

# Equisuper

ABN 33 813 823 017

## Financial Statements

For the year ended 30 June 2017

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**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

	Notes	2017 \$000	2016 \$000
<b>Assets</b>			
Cash and cash equivalents	17	30,764	21,912
Receivables	18	43,946	37,088
Investments	8	8,320,494	7,580,573
Plant and equipment	20	1,402	1,464
Deferred tax assets	11	959	1,541
<b>Total assets</b>		<b>8,397,565</b>	<b>7,642,578</b>
<b>Liabilities</b>			
Payables	19	(43,237)	(36,520)
Income tax payable		(4,857)	(2,663)
Deferred tax liabilities	11	(149,465)	(120,894)
<b>Total liabilities excluding member benefits</b>		<b>(197,559)</b>	<b>(160,077)</b>
<b>Net assets available for member benefits</b>		<b>8,200,006</b>	<b>7,482,501</b>
<b>Member liabilities:</b>			
Defined contribution member liabilities	3	(6,008,733)	(5,197,162)
Defined benefit member liabilities	4	(1,728,661)	(1,875,926)
<b>Total member liabilities</b>		<b>(7,737,394)</b>	<b>(7,073,088)</b>
<b>Total net assets</b>		<b>462,612</b>	<b>409,413</b>
<b>Equity</b>			
Operational risk reserve	2(p)	(20,730)	(18,917)
Administration and general purpose reserve	2(p)	(24,883)	(18,340)
Other reserve	2(p)	(1,402)	(1,464)
Self-Insurance reserve	2(p)	(5,948)	(5,339)
Investment tax timing reserve	2(p)	7,607	(17,545)
Defined benefit plans (over)/under funded		(417,256)	(347,808)
<b>Total equity</b>		<b>(462,612)</b>	<b>(409,413)</b>

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 8 to 53.

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 \$000	2016 \$000
<b>Superannuation activities</b>			
Interest		65,082	64,997
Dividend revenue		172,486	158,202
Other investment income		1,422	2,354
Changes in assets measured at fair value	9	599,014	11,660
Other income		982	1,887
<b>Total superannuation activities income</b>		<b>838,986</b>	<b>239,100</b>
Investment expenses		(30,589)	(25,705)
Administration expenses		(21,203)	(26,342)
Depreciation expense and impairment losses		(200)	(192)
Insurance rebate/(expense)		(5)	91
<b>Total expense</b>		<b>(51,997)</b>	<b>(52,148)</b>
<b>Net result from superannuation activities</b>		<b>786,989</b>	<b>186,952</b>
Net change in defined benefit member liabilities		(147,045)	(16,618)
Net benefits allocated to defined contribution member accounts		(538,249)	(116,206)
<b>Net profit/(loss) before income tax</b>		<b>101,695</b>	<b>54,128</b>
Income tax (expense)/benefit	11	(48,496)	3,888
<b>Net profit/(loss) after income tax</b>		<b>53,199</b>	<b>58,016</b>

The above Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 8 to 53.

**STATEMENT OF CHANGES IN MEMBER BENEFITS  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Defined Contribution Members' Benefits*</b>	<b>Defined Benefit Members' Benefits*</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Opening balance as at 1 July 2016</b>	5,197,162	1,875,926	7,073,088
Member contributions	118,911	3,169	122,080
Spouse contributions	131	-	131
Employer contributions	280,177	54,027	334,204
Transfers from other superannuation plans	89,063	66,465	155,528
Transfers to other superannuation plans	(259,358)	(70,952)	(330,310)
Income tax on contributions	(39,029)	(6,936)	(45,965)
<b>Net after tax contributions</b>	<u>189,895</u>	<u>45,773</u>	<u>235,668</u>
Benefits paid to members/beneficiaries	(216,225)	(33,809)	(250,034)
Insurance premiums charged to members	(14,667)	(2,931)	(17,598)
Death and disability benefits credited to member accounts	6,960	4,016	10,976
Transfer of funds from defined benefit member benefits	-	(307,359)	(307,359)
Transfer of funds to defined contribution member benefits	307,359	-	307,359
Reserve transfer to /(from) members			
Operational Risk Reserve	-	-	-
Administration and General Purpose Reserve	-	-	-
Net benefits allocated comprising:			
Net investment income allocated	552,422	-	552,422
Administration fees**	(14,173)	-	(14,173)
Net change in DB member benefits	-	147,045	147,045
<b>Closing balance as at 30 June 2017</b>	<u><b>6,008,733</b></u>	<u><b>1,728,661</b></u>	<u><b>7,737,394</b></u>

\*Note that Defined Contribution balances that belong to Defined Benefit members are included in the Defined Contribution Members' Benefits column.

\*\* Defined Benefit Administration fees are deducted from Employer Benefit Account (EBA) and not from the members' account.

The above statement of changes in member benefits is to be read in conjunction with the notes to the financial statements set out on pages 8 to 53.

**STATEMENT OF CHANGES IN MEMBER BENEFITS  
FOR THE YEAR ENDED 30 JUNE 2016**

	Defined Contribution Members' Benefits*	Defined Benefit Members' Benefits*	Total
	\$000	\$000	\$000
<b>Opening balance as at 1 July 2015</b>	4,883,746	1,803,553	6,687,299
Member contributions	62,438	2,704	65,142
Spouse contributions	119	-	119
Employer contributions	278,812	55,468	334,280
Transfers from other superannuation plans	160,767	203,130	363,897
Transfers to other superannuation plans	(222,618)	(54,885)	(277,503)
Income tax on contributions	(39,094)	(7,522)	(46,616)
<b>Net after tax contributions</b>	<u>240,424</u>	<u>198,895</u>	<u>439,319</u>
Benefits paid to members/beneficiaries	(146,539)	(33,686)	(180,225)
Insurance premiums charged to members	(11,101)	(2,965)	(14,066)
Death and disability benefits credited to member accounts	8,510	2,716	11,226
Transfer of funds from defined benefit member benefits	-	(108,244)	(108,244)
Transfer of funds to defined contribution member benefits	108,244	-	108,244
Reserve transfer to /(from) members			
Operational Risk Reserve	(1,746)	(721)	(2,467)
Administration and General Purpose Reserve	(582)	(240)	(822)
Net benefits allocated comprising:			
Net investment income allocated	129,480	-	129,480
Administration fees**	(13,274)	-	(13,274)
Net change in DB member benefits	-	16,618	16,618
<b>Closing balance as at 30 June 2016</b>	<u><b>5,197,162</b></u>	<u><b>1,875,926</b></u>	<u><b>7,073,088</b></u>

\*Note that Defined Contribution balances that belong to Defined Benefit members are included in the Defined Contribution Members' Benefits column.

\*\* Defined Benefit Administration fees are deducted from Employer Benefit Account (EBA) and not from the members' account.

The above statement of changes in member benefits is to be read in conjunction with the notes to the financial statements set out on pages 8 to 53.

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 \$000	2016 \$000
<b>Cashflows from operating activities</b>			
Interest received		902	730
Insurance premiums paid		(18,562)	(12,746)
Other income		709	1,099
Administration expenses		(31,651)	(31,925)
Investment expenses		(18,104)	(18,901)
Other expenses		(1,049)	(1,090)
Death and disability benefits received		10,976	11,228
Insurance rebate received		(5)	(220)
Plant and equipment purchased		(138)	(266)
Income tax paid		(8,200)	(8,504)
Term deposits (placed)/redeemed (> 3 months)		7,855	(8,900)
<b>Net cash inflows (outflows) from operating activities</b>	17	<u>(57,267)</u>	<u>(69,495)</u>
<b>Cashflows from investing activities</b>			
<b>Net cash inflow(outflow) from investing activities</b>		<u>78,809</u>	<u>(191,630)</u>
<b>Cashflows from financing activities</b>			
Employer contributions		334,753	334,511
Member contributions		121,722	64,596
Spouse contributions		525	759
Benefit payments made to members		(242,963)	(177,695)
Income tax paid on contributions		(51,913)	(49,076)
Transfers from other superannuation plans		155,528	363,897
Transfers to other superannuation plans		(330,342)	(277,703)
<b>Net cash inflow(outflow) from financing activities</b>		<u>(12,690)</u>	<u>259,289</u>
<b>Net increase in cash</b>		<u>8,852</u>	<u>(1,836)</u>
<b>Cash at the beginning of period - 1 July 2016</b>		<u>21,912</u>	<u>23,748</u>
<b>Cash at the end of the financial period - 30 June 2017</b>	17	<u>30,764</u>	<u>21,912</u>

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 53.

**STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 30 JUNE 2017**

	Operational Risk Reserve	Admin & General Purpose Reserve	Other Reserve	Self- Insurance Reserve	Investment Tax Timing Reserve	Defined Benefit plans over/ (under) funded	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Opening balance</b>	<b>18,917</b>	<b>18,340</b>	<b>1,464</b>	<b>5,339</b>	<b>17,545</b>	<b>347,808</b>	<b>409,413</b>
Transfer between reserves	1,382	(1,382)	-	-	-	-	-
Transfers from DC member accounts	-	-	-	-	-	-	-
Transfers from DB member accounts	-	-	-	-	-	-	-
Operating result	431	7,925	(62)	609	(25,152)	69,448	<b>53,199</b>
<b>Closing balance</b>	<b>20,730</b>	<b>24,883</b>	<b>1,402</b>	<b>5,948</b>	<b>(7,607)</b>	<b>417,256</b>	<b>462,612</b>

**STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 30 JUNE 2016**

	Operational Risk Reserve	Admin & General Purpose Reserve	Other Reserve	Self- Insurance Reserve	Investment Tax Timing Reserve	Defined Benefit plans over/ (under) funded	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Opening balance</b>	<b>11,305</b>	<b>17,690</b>	<b>1,389</b>	<b>5,206</b>	<b>12,721</b>	<b>299,797</b>	<b>348,108</b>
Transfer between reserves	4,786	(4,786)	-	-	-	-	-
Transfers from DC member accounts	1,746	582	-	-	-	-	2,328
Transfers from DB member accounts	721	240	-	-	-	-	961
Operating result	359	4,614	75	133	4,824	48,011	<b>58,016</b>
<b>Closing balance</b>	<b>18,917</b>	<b>18,340</b>	<b>1,464</b>	<b>5,339</b>	<b>17,545</b>	<b>347,808</b>	<b>409,413</b>

The above statement of changes in reserves is to be read in conjunction with the notes to the financial statements set out on pages 8 to 53.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 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.

The not-for-profit Trustee company for the Fund is Equisuper Pty Limited ABN 64 006 964 049 (the 'Trustee'). The Trustee's registered office is Level 12, 330 Collins Street, Melbourne VIC.

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).

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 2017 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 tax rate of 15% (2016: 15%).

#### a. Defined Benefit (DB)

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 supported by assets in the defined benefit Employer Benefit Account (EBA).

#### b. Defined Contribution (DC)

The Defined Contribution division is an accumulation fund that offers investment, contribution and insurance choice. The insurance cover offered can depend on who is the employer. DB division members who wish to "top-up" their defined benefits may also invest in the DC division.

On 1 July 2017 the Rio Tinto Staff Superannuation Fund (RTSSF) merged with Equisuper under a successor fund transfer (SFT) deed. RTSSF transferred in \$5,564,113,000 in assets and 28,671 members composed of 366 Defined Benefit, 27,195 Accumulation and 1,110 Pension members. The \$14 billion merged fund provides scale and resources to continue its investment in industry-leading products and services, and to provide better outcomes for members with reduced fees and costs over time.

The SFT deed requires the transfer to the Rio Tinto DB EBA a sum of \$4,968,783 from the Administration and General Purpose Reserve. This is to replenish the EBA for its previous funding of the RTSSF Operational Risk Reserve and is to be transferred by the 31 December 2018.

The Trustee was granted a MySuper licence for the product, RT Growth (MySuper), by APRA on 29 June 2017. However, the Trustee did not offer the product until 1 July 2017 and there were no members or assets until this date. This matter is also disclosed under Note 22.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies**

**(a) Basis of preparation**

The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards including AASB 1056 "Superannuation Entities", the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed. Since AASB1056 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 AASB 1056.

The financial statements were authorised for issue by the Trustee's board of directors on 27 September 2017.

**(b) Adoption of AASB 1056**

***New accounting standards and interpretations (adopted)***

The Trustee of the Fund has adopted AASB1056 Superannuation Entities (AAB 1056) which is applicable for annual reporting periods beginning on or after 1 July 2016. The adoption of AASB 1056 has resulted in:

- Changes to the presentation format of the financial statements;
- Changes to the measurement of assets and liabilities from 'net market value' to 'fair value', excluding member liabilities and tax assets and liabilities;
- Additional disclosure requirements for assets and liabilities held at fair value as required by AASB13 *Fair Value Measurement*;
- Member benefits recognised as liabilities rather than equity; and
- Contributions, rollovers and other inward transfers and benefits paid to members are not in the nature of income or expenses, and are presented in the statement of changes in member benefits.

In accordance with the transitional provisions of AASB 1056, the Fund has applied the new accounting Standard retrospectively from the start of the comparative period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(b) Adoption of AASB 1056 (continued)**

The adoption of AASB 1056 had the following impact on the statement of financial position at the transition date of 1 July 2016 for the year ended 30 June 2016:

Description	As previously reported as at 30 June 2016 \$000	Transition adjustment \$000	Restated balance as at 30 June 2016 \$000
<b>Financial Instruments</b>			
Change in measurement from net market value to fair value:			
Fixed Interest	1,099,056	2	1,099,058
Property	642,703	260	642,963
Australian Equities	2,100,852	5,057	2,105,909
International Equities	1,551,919	3,538	1,555,457
Defensive Alternatives	578,062	573	578,635
Infrastructure	458,407	2,043	460,450
<b>Total</b>	<b>6,430,999</b>	<b>11,473</b>	<b>6,442,472</b>
<b>Member Benefits</b>			
Member benefits recognised as liabilities rather than equity:			
Defined contribution member liabilities	-	5,197,162	5,197,162
Defined benefit member liabilities	-	1,875,926	1,875,926
<b>Total</b>		<b>7,073,088</b>	<b>7,073,088</b>
<b>Equity</b>			
Member benefit recognised as liabilities rather than equity:			
<b>Member Benefits</b>	<b>7,073,088</b>	<b>(7,073,088)</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(b) Adoption of AASB 1056 (continued)**

The adoption of AASB 1056 had the following impact on the income statement at the transition date of 1 July 2016 for the year ended 30 June 2016:

Description	As previously reported as at 30 June 2016 \$000	Transition adjustment \$000	Restated balance as at 30 June 2016 \$000
Profit before income tax previously reported	489,232		489,232
Change in measurement from net market value to fair value:			
Changes in assets measured at fair value		577	577
Contributions, rollovers and other inward transfers and benefits paid to members are transferred to the statement of changes in member benefits:			
Member contributions		(65,142)	(65,142)
Spouse contributions		(119)	(119)
Employer contributions		(334,280)	(334,280)
Transfers in from other super plans		(363,897)	(363,897)
Pensions paid		65,757	65,757
Member withdrawals and deductions		392,201	392,201
Insurance proceeds		(11,367)	(11,367)
Insurance premiums		13,975	13,975
Super contributions surcharge		15	15
<b>Net profit from operating activities</b>	<b>489,232</b>	<b>(302,280)</b>	<b>186,952</b>
Benefits allocated to member accounts		(132,824)	(132,824)
<b>Net profit before income tax</b>		<b>(435,104)</b>	<b>54,128</b>
Income tax expense/(benefit)	(42,714)	46,602	3,888
<b>Net profit after income tax</b>	<b>446,518</b>	<b>(388,502)</b>	<b>58,016</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(c) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 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 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.
- 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(c) New accounting standards and interpretations (continued)**

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 against the early adoption of AASB 9. Management does not expect this will have a significant impact on the Fund's financial statements.

**(d) Consolidation**

The Fund is an investment entity and, as such, does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value.

Refer to Note 2(e) for further details.

**(e) Financial assets and liabilities**

*(a) Classification*

The fund classifies its financial assets and liabilities into the categories below in accordance with AASB 139.

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 fair values. Gains or losses on investments and derivatives are recognised in the Income Statement in the period in which they occur.

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).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(e) Financial assets and liabilities (continued)**

*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 derivatives exposures.

Fair 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 2017.

*Shares in unlisted companies:*

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

*Short-term deposits:*

Outstanding principal and interest as at the reporting date.

*Units in managed funds and property trusts:*

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(e) Financial assets and liabilities (continued)**

*(b) Recognition*

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

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

*(c) De-recognition*

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

- i. The rights to receive cash flows from the asset have expired; or
- ii. 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
- iii. Either (a) the Fund has transferred substantially all the risks and rewards 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

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

*(d) Initial recognition*

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the income statement.

*(e) Subsequent measurement*

After initial measurement, the Fund measures investments and derivatives at fair value through profit or loss. Subsequent changes in fair value of those investments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'Interest' according to the terms of the contract. Dividend revenue is recorded in 'Dividend revenue'.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(f) Fair Value Measurement**

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund.

The fair value of the asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 15(a).

**(g) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consists of cash and short-term deposits as defined above.

**(h) Receivables and payables**

Receivables are carried at nominal amounts due which approximate fair 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. Objective evidence may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(h) Receivables and payables (continued)**

Payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of financial year that are unpaid when the Fund becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled on 30 day terms.

**(i) Plant and equipment**

Plant and equipment including leasehold improvements are carried at historical cost less accumulated depreciation and any accumulated impairment losses which approximate to fair value.

**(j) 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, regardless of when the payment is received. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

*Changes in fair values:*

Changes in the fair value of investments and derivatives are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point and recognised in the income statement.

*Interest:*

Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and recognised in the income statement.

*Dividends and distributions:*

Dividend and distribution revenue is recognised when the Fund's right to receive payment is established. Revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the income statement.

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 financial position as a receivable.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(k) Income tax**

The Fund is a complying superannuation fund for the purpose of the provisions of the Income Tax Assessment Act 1997. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income.

Income tax in the Income Statement for the year comprises current and deferred tax.

Current tax assets and liabilities are measured as the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred 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 tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred 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.
- When the taxable temporary difference is associated with investments in subsidiaries, associated or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probably that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses. Deferred tax assets are recognised 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(k) Income Tax (continued)**

Unrecognised deferred 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.

Deferred 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.

**(l) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or expense item or as part of the cost of acquisition of the asset, as applicable; or
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

**(m) Superannuation contributions surcharge**

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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(m) Superannuation contributions surcharge (continued)**

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.

**(n) Foreign currency**

The functional and presentation currency of the Fund is Australian Dollars, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions in foreign currencies are initially recorded in the functional currency spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot 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 a previous financial statement report, are recognised in the income statement 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.

**(o) Member liabilities**

Defined benefit members liabilities are measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due.

Defined contribution member liabilities are measured as the amount of member account balances as at reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(p) Reserves**

The Trustee has created five categories of reserves as follows:

*Operational Risk Reserve:*

Established to meet the requirements of Superannuation Prudential Standard 114 "Operational Risk Financial Requirement", this reserve is intended to provide financial resources to address losses that may arise from operational risks. The target funding level for this reserve is 25 basis points (or 0.25%) of total member entitlements, and is managed within a range of 23 to 27 basis points. The reserve is monitored on an on-going basis and replenished with additional funds in the event the balance falls below the lower tolerance limit.

*Administration and General Purpose Reserve:*

Established to facilitate the finance of current and future operational requirements of the Fund, this reserve is available to meet both day-to-day operational costs as well as one-off approved expenditures considered to be in the long-term interests of members. The amount held is set at nominally 15 basis points (or 0.15%) of total member entitlements and managed within a range of 10 to 25 basis points. The appropriate target level is established annually through the business planning process.

*Other Reserve:*

Established for capital expenditure purposes such as plant and equipment purchased to facilitate the operation of the Fund.

*Investment Tax Timing Reserve:*

Reflects investment tax yet to be attributed to members due to timing differences between the reporting date of financial statements and payment dates of tax commitments & refund entitlements. The 30 June balance of this reserve always reverts to zero in the following financial year with members obtaining the value of the reserve via investment option unit prices.

*Self-insurance Reserve:*

Established to fund the future service component of the death and disability benefits of certain defined benefit members, this reserve is funded by relevant defined benefit employers. The amount held is determined by the Fund's actuary and reviewed on an on-going basis.

Further detail on the movement in reserve balances over the reporting period is provided in Note 22.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(q) Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been represented to be consistent with current period disclosures.

*Fair Value of Investments*

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including a discounted cashflow model (DCF model). The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

*Assessment as investment entity*

The Fund fulfils the definition criteria of an investment entity and has elected to adopt the exemption from consolidation afforded by AASB 10 'Consolidated Financial Statements' (AASB10) and does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value.

The Fund meets the criteria which define an investment entity because the Fund:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund's product disclosure statement details its objectives of providing services to members which include investing in equities, fixed income securities and private equity for the purpose of returns in the form of investments income and capital appreciation.

The Fund reports to its members via an annual report, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by AASB 1056 in the Fund's annual report. The Fund has a clearly documented exit strategy for all of its investments.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(q) Significant accounting judgements, estimates and assumptions (continued)**

The Fund held 100% of South Australian Ports Trust and Equisuper Holdings Pty Ltd as at 30 June 2017. However, the entities are not consolidated because the Fund has elected to adopt the exemption from consolidation afforded by AASB10.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristic changes.

*Valuation of defined benefit member liabilities*

The amount of member liabilities in relation to defined benefit has been determined using actuarial valuation techniques and assumptions. An actuarial valuation involves making various assumptions about the future. Actual developments in the future may differ from these assumptions. The assumptions relate to member turnover, future investment returns, pension indexation rates, mortality rates and future salary increases. Due to the complexities involved in the valuation and its long term nature, defined benefit member liabilities are highly sensitive to changes in these assumptions. Assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, the actuary considers an investment portfolio that reflects the opportunities reasonably available to the Fund in the investment markets, and also reflects the Fund's actual investments and investment strategy in respect of defined benefit member liabilities.

The mortality assumption is based on publicly available mortality tables. Future salary increases are based on Wage Price Index produced by the Australian Bureau of Statistics and in consultation with employer-sponsors.

**(r) Netting off financial instruments**

Financial assets and financial liabilities are only offset and the net amount presented in the balance sheet when, and only when, the Fund has a legally enforceable right to set off the recognised amounts and it is intended either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise stated in the notes. Where necessary, certain comparative amounts have been reclassified to conform to the current year's presentation.

**(s) Insurance**

The Fund acts in the capacity of an agent with respect to insurance arrangements.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. Summary of significant accounting policies (continued)**

**(t) Climate change**

The Trustee company incorporates the risks associated with climate change into the investment process. This is in line with Equipsuper's Corporate Social Responsibility Policy and Equipsuper's Investment Beliefs Document.

**3. Defined contribution member liabilities**

Defined contribution member account balances are determined by unit prices that are determined based on the underlying investment movements.

Defined contribution members bear the investment risk relating to the underlying assets and unit prices used to measure the member liabilities. Unit prices are updated daily. Refer to Note 14 for the Fund's management of the investment risks.

At 30 June 2017 all net assets attributable to defined contribution members have been allocated to those members (2016: nil unallocated). Defined contribution member liabilities 100% vest.

**4. Defined benefit member liabilities**

The Fund engages qualified actuaries on an annual basis to measure the defined benefit members' liabilities. The Fund has no information that would lead it to adjust the assumptions from the previous reporting period.

The actuarial valuation of member liabilities reflect the actuarial assessment of the benefits accrued up to the reporting date and payable to members on retirement, resignation, death and disability. This assessment may result in an employer being required to make additional contributions to the sub plan. The defined benefit sub plans are quarantined from the other assets of the Fund. In an event that the assets of a particular sub plan are not adequate to provide for members' liabilities and if the employer contributions are insufficient, the member liabilities are limited to the assets of the particular sub plan.

The main assumptions used to determine the value of the accrued benefits for the sub-funds were:

- The future rate of investment return (net of investment taxes and net of investment management fees)
- The future rate of salary growth; and
- The future rate of pension increases.

Relevant assumptions are disclosed in the following table.

The defined benefit members' liabilities have changed in the current financial year as a result of salary increases and additional service accrual.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**4. Defined benefit member liabilities (continued)**

The appointed actuary reports to management semi-annually on the status of the defined benefit sub plans. Where a sub plan is in or is likely to enter an unsatisfactory financial position, the report sets out any remedial action and agreed rectification programs in respect of each employer.

The Trustee has a number of steps in place to manage the risks associated with defined benefit sub plans. The Trustee has appointed external consulting actuaries to advise on risks, including establishing suitable funding objectives. These funding objectives and the defined benefit sub plans circumstances are taken into account by the actuaries when recommending the required employer contribution levels.

The Trustee also uses sensitivity analysis to monitor the potential impact of changes to key variables about which assumptions need to be made. The fund has identified two assumptions (being the discount rate and the rate of salary adjustment) for which changes are reasonably possible that would have a material impact on the amount of the defined benefit member liabilities.

- i. The assumed discount rate has been determined by reference to the investment returns expected on an investment portfolio that reflects the opportunities reasonably available to the Fund in the investment markets, and also reflects the fund's actual investments and investment strategy in respect of defined benefit member liabilities. The assumed discount rate is dependent on the specific investment strategy selected by the employer for their defined benefit sub plan.
- ii. The assumed annual salary adjustment has been determined by reference to the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors. The rate applied to each defined benefit sub plan is specific to the employer.

The other variables about which assumptions have been made in measuring defined benefit member liabilities and for which changes are not considered reasonably possible, or for which reasonably possible changes would not be expected to have a material effect, include: pension indexation rates, mortality rates and resignations.

The tables on the following pages list sensitivity calculations on a univariate basis for investment return and rate of salary adjustment assumptions for the defined benefit sub plans. The identification codes for sub plans with 5 members or less have been modified with the denotation of XX to maintain member privacy.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**4. Defined benefit member liabilities (continued)  
2017 Sensitivity Analysis**

DB sub plan	Assumption for sub plans assumed at reporting date		Amount of increase/(decrease) in member liabilities \$'000	
	Discount rate	Salary adjustment rate	Reasonable possible change in Discount rate -1%pa	Reasonable possible change in Salary adjustment rate +1%pa
EQ9004	6.3%	4.75%	3,924	2,735
EQ9023	6.3%	5.25%	24,865	20,889
EQ9037	6.3%	4.25%	1,156	1,034
EQ9011	6.3%	0.00%	-	-
EQ9022	6.3%	0.00%	-	-
EQ9018	6.3%	4.75%	6,455	4,952
EQ90XX	6.3%	3.25%	80	80
EQ9021	6.3%	5.25%	5,554	4,295
EQ9048	6.3%	3.75%	5,369	4,987
EQ9009	3.4%	4.25%	849	805
EQ9032	6.3%	5.25%	17,855	17,018
EQ9074	6.3%	4.75%	12,378	11,352
EQ9008	6.3%	3.75%	589	516
EQ9084	6.3%	4.25%	7,762	6,954
EQ9045	6.3%	0.00%	-	-
EQ9030	6.3%	4.25%	1,032	469
EQ90XX	6.3%	4.75%	21	21
EQ9046	6.3%	5.25%	1,138	812
EQ90XX	6.3%	3.25%	47	47
EQ9028	6.3%	4.25%	1,474	834
EQ90XX	6.3%	3.75%	34	34
EQ9024	6.3%	3.25%	3,297	2,907
EQ9047	6.3%	3.75%	1,562	1,448
EQ9049	6.3%	4.25%	1,530	1,530
EQ90XX	6.3%	2.75%	213	120
EQ9039	6.3%	4.25%	3,434	2,511
EQ90XX	6.3%	4.25%	36	21
EQ9056	6.3%	3.25%	209	209
EQ9062	6.3%	3.25%	233	233
EQ9051	6.3%	3.75%	-	-
EQ9054	6.3%	3.75%	7,186	7,056
EQ9010	6.3%	5.75%	5,785	5,785
EQ9064	6.3%	5.25%	378	313
EQ9073	6.3%	4.25%	613	613
EQ9078	6.3%	3.75%	47	47
EQ90XX	6.3%	4.25%	2	2
EQ90XX	6.3%	3.25%	-	-
EQ9086	6.3%	4.75%	148	109
EQ9092	6.3%	4.75%	2,483	2,483
EQ9093	5.5%	4.0%	-	-
EQ9094	5.2%	3.75%	1,795	1,795
EQ9095	5.0%	3.5%	47	47
EQ9096	6.0%	3.25%	1,324	1,324
EQ9097	6.25%	3.25%	4,254	3,954
EQ9098	5.0%	3.50%	283	283
EQ9993	6.7%	0.0%	158	-
EQ9994	6.7%	0.0%	392	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**4. Defined benefit member liabilities (continued)  
2016 Sensitivity Analysis**

DB sub plan	Assumption for sub plans assumed at reporting date		Amount of increase/(decrease) in member liabilities \$000	
	Discount rate	Salary adjustment rate	Reasonable possible change in Discount rate -1%pa	Reasonable possible change in Salary adjustment rate +1%pa
EQ9004	6.30%	4.75%	4,149	3,110
EQ9023	6.30%	5.25%	25,825	20,050
EQ9037	6.30%	4.25%	1,311	964
EQ9011	6.30%	0.00%	37	-
EQ9022	6.30%	0.00%	156	-
EQ9018	6.30%	4.75%	6,721	4,192
EQ90XX	6.30%	3.25%	71	64
EQ9021	6.30%	5.25%	15,547	13,397
EQ9048	6.30%	3.75%	5,502	4,561
EQ9009	3.40%	4.25%	809	623
EQ9032	6.30%	5.25%	18,652	15,207
EQ9074	6.30%	4.75%	12,585	10,088
EQ9008	6.30%	3.75%	505	401
EQ9084	6.30%	4.25%	7,493	5,910
EQ9045	6.30%	0.00%	12	-
EQ9030	6.30%	4.25%	1,368	597
EQ90XX	6.30%	4.75%	20	20
EQ9046	6.30%	5.25%	1,424	659
EQ90XX	6.30%	3.25%	44	32
EQ9028	6.30%	4.25%	1,428	542
EQ90XX	6.30%	3.75%	32	16
EQ9024	6.30%	3.25%	3,520	3,196
EQ9047	6.30%	3.75%	1,602	1,507
EQ9049	6.30%	4.25%	1,500	1,510
EQ90XX	6.30%	2.75%	364	263
EQ9039	6.30%	4.25%	3,427	2,425
EQ90XX	6.30%	4.25%	52	30
EQ9056	6.30%	3.25%	166	137
EQ9062	6.30%	3.25%	230	156
EQ9051	6.30%	3.75%	-	-
EQ9054	6.30%	3.75%	1,449	1,062
EQ9010	6.30%	5.75%	5,311	4,969
EQ9064	6.30%	5.25%	440	348
EQ9073	6.30%	4.25%	564	567
EQ9078	6.30%	3.75%	47	44
EQ90XX	6.30%	4.25%	2	2
EQ90XX	6.30%	3.25%	2	3
EQ9086	6.30%	4.75%	145	110
EQ9092	6.30%	4.75%	2,368	2,014
EQ9093	5.50%	4.00%	1,385	1,164
EQ9094	5.20%	3.75%	1,726	1,371
EQ9095	5.00%	3.50%	523	505
EQ9096	6.00%	3.25%	1,327	1,033
EQ9993	6.70%	0.00%	165	-
EQ9994	6.70%	0.00%	456	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**5. Defined benefit plans that are over/(under) funded**

DB sub plan	2017 \$000	2016 \$000
EQ9004	12,775	11,340
EQ9023	50,297	34,285
EQ9037	6,915	6,303
EQ9011	-	(63)
EQ9022	-	357
EQ9018	25,392	19,911
EQ90XX	839	765
EQ9021	9,999	15,065
EQ9048	33,964	29,440
EQ9009	54	857
EQ9032	34,316	27,208
EQ9074	38,741	28,010
EQ9008	3,444	2,759
EQ9084	31,438	24,438
EQ9045	-	191
EQ9030	6,787	5,309
EQ90XX	737	654
EQ9046	3,930	2,264
EQ90XX	974	931
EQ9028	5,027	3,941
EQ90XX	118	65
EQ9024	33,377	29,387
EQ9047	9,719	8,275
EQ9049	12,517	10,350
EQ90XX	1,387	1,691
EQ9039	18,285	14,696
EQ90XX	2,381	2,178
EQ9056	982	574
EQ9062	3,520	2,850
EQ9051	273	275
EQ9054	7,742	5,394
EQ9010	2,520	(1,867)
EQ9064	1,681	842
EQ9073	6,392	5,781
EQ9078	93	66
EQ90XX	157	359
EQ90XX	115	81
EQ9086	637	416
EQ9092	6,329	4,753
EQ9093	6,863	7,220
EQ9094	8,145	8,709
EQ9095	1,084	7,874
EQ9096	17,224	20,633
EQ9097	3,833	-
EQ9098	(168)	-
EQ9993	2,820	2,492
EQ9994	3,577	2,636
Pensions backed by annuity	24	21
DB division accrued expenses	-	(1,908)
	<b>417,256</b>	<b>347,808</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**5. Defined Benefit Plans that are over or (under) funded (continued)**

As at 30 June 2017 the assets of the Corporate Plan Defined Benefit Division in aggregate were \$417 million above the Accrued Benefits in that Division (2016: \$348 million above). The Corporate Plan Defined Benefit Division is made up of 45 separately funded plans and accrued benefit liabilities, which on an individual basis have different levels of funding. All sub plans are contributing at the rate recommended by the actuaries. As at the 30 June 2017, 1 plan was under funded to the value of \$168k. The Actuary of this plan will be recommending that the employer-sponsor make contributions, which according to current assumptions, will result in member liabilities being full funded in 3 years.

The identification codes for sub plans with 5 members or less have been modified with the denotation of XX to maintain member privacy.

**6. Contributions receivable**

There are no employer sponsored contributions receivable as at 30 June 2017 (2016: Nil).

**7. Funding arrangements**

The employers have contributed to the fund during the financial year at a rate of at least 9.5% (2016: 9.5%) of the gross salaries of those employees who were defined contribution members of the Fund. The employers for the defined benefit members have contributed to the fund during the financial year at the rate determined by the actuaries. Employees are also able to make voluntary contributions.

**8. Investments at fair value**

	<b>2017 \$'000</b>	<b>2016 \$'000</b>
Cash and deposits	1,025,354	856,902
Derivatives	16,685	12,510
Listed equities	3,324,302	3,340,694
Listed property trusts, Listed unit trusts	283,689	370,213
Other interest bearing securities	1,976,993	1,666,159
Unlisted equities	113,056	86,510
Unlisted unit trusts	1,489,693	1,199,970
Unlisted partnerships	89,065	45,925
Annuity	1,657	1,690
	<u>8,320,494</u>	<u>7,580,573</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**9. Changes in fair value of investments**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<b>Investments held at balance date</b>		
Total unrealised gains/(losses)	446,698	75,547
Total realised gains/(losses)	152,316	(63,887)
<b>Changes in fair value of investments</b>	<b><u>599,014</u></b>	<b><u>11,660</u></b>

The increase in fair value of investments is largely due to strong performance of international and Australian equity markets.

\*The amounts recorded as 'realised during the year' above is the difference between the fair value at sale and the carrying amount at the beginning of the reporting period or when acquired, if acquired during the year.

**10. Auditor's remuneration**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Auditor's remuneration is paid by the Trustee company and reimbursed by the Fund on a cost recovery basis:		
Ernst & Young		
- Audit of the Fund	138	106
- Other Services of the Fund	13	12
Total Auditor's Remuneration	<b><u>151</u></b>	<b><u>118</u></b>

**11. Income tax**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<b>(a) Major components of income tax expenses for the years ended 30 June 2016 and 2017:</b>		
<b>Current tax expense</b>		
Current tax charge	20,416	3,319
Adjustment in respect of current income tax of previous years	(1,073)	(2,252)
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	29,153	(4,955)
<b>Total tax expense/(benefit) as reported in income statement</b>	<b><u>48,496</u></b>	<b><u>(3,888)</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**11. Income tax (continued)**

<b>(b) Reconciliation between income tax expenses and the accounting profit before income tax:</b>	<b>2017 \$000</b>	<b>2016 \$000</b>
Profit/(loss) from operating activities	786,989	186,952
Income tax at 15%	118,048	28,042
Increase in tax expense due to:		
Under/(over) provision in prior years	(1,073)	(2,252)
Pension exemption	(8,349)	(4,801)
Difference between accounting and tax	(5,624)	3,869
Discount on capital gains and realized loss offset	(26,262)	708
Net imputation and foreign tax credits	(28,244)	(29,454)
<b>Income tax expense/(benefit) reported in the income statement</b>	<b>48,496</b>	<b>(3,888)</b>

**(c) Deferred tax**

Deferred tax at 30 June relates to the following:

Type of Temporary Difference	2017			2016		
	Opening balance \$000	Charged to income \$000	Closing balance \$000	Opening balance \$000	Charged to income \$000	Closing balance \$000
<b>Deferred tax assets</b>						
Fund expenses accrued but not incurred	1,541	(582)	959	996	545	1,541
Unrealised losses on investments	-	-	-	-	-	-
	<u>1,541</u>	<u>(582)</u>	<u>959</u>	<u>996</u>	<u>545</u>	<u>1,541</u>
<b>Deferred tax liabilities</b>						
Accrued income	(4,144)	458	(3,686)	(3,722)	(422)	(4,144)
Prepaid expenses	(15)	15	-	(15)	-	(15)
Unrealised gains on investments	(116,735)	(29,044)	(145,779)	(121,567)	4,832	(116,735)
	<u>(120,894)</u>	<u>(28,571)</u>	<u>(149,465)</u>	<u>(125,304)</u>	<u>4,410</u>	<u>(120,894)</u>
<b>Net deferred tax asset/(liability)</b>	<b>(119,353)</b>	<b>(29,153)</b>	<b>(148,506)</b>	<b>(124,308)</b>	<b>4,955</b>	<b>(119,353)</b>

The Fund offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**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

M.J. Clinch

J.C. Dekker

S.L. Jericevic (Retired 30 April 2017)

R.C. Jervis-Read (Retired 30 June 2017)

P. Leary

A.J. Pickering (Retired 30 April 2017)

J. Simon

J.S. Hickey (Appointed 1 July 2017)

M.N. Cerche (Appointed 1 July 2017)

W.E. Walker (Appointed 1 July 2017)

Key Management Personnel during the financial year were:

N. Vamvakas (Chief Executive Officer - Acting since 30 June 2016, formally appointed 1 July 2017 and Executive Officer, Risk)

G.R. Brooks (Executive Officer, Strategic Marketing and Communications)

J.M. Farrington (Executive Officer, Corporate Relationships)

S.J. Guthleben (Executive Officer, People, Culture and Process)

T. Rieck (Executive Officer, Investment Strategy - appointed 15 July 2016)

J.J. Sadler (Executive Officer, Member Relationships)

M.G. Strachan (Chief Investment Officer - resigned 15 July 2016).

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 2017**

**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:

	2017 \$	2016 \$
Short-term benefits	2,584,788	3,788,134
Post-employment benefits	182,896	225,645
Other long-term benefits	228,022	358,260
Termination benefits	644,259	-
<b>Total</b>	<b><u>3,639,965</u></b>	<b><u>4,372,039</u></b>

Remuneration of Directors for the year ended 30 June:

Director	2017 Total remuneration (including superannuation)	2016 Total remuneration (including superannuation)
A.E.J. Fairley	143,744	141,899
J. Azaris	83,850	82,774
B.G. Beeren (Retired 31 March 2016)	-	57,372
M.J. Clinch (Appointed 1 April 2016)	71,872	17,737
J.C. Dekker (Appointed 1 April 2016)	71,872	17,737
G.N. Hade (Retired 31 March 2016)	-	57,647
S.L. Jericevic (Appointed 1 April 2016)	59,893	17,737
R.C. Jervis-Read	71,872	75,229
P. Leary (Appointed 17 July 2015)	77,653	69,292
A.J. Pickering	74,867	88,687
J. Simon	77,861	72,428
T. M. Swingler (Retired 31 March 2016)	-	53,214
<b>Total Directors</b>	<b>733,484</b>	<b>751,753</b>

- 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**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	2017 Salary (including super- annuation)	2017 Incentive payment	2017 Total remuneration (including super- annuation)	2016 Salary (including super- annuation)	2016 Incentive payment	2016 Total remuneration (including super- annuation)
N. Vamvakas	305,452	72,915	<b>378,367</b>	243,050	54,682	<b>297,732</b>
D.F. Press*	-	-	-	453,266	502,151	<b>955,417</b>
G.R. Brooks	213,377	105,509	<b>318,886</b>	205,171	81,613	<b>286,784</b>
J.M. Farrington	247,996	119,041	<b>367,037</b>	244,313	109,721	<b>354,034</b>
S.J Guthleben	197,374	104,491	<b>301,865</b>	197,374	83,084	<b>280,458</b>
P.M. Marshall**	-	-	-	184,261	59,996	<b>244,257</b>
T. Rieck	298,395	75,000	<b>373,395</b>	250,000	-	<b>250,000</b>
J.J. Sadler	253,772	118,187	<b>371,959</b>	244,458	120,220	<b>364,678</b>
M.G. Strachan***	794,972	-	<b>794,972</b>	409,007	177,919	<b>586,926</b>
<b>Total Executives</b>	<b>2,311,338</b>	<b>595,143</b>	<b>2,906,481</b>	<b>2,430,900</b>	<b>1,189,386</b>	<b>3,620,286</b>
<b>Total Directors and Executives</b>	<b>3,044,822</b>	<b>595,143</b>	<b>3,639,965</b>	<b>3,182,653</b>	<b>1,189,386</b>	<b>4,372,039</b>

- \*The Executive ceased employment on 30 June 2016. The remuneration included annual leave entitlements.
- \*\* The Executive ceased employment on 30 December 2015. The remuneration included long service leave entitlements.
- \*\*\*The Executive ceased employment on 15 July 2016. The remuneration included annual leave and long service leave entitlements and termination benefits.
- 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.

The Trustee Company's remuneration policy sets out the remuneration philosophy, principles and governance on executive remuneration which is designed to attract, motivate and retain high performing individuals and align the interests of stakeholders. Executive remuneration is set by reference to external benchmark data based on comparable roles in other financial services organisations and is market competitive. Incentives are based on sustainable performance that reflects the Fund's strategic priorities, business goals and objectives. It is also based on both financial and non-financial key performance indicators, supports the Fund's risk management objectives and does not reward excessive risk taking.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**12. Related parties (continued)**

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.

**b. 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 \$29,387,215 (2016: \$29,511,011). The amounts due and payable at balance date were \$4,294,000 (2016: \$5,821,295).

The fees paid as a reimbursement to Equipsuper Asset Management Pty Ltd by the Fund during the year (including the amount of GST not recoverable from the ATO) were \$12,855,065 (2016: \$0). The amounts due and payable at balance date were \$5,926,690 (2016: \$0).

The service fees paid to Equipsuper Financial Planning Pty Ltd by the Fund during the year (including the amount of GST not recoverable from the ATO) were \$1,781,145 (2016: \$1,679,890). The amounts due and payable at balance date were \$106,858 (2016: NIL).

The Fund sold its shareholding in Equipsuper Financial Planning Pty Ltd to Equipsuper Financial Holdings Pty Ltd on 2 May 2016 for \$100,000 as part of the corporate restructure of the Fund's Trustee Company Equipsuper Pty Ltd. The Fund held 100% of Equipsuper Financial Planning Pty Ltd prior to its sale however it did not consolidate Equipsuper Financial Planning Pty Ltd as it was not material to the Fund, but measured this investment at fair value through profit and loss.

The Fund holds 100% of the controlled entities Equipsuper Holdings Pty Ltd and the South Australia Ports Trust. The Fund's investment in these controlled entities is measured at fair value through profit and loss as the Fund elected to adopt the exemption from consolidation afforded by AASB10 for investment entities.

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 (2016: \$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 arms-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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 13. Segment information

The Fund operates in one business segment, being the provision of superannuation benefits to members. The Fund also operated from one reportable geographic segment, being Australia, from where its activities are managed. Whilst the Fund operates from Australia only, the Fund has investment exposures in different countries and across different industries. Revenue is derived from interest, dividends, realised gains on sales of investments and unrealised changes in values of investments.

### 14. Financial risk management objectives and policies

#### Introduction

The Fund's principal financial instruments comprise units in unlisted unit trusts, equity securities, annuities, private equity, fixed interest securities, cash and short-term deposits. The main purpose of these financial instruments is to generate a return on investment.

The Fund also enters into derivative transactions, principally fixed interest futures and forward foreign exchange contracts. The main purpose of this is to manage financial risks associated with the Fund's investment transactions, and as a means to effect change in the asset mix. Investments in derivatives are not used to gear the Fund's investment portfolio, and are limited to the asset allocation limits for the underlying investment class.

The Fund also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations and are mainly current in nature.

Risk is inherent in the Fund's activities but it is managed through the process of ongoing identification, measurement, monitoring, imposition of risk limits and other controls. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk.

#### (a) Risk management structure

The Trustee is responsible for identifying and controlling the risks that arise from the financial instruments held and does this through the Fund's Risk Management Framework. The framework is composed of Risk management policies and systems which are reviewed regularly to reflect changes in market conditions and the Fund's activities.

Compliance with the framework is subject to regular review both by management and the Board and also via an annual audit.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**14. Financial risk management objectives and policies (continued)**

**(a) Risk management structure (continued)**

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.

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 except for 0.51% (2016: 0.65%) of investments which are not held by the 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.

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 members' 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**14. Financial risk management objectives and policies (continued)**

**(b) Credit risk**

The Fund is exposed to the risk of credit related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values (i.e. derivative assets). The risk associated with these contracts is minimised by undertaking transactions with high quality counterparties on recognised exchanges, and ensuring that transactions are undertaken with a number of counterparties.

There are no significant financial assets that are past due or impaired (2016: nil). Credit risk is not considered to be significant to the Fund except in relation to investments in debt securities.

***Credit quality per class of debt instrument***

The Fund primarily 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 uses National Australia Bank as its custodian. Other than that relationship, the Fund does not have any significant exposure to any individual counterparty.

The fair value of financial assets included in the Statement of Financial Position 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 2017**

	Short term rating		Long term rating						Total
	A1 \$000	A2 \$000	AAA \$000	AA \$000	A \$000	BBB \$000	Non- investment grade \$000	Not- rated \$000	
Cash and deposits	1,025,354	-	-	-	-	-	-	-	1,025,354
Discount securities	643,920	14,338	-	-	-	-	-	-	658,258
Fixed interest securities	-	-	240,540	182,182	166,529	94,051	210,887	1,808	895,997
Indexed securities	-	-	43,330	45,678	2633	1,429	-	-	93,070
Floating rate notes	-	-	42,471	111,767	32,100	51,188	1,935	3,550	243,011
Mortgage securities	-	-	27,668	8,247	6,102	2,523	7,251	341	52,132
Loans	-	-	-	-	-	1,836	17,399	15,290	34,525
<b>Total other interest bearing securities</b>	<b>643,920</b>	<b>14,338</b>	<b>354,009</b>	<b>347,874</b>	<b>207,364</b>	<b>151,027</b>	<b>237,472</b>	<b>20,989</b>	<b>1,976,993</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**14. Financial risk management objectives and policies (continued)**

**(b) Credit risk (continued)**

30 June 2016

	Short term rating		Long term rating						Total
	A1 \$000	A2 \$000	AAA \$000	AA \$000	A \$000	BBB \$000	Non- investment grade \$000	Not- rated \$000	
<b>Cash and deposits</b>	856,902	-	-	-	-	-	-	-	<b>856,902</b>
Discount securities	450,499	11,975	-	-	-	-	-	-	462,474
Fixed interest securities	-	-	189,643	232,957	159,740	112,837	200,257	-	895,434
Indexed securities	-	-	8,170	6,305	-	13,018	-	-	27,493
Floating rate notes	-	-	29,863	94,555	35,902	41,191	534	-	202,045
Mortgage securities	-	-	18,146	17,765	3,517	6,288	10,864	-	56,580
Loans	-	-	-	-	-	1,968	19,130	1,035	22,133
<b>Total other interest bearing securities</b>	<b>450,499</b>	<b>11,975</b>	<b>245,822</b>	<b>351,582</b>	<b>199,159</b>	<b>175,302</b>	<b>230,082</b>	<b>1,035</b>	<b>1,666,159</b>

***Risk concentrations of the maximum exposure to credit risk***

Concentration of credit risk is managed by counterparty and by geographical region. The Fund's financial assets in interest bearing securities except cash and deposits can be analysed by the following geographic regions:

	2017 \$'000	2016 \$'000
Australia	1,252,645	1,029,152
North America	475,752	395,497
Europe	117,325	123,742
Asia	35,097	25,363
Other	96,174	92,405
<b>Total</b>	<b>1,976,993</b>	<b>1,666,159</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**14. Financial risk management objectives and policies (continued)**

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund's significant financial liabilities are benefits payable to members, payables and current tax liabilities.

The Fund manages its obligation to pay member liabilities on an expected maturity basis based on management's estimates of when such funds will be drawn down by members. The Fund considers it is highly unlikely that all members will request to roll over their superannuation fund account at the same time.

Other financial liabilities of the Fund comprise payables which are contractually due within 30 days and derivative liabilities comprising foreign exchange contracts payable within 12 months.

<b>As at 30 June 2017</b>	<b>Carrying Amount \$'000</b>	<b>Less than 1 month \$'000</b>	<b>1-6 months \$'000</b>	<b>&gt;6 months \$'000</b>
<b>Financial liabilities</b>				
Net settled derivatives	1,904	-	1,904	-
Unsettled investment accruals	31,361	31,361	-	-
Other payables	11,876	-	11,876	-
Income tax payable	4,857	-	4,857	-
Member liabilities	7,737,394	7,737,394	-	-
<b>Total financial liabilities</b>	<b>7,787,392</b>	<b>7,768,755</b>	<b>18,637</b>	<b>-</b>

<b>As at 30 June 2016</b>	<b>Carrying Amount \$'000</b>	<b>Less than 1 month \$'000</b>	<b>1-6 months \$'000</b>	<b>&gt;6 months \$'000</b>
<b>Financial liabilities</b>				
Net settled derivatives	3,889	-	995	2,894
Unsettled investment accruals	23,112	23,112	-	-
Other payables	13,408	-	13,408	-
Income tax payable	2,663	-	2,663	-
Member liabilities	7,073,088	7,073,088	-	-
<b>Total financial liabilities</b>	<b>7,116,160</b>	<b>7,096,200</b>	<b>17,066</b>	<b>2,894</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**14. Financial risk management objectives and policies (continued)**

**(c) Liquidity risk (continued)**

Financial assets that are available in cash or are readily convertible to cash within one business day to meet the above financial liabilities are \$1,315 million (2016: \$941.3 million).

**(d) Market risk**

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is minimised through ensuring that all investments activities are undertaken in accordance with established mandate limits and investment strategies.

The Fund also enters into derivative transactions, principally fixed interest futures and foreign exchange contracts, to economically hedge against adverse price movements in the value of financial assets and mitigate market risk.

***Interest rate risk***

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The fund has set investment allocation ranges to meet its objectives of holding a balanced portfolio, including limits on investments in interest bearing assets, which are monitored regularly. The Fund may use derivatives to hedge against unexpected increases in interest rates.

Financial assets of the fund exposed to interest rate risk are cash and cash equivalents and other interest bearing securities.

The sensitivity of the statement of financial position is the effect of the assumed changes in interest rates on:

- The interest income for one year, based on the floating rate financial assets held at the balance date; and
- Changes in fair value of investments for the year based on revaluing fixed rate financial assets at the balance date.

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Investments		
Cash and short-term deposits	1,025,354	856,902
Other interest bearing securities	1,976,993	1,666,159
	<u>3,002,347</u>	<u>2,523,061</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**14. Financial risk management objectives and policies (continued)**

**(d) Market risk (continued)**

***Interest rate risk (continued)***

The following table demonstrates the sensitivity of the Fund's statement of financial position and income statement to a change in the Reserve Bank of Australia's official cash interest rates and global interest rates, with all other variables held constant.

Currency	2017		2016	
	Change in basis points Increase / (decrease)	Sensitivity of interest income and changes on net assets \$'000 Increase / (decrease)	Change in basis points Increase / (decrease)	Sensitivity of interest income and changes on net assets \$'000 Increase / (decrease)
AUD	50 / (50)	(10,895) / 10,899	50 / (50)	(10,730) / 10,735
USD	50 / (50)	(10,178) / 10,186	50 / (50)	(10,083) / 10,091
EUR	50 / (50)	(1,417) / 1,419	50 / (50)	(2,918) / 2,922
GBP	50 / (50)	(5,896) / 5,896	50 / (50)	(699) / 699
JPY	50 / (50)	(1,132) / 1,133	50 / (50)	(1,247) / 1,248
Others	50 / (50)	(4,970) / 4,973	50 / (50)	(4,710) / 4,713

***Currency risk***

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of significant investments held in the United States of America and Europe, the fund's statement of financial position and income statement can be affected significantly by movements in USD, GBP and EUR when translated to AUD. The Fund manages its exposure to foreign currency risk and mitigates effects of its foreign currency translation exposure by adhering to the fund mandate which limits the portion of the Fund's assets which can be invested in different currencies in addition to taking out foreign exchange contracts. This foreign exchange policy is monitored against actual on an ongoing basis throughout the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**14. Financial risk management objectives and policies (continued)**

**(d) Market risk (continued)**

**Currency risk (continued)**

The Fund's exposure to currency risk was as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
United States of America (USD)	896,547	800,227
European community (EUR)	203,362	126,917
Great Britain (GBP)	50,269	80,801
Japan (YEN)	90,191	42,408
Other currencies (OTH)	301,132	274,684
<b>Total currency exposure</b>	<b>1,541,501</b>	<b>1,325,037</b>

The table below indicates the currencies to which the Fund has significant exposure at balance date on its monetary assets and liabilities and forecast cash flows. The analysis calculates the effect of a movement of global currency rates against the Australian Dollar on the statement of financial position and income statement, with all other variables held constant.

Currency	2017		2016	
	Change in currency rate %	Effect on net asset / Investment return \$'000	Change in currency rate %	Effect on net asset / Investment return \$'000
USD	10 / (10)	51,794 / (42,377)	10 / (10)	43,202 / (35,347)
EUR	10 / (10)	4,806 / (3,933)	10 / (10)	9,983 / (8,168)
GBP	10 / (10)	5,563 / (4,551)	10 / (10)	1,460 / (1,194)
YEN	10 / (10)	14,742 / (12,062)	10 / (10)	1,896 / (1,551)

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments in the market. Equity price risk exposure arises from the Fund's investment portfolio.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**14. Financial risk management objectives and policies (continued)**

**(d) Market Risk (continued)**

***Other price risk (continued)***

Investments in the Fund that are exposed to other price risk include Australian and international equities and unlisted unit trusts.

To limit other price risk the Trustee diversifies its investment portfolio in line with the Fund's mandate. The majority of the equity investments are of high quality and are publicly traded on recognised, reputable exchanges. The Trustee monitors the Fund's exposure to various indices on an ongoing basis throughout the year ensuring the mandate is not breached.

The effect on the statement of financial position due to reasonably possible changes in market factors, as represented by the volatility of change in the individual indices over the last 10 years, with all other variables held constant, is indicated in the table below.

Index/benchmark	2017		2016	
	Change in investment price %	Effect on net asset / Investment return \$'000	Change in investment price %	Effect on net asset / Investment return \$'000
<b>Australian and International Equities</b>				
ASX 300	18 / (18)	362,463 / (362,463)	18 / (18)	380,925 / (380,925)
MSCI World ex Australia	16 / (16)	246,475 / (246,475)	16 / (16)	248,819 / (248,819)
<b>Fixed Interest</b>				
Bloomberg AusBond Composite Bond	5 / (5)	55,129 / (55,129)	18 / (18)	54,679 / (54,679)
<b>Cash</b>				
Bloomberg AusBond Bank Bill Index	1 / (1)	13,832 / (13,832)	1 / (1)	10,262 / (10,262)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**15. Fair value of financial instruments**

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

AASB 13 *Fair Value Measurement* required disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

The determination of what instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Cash and deposits	1,025,354			1,025,354
Derivatives	(884)	17,569		16,685
Listed equities	3,323,616	683	3	3,324,302
Listed property trusts, Listed unit trusts	283,689			283,689
Other interest bearing securities	3,002	1,970,766	3,225	1,976,993
Unlisted equities	4,599	418	108,039	113,056
Unlisted unit trust		1,367,546	122,147	1,489,693
Unlisted partnerships		89,065		89,065
Annuity		1,657		1,657
<b>Total investments</b>	<b>4,639,376</b>	<b>3,447,704</b>	<b>233,414</b>	<b>8,320,494</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**15. Fair value of financial instruments (continued)**

<b>30 June 2016</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Cash and deposits	467,287	389,616		856,902
Derivatives	2,573	9,937		12,510
Listed equities	3,337,955	2,631	107	3,340,694
Listed property trusts, Listed unit trusts	370,213			370,213
Other interest bearing securities		1,662,939	3,220	1,666,159
Unlisted equities		658	85,852	86,510
Unlisted unit trust		1,100,494	99,476	1,199,970
Unlisted partnerships		45,925		45,925
Annuity		1,690		1,690
<b>Total investments</b>	<b>4,178,028</b>	<b>3,213,890</b>	<b>188,655</b>	<b>7,580,573</b>

**Valuation technique**

**Other interest bearing securities and unlisted partnerships**

The Fund invests in debt securities including corporate and government bonds both directly, and indirectly via unlisted partnerships. In the absence of a quoted price in an active market, observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves are utilised. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as Level 2.

**Listed equities, listed property trusts and listed unit trusts**

When fair values of publically traded equity securities are based on quoted market prices or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Fund values these instruments at bid price for long positions and ask price for short positions.

**Private equity investments and unlisted equities**

The Fund invests in private equity companies which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Funds uses a market based valuation technique for these positions. The Fund's investment manager determines comparable public companies (peers) based on industry size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Fund classifies the fair value of these investments as Level 3.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**15. Fair value of financial instruments (continued)**

**Unlisted unit trusts**

The Fund invests in trusts, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. The Fund's investment managers consider the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Fund classifies these funds as either Level 2 or Level 3.

**Derivatives**

The Fund uses widely recognised valuation models for determining fair value of over-the counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant input models are market observable and they are therefore included within Level 2.

**Valuation process for Level 3 valuations**

The Level 3 assets of the Fund are predominantly composed of investments in Flinders Ports Holdings valued at \$242m as at 30 June 2017. Of this value, \$233m is reflected in the table above, and \$5.6m and \$3.6m are included in receivables and cash respectively. These investments are managed by the related entity Equisuper Asset Management Pty Ltd (EAM). In this capacity, EAM receives and validates a range of valuations that are produced by an external valuation consultant. The valuation process for these assets then involves The Trustee's Investment Committee reviewing this range of valuations. The Committee then selects what it deems to be the most appropriate valuation to record as the value of the asset.

There were no other changes to valuation techniques during the year.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**15. Fair value of financial instruments (continued)**

**Quantitative information of significant unobservable inputs – Level 3:**

Description	\$000*	Valuation technique	Significant unobservable inputs	Discount Rate
Floating rate notes	2017: 3,225 2016: 3,220	Face value#		
Listed equities	2017: 3 2016: 107	Last traded price		
Unlisted equities	2017: 108,039 2016: 85,852	Discounted cashflow method	Discount Rate	10.5%
Unlisted unit trusts	2017: 122,147 2016: 99,476	Discounted cashflow method	Discount Rate	10.5%

Description	Input	Sensitivity used**	Effect on fair value \$000
Unlisted equities	Discount Rate	0.34%	2,769
Unlisted unit trusts	Discount Rate	0.34%	3,151

\*The fair value of the asset would increase/decrease if the discount rate decreases/increases. The fair value of the asset would increase/decrease if the other inputs increase/decrease.

\*\*The sensitivity analysis refers to a percentage amount added or deducted from the significant unobservable input and the effect this has on the fair value.

#The Fund has adopted a conservative approach in valuing this security at Face Value as it is anticipated to be held to maturity.

**(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 periods.

	2017 \$'000	2016 \$'000
Opening balance	188,655	153,159
Total realised/unrealised gains and losses	44,759	35,496
<b>Closing balance</b>	<b>233,414</b>	<b>188,655</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**15. Fair value of financial instruments (continued)**

**(c) Transfers between Level 1 or 2 and Level 3**

There were no investments reclassified from Level 1 or 2 into Level 3 during the period (2016: Nil).

**16. Commitments and contingent liabilities**

**(a) Capital commitments**

The Fund has outstanding capital commitments in relation to uncalled capital amounts that are committed to various private equity and direct lending funds within the Growth Alternatives and Defensive Alternatives asset classes.

Commitments contracted for at the reporting date but not recognised as liabilities are expected to be settled as follows:

	2017 \$	2016 \$
Within one year	126,416,145	7,540,500
After one year but not later than five years	-	-
More than five years	-	-
	<u>126,416,145</u>	<u>7,540,500</u>

**(b) Contingent liabilities**

There are no contingent liabilities as at 30 June 2017 (2016: \$ Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**17. Cashflow Statement reconciliation**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	<u>30,764</u>	<u>21,912</u>
Operating result after income tax	53,199	58,016
Adjustments for:		
Increase/(decrease) in payables	(701)	(787)
(Increase)/decrease in receivables	(1,707)	449
Increase/(decrease) in investment tax timing reserve	25,153	(4,825)
Increase/(Decrease) in term deposits (> 3 months)	7,855	(8,900)
Depreciation	200	192
Contributions tax impacting reserves	(1,033)	(1,350)
DB Member funding movement	(69,448)	(48,011)
Self-insurance reserves movement	(609)	(133)
Net allocations from member accounts	(55,629)	(54,428)
Insurance premiums paid	(18,562)	(12,746)
Death and disability benefits received	10,976	11,228
Annuity proceeds	157	154
Other income	1082	150
Investments tax paid	(8,200)	(8,504)
<b>Net cash flows from operating activities</b>	<u><b>(57,267)</b></u>	<u><b>(69,495)</b></u>

**18. Receivables**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Unsettled investment sales	15,098	5,255
Investment income due and receivable	27,732	31,236
Employer non-member pay receivables	95	160
Prepaid expenses	-	100
Australian taxation office (GST)	1,021	202
Other receivables	-	135
<b>Total</b>	<u><b>43,946</b></u>	<u><b>37,088</b></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**19. Payables**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Unsettled investment purchases	31,361	23,112
Accounts due and unpaid	7,582	7,587
Administration fee payable to Equisuper Pty Ltd	4,294	5,821
<b>Total</b>	<b><u>43,237</u></b>	<b><u>36,520</u></b>

**20. Plant and equipment**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Office furniture and equipment at cost	531	507
Computer and information technology equipment at cost	417	312
Leasehold improvements at cost	1,202	1,176
Less accumulated depreciation and impairment losses	(730)	(531)
<b>Total plant and equipment</b>	<b><u>1,402</u></b>	<b><u>1,464</u></b>

**21. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**21. Meeting of Directors of the Trustee Company (continued)**

The number of Board and Committee meetings attended by each of the Directors during the financial year ended 30 June 2017 was:

Number of meetings during year	Board		Investment Committee		Appeals and Review Committee		Audit, Risk and Compliance Committee		Governance and Rewards Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A E J Fairley	9	9	1	1	-	-	-	-	4	4
J Azaris	9	9	-	-	3	2	5	4	-	-
M J Clinch	9	8	-	-	3	1	-	-	4	2
J C Dekker	9	9	5	5	-	-	5	5	-	-
S L Jericevic	7	7	4	4	-	-	4	4	-	-
R C Jervis-Read	9	9	-	-	3	3	5	5	-	-
P Leary	9	8	-	-	3	3	-	-	4	4
A J Pickering	7	6	4	4	-	-	-	-	3	3
J Simon	9	8	5	5	-	-	-	-	4	4

Directors also occasionally do attend Committee meetings of which they are not a member as an observer. These attendances are not reflected in the above table.

**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.

**Chair of the Board and Committees**

- Mr A.E.J. Fairley was elected as Independent Director and became Chair of the Board on 1 January 2009.
- Mr J. Azaris has been the Chair of the Audit, Risk and Compliance Committee since 1 June 2010.
- Mr M. Clinch was the Chair of the Governance and Rewards Committee from 1 May 2017 to 30 June 2017.
- Ms P. Leary has been the Chair of the Appeals and Review Committee since 1 April 2016.
- Mr A. Pickering was the Chair of the Investment Committee from 1 June 2010 to 30 April 2017.
- Ms J. Simon was Chair of the Investment Committee from 1 May 2017 and Chair of the Governance and Rewards Committee from 1 April 2016 to 30 April 2017.
- The Finance Committee was dissolved on 11 August 2016 (by Board resolution on 11 August 2016), and held no meetings during the period 1 July 2016 to 11 August 2016.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**22. Events subsequent to balance date**

On 1 July 2017 the Rio Tinto Staff Superannuation Fund (RTSSF) merged with Equipsuper under a successor fund transfer (SFT) deed. RTSSF transferred in \$5,564,113,000 in assets and 28,671 members composed of 366 Defined Benefit, 27,195 Accumulation and 1,110 Pension members. The \$14 billion merged fund provides scale and resources to continue its investment in industry-leading products and services, and to provide better outcomes for members with reduced fees and costs over time.

The SFT deed requires the transfer to the Rio Tinto DB EBA a sum of \$4,968,783 from the Administration and General Purpose Reserve. This is to replenish the EBA for its previous funding of the RTSSF Operational Risk Reserve and is to be transferred by the 31 December 2018.

The Trustee was granted a MySuper licence for the product, RT Growth (MySuper), by APRA on 29 June 2017. However, the Trustee did not offer the product until 1 July 2017 and there were no members or assets until this date.

**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 an increase in value with the Fund's investments increasing, as at 13 September 2017, by 1.04% overall (excluding the impact of the RTSSF SFT). Market volatility is a normal characteristic of investment markets.

As the investments are measured at their 30 June 2017 fair values in the financial statements, any subsequent changes in value are not reflected in the Income Statement or the Statement of Financial Position. As the Fund allocates all of its investment income to members, the increase in value of investments has been reflected in the current unit prices, resulting in a corresponding increase in member funds.

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.

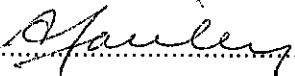
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## TRUSTEE DECLARATION FOR THE YEAR ENDED 30 JUNE 2017

In the opinion of the Trustee of Equipsuper Fund:

1. The accompanying financial statements of the Equipsuper Fund are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2017 and the results of its operation for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
2. 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 Corporations Act 2001 and regulations and Guidelines during the year.

Signed in accordance with a resolution of the Board of Directors of Equipsuper Pty Ltd (Trustee).

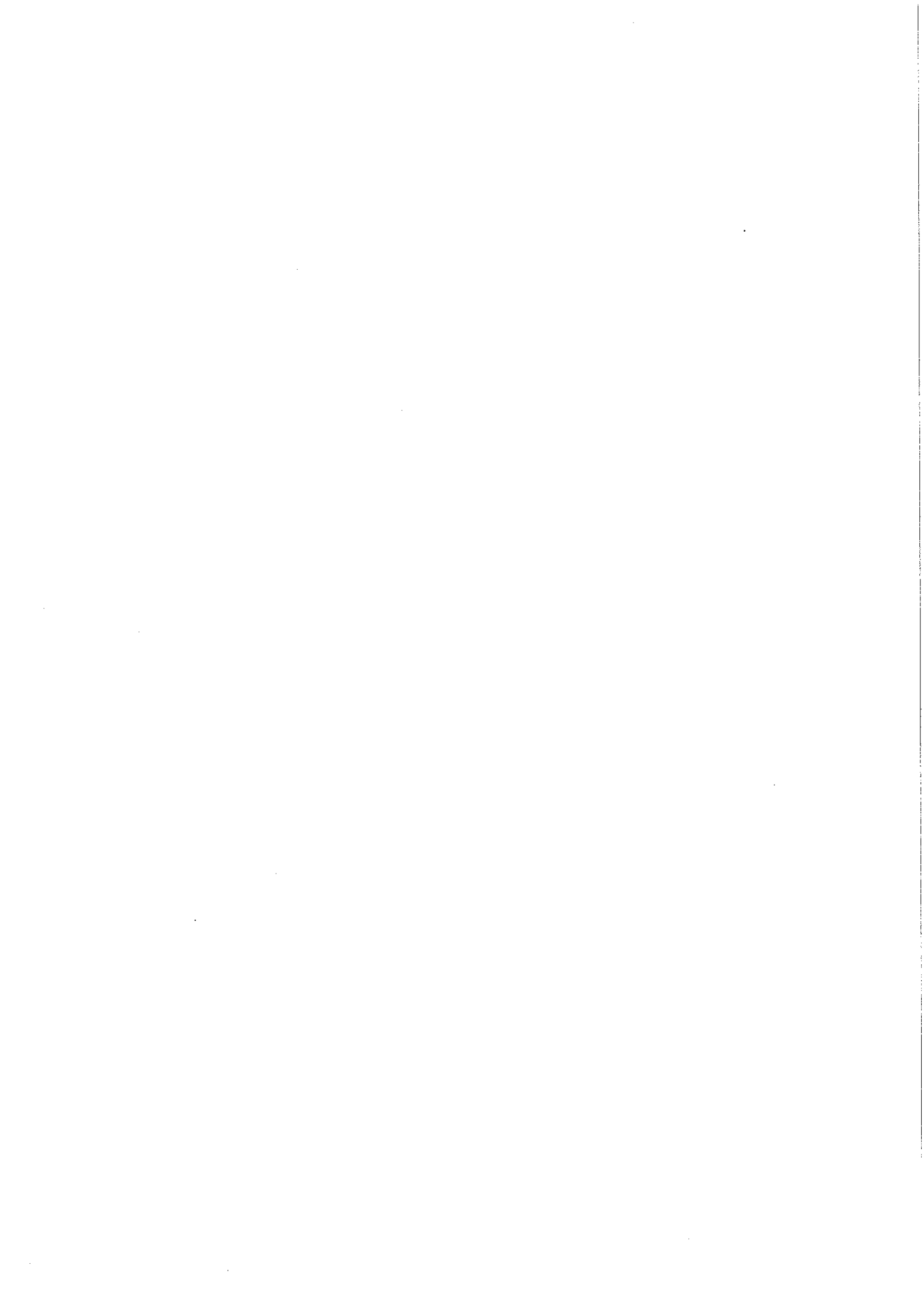


**A.E.J. Fairley**  
Chair

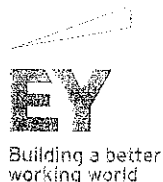


**J. Azaris**  
Director

Melbourne  
27 September 2017







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## **Equisuper Superannuation Fund ABN: 33 813 823 017**

### **Report by the RSE Auditor to the trustee and members**

#### **Opinion**

I have audited the financial statements of Equisuper Superannuation Fund for the year ended 30 June 2017, comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in reserves.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Equisuper Superannuation Fund as at 30 June 2017 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2017.

#### **Basis for Opinion**

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

#### **Trustee's responsibility for the financial statements**

The RSE'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.

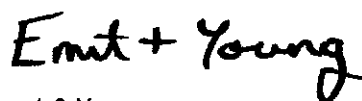
In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibility**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgement and maintained professional scepticism throughout the audit. I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit 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 RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My auditor conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



Ernst & Young



Brett Kallio  
Partner  
Melbourne

27 September 2017