Equipsuper Pty Ltd

ABN 64 006 964 049

Financial Statements

For the year ended 30 June 2014

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The financial statements are presented in Australian currency.

Equipsuper Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:
Equipsuper Pty Ltd
Level 12, 330 Collins Street
Melbourne VIC 3000.

A description of the entity's principal activities is included in the Directors' Report on page 2 which is not part of the financial statements.

The financial statements were authorised for issue by the Directors on 9 October 2014. The Directors have the power to amend and reissue the financial statements.

Directors' Report

The Directors present their report on Equipsuper Pty Ltd (ABN 64 006 964 049) for the financial year ended 30 June 2014.

Directors

The names of the Directors in office at any time during or since the end of the year are:

A.E.J. Fairley
J. Azaris
B.G. Beeren
T. Birkbeck (Resigned 14 July 2014)
G.N. Hade
R.C. Jervis-Read
J. O'Neill
A.J. Pickering
T. M. Swingler.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of Equipsuper Pty Ltd (Trustee) during the year was acting as the Trustee of Equipsuper (Fund). There was no change in the nature of the principal activities of the Trustee company during the financial year.

Shareholding Arrangements

All shares in the Trustee company are held by the Chairman on trust for the participating employers. No options over issued shares or interests in the Trustee company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Operating Results

The operating result for the financial year after providing for income tax amounted to a loss of $43,731 (2013: loss of $210,947).

Significant changes in the state of affairs

No significant changes in the Trustee company's state of affairs occurred during the financial year.

Directors' Report (continued)

Dividends

No dividend has been paid or declared since the previous financial statements and the Directors do not recommend the declaration of a dividend (2013: NIL).

Indemnification and Insurance of Officers and Auditors

No indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the Trustee company, other than the general indemnity under article 104 of the Articles of Association for the positions of Director, Alternate Director, Company Secretary and other officers of the Trustee company. (No indemnities were given during the 2013 financial year other than the general indemnity under Article 104).

The Trustee company has paid a Trustee Indemnity Insurance premium of $335,482 (2013: $248,577).

Events Subsequent to Reporting Date

The Directors are not aware of any 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 Trustee company, the result of those operations or the state of affairs of the Trustee company in subsequent financial years except as may be stated elsewhere in the financial statements.

Likely Developments

The Directors have no likely developments to report except as may be stated elsewhere in the financial statements. Further information on likely developments in the operations of the Trustee company and the expected results of operations have not been included in the annual financial statements because the Directors believe it would be likely to result in unreasonable prejudice to the Trustee company.

Environmental Issues

The Trustee company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Directors' Report (continued)

Directors' Meetings

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.

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

The number of Board and Committee meetings attended by each of the Directors during the financial year ended 30 June 2014 was:

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

Legend in the table

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

Directors' Report (continued)

Directors' Meetings (continued)

Chairmen of the Board and Committees

- Mr A.E.J. Fairley was elected as Independent Director and became Chairman of the Board on 1 January 2009.
- Mr J. Azaris has been the Chairman of the Audit, Risk and Compliance Committee since 1 June 2010.
- Mr B.G. Beeren has been the Chairman of the Finance Committee since 1 January 2014.
- Mr G.N. Hade has been the Chairman of the Governance and Rewards Committee since 1 January 2014 and was the Chairman of the Finance Committee from 20 July 2012 to 31 December 2013.
- Mr R.C. Jervis-Read was the Chairman of the Governance and Rewards Committee from 1 September 2012 to 31 December 2013.
- Mr J. O'Neill has been the Chairman of the Appeals and Review Committee since 1 January 2014.
- All Directors on the Appeals and Review Committee chaired meetings of that Committee in rotation from 1 July 2013 to 31 December 2013.
- Mr A.J. Pickering has been the Chairman of the Investment Committee since 1 June 2010.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors.

A.E.J. Fairley
Chairman

J.Azaris
Director

Melbourne
9 October 2014

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Auditor's Independence Declaration to the Directors of Equipsuper Pty Ltd

In relation to our audit of the financial report of Equipsuper Pty Ltd for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
9 October 2014

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
Revenue from continuing operations	2	26,285,521	24,830,301
Employee and Directors' expenses		(9,315,882)	(9,357,617)
External administration costs		(10,201,500)	(10,147,126)
Consultants' fees		(2,130,280)	(1,629,720)
Communication		(1,666,944)	(1,606,940)
Audit fees	2	(151,925)	(150,220)
Depreciation expense – plant and equipment		(79,550)	(108,268)
Amortisation expense – leasehold improvements		(17,747)	(25,841)
Leasehold expenses		(681,523)	(594,664)
Other expenses	2	(1,999,035)	(1,496,564)
Profit / (loss) before income tax		41,135	(286,659)
Income tax credit / (expense)	6	(84,866)	75,712
Net profit / (loss) for the year		(43,731)	(210,947)
Other comprehensive income		-	-
Income tax expense on items of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(43,731)	(210,947)

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

BALANCE SHEET
AS AT 30 JUNE 2014

	Notes	2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	9(b)	105,712	104,028
Trade and other receivables	3	4,312,596	3,797,426
Prepayments		549,197	604,087
Income tax refund	6	133,739	48,988
TOTAL CURRENT ASSETS		5,101,244	4,554,529
NON-CURRENT ASSETS			
Plant and equipment	7	127,789	656,530
Deferred tax asset	6	1,279,143	1,294,436
TOTAL NON-CURRENT ASSETS		1,406,932	1,950,966
TOTAL ASSETS		6,508,176	6,505,495
CURRENT LIABILITIES			
Trade and other payables	4	1,857,327	1,599,436
Provisions for employee benefits	5(a)	2,009,795	2,412,621
TOTAL CURRENT LIABILITIES		3,867,122	4,012,057
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	783,584	709,500
Provisions for employee benefits	5(b)	1,825,920	1,708,657
TOTAL NON-CURRENT LIABILITIES		2,609,504	2,418,157
TOTAL LIABILITIES		6,476,626	6,430,214
NET ASSETS		31,550	75,281
EQUITY			
Contributed equity	10	3	3
Retained profits		31,547	75,278
TOTAL EQUITY		31,550	75,281

The above balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	$	$
Total equity at the beginning of financial year	75,281	286,228
Loss for the year	(43,731)	(210,947)
Other comprehensive income	-	-
Total comprehensive income	(43,731)	(210,947)
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	31,550	75,281

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Equipsuper Fund and other parties		25,793,027	25,826,461
Payments to suppliers and employees		(25,743,316)	(25,376,258)
Interest received		32,213	59,481
Income tax (paid) / received		(80,240)	(443,050)
Net cash flows from operating activities	9(a)	1,684	66,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		-	(55,001)
Net cash flows used in investing activities		-	(55,001)
Net increase / (decrease) in cash and cash equivalents		1,684	11,633
Cash and cash equivalents at beginning of year		104,028	92,395
Cash and cash equivalents at end of year	9(b)	105,712	104,028

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 30.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(1) Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS
These financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, except for certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trustee company's accounting policies. No higher degrees of judgement or complexity, or significant assumptions and estimates have been made to the financial statements.

(b) Provisions for Employee Benefits

Provision is made for the Trustee company's liability for annual leave and long service leave arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. A liability is recognised for the amount expected to be paid as a cash incentive payment under short-term and long-term incentive plans if the company has a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(1) Significant Accounting Policies (continued)

(c) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(d) Revenue

Costs incurred by the Trustee company in the administration and internal investment management of the Fund are recovered or recoverable from the Fund and recognised as revenue in the Statement of Comprehensive Income upon the delivery of the service. Interest revenue is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(1) Significant Accounting Policies (continued)

(e) Plant and Equipment

Plant and equipment including leasehold improvements are carried at cost less any accumulated depreciation and impairment losses (refer Note 1(i) Impairment). The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount of those assets. The depreciable amount of all plant and equipment is depreciated over the useful life to the Trustee company on a reducing value basis commencing from when the asset is held ready for use.

The depreciation rates for plant and equipment are as follows:

- Computer equipment	40%
- Office furniture and equipment	9% to 40%
- Leasehold improvements	5% to 20%

(f) Leased Assets

Leases of assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Trustee company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated over their estimated useful lives where it is likely that the Trustee company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments under operating leases, where substantially all the risk and the benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Comparative Figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(h) Goods and Services Tax

Revenues, expenses and assets of the Trustee company are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are stated with the amount of GST included. The amount of GST recoverable from, or payable to, the ATO, is included as a current asset or liability in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of the cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(1) Significant Accounting Policies (continued)

(i) Impairment

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

(j) Cash and Cash Equivalents

For the statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

(k) Retirement Benefit Obligations

The Trustee company has adopted "Choice of fund" for superannuation entitlements and contributes to Equipsuper or other regulated superannuation funds for its employees. Permanent employees, Directors and Contractors in the Accumulation Division or who are members of other regulated funds can contribute at any level while the Trustee company contributes at a rate of 9.25 percent (2013: 9 percent) to satisfy its obligations under the Superannuation Guarantee (Administration) Act 1992.

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(l) New accounting standards and interpretations

New accounting standards and interpretations (adopted)

The Trustee company has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2013:

(i) AASB 13 Fair Value Measurement (effective from 1 January 2013)

AASB 13 Fair Value Measurement establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards.

Application of AASB 13 does not impact the Trustee company's financial position or performance.

Additional disclosures where required, are provided in the individual notes related to the assets and liabilities whose fair values were determined.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(1) Significant Accounting Policies (continued)

(l) New accounting standards and interpretations (continued)

New accounting standards and interpretations (not adopted)

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Directors' assessment of the impact of these new standards 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 bases.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(1) Significant Accounting Policies (continued)

(l) 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 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 Trustee company has not yet decided when to adopt AASB 9. Management does not expect this will have a significant impact on the Trustee company's financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(2) Revenue and Expenses

	2014 $	2013 $
Revenue		
Administration fees	26,105,158	24,476,880
Service Fees Received – Equipsuper Financial Planning Pty Ltd	52,000	52,000
Interest received or due and receivable - Other parties	32,213	59,482
	26,189,371	24,588,362
Other Income		
Other sundry income	96,150	241,939
	26,285,521	24,830,301
Other Expenses		
Travel and accommodation	405,115	442,690
Telephone and fax	72,969	82,297
Postage	27,191	27,880
Trustee indemnity insurance	335,482	248,577
Computer support	297,793	369,132
Subscription and membership	138,437	101,420
Office operating expenses	290,604	224,568
Loss on disposal of plant and equipment	431,444	-
	1,999,035	1,496,564
Auditor's Remuneration		
Audit Fees:		
Ernst & Young:		
The Trustee Company	40,170	-
The Fund	100,425	-
The Fund - other assurance services	11,330	-
Total Audit Fees	151,925	-
PricewaterhouseCoopers:		
The Trustee Company	-	45,940
The Fund	-	104,280
Total Audit Fees	-	150,220
Total Auditor's Remuneration	151,925	150,220

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(3) Trade and Other Receivables

	2014 $	2013 $
Administration fees	4,291,027	3,709,574
Other Sundry Debtors	21,569	87,852
	4,312,596	3,797,426

(4) Trade and Other Payables

	2014 $	2013 $
Payables	1,783,759	1,495,970
Goods and services tax	73,568	103,466
	1,857,327	1,599,436

(5) Provisions for Employee Benefits

	2014 $	2013 $
(a) Current		
Provision for annual leave	468,113	526,959
Provision for long service leave	230,324	135,775
Provision for incentive scheme	1,311,358	1,749,887
	2,009,795	2,412,621
(b) Non-Current		
Provision for long service leave	166,344	381,265
Provision for incentive scheme	1,659,576	1,327,392
	1,825,920	1,708,657
Aggregate employee benefits	3,835,715	4,121,278
Number of employees at year end	47	51

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(6) Income Tax Expense

	2014	2013
	$	$
Income Tax Expense/(Credit)		
Current income tax expense/(credit)	(4,511)	63,931
Deferred income tax expense/(credit)	89,377	(139,643)
Income tax expense/(credit) reported in the Statement of Comprehensive Income	84,866	(75,712)
A reconciliation of income tax expense with the prima facie tax payable calculated at 30% on the net change for the year is as follows:		
Profit / (loss) before income tax	41,135	(286,659)
Prima facie tax payable calculated at 30% (2013: 30%) on the profit / (loss) before income tax	12,341	(85,998)
Increase in income tax expense due to:		
Non-deductible expenses	77,036	13,655
Decrease in income tax expense due to:		
Over provided in prior years	(4,511)	-
Other timing differences	-	(3,369)
Income Tax Expense/(credit)	84,866	(75,712)
Income Tax Payable/(Refund)		
Balance at the beginning of the year	(48,988)	330,130
Income tax paid – prior year	(281,637)	(331,729)
Income tax paid – current year	133,739	(111,320)
Income tax refund due – prior year	335,136	(335,136)
Under provided in prior year	(4,511)	1,599
Income tax provision – current year	-	397,468
Balance at the end of the year	(133,739)	(48,988)
Deferred Tax Asset		
Provision for employee benefits:		
- Provision for long service leave	119,001	155,112
- Provision for annual leave	140,434	158,088
- Provision for incentive scheme	891,280	923,184
Accrued expenses	24,611	25,693
Depreciating assets and other capital allowances	-	32,359
Tax losses carried forward	103,817	-
	1,279,143	1,294,436

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(6) Income Tax Expense (continued)

Deferred Tax Liabilities	**2014**	**2013**
	$	**$**
Accrued income	780,000	709,500
Depreciating assets and other capital allowances	3,584	-
	783,584	709,500

(7) Plant and Equipment

Office furniture and equipment at cost	72,792	503,276
Less accumulated depreciation	(50,724)	(250,048)
	22,068	253,228
Computer equipment at cost	588,432	588,432
Less accumulated depreciation	(482,711)	(429,757)
	105,721	158,675
Leasehold improvements at cost	-	397,469
Less accumulated depreciation	-	(152,842)
	-	244,627
Total plant and equipment	127,789	656,530

Reconciliation in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year.

	Office Furniture and Equipment	Computer Equipment	Leasehold Improvements	Total
	$	$	$	$
Carrying amount at the beginning of the year	253,228	158,675	244,627	656,530
Additions				
Disposals	(204,564)	-	(226,880)	(431,444)
Depreciation and amortisation expense	(26,596)	(52,954)	(17,747)	(97,297)
Carrying amount at the end of the year	22,068	105,721	-	127,789

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(8) Related Parties

In accordance with the Fund Rules, the Trustee company acts solely as Trustee of the Fund.

(a) Directors

The names of the Directors of the Trustee company in office during the financial year were:

A.E.J. Fairley (Chairman)
J. Azaris
B.G. Beeren
T. Birkbeck (Resigned 14 July 2014)
G.N. Hade
R.C. Jervis-Read
J. O'Neill
A.J. Pickering
T. M. Swingler.

Key management personnel during the financial year were:

D.F. Press (Chief Executive Officer)
M.G. Strachan (Chief Investment Officer)
J.E. Rodd (Chief Financial Officer – ceased employment 1 May 2014)
P.M. Marshall (Group General Counsel and Company Secretary)
N. Vamvakas (Executive Officer, Risk - appointed 5 May 2014)
J.M. Farrington (Executive Officer, Corporate Relationships)
J.J. Sadler (Executive Officer, Member Relationships)
G.R. Brooks (Executive Officer, Strategic Marketing and Communications)
S.J. Guthleben (Executive Officer, People and Culture).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(8) Related Parties (continued)

(b) 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.

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

	2014	2013
	$	$
Short-term benefits	3,398,617	3,078,556
Post-employment benefits	201,255	187,801
Other long-term benefits	193,655	256,338
Total	3,793,527	3,522,695

Remuneration of Directors for the year ended 30 June

Director	2014 Total remuneration (including superannuation)	2013 Total remuneration (including superannuation)
A.E.J. Fairley	135,820	135,509
J. Azaris	79,228	79,047
B.G. Beeren	67,910	67,754
T. Birkbeck	67,910	67,754
G.N. Hade	70,739	67,754
R.C. Jervis-Read	70,739	72,459
K. Kelly*	-	12,234
J. O'Neill	70,641	67,754
A.J. Pickering	84,887	84,694
T. M. Swingler**	67,910	40,807
Total Directors	715,784	695,766

- 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.
- * K. Kelly retired on 31 August 2012.
- ** T.M.Swingler was appointed on 26 November 2012.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(8) Related Parties (continued)

(b) Compensation of Directors and Key Management Personnel (continued)

Remuneration of key management personnel for the year ended 30 June

Executive	2014 Salary (including super-annuation)	2014 Incentive payment	2014 Total remuneration	2013 Salary (including super-annuation)	2013 Incentive payment	2013 Total remuneration
D.F. Press	385,000	172,286	557,286	385,000	165,273	550,273
M.G. Strachan	408,000	418,055	826,055	408,000	321,338	729,338
J.E. Rodd*	338,054	41,055	379,109	234,600	59,500	294,100
P.M. Marshall	248,400	62,100	310,500	248,400	82,500	330,900
J.M. Farrington	234,600	52,785	287,385	234,600	64,560	299,160
N. Vamvakas**	31,964	-	31,964	-	-	-
J.J. Sadler	230,000	63,250	293,250	224,084	-	224,084
G.R. Brooks	172,818	38,795	211,613	172,421	40,453	212,874
S.J Guthleben	144,531	36,050	180,581	144,200	42,000	186,200
Total Executives	2,193,367	884,376	3,077,743	2,051,305	775,624	2,826,929
Total Directors and Executives	2,909,151	884,376	3,793,527	2,747,071	775,624	3,522,695

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

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

(c) 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 received as a reimbursement by the Trustee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(8) Related Parties (continued)

(c) Related Party Transactions (continued)

Company from the Fund during the year were $28,202,982 (2013: $28,608,669). The amounts due and receivable at balance date were $4,181,027 (2013 $3,709,574).

The Fund has transferred monies to the Trustee company to meet Australian Prudential Regulation Authority Registrable Superannuation Entity Licensing conditions. The monies are held in a term deposit and must be returned to the Fund if the Trustee company is wound up. The amount at balance date was $100,000 (2013: $100,000).

The Trustee company purchases gas, electricity, water and other services from employers who participate in the Fund. The transactions are carried out on an arms length basis on normal commercial terms and conditions.

The Trustee company provides administration and infrastructure support services on a cost recovery basis to Equipsuper Financial Planning Pty Ltd. All shares in Equipsuper Financial Planning Pty Ltd are held by the Trustee company on trust for the Fund.

The service fees received by the Trustee company from Equipsuper Financial Planning Pty Ltd during the year were $52,000 (2013: $52,000). The amounts due and receivable at balance date were $Nil (2013: $NIL).

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.

(d) Trustee's Responsibility for Liabilities of Equipsuper and Right of Indemnity

These financial statements have been prepared for the Trustee company and, as such, does not record assets and liabilities of the Fund. The Trustee will only be liable for the liabilities of the Fund if it has committed a breach of its fiduciary duties or if the Fund has insufficient assets to meet its non-benefit liabilities. In the opinion of the Directors, there has been no breach of fiduciary duties of the Trustee company in its capacity as Trustee. At balance date, the assets of the Fund are sufficient to meet expenses incurred by the Trustee company and the Trustee company has an indemnity from the Fund to meet all costs and expenses of the Trustee company as and when they fall due.

A summary is included of the total assets and liabilities of the Fund. This information is not reflected in the Trustee company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(8) Related Parties (continued)

(d) Trustee's Responsibility for Liabilities of Equipsuper and Right of Indemnity (continued)

A summary is included of the total assets and liabilities of the Fund. This information is not reflected in the Trustee company's financial statements:

	Total Assets $ M	Total Liabilities $ M	Net Assets $ M	Liability for Vested Benefits $ M
Equipsuper – 2014	6,594	160	6,434	6,192
Equipsuper – 2013	5,763	96	5,667	5,558

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(9) Statement of Cash Flows Information

(a) Reconciliation of cash flow from operations with profit/(loss) from ordinary activities after income tax

	2014 $	2013 $
Loss from ordinary activities after income tax	(43,731)	(210,947)
Non-cash items in profit / (loss) from ordinary activities		
Depreciation and amortisation	97,297	134,109
Loss on disposal of plant and equipment	431,444	-
Changes in assets and liabilities		
(Increase) / decrease in Receivables	(515,170)	1,385,336
(Increase) / decrease in Prepayments	54,890	(329,695)
(Increase) / decrease in Income tax refund	(84,751)	(379,119)
Increase / (decrease) in Deferred income tax	89,377	(139,643)
Increase / (decrease) in Payables	257,891	(497,065)
Increase / (decrease) in Provisions for employee benefits	(285,563)	103,658
Cash flows from operations	1,684	66,634

(b) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in at-call deposits with banks or financial institutions. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2014	2013
Cash on hand	-	200
Cash at bank	5,712	3,828
Term deposit	100,000	100,000
Total	105,712	104,028

(10) Contributed Equity

	2014 Number of Shares	2013 Number of Shares
Ordinary shares	3	3

The 3 fully paid Ordinary shares of $1 each are held in trust by the chairman of the Board of Directors

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(11) Commitments

Operating Lease Commitments

	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements are payable as follows:		
- not later than one year	433,846	657,585
- later than one year but not later than five years	2,185,760	2,216,285
- later than five years	-	403,320
Total	2,619,606	3,277,190

On 8 July 2013 the Trustee relocated its offices to a new premise at Level 12, 330 Collins Street, Melbourne under a non-cancellable operating lease expiring on 30 April 2020. On 1 February 2013 the Trustee entered into an agreement with the National Australia Bank Limited to guarantee the sum of $566,181 to the lessor to secure the Trustees obligations as tenant under the lease, terminating on 1 May 2020.

During the year the Trustee continued to lease the former premises at Level 15, 114 William Street, Melbourne under a non-cancellable operating lease which expired on 31 March 2014.

(12) Segment Reporting

The Trustee company acts as the Trustee of the Fund. The Trustee company comprises a single business segment, being the investment of assets and the administration of the Fund. The Trustee company operates predominately in a single geographical segment, the state of Victoria, Australia.

(13) Contingent Liabilities

The Directors are not aware of any material contingent liabilities of the Trustee company, which have not been provided for in the financial statements.

(14) Economic Dependence

The Trustee company acts as the Trustee of the Fund. Its continuing operations depend on payments from the Fund for the Trustee company's services. There are no reasons to doubt the continuing operations of the Trustee company or the Fund and its payments to the Trustee company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(15) Financial Instruments

The Trustee company's exposure through its financial instruments, is to interest rate risk and credit risk on its cash and cash equivalent holdings.

The Trustee company is required to hold a deposit of $100,000 as part of its APRA RSE licensing conditions. This deposit is held on a 12 month rolling term basis. All other cash balances are managed through the Trustee company's operating bank account on a daily basis to meet operating expenses.

(a) Interest Rate Risk

The Trustee company's exposure to interest rate movements on its cash balances as at 30 June 2014 was as follows:

30 June 2014

	Floating interest rate	One year or less	Over one to five years	More than five years	Non interest bearing	Total
	$	$	$	$	$	$
Financial Assets						
Cash	-	105,712	-	-	-	105,712
Receivables	-	-	-	-	4,995,532	4,995,532
Total Financial Assets	-	105,712	-	-	4,995,532	5,101,244
Financial Liabilities						
Accounts payable	-	-	-	-	1,857,327	1,857,327
Total Financial Liabilities	-	-	-	-	1,857,327	1,857,327

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(15) Financial Instruments (continued)

(a) Interest Rate Risk (continued)

30 June 2013

	Floating interest rate	One year or less	Over One to five years	More than five years	Non interest bearing	Total
	$	$	$	$	$	$
Financial Assets						
Cash	-	104,028	-	-	-	104,028
Receivables	-	-	-	-	4,450,501	4,450,501
Total Financial Assets	-	104,028	-	-	4,450,501	4,554,529
Financial Liabilities						
Accounts payable	-	-	-	-	1,599,436	1,599,436
Total Financial Liabilities	-	-	-	-	1,599,436	1,599,436

(b) Credit Risk

The Trustee company's credit risk measure for its cash balances as at 30 June 2014 is AA (2013: AA).

(c) Net Fair Values

The Trustee company's financial assets and liabilities are carried at fair value.

(16) Dividend Franking Account

	2014	2013
	$	$
Balance of franking account available to shareholders of the Trustee company for subsequent financial years:		
Opening balance	707,869	264,820
Tax paid / (refund)	80,240	443,049
Closing balance	788,109	707,869

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(17) Financing Arrangements

Access was available at balance date to the following bank facilities:

Total facilities	2014	2013
	$	$
Corporate credit card facility	180,000	180,000
	180,000	180,000
Unused at balance date		
Corporate credit card facility	175,947	171,547
	175,947	171,547

(18) Events After the Balance Sheet Date

No other matters or circumstances have arisen since 30 June 2014 which have significantly affected or may significantly affect the operation of the Trustee company, the result of those operations or the state of affairs of the Trustee company in subsequent financial years except as may be stated elsewhere in the financial statements.

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DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 30 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

.... **A.E.J. Fairley**
Director

.... **J. Azaris**
Director

Melbourne
9 October 2014

Building a better working world

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Independent auditor's report to the members of Equipsuper Pty Ltd

Report on the financial report

We have audited the accompanying financial report of Equipsuper Pty Ltd (the company), which comprises the statement of balance sheet as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a. the financial report of Equipsuper Pty Ltd is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
Date: 9 October 2014