net assets, statement of changes in net assets, summary of significant accounting policies, other explanatory notes and the Trustee statement.

Trustee's Responsibility for the Financial Statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of Equisuper.

My audit has been conducted in accordance with Australian Auditing Standards. These Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

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



Building a better
working world

Auditor's Opinion

In my opinion the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards, the net assets of Equisuper as at 30 June 2015 and the changes in net assets for the year ended 30 June 2015.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Brett Kallio'.

Brett Kallio
Partner
Melbourne
9 October 2015

Statement of Advice

**SUMMARY OF ACTUARY'S REPORT FOR THE PURPOSES OF
 AUSTRALIAN ACCOUNTING STANDARD AAS25**

Equisuper

The effective date of the most recent actuarial valuation of Equisuper (the Fund) was 30 June 2014 covering the period from 1 July 2013 to that date. The valuation was undertaken by David A Scott, Fellow of the Institute of Actuaries of Australia, on behalf of Mercer Consulting (Australia) Pty Ltd, 727 Collins Street, Melbourne 3008, and the results of the valuation are set out in a report dated 25 March 2015. A summary of this report follows:

- (i) As at 30 June 2014, the net realisable value of the assets of the Fund, based on audited financial statements of the Fund, amounted to \$6,434,766,000, including reserves of \$23,164,000. The assets total \$6,427,591,000, excluding the Operational Risk Reserve of \$7,175,000.
- (ii) The present value of accrued benefits as at 30 June 2014 for the purpose of Australian Accounting Standard AAS25 was \$6,168,676,000, made up as follows:

	\$'000
Defined Benefit Division members	1,800,309
Lifetime Pensioners	106,227
Accumulation Division members	3,638,046
Account Based Pension Division members	624,094
Total	6,168,676

In calculating these values we have complied with Guidance Note 454 of the Institute of Actuaries of Australia.

In determining these values we have not applied a minimum of vested benefits (see (iii) below) on an individual member, Employer Benefit Account or total Fund basis.

A summary of the method of attributing benefits to past membership is set out in Note 1 below. The accrued benefits have been valued using the same assumptions as were adopted for the actuarial valuation. A summary of these assumptions is set out in Note 2 below.

- (iii) The total as at 30 June 2014 of members' vested benefits for the purpose of Australian Accounting Standard AAS25 (i.e. voluntary resignation benefits, or early retirement benefits if eligible), amounted to \$6,188,682,000, made up as follows:

	\$'000
Defined Benefit Division members	1,820,315
Lifetime Pensioners	106,227
Accumulation Division members	3,638,046
Account Based Pension Division members	624,094
Total	6,188,682

- (iv) The ratios of the assets (excluding the Operational Risk Reserve) to the present value of accrued benefits and to the vested benefits (for account-based pensions, accumulation members and defined benefit members combined) are:

Present value of accrued benefits	104.2%
Vested benefits	103.9%

- (v) The actuarial valuation was carried out using the "Target Funding" method where the contribution rate is set at the rate required so that assets meet the designated target within a fixed number of years. The financing target chosen for each Employer Benefit Account is that assets available to support the defined benefits equal:

- 105% of the present value of accrued benefits within a period of five years; or
- 100% of the present value of accrued benefits within a period of three years,

whichever requires the higher contribution rate.

The valuation disclosed that the Fund was in a "satisfactory financial position" as defined in the SIS Regulations at 30 June 2014 as assets were more than vested benefits. The valuation also disclosed that all of the Employer Benefit Accounts with active defined benefit members at the date of this report were in a satisfactory financial position as at 30 June 2014.

The Actuary recommended that each employer contribute to the Fund in accordance with the Contribution and Funding Policy adopted by the Trustee.

Briefly summarised, this policy provides for the ratio of assets to accrued liabilities (funding ratio) in respect of each Employer Benefit Account to be measured on a six monthly basis. If the funding ratio lies in the range 105% to 110%, the employer is to contribute at the "long-term contribution rate" as calculated for that employer in the most recent actuarial valuation of the Fund. The employer is also required to make an additional contribution in respect of all retrenchments equal to the difference between the retrenchment benefit and the resignation benefit.


If the funding ratio is less than 100%, the employer is required to contribute at a rate to equal that required to target 105% of liabilities within a period of five years and 100% of liabilities within a period of three years, whichever produces the higher rate of contributions. The employer is also required to make an additional contribution of the excess of any uninsured benefit paid over the member's vested benefit, "grossed-up" for contributions tax of 15%.

In addition, where the ratio of assets to vested benefits is below 100%, the employer contribution rate is subject to the minimum of the previously calculated employer contribution rate.

The long-term contribution rates calculated in this valuation range from 6.5% to 15.8% of salaries.

If the funding ratio exceeds 110%, employer contributions are reduced in accordance with a formula. If the funding ratio falls below 105%, employer contributions are increased in accordance with a formula and the employer is also required to make an additional contribution in respect of all retrenchments equal to the difference between the retrenchment benefit and the resignation benefit.

- (vi) The next three yearly actuarial review should be undertaken as at 30 June 2016. At that time, the long-term employer contribution rates will be reviewed. The progress of the Employer Benefit Accounts' coverage of accrued liabilities should be reviewed every six months to ascertain if an adjustment to the employer contribution levels is required with an annual actuarial valuation as at 30 June 2015.
- (vii) Taking into account the circumstances of the Fund, the details of the membership and the assets, the benefit structure of the Fund and the industry within which the employers operate, the assumptions used are appropriate in relation to the determination of the present value of accrued benefits for the purposes of AAS25.



David A Scott

Fellow of the Institute of Actuaries of Australia

25 March 2015



Note 1: Summary of Method of Attributing Benefits to Past Membership

Accumulation Benefits

The value of accumulation benefits has been taken as the sum of the balances held in accumulation accounts at the date of the valuation.

Defined Benefits

The past membership components of all defined benefits payable in the future from the Fund in respect of the current membership are projected forward allowing for future salary increases and credited interest rates and are then discounted back to the valuation date at the investment return rates assumed for the valuation.

The past membership component for each type of benefit is:

Retirement:	based on the member's actual accrued benefit multiple as at the valuation date.
Death and Disablement:	based on the member's actual accrued benefit multiple as at the valuation date.
Resignation:	based on either the member's current accrued resignation multiple, phasing into the current accrued retirement multiple over a five year period or the period remaining to age 55 if shorter, or the member's contributions with interest and vesting.

Changes in Methodology

The method used for the determination of Accrued Benefits is the same as that used at the previous valuation.

Note 2: Summary of AssumptionsFinancial Assumptions

Investment returns (net of tax, investment expenses and standard administration expenses) on assets backing active members	5.6% pa
Investment returns (net of investment expenses and standard administration expenses) on assets backing pensions	6.8% pa
Salary increases	4.5% pa
Pension Inflation:	
- for ex Gas & Fuel pensions commencing prior to 2004	5% pa
- for pensions for Employer Benefit Account O1, O5 and Division WC	Nil
- for all other pensions	2.5% pa

For the purposes of determining the present value of accrued benefits in accordance with Australian Accounting Standard AAS25, a market-determined, risk adjusted discount rate of 5.6% per annum was used. This rate represents the weighted average (weighted by accrued benefit liabilities) expected return on the Fund's assets.

The weighted average term of the accrued benefit liabilities is about 8.4 years.

Other Assumptions

Assumptions regarding rates at which members will leave the Fund on account of retirement, death, disablement and resignation have been based on past experience of the fund. Further details can be found in our report of the actuarial valuation as at 30 June 2014.

