



SUNSUPER PTY LTD

A.B.N. 88 010 720 840

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Sunsuper Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

**Sunsuper Pty Ltd
30 Little Cribb Street
MILTON QLD 4064**

A description of the nature of the Company's operations and its principal activities is included in the directors' report.

SUNSUPER PTY LTD
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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SUNSUPER PTY LTD

DIRECTORS' REPORT

The Directors have pleasure in submitting their report on Sunsuper Pty Ltd (the Company) for the year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Independent

Andrew Fraser (Chair)

Jennifer Mack

Michael Traill

Employer Nominated

Mary Elizabeth Hallett

Mark Harvey

Georgina Williams

Member Nominated

Michael Clifford (Deputy chair)

Mark Goodey

Catherine Wood

Principal activity

The Company acts as Trustee of:

- Sunsuper Superannuation Fund (the Fund),
- Sunsuper Pooled Superannuation Trust (the Trust), and
- Sunsuper Infrastructure Trust 3 (SIT3)

No significant change in the nature of this activity occurred during the year.

The income and property of the Company must be applied by the Company for the purpose of carrying out its principal activity and must not be distributed to the members of the Company.

Dividends

No amounts have been paid or are recommended to be paid by way of dividend during the financial year (2020: nil). Neither the Directors, nor the Company in general meeting, have the power to declare dividends.

Review of operations

The total comprehensive income of the Company for the financial year was nil (2020: nil). The costs relating to the Company's activities were incurred and paid by the Company and the Company charged trustee fees to the Fund and the Trust.

Effect of COVID-19

The effect of the global COVID-19 pandemic has been considered in the preparation of these accounts. There has been no material effect to the Company.

SUNSUPER PTY LTD

DIRECTORS' REPORT (Continued)

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review.

Matters subsequent to the end of the financial year

On 15 March 2021 the Directors and QSuper announced the signing of a Heads of Agreement to merge and create a \$200 billion superannuation fund. Since 30 June 2021, legislation was introduced into Queensland Parliament that gives QSuper the ability to pursue the merger with the Fund. Over the coming months, this legislation will be subject to committee processes and the usual legislative scrutiny. APRA and other external partners are currently considering their authorisations with completion of those processes due in the next few months. This will be followed by the Directors of the Company's meeting to consider final approval of the merger.

The merger is expected to be completed as a Successor Fund Transfer (SFT) of Sunsuper members and assets into the QSuper Fund with the intent for the Company to replace the QSuper Trustee as Trustee of the merged fund.

Except as disclosed above, in the opinion of the Directors, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

Likely developments and expected results of operations

The Company will continue to focus on its principal activities. Results for the financial year ending 30 June 2022 are expected to be in line with the current year. At the date of this report there are no anticipated effects of COVID-19 on the continued operations of the company.

Environmental regulations

No significant environmental regulations apply to the Company's operations.

Indemnification and insurance of officers and auditors

The Company has taken out director indemnity insurance cover during the year ended 30 June 2021 insuring the directors of the Company (as named previously), the Company secretary and all officers of the Company, and of any related body corporate, against a liability incurred as such a director, secretary or officer, to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company, or any related body corporate, against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the financial statements.

This directors' report is signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

SUNSUPER PTY LTD
DIRECTORS' REPORT (Continued)

On behalf of the Directors



Andrew Fraser
Director

Brisbane
29 September 2021



Mary Elizabeth Hallett
Director

Sydney
29 September 2021

The Board of Directors
Sunsuper Pty Ltd
30 Little Cribb Street
Milton QLD 4064

29 September 2021

Dear Board Members

Auditor's Independence Declaration to Sunsuper Pty Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Sunsuper Pty Ltd.

As lead audit partner for the audit of the financial statements of Sunsuper Pty Ltd for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

 Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Frances Borg

Partner

Chartered Accountants

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SUNSUPER PTY LTD
DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts and meet any obligations or liabilities as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with Australian Accounting Standards, as stated in Note 3 to the financial statements; and
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Andrew Fraser
Director

Brisbane
29 September 2021



Mary Elizabeth Hallett
Director

Sydney
29 September 2021

Independent Auditor's Report to the Members of Sunsuper Pty Ltd

Opinion

We have audited the financial report of Sunsuper Pty Ltd (the "Company") which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
- Obtain 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Frances Borg

Partner

Chartered Accountants

Sydney, 29 September 2021

SUNSUPER PTY LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Revenue	4	1,686,837	1,804,964
Operating expenses	5	(1,685,949)	(1,801,010)
Profit before tax		888	3,954
Total income tax expense	6(a)	(888)	(3,954)
Profit for the year from continuing operations		-	-
Total comprehensive income for the year		-	-

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

SUNSUPER PTY LTD
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Current assets			
Cash and cash equivalents		58,900	153,353
Receivables	7	125,484	110,940
Prepayments		358,886	213,695
Current tax assets		4,031	-
Total current assets		547,301	477,988
Non-current assets			
Deferred tax assets	6(b)	1,417	-
Total non-current assets		1,417	-
Total assets		548,718	477,988
Current liabilities			
Payables and accruals	8	478,713	406,718
Current tax liabilities		-	965
Total current liabilities		478,713	407,683
Non-current liabilities			
Deferred tax liability	6(b)	-	300
Total non-current liabilities		-	300
Total liabilities		478,713	407,983
Net assets		70,005	70,005
Equity			
Issued capital	10	6	6
Retained earnings		69,999	69,999
Total equity		70,005	70,005

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

SUNSUPER PTY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Ordinary shares \$	Retained earnings \$	Total attributable to equity holders \$
Balance as at 1 July 2020	6	69,999	70,005
Total comprehensive income for the year	-	-	-
Balance as at 30 June 2021	6	69,999	70,005
Balance as at 1 July 2019	6	69,999	70,005
Total comprehensive income for the year	-	-	-
Balance as at 30 June 2020	6	69,999	70,005

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

SUNSUPER PTY LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Cashflows from operating activities			
Receipts from customers		1,666,346	1,811,498
Payments to suppliers and directors		(1,761,612)	(1,763,542)
Interest received		813	1,450
Net inflows/(outflows) of cash from operating activities	11	(94,453)	49,406
Net increase/(decrease) in cash and cash equivalents held		(94,453)	49,406
Cash and cash equivalents at the beginning of the year		153,353	103,947
Cash and cash equivalents at the end of the year		58,900	153,353

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

The Company is a proprietary limited company, incorporated and operating in Australia. Its registered office and principal place of business is:

Sunsuper Building
Level 5
30 Little Cribb Street
Milton Queensland 4064

The Company's principal activity is to act as Trustee of the Fund, the Trust and SIT3.

The income and property of the Company must be applied by the Company for the purpose of carrying out its principal activity and must not be distributed to the members of the Company.

QSuper and Sunsuper announce Heads of Agreement

On 15 March 2021 the Directors and QSuper announced the signing of a Heads of Agreement to merge and create a \$200 billion superannuation fund. Since 30 June 2021, legislation was introduced into Queensland Parliament that gives QSuper the ability to pursue the merger with the Fund. Over the coming months, this legislation will be subject to committee processes and the usual legislative scrutiny. APRA and other external partners are currently considering their authorisations with completion of those processes due in the next few months. This will be followed by the Directors of the Company's meeting to consider final approval of the merger.

The merger is expected to be completed as a Successor Fund Transfer (SFT) of Sunsuper members and assets into the QSuper Fund with the intent for the Company to replace the QSuper Trustee as Trustee of the merged fund.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Initially applied in the financial year ending
AASB 2018-7 'Amendments to Australian Accounting Standards - Definition of Material'	1 January 2020	30 June 2021
AASB 2019-1 'Amendments to Australian Accounting Standards - References to the Conceptual Framework'	1 January 2020	30 June 2021
AASB 2019-5 'Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia'	1 January 2020	30 June 2021

Management's assessment of the impact of these new Standards and Interpretations is set out below.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONT.)

AASB 2018-7 'Amendments to Australian Accounting Standards - Definition of Material'

The Standard is effective for periods beginning 1 January 2020. The Standard has not had a material impact on the Company, as the adoption of the amended standard have not resulted in changes to the accounting policies or disclosures.

AASB 2019-1 'Amendments to Australian Accounting Standards - References to the Conceptual Framework'

The Standard is effective for periods beginning 1 January 2020. The Standard has not had a material impact on the Company, as the amendment is to update the reference to the conceptual framework for financial reporting or clarify which version of the framework is being referenced.

AASB 2019-5 'Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia'

The Standard is effective for periods beginning 1 January 2020. The Standard has not had a material impact on the Company, as the amendment requires disclosure on the information as specified in paragraph 30 of AASB 108 Accounting Policies, Changes in Accounting Estimates.

Standards and Interpretations in issue not yet adopted

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The reported results and position of the Company will not change on adoption of some of these pronouncements as they do not result in any changes to the Company's existing accounting policies. Adoption may, however, result in changes to information currently disclosed in the financial statements. The Company does not intend to adopt any of these pronouncements before their effective dates. At the date of authorisation of the financial statements, the Standards and Interpretations which were in issue but not yet effective, and are relevant to the Company, are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current'	1 January 2023	30 June 2024
AASB 2021-2 'Amendments to Australian Accounting Standards - Disclosure of Accounting Estimates'	1 January 2023	30 June 2024

The initial application of the Standards and Interpretations issued but not yet effective will not have a material impact on the Company's financial statements. Management's assessment of the impact is as detailed below:

AASB 2020-1 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current'

The Standard is effective for periods beginning 1 January 2023. The Standard is not expected to have a material impact on the Company, as the Company already presents its liabilities in statement of financial positions as current or non-current.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONT.)

AASB 2020-2 'Amendments to Australian Accounting Standards - Disclosure of Accounting Estimates'

The Standard is effective for periods beginning 1 January 2023. The Standard is not expected to have a material impact on the Company, as the Company already adopts a detailed and transparent approach to disclosure of material information.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

The Company is a for-profit entity.

The financial statements were authorised for issue by the directors on 29 September 2021.

Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention. Historical cost is generally based on fair values of the consideration given in exchange for assets. All amounts are presented in whole Australian dollars unless otherwise noted.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Goods and services tax

Revenue, expenses and assets of the Company are recognised net of goods and services tax (GST), except in circumstances that GST is not recoverable from the Australian Taxation Office. In such case, the GST amount is recognised as part of the cost of acquisition of assets, or as part of an expense item.

Receivables and payables recognised are inclusive of GST. The amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability. Cash flow items in the Statement of Cash Flows are inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Trustee obligations

The Company acts solely as trustee of the Fund, the Trust and SIT3. These financial statements have been prepared for the Trustee Company and as such do not account for the assets and liabilities of the Fund, Trust and SIT3. These liabilities are not brought to account in the Statement of Financial Position as it is not considered probable that the Company will be called upon to meet these liabilities, rather they will be met from the assets of the Fund, Trust and SIT3 respectively. Details of the Fund, Trust and SIT3 liabilities incurred by the Company, in its capacity as Trustee of these entities, are disclosed in Note 15.

(c) Comparative amounts

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items in the notes to the financial statements have been amended. Comparative figures have been adjusted to conform to the current year's presentation.

(d) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. In making this assessment, the Directors of the Company have considered future events and conditions for the period of twelve months following the approval of these financial statements, including the impact of the outbreak of COVID-19. The Directors remain confident that the Company will be able to continue as a going concern as the Company operates on a cost recovery basis and is adequately funded to meet its debts as and when they fall due.

4. REVENUE

	2021	2020
	\$	\$
Trustee service fee over time	1,686,058	1,803,592
Interest income	779	1,372
	<u>1,686,837</u>	<u>1,804,964</u>

In recognising revenue, the Company has determined that the provision of trustee services is service that is a performance obligation satisfied over time. The basis of measurement is the costs incurred within the relevant reporting period.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

5. EXPENSES

Profit before tax includes the following specific expenses:

	2021	2020
	\$	\$
Director remuneration and benefits	1,100,387	1,142,796
Insurance premiums	380,012	261,160
Professional fees	87,733	148,100
General administration expenses	77,445	172,530
Conference and training expenses	8,949	46,883
Other expenses	31,423	29,541
	<u>1,685,949</u>	<u>1,801,010</u>

6. INCOME TAX EXPENSE

Income tax expense for the year comprises current and deferred tax recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Current tax

Current tax is the expected income tax payable or recoverable on the taxable profit or loss for the year using tax rates and tax laws enacted or substantively enacted at balance date, and any adjustment to tax payable in respect of previous years. Current tax is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method, providing for temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amount 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 substantively enacted at balance date. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

(a) Income tax recognised in profit and loss

	2021	2020
	\$	\$
Tax expense comprises:		
Current tax expense	185	969
Adjustment for current tax of prior years	2,420	-
Deferred tax expense/(benefit) relating to the origination and reversal of temporary differences	(1,717)	2,985
Total income tax expense	<u>888</u>	<u>3,954</u>

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6. INCOME TAX EXPENSE (CONT.)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Profit before income tax expense	888	3,954
Income tax expense calculated at 30%	266	1,187
Adjustments for deferred tax for current years	(81)	-
Non-deductible expenses	-	2,767
Adjustments for current tax of prior years	2,420	-
Deferred tax expense/(benefit) relating to the origination and reversal of temporary differences	(1,717)	-
Total income tax expense	888	3,954

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Deferred tax balances

	2021	2020
	\$	\$
Unbilled revenue	(9,824)	3,496
Payables and accruals	9,824	(3,196)
s40-880 Blackhole expenses (ITAA 1997)	1,417	-
Total deferred tax asset/ (liability)	1,417	(300)

Unbilled revenue represents recoverable costs incurred by the Company which are yet to be billed. However, these are a temporary tax difference.

7. CURRENT ASSETS - RECEIVABLES

	2021	2020
	\$	\$
Receivable from related party	92,684	99,197
Unbilled revenue accrual	32,745	11,654
Interest receivable	55	89
	125,484	110,940

Trade and other receivables are stated at their amortised cost of the outstanding balance. At each period end, management reviews the provision matrix for expected credit losses on receivables. This forms the basis of impairment assessment. In management's opinion, a provision is not deemed necessary as there are no material expected credit losses to occur as receivables from the Fund account for a majority of the Company's receivables. The Fund regularly conducts extensive stress testing on its portfolio to manage its liquidity risk during significant market events which have high levels of market volatility. During the financial year the Fund continued to maintain adequate liquidity levels and is expected to maintain these levels.

Unbilled revenue represents trustee service fees costs incurred by the Company; these fees are yet to be billed.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

8. PAYABLES AND ACCRUALS

	2021	2020
	\$	\$
Other payables and accruals	97,442	109,918
Payable to related party	359,898	287,178
Net goods and services tax payable	21,373	9,622
	<u>478,713</u>	<u>406,718</u>

Trade and other payables are stated at amortised cost of the outstanding balance. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of purchase of goods and services.

9. REMUNERATION OF AUDITORS

	2021	2020
	\$	\$
Deloitte Touche Tohmatsu		
Financial statements	30,935	22,000
Regulatory audit	6,000	4,600
	<u>36,935</u>	<u>26,600</u>

10. ISSUED CAPITAL

	2021	2020
	\$	\$
Share Capital		
"A" class	1	1
"B" class	1	1
"C" class	1	1
"D" class	1	1
"E" class	1	1
"F" class	1	1
	<u>6</u>	<u>6</u>

The share capital of the Company is divided into the classes shown above and ordinary shares. All issued shares are fully paid. No ordinary shares have been issued.

Each of the shares has the right to appoint and remove one director. Apart from this, all shares carry the same rights. Neither the directors, nor the Company in general meeting, have the power to declare dividends.

Details on the ownership of the shares issued by the Company as at the reporting date are disclosed in Note 13. There has been no movement in issued capital in the current financial year.

Franking account

The franking account balance of the Company is \$58,511 (2020: \$50,912).

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

11. RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

For the purposes of the Statement of Cash Flows, cash includes cash at bank and on hand.

	2021	2020
	\$	\$
Total comprehensive income for the year	-	-
Change in operating assets and liabilities		
Decrease/(Increase) in receivables	(14,544)	12,243
Decrease/(Increase) in prepayments	(145,191)	(48,477)
Increase/(Decrease) in payables and accruals	71,995	80,848
Decrease/(Increase) in current tax assets	<u>(6,713)</u>	<u>4,792</u>
Net cash (generated)/ used by operating activities	<u>(94,453)</u>	<u>49,406</u>

12. OPERATIONS OF THE COMPANY

During the financial years ended 30 June 2021 and 2020 the Company acted solely as trustee of the Fund, the Trust and SIT3.

All expenses incurred by the Company in relation to direct Company expenses (including Director fees) are paid by the Company. The Company charges Trustee fees to the Fund and the Trust.

All expenses incurred by the Company in relation to the administration of the Fund, Trust and SIT3 are paid by the Fund, Trust and SIT3 respectively and not reflected in these accounts.

13. RELATED PARTIES

(a) Key management personnel

Key management personnel of the Company during the financial year and up to the date of this report were:

Directors:

Andrew Fraser (Chair)	Jennifer Mack
Michael Clifford (Deputy chair)	Michael Traill
Mark Goodey	Georgina Williams
Mary Elizabeth Hallett	Catherine Wood
Mark Harvey	

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. RELATED PARTIES (CONT.)

Executives (remunerated by the Fund and its subsidiaries):

Name	Current Position Title	Date appointed as KMP	Date ceased
Bernard Reilly	Chief Executive Officer	08 Oct 2019	
Teifi Whatley (1)	Chief Executive Officer (Acting)	19 Jun 2000	
Ian Patrick	Chief Investment Officer	23 Nov 2015	
Shane Channells	Chief Financial Officer (Acting)	19 Apr 2021	
Stevhan Davidson (2)	IMO Executive Lead	01 Mar 2019	
Lachlan East	Chief Risk Officer	01 Nov 2016	
Rodney Greenaway (3)	Chief Technology Officer	06 Apr 2020	
Teresa Hamilton	Company Secretary	01 Jul 2014	
Danielle Mair (4)	Chief Strategy & Impact Officer (Acting)	26 Mar 2018	
Steven Travis (5)	Chief Member Officer	24 Oct 2018	
Petrina Weston	Executive General Manager, People and Culture	01 Mar 2019	
David Woodall	Executive General Manager, Employer Growth	01 Mar 2019	
Jason Sommer	Chief Financial Officer	16 Jun 2014	31 May 2021

(1) Previously Teifi Whatley held the position of Chief Strategy & Impact Officer up until 26 April 2021

(2) Previously Stevhan Davidson held the position of Executive General Manager, Customer Engagement up until 14 March 2021

(3) Previously Rodney Greenaway held the seconded position of Executive General Manager, Technology up until 30 September 2020

(4) Previously Danielle Mair held the position of Executive General Manager, Enterprise Change up until 26 April 2021

(5) Steven Travis' role was retrenched and he is expected to leave Sunsuper 8 October 2021

(b) Compensation and evaluation of key management personnel

Evaluation of the Board and key management personnel

The Board has implemented a process for the periodic review and evaluation of its performance and the performance of its committees, individual directors and key management personnel.

The Board in conjunction with the Nominations and Remuneration Committee and the Chief Executive Officer, is responsible for approving the performance objectives and measures for key management personnel and providing input into the evaluation of performance against these objectives.

Performance evaluations for the financial year ended 30 June 2021 have been conducted in accordance with the approved process.

Remuneration of directors and other key management personnel

Director remuneration consists of Board and committee fees and superannuation guarantee contributions. Reasonable expenses are also reimbursed. The fees reflect the demands on and responsibilities of those directors. Director remuneration was paid by the Company.

Other key management personnel remuneration comprises salaries, superannuation guarantee contributions, short-term incentive bonuses and the reimbursement of reasonable expenses. The Board in conjunction with the Nominations and Remuneration Committee and Chief Executive Officer, is responsible for determining the remuneration of key management personnel. The Nominations and Remuneration Committee reviews the Chief Executive Officer's remuneration. The Committee makes recommendations to the Board for its approval.

Director and other key management personnel remuneration, including the Chief Executive Officer's, is reviewed at least annually. Remuneration levels are benchmarked against independent external sources. The directors and other key management personnel are paid in accordance with the remuneration policy. In the case of directors, fees may be paid to the director, paid to the employer of the director or salary sacrificed as superannuation contributions.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. RELATED PARTIES (CONT.)

The aggregate compensation of key management personnel, other than directors, were paid by the Fund and its subsidiaries.

For the 2021 financial year, the Board decided to take a 10% reduction in director's fees between 1st July 2020 to 31st December 2020, in acknowledgement of the effect COVID-19 had on the Fund.

	2021	2020
	\$	\$
Directors		
Short-term employment benefits	852,527	881,463
Post-employment benefits ⁽¹⁾	<u>114,466</u>	<u>116,695</u>
	<u>966,993</u>	<u>998,158</u>

⁽¹⁾ For directors, post-employment benefits are contributions paid or payable to superannuation plans. These include salary sacrifice payments.

(c) Other related party transactions

The following is a summary of transactions between the Company and the Fund, Trust and controlled entities of the Fund, which are included in the Company's Statement of Profit or Loss and Other Comprehensive Income:

	2021	2020
	\$	\$
<u>Fund and Trust Transactions</u>		
• The Company charged fees to the Fund and Trust for Trustee services. These charges were determined on the basis of the Fund and Trust's use of the Company's trustee services.	1,664,967	1,819,947
• The Company paid the Fund for an allocation of operating expenses. These charges were determined on the basis of the Company's direct share of expenses incurred by the Fund.	57,380	75,969
• The Company charged the Fund for an allocation of operating expenses. These charges were determined on the basis of the Fund's direct share of expenses incurred by the Company.	20,365	154,006
<u>Precision Transactions</u>		
• The Company paid Precision for an allocation of operating expenses. These charges were determined on the basis of the Company's direct share of expenses incurred by Precision.	141	11,000
• The Company charged Precision for an allocation of operating expenses. These charges were determined on the basis of the Company's direct share of expenses incurred by the Company.	-	355

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. RELATED PARTIES (CONT.)

The Fund is the immediate and ultimate parent entity, holding 100% of the issued capital in Precision Administration Services Pty Ltd (Precision).

The following balances are included in the Company's Statement of Financial Position:

• Net receivables/(payables) due from/(to) the Fund and the Trust	(360,875)	(286,954)
• Net receivables/(payables) due from/(to) Precision	-	(225)

The Board of Directors of the Company has equal numbers of employer nominated, employee nominated and independent directors. According to the Constitution of the Company, there are six shares on issue. With the exception of independent directors, each share has the right to appoint one director (Note 10). Independent directors are appointed and removed in accordance with the Constitution. The shares in the Company, and therefore the right to nominate directors are owned as follows:

Chamber of Commerce & Industry Queensland	3
Queensland Council of Unions	2
The Australian Workers' Union of Employees, Queensland	1

The Company and Fund have entered into transactions with these bodies which include the receipt of superannuation contributions and other minor transactions such as membership subscriptions and seminar registrations. These transactions are conducted under agreed terms and conditions.

In addition to the items referred to previously, the following is a summary of more significant transactions of the Company and the Fund with these related entities.

	2021	2020
	\$	\$
Payments for Committee and Board advice services		
The Australian Workers' Union of Employees, Queensland	100,285	45,000
Payments for marketing and advertising services		
Chamber of Commerce & Industry Queensland	-	20,900
Director fees paid to the employer of the Director (included in compensation of key management personnel (refer to Note 13 (b)))		
Queensland Council of Unions	119,482	128,172
The Australian Workers' Union of Employees, Queensland	60,238	33,494

In addition to the employer and union bodies referred to above, the Fund has entered into transactions with other entities which share a common director or key management personnel with the Company. This includes the receipt of superannuation contributions from the other entities. These transactions are conducted under agreed terms and conditions.

As noted in the disclosures, no key management personnel (including directors) have entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving key management personnel (including directors) interests existing at year-end.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Company is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk and capital management risk including cash flow and interest rate risk. The Company's policies seek to minimise the potential adverse effects of these risks on the Company's financial performance.

(b) Credit risk management

A Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Receivables represent the most significant source of credit risk. Ongoing evaluation is performed on the collectability of the receivable and, where appropriate, the carrying amount of the receivable is adjusted to include an allowance for doubtful debts.

The Company does not have any significant credit risk exposure to any single counterparty, or any group of counterparties having similar characteristics, with the exception of the Fund and the Trust, both related parties (refer Note 13).

The credit risk on liquid funds is limited because the counterparty is a bank with a high credit-rating assigned by international credit-rating agencies.

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short and medium-term funding and liquidity management requirements.

(d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to shareholders, comprising issued capital (Note 10) and retained earnings.

Operational Risk Financial Requirement (ORFR)

The Company, in its capacity as Trustee for the Fund and the Trust, is required to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Company determines is necessary to respond to these losses.

The Company set an ORFR target amount at 0.25% of the Fund net assets plus 0.10% of the Trust net assets. The entire ORFR balance requirement is held within the Fund.

The Company may call upon the resources held to meet the ORFR target amount to make a payment to address an operational risk. This may materialise and be caused by one or more beneficiaries in the Fund or in the Trust to sustain a loss, or to be deprived of a gain, to which they otherwise would have been entitled, in relation to their benefits in the Fund or in the Trust.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. FINANCIAL INSTRUMENTS (CONT.)

Interest rate risk exposures

The Company's activities expose it to the financial risk of changes in interest rates. Floating rate instruments expose the Company to cash flow risk. The Company has no direct exposure to interest rate risk for any financial liabilities. The Company's exposure to interest rate risk is set out in the following table:

30 June 2021	Weighted Average	Floating interest \$	Non-interest bearing \$	Total \$
Financial assets				
Cash	0.3%	58,900	-	58,900
Receivables		-	125,484	125,484
		58,900	125,484	184,384
Financial liabilities				
Trade creditors		-	478,713	478,713
		-	478,713	478,713
Net financial assets/(liabilities)		58,900	(353,229)	(294,329)
 30 June 2020				
Financial assets				
Cash	0.65%	153,353	-	153,353
Receivables		-	110,940	110,940
		153,353	110,940	264,293
Financial liabilities				
Trade creditors		-	406,718	406,718
		-	406,718	406,718
Net financial assets/(liabilities)		153,353	(295,778)	(142,425)

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15. TRUSTEE ENTITY LIABILITIES AND RIGHT OF INDEMNIFICATION

The Company acts as trustee of the Fund, the Trust and SIT3. On behalf of the Fund, the Trust and SIT3, the Company has incurred liabilities as at 30 June 2021. As trustee, the Company has a right of indemnity from the assets of the Fund, Trust and SIT3.

The assets of the Fund, Trust and SIT3 are not directly available to meet any liabilities of the Company acting in its own right.

The Trustee also notes that legislation was passed during the year and effective 1 January 2022, which will extend the existing SIS Act indemnification prohibition such that trustees and directors will be prohibited from using trust assets to pay a criminal, civil or administrative penalty incurred in relation to a contravention of a Commonwealth law (penalty).

The position of Sunsuper Superannuation Fund is presented as follows:

	2021	2020
	\$M	\$M
Liabilities		
Benefits payable and other liabilities	264	264
Current tax liabilities	1015	484
Deferred tax liabilities	1653	727
Defined contribution member liabilities	87,690	67,371
Defined benefit member liabilities	1,858	1,353
Total liabilities	<u>92,480</u>	<u>70,199</u>
Assets		
Investments	85,028	66,321
Other assets	8,771	4,561
Total assets ⁽¹⁾	<u>93,799</u>	<u>70,882</u>
Net assets	<u>1,319</u>	<u>683</u>

The assets of Sunsuper Superannuation Fund were therefore sufficient to discharge all liabilities and vested benefits of the Fund at 30 June 2021.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15. TRUSTEE ENTITY LIABILITIES AND RIGHT OF INDEMNIFICATION (CONT.)

The position of Sunsuper Pooled Superannuation Trust is presented as follows:

	2021	2020
	\$'000	\$'000
Liabilities		
Other payables	33,376	14,520
Financial liabilities held at fair value through profit or loss	1	121
Deferred tax liabilities	217,514	134,576
Total liabilities	<u>250,891</u>	<u>149,217</u>
Assets		
Investments	11,411,301	9,564,552
Cash and cash equivalents	30,542	51,859
Current tax asset	132,647	43,934
Other receivables	13,061	9,877
Total assets ⁽¹⁾	<u>11,587,551</u>	<u>9,670,222</u>
Net assets	<u>11,336,660</u>	<u>9,521,005</u>

The assets of Sunsuper Pooled Superannuation Trust were therefore sufficient to discharge all liabilities of the Trust at 30 June 2021.

The position of Sunsuper Infrastructure Trust 3 is presented as follows:

	2021	2020
	\$ '000	\$ '000
Liabilities		
Distribution payable	-	51
Other payables	100	98
Total liabilities	<u>100</u>	<u>149</u>
Assets		
Investments	172,388	158,909
Cash and cash equivalents	469	3,747
Other receivables	22	7
Total assets ⁽¹⁾	<u>172,879</u>	<u>162,663</u>
Net assets	<u>172,779</u>	<u>162,514</u>

The assets of Sunsuper Infrastructure Trust 3 were therefore sufficient to discharge all liabilities of the Trust at 30 June 2021.

⁽¹⁾ The Total Assets of each trust are included in Total Assets of the Sunsuper Superannuation Fund.

SUNSUPER PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. ECONOMIC DEPENDENCY

The Company relies on the Fund, the Trust and SIT3 for 100% of its trustee service revenue.

17. CONTINGENT LIABILITIES AND ASSETS

A contingent liability for \$565,237 (2020: \$565,237) exists in relation to a security deposit guarantee which is in place in relation to premises leased by the Fund. As trustee, the Company has a right of indemnity from the assets of the Fund in the event that this liability was payable (refer Note 15). There were no other contingent liabilities or assets as at the reporting date (2020: Nil).

18. EVENTS SUBSEQUENT TO REPORTING DATE

QSuper

On 15 March 2021 the Directors and QSuper announced the signing of a Heads of Agreement to merge and create a \$200 billion superannuation fund. Since 30 June 2021, legislation was introduced into Queensland Parliament that gives QSuper the ability to pursue the merger with the Fund. Over the coming months, this legislation will be subject to committee processes and the usual legislative scrutiny. APRA and other external partners are currently considering their authorisations with completion of those processes due in the next few months. This will be followed by the Directors of the Company's meeting to consider final approval of the merger.

The merger is expected to be completed as a Successor Fund Transfer (SFT) of Sunsuper members and assets into the QSuper Fund with the intent for the Company to replace the QSuper Trustee as Trustee of the merged fund. Except as disclosed above, there have been no other matters or circumstances since 30 June 2021 that have significantly affected or may significantly affect the Company.