

FIRST SUPER

A.B.N 56 286 625 181

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Statement of Financial Position

As at 30 June 2014

	Notes	Jun-14 \$	Jun-13 \$
ASSETS			
Cash and cash equivalents		5,024,145	5,845,045
Investments	5	2,132,610,911	1,897,008,570
Plant and equipment	6	39,783	25,405
Trade and other receivables	7	398,412	415,968
Deferred tax asset		-	6,709,761
TOTAL ASSETS		2,138,073,251	1,910,004,749
LIABILITIES			
Trade and Other payables	8	(7,129,257)	(4,728,203)
Benefits payable		(685,714)	(471,585)
Current tax liabilities		(7,420,100)	(8,783,858)
Deferred tax liabilities	18	(4,294,997)	-
TOTAL LIABILITIES (excluding net assets available to pay benefits)		(19,530,068)	(13,983,646)
NET ASSETS AVAILABLE TO PAY BENEFITS		2,118,543,183	1,896,021,103
Represented By:			
LIABILITY FOR ACCRUED BENEFITS			
Members' funds	9	2,090,414,734	1,878,272,911
Reserves			
General Reserve		-	17,498,192
Regulatory Reserve		250,000	250,000
Administration Reserve		10,092,202	-
Earnings Reserve		11,665,511	-
Operational Risk Reserve		6,120,736	-
Total Reserves	14	28,128,449	17,748,192
Members Funds and Reserves		2,118,543,183	1,896,021,103
LIABILITY FOR ACCRUED BENEFITS		2,118,543,183	1,896,021,103

The statement of financial position is to be read in conjunction with the notes to the financial statements set out in pages 6 to 28.

Statement of Cash Flows

For the year ended 30 June 2014

	Notes	Jun-14 \$	Jun-13 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Employer contributions received		122,631,988	118,337,192
Member contributions received		11,436,111	8,149,521
Roll ins received		27,173,102	27,320,259
Interest received		93,833	96,331
Proceeds from group life policies		17,100,900	12,804,705
Compensation received		44,459	-
Group life premiums paid		(18,735,022)	(17,598,396)
Administration expenses paid		(9,154,905)	(10,865,545)
Direct investment expenses paid		(2,409,411)	(2,119,875)
Benefits paid		(119,637,402)	(124,204,334)
Income tax paid		(20,049,087)	(16,605,532)
Group life proceeds paid to members		(17,100,900)	(12,804,705)
Sundry income		1,928,959	1,097,426
Net cash from operating activities	19	(6,677,375)	(16,392,953)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net placement of cash on investment		5,880,198	18,509,845
Payments for plant and equipment		(23,723)	35,538
Net cash used in investing activities		5,856,475	18,545,383
Net increase / (decrease) in cash and cash equivalents held		(820,900)	2,152,430
Cash and cash equivalents at the beginning of the financial year		5,845,045	3,692,615
Cash and cash equivalents at the end of the financial year		5,024,145	5,845,045

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out in pages 6 to 28.

Notes to the Financial Statements

For the year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Plant and Equipment

(i) Recognition and Measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to First Super (the "Company") and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in statement of comprehensive income on a diminishing value over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

	2014	2013
Plant and Equipment	8 years	8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(b) Investments and Derivatives

Net market values have been determined as follows:

(i) Fixed Interest Securities / Listed Shares - Australian and International

The value of these investments has been determined using the last sale price quoted at balance date.

All such investments are net of any realisation costs (i.e. brokerage and stamp duty) which may apply in the event of a disposal.

(ii) Pooled Superannuation Trusts / Unit Trusts / Property Trusts

These investments are valued at the redemption price at balance date as advised by the respective investment manager and reflects the Fund's interest in the underlying value of the assets.

Notes to the Financial Statements

For the year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Income Tax

Income tax on the Operating Statement for the year comprises current and deferred tax. Income tax is reflected in the Operating Statement.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years.

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

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

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

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

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

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

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

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

(e) Foreign Currency

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

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the rate of exchange ruling at that date.

Foreign exchange differences arising on the translation are recognised in the operating statement in the period in which they arise.

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

Notes to the Financial Statements

For the year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(l) Superannuation Contribution Surcharge

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

Superannuation Contributions Surcharge is levied on surchargeable contributions for the relevant year on the basis of the individual members adjusted taxable income for that year. The liability for the Superannuation Contribution Surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured.

The superannuation surcharge liability recognised by the Fund has been charged to the relevant members' accounts

(m) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). In circumstances where the GST is not recoverable, the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Derecognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Fund transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(o) Excess Contributions Tax

The ATO may issue release authorities to members of the Fund relating to the relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year. Where a member receives an excess contributions tax release authority, the member:

- may give the release authority relating to the member's concessional contributions to a fund for payment; and
- must give the release authority relating to the member's non-concessional contributions to a fund for payment.

Release authorities may be issued by the ATO from 1 July 2007 in relation to transitional non-concessional contributions received by the Fund between 9 May 2006 and 30 June 2007. Release authorities in relation to concessional and/or non-concessional contributions received from 1 July 2007 may be issued from the ATO from 1 July 2008.

The liability for the excess contributions tax will be recognised when the relevant release authorities are received from the members, as the Trustee considers this is when it can be reliably measured.

The excess contributions tax liability recognised by the Fund will be charged to the relevant member's accounts.

(p) Comparatives Figure

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Notes to the Financial Statements

For the year ended 30 June 2014

5 INVESTMENTS

The investments and derivatives of the Fund (other than short term deposits) are managed on behalf of the Trustee by selected investment managers. The custodian holding the shares and fixed interest securities is National Asset Servicing. The Fund is invested in the following funds, managed investment schemes and trusts.

	Jun-14 \$	Jun-13 \$
Australian Equities		
<i>Listed Equities</i>		
BT Australian Equity Mandate	-	7
Eley Griffiths Small Co Mandate	35,900,084	30,023,062
IFM Enhanced Index Fund	153,788,110	131,447,122
Invesco Small Caps Australian Equity Fund	35,179,650	30,766,545
Orbis/SM Australian Opportunity Fund	103,159,965	82,774,697
Perpetual Australian Equity Mandate	155,571,947	129,396,533
Total Listed Equities	<u>483,599,756</u>	<u>404,407,966</u>
<i>Unlisted/Private Equities</i>		
Frontier (Direct Investment)	337,000	309,355
ING Private Equity Fund I	-	21,000
ISH/Members Equity (Direct)	37,946,287	31,647,524
Super Benefits Administration Pty Ltd (Direct Investment)	1,565,237	1,565,237
New Daily Pty Ltd	1,000,000	-
Macquarie Alternative Investment Trust III	12,136,419	13,844,162
Macquarie Alternative Investment Trust IV	18,700,532	22,081,100
Quay Australian 3 Fund	4,059,581	4,981,016
Quay Australian 4 Fund	2,349,572	2,408,502
Quay Partners First Trust	56,029,450	28,173,200
Total Unlisted Equities	<u>134,124,078</u>	<u>105,031,096</u>
International Equities		
<i>International Share funds</i>		
BlackRock Unhedged World Equity Fund	31,475,350	3,571,491
BlackRock Hedged World ex-Australia Equity Index Fund	105,311,613	61,510,580
Capital International Global Equity Fund (Unhedged)	103,914,951	115,730,155
Deutsche Global Thematic Fund	71,861,512	59,181,338
International Equity Transition	-	5
Orbis Global Equity Fund	106,129,462	104,341,586
Total International Share fund	<u>418,692,888</u>	<u>344,335,155</u>
<i>International Private Equity</i>		
IFM Global Equities Trust	2,317,796	3,116,248
Wilshire Pooled Superannuation Trust	10,429,913	11,524,011
Total International Private Equity	<u>12,747,709</u>	<u>14,640,259</u>
Property		
AMP Core Property Fund	-	-
AMP Property Income Fund	2,484,957	5,814,632
Franklin International Real Estate Fund 2	2,735,019	2,611,996
ISPT Core Fund	112,079,989	104,699,829
QIC Property Fund	68,857,934	63,147,110
Total Property	<u>192,600,980</u>	<u>182,411,008</u>
Other		
Forestry (Direct Investment)	-	2
Total Other	<u>-</u>	<u>2</u>
Australian Infrastructure		
Hastings UTA	12,403,966	10,938,566
IFM Australian Infrastructure Fund	82,838,053	74,248,878
Total Australian Infrastructure	<u>95,242,019</u>	<u>85,187,444</u>

Notes to the Financial Statements

For the year ended 30 June 2014

9 LIABILITY FOR ACCRUED BENEFITS AND FUNDING ARRANGEMENT - MEMBERS' BALANCE

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries arising from membership of the Fund up to reporting date. It is measured as the difference between the carrying amount of the assets and the sum of the sundry liabilities and income tax liabilities as at reporting date.

(a) Changes in liability for accrued benefits	Jun-14	Jun-13
	\$	\$
Opening balance for accrued benefits	1,878,272,911	1,667,241,369
Revenue		
Contributions and member transfers	161,241,201	153,806,972
Earnings allocated to members	213,459,699	224,773,572
Proceeds on insurance	17,100,900	12,804,705
Expenditure		
Insurance	(18,727,728)	(17,602,198)
Administration levies deducted from members' accounts	(5,900,914)	(5,159,295)
Adjustments	(3)	(3,019,711)
Cost of member protection	6,759	141,762
Forgone benefits	397,969	466,608
Tax expense	(18,483,628)	(18,008,597)
Benefits paid/payable	(136,952,431)	(137,172,276)
Closing balance for accrued benefits	2,090,414,734	1,878,272,911

(b) Reserves

Under APRA Prudential Standards SPS 114; Operational Risk Financial Requirements, the fund is required to maintain an ORFR reserve of at least 0.25% of the funds assets. The ORFR reserve is part of the financial management of the fund and is operated in accordance with Operational Risk Reserve Policy which is reviewed annually. The ORFR may be used in certain circumstances to address operational risk events or claims against the fund arising from operational risk.

	2014	2013
Operational Risk Financial Requirement reserve	6,120,736	-

(c) Funding arrangements

Members' contributions were made in accordance with the requirements of the Trust Deed pursuant to applications contained in the Product Disclosure Statement, supplements and Key Features Statements on issue by the Trustee during the year.

10 VESTED BENEFITS

	Jun-14	Jun-13
Vested benefits as at the end of the financial year	2,090,414,734	1,878,272,911

Vested benefits represents the members' right to which, under the terms of a superannuation plan, are not conditional upon continued plan membership or any factor other than resignation from the plan.

11 GUARANTEED BENEFITS

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

12 BENEFITS PAID/PAYABLE

	Jun-14	Jun-13
	\$	\$
Death	(6,655,500)	(5,974,477)
Disability	(249,702)	(1,564,336)
Hardship	(2,427,272)	(2,565,653)
Retirement	(30,046,497)	(27,625,161)
Pension	(6,556,020)	(4,121,385)
Rollovers to another Fund / Partial Withdrawal / Leaving Industry	(73,881,681)	(82,502,519)
Group Life Benefits	(17,100,900)	(12,804,705)
Excess Contributions Tax	(34,859)	(14,039)
Total benefits paid/payable	(136,952,431)	(137,172,275)

Notes to the Financial Statements

For the year ended 30 June 2014

15 REVENUE - INVESTMENTS	Jun-14	Jun-13
	\$	\$
IFM Alternative Fixed Income Fund	2,262,565	2,598,142
AMP Capital Investors	224,085	1,064,834
AMP Core Property Fund	181,905	217,856
Barclays International Fund (Unhedged)	22,776,397	5,571,612
BlackRock Unhedged World Equity Fund	3,286,538	8,838,965
BlackRock Hedged World ex-Australia Equity Index Fund	16,800,725	1,960,443
BlackRock Indexed Australian Bond Fund	6,135,759	2,742,710
BlackRock Overseas Bond Index Fund	934,892	1,400,546
BT Australian Equities Mandate	(28,757)	12,488,171
Capital International Global Equity Fund (Unhedged)	21,130,487	30,697,216
Deutsche Global Thematic Fund	12,680,174	13,736,404
Eley Griffiths Mandate	6,023,437	2,851,603
First Trust	7,494,818	-
Forestry (Direct Investment)	768	(350,062)
Fortius Opportunistic Property Fund I	855,878	673,438
Franklin International Real Estate Fund 2	60,233	331,664
Frontier (Direct Investment)	64,044	1,645
Hastings UTA	1,465,400	1,020,154
IFBT/Members Equity	2,648,891	3,942,684
IFM Trans CF Realised	(5,231)	-
IFM Australian Credit Opportunities Mandate	4,769,402	7,061,267
IFM Enhanced Index Fund	187,110	18,702,281
IFM Global Equities Trust	570,198	270,448
IFM International Infrastructure Fund	2,687,516	6,806,173
IFM Trans CF	(908,547)	307,481
IFM Australian Infrastructure Fund	8,589,175	8,039,160
ISPT Core Fund	9,280,439	7,920,511
ING Private Equity Fund I	(12,298)	(16,998)
Invesco Small Caps Australian Equity Fund	4,413,106	1,969,884
ISPT	215,849	(394,729)
Macquarie Alternative Investment Trust III	2,041,492	(434,221)
Macquarie Alternative Investment Trust IV	5,999,666	227,511
Macquarie Alternative Investment Trust	195	(1,823)
Orbis Global Equity Fund	22,787,876	33,627,384
Orbis/SM Australian Opportunity Fund Allan Gray Australian Equity Fund	20,385,268	12,005,890
PIMCO Fixed Interest Fund	11,130,336	9,755,375
QIC Property Fund	5,605,527	4,959,045
Quay Australian 3 Fund	1,100,682	604,743
Quay Australian 4 Fund	775,433	252,861
Quay Partners First Trust	617,620	451,900
Short term Cash	6,471,685	5,938,664
Super Loans Trust (Members Equity)	761,898	905,458
Wilshire Pooled Superannuation Trust	1,083,047	1,957,261
Westbourne YF 1	2,886,158	3,235,553
Investment Manager Fees	(1,921,619)	(1,479,467)
	241,096,641	246,825,703

Notes to the Financial Statements

For the year ended 30 June 2014

16 CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS (cont.)

(b) INVESTMENTS HELD AT BALANCE DATE

	Jun-14 \$	Jun-13 \$
Cash and Capital Guaranteed		
AMP Capital Guaranteed	-	392,943
IFM Trans Fund	(1,362,977)	-
National Bank 11am	(4)	(89,918)
Total - Cash	(1,362,981)	303,025
Property		
AMP Core Property Fund	(338,830)	(690,077)
Fortius Opportunistic Property Fund I	305,640	(145,425)
Franklin International Real Estate Fund 2	53,189	96,537
ISPT Core Fund	2,563,550	1,332,988
QIC Property	2,401,678	1,536,758
Total - Property	4,985,227	2,130,781
Fixed Interest Securities		
IFM Alternative Fixed Income Fund	768,743	1,170,739
BlackRock Indexed Australian Bond Fund	1,652,259	(2,894,502)
BlackRock Overseas Bond Index Fund	886,086	1,364,605
IFM Australian Credit Opportunities Mandate	(101,637)	2,135,755
PIMCO Fixed Interest Fund	5,992,044	(4,523,701)
Westbourne YF	(3,656,563)	(359,198)
Super Loans Trust (Members Equity)	(36,712)	(191,460)
Total - Fixed Interest Securities	5,504,220	(3,297,762)
Development Capital		
AMP Capital Investors	(439,723)	-
Hastings UTA	889,836	653,657
IFBT	2,648,891	3,942,684
IFM International Infrastructure Fund	(559,392)	5,956,379
IFM Australian Infrastructure Fund	6,923,360	5,907,576
Total - Unit Trusts	9,462,972	16,460,296
Shares (Australian)		
BT Australian Equity Mandate	-	(8,816)
Domestic Equity	12,443	(32,384)
Eley Griffiths Mandate	3,841,957	2,652,957
Frontier	(156,200)	-
Forestry (Direct Investment)	-	(350,062)
IFM Enhanced Index Fund	69,101	18,702,281
ING Private Equity Fund I	-	(17,000)
Invesco Small Caps Australian Equity Fund	2,939,685	1,106,931
Macquarie Alternative Investment Trust III	(1,421,185)	4,042,120
Macquarie Alternative Investment Trust IV	(3,593,404)	(250,974)
Orbis/SM Australian Opportunity Fund	15,904,153	9,240,919
Perpetual Australian Equity Mandate	14,296,814	13,544,327
Quay Australian Fund	(789,676)	(2,203,977)
Quay Partners First Trust	617,800	451,900
Total - Shares (Australian)	31,721,488	46,878,222
Shares (International)		
Blackrock Unhedged World Equity Fund	833,550	823,346
BlackRock Hedged World ex-Australia Equity Index Fund	16,499,025	1,959,143
Capital International Global Equity Fund (Unhedged)	14,199,402	28,945,185
Deutsche Global Thematic Fund	11,558,548	12,903,344
IFM Global Equities Trust	426,515	282,920
Orbis Global Equity Fund	15,722,174	33,515,667
Wilshire Pooled Superannuation Trust	(1,030,915)	420,998
Total - Shares (International)	58,208,299	78,850,603
TOTAL CHANGE IN NET MARKET VALUE - INVESTMENTS HELD	108,519,225	141,325,165
TOTAL CHANGE IN NET MARKET VALUE OF INVESTMENT ASSETS	146,104,854	178,627,057

Notes to the Financial Statements

For the year ended 30 June 2014

18 INCOME TAX EXPENSE	Jun-14 \$	Jun-13 \$
Recognised in the operating Statement		
Current Tax Expense		
Current year	20,609,540	17,313,774
Adjustments for prior periods	(1,924,211)	(1,424,479)
Deferred Tax Expense		
Movement in temporary differences	11,004,758	14,694,058
Total income tax expense	29,690,087	30,583,353
Numerical reconciliation between tax expense and benefits accrued as a result of operations before income tax		
Benefits accrued as a result of operations	389,120,861	385,318,345
Prima facie tax at the complying superannuation fund tax rate of 15% (2013:15%)	58,368,129	57,797,752
Increase in tax expense due to:		
Non Deductible administration expenses	145	-
Differences between Tax and Accounting arising in Prior Periods	(1,924,211)	(1,424,479)
No-TFN Contributions Tax	-	79,540
Decrease in tax expense due to:		
Group Life proceeds	(2,565,135)	(1,920,706)
Imputation and foreign tax credits	(2,928,644)	(3,548,099)
Non Assessable Member contributions	(1,715,417)	(1,222,428)
Non Assessable Transfers in	(4,075,965)	(4,098,039)
Non Assessable Government co-contribution	(355,479)	(167,101)
Non Assessable Investment Income	(15,113,336)	(14,913,087)
Income tax expense on benefits accrued as a result of operations	29,690,087	30,583,353
Deferred tax assets and liabilities		
<i>Deferred tax benefit relates to the following:</i>		
Accrued expenses	76,460	81,679
Annual and long service leave	17,014	11,767
Insurance premiums	212,383	219,036
Net unrealised and realised capital losses	(5,073,507)	6,892,763
Unrealised income/non CGT	472,654	(505,519)
Net Deferred asset/(liabilities)	(4,294,996)	6,699,726
19 Reconciliation of Cash flows Provided by Operating Activities to Benefits Accrued from Ordinary Activities after Income Tax		
	Jun-14 \$	Jun-13 \$
Benefits accrued from ordinary activities after tax	359,430,774	354,734,992
Benefits paid and payable	(136,952,431)	(137,172,276)
Depreciation expense	(9,345)	(12,657)
(Increase)/decrease in assets		
Trade and other receivables	17,556	246,149
Investments	(241,482,537)	(248,032,612)
Future Income Tax Benefit	6,709,761	14,694,058
Increase/(decrease) in liabilities		
Benefits payable	214,129	163,238
Trade and Other payables	2,464,921	(297,606)
Provision for deferred tax or GST	4,294,996	-
Net cash flow provided by operating activities	(6,675,935)	(16,392,953)

Notes to the Financial Statements

For the year ended 30 June 2014

21 INSURANCE

The Fund provides death and disability benefits to members. These benefits are greater than the members' vested benefit. The Trustee has taken out insurance to cover the part of the benefit in excess of the vested benefit.

22 SEGMENT INFORMATION

The Fund operates solely in one reportable business segment, being the provision of benefits to members. The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. Revenue is derived from interest, dividends, property rentals, gains on the sale of investments, unrealised changes in the value of investments, and contributions revenue.

23 RISK MANAGEMENT

Financial Risk Management Objectives, Policies and Processes

The Fund's assets principally consists of financial instruments which comprise shares in listed companies, units in collective investment vehicles such as pooled superannuation trusts and other unitised investments. The Trustee has determined that this type of investment is appropriate for the Fund and is in accordance with the Fund's published investment strategy.

The main risks arising from the Fund's financial instruments are interest rate risk, credit risk, market price risk and foreign currency risk. The nature and extent of the financial instruments employed by the Fund are discussed below. This note represents information about the fund's exposure to each of the risks, the Fund's objectives, policies and processes for measuring and managing the risk.

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

Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is monitored by the Trustee. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept. This information is prepared and reported to the Trustee on a regular basis.

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

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. The risk framework is documented in the Fund's Risk Management Plan and Strategy which is subject to regular review both by management and the Board and an annual audit of compliance.

The Board has established an Investment committee consisting of selected Board Members with appropriate Investment experience. The Investment Committee which is responsible for developing and monitoring the Fund's risk management policies related to investment activities. This includes oversight of the allocation of investments to fund mangers, evaluating their performance and providing recommendations to the Board who has ultimate responsibility for the appointment of fund managers.

Further, the Fund undertakes extensive due diligence to ensure Fund Managers have appropriate skills and expertise to manage the Fund's allocated investments prior to their appointment. The Trustee office tracks the Fund's investment value on a daily basis through appropriate monitoring of the market conditions and benchmark analysis. Frontier Investment Advisors has been appointed to provide expert advice regarding the management of the Fund's investment portfolio in accordance with the investment strategy.

The Trustee's Audit and compliance committee oversees how management monitors compliance with the Fund and its controlled entities' risk management policies an procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Trustee's Audit and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit and Compliance Committee.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimising through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

To mitigate market risk, the Fund undertake extensive due diligence prior to the appointment of Fund Managers to ensure they have appropriate expertise and skill for monitoring of the market conditions and benchmark analysis. Further Frontier Investment Advisors have been appointed to provide expert investment advice.

Notes to the Financial Statements

For the year ended 30 June 2014

23 RISK MANAGEMENT (Cont.)

Equity Price Risk

Equity price risk is the risk that the fair value of investments in equities decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market. equity price risk exposure arises from the Funds investment portfolio.

To limit equity price risk the Trustee diversifies its investment portfolios in line with the Fund's various investment options asset allocations. The majority of equity investments are of a high quality and are publicly traded on recognised, reputable exchanges. the Trustee monitors the Fund's exposure to various indices on an ongoing basis throughout the year ensuring the mandates and asset allocations are maintained.

Following review of the deviation on relevant indices over the past 10 years and expected investment rate movements in 2014 the following movements in other price risks are considered reasonably possible for the 2014 reporting period.

Asset Class	Up	Down	Carrying Value	Increase on Net Assets	Decrease on Net Assets
2014					
Australian Listed Equities	10%	-10%	483,599,756	48,359,976	(48,359,976)
Australian Unlisted equities	10%	-10%	134,124,078	13,412,408	(13,412,408)
International Listed equities	10%	-10%	418,692,888	41,869,289	(41,869,289)
Property	10%	-10%	192,600,980	19,260,098	(19,260,098)
International Private Equity	10%	-10%	12,747,709	1,274,771	(1,274,771)
Other	10%	-10%	-	-	-
Australian Infrastructure	10%	-10%	95,242,019	9,524,202	(9,524,202)
International Infrastructure	10%	-10%	74,022,552	7,402,255	(7,402,255)
Total			1,411,029,982	141,102,998	(141,102,998)
2013					
Australian Listed Equities	10%	-10%	404,407,966	40,440,797	(40,440,797)
Australian Unlisted equities	10%	-10%	105,031,096	10,503,110	(10,503,110)
International Listed equities	10%	-10%	344,335,154	34,433,515	(34,433,515)
Property	10%	-10%	182,411,008	18,241,101	(18,241,101)
International Private Equity	10%	-10%	61,542,641	6,154,264	(6,154,264)
Other	10%	-10%	2	0.22	-
Australian Infrastructure	10%	-10%	94,135,174	9,413,517	(9,413,517)
International Infrastructure	10%	-10%	62,262,794	6,226,279	(6,226,279)
Total			1,254,125,838	125,412,584	(125,412,583)

The Fund's financial assets and liabilities adopted in the Statement of Financial Position are carried at their net market value which approximates their fair values.

Credit Risk

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

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these investments as disclosed in the Statement of Financial Position.

The Fund holds no collateral as security or any other credit enhancements. There are no significant financial assets that are past due or impaired. Credit risk is managed by the individual managers and monitored by the Trustee.

The credit quality of financial assets is managed by individual investment managers in accordance with investment mandates and regularly monitored.

Concentration of credit risk is managed by counterparty, by geographical region and by industry sector. There is no significant credit risk by geographical region.

The Funds' financial assets are managed by individual investment managers according to the Investment Strategy which includes strategic asset allocations which are reviewed and monitored on a frequent basis. There is no significant industry sector exposure.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Fund's financial assets exposed to credit risk amounted to the following:

Notes to the Financial Statements

For the year ended 30 June 2014

23 RISK MANAGEMENT (Cont.)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2014				
Cash & Cash Deposits	222,505,156	-	-	222,505,156
Listed Equities	299,239,759	-	-	299,239,759
Listed Property Trusts	24,581,525	-	-	24,581,525
Listed Unit Trusts	4,416,862	-	-	4,416,862
Outstanding settlements	3,352,114	-	-	3,352,114
Fixed Interest Bonds	-	-	-	-
Floating Rate Notes	1,080,002	22,149,745	8,986,251	32,215,998
Life Insurance Policies	-	-	-	-
Mortgage Back Securities	-	23,143,621	-	23,143,621
Preference Shares	2,123,478	-	-	2,123,478
Unlisted Equities	-	-	40,848,524	40,848,524
Unlisted Managed Invest Scheme	-	1,477,161,095	3,022,780	1,480,183,875
	557,298,896	1,522,454,461	52,857,555	2,132,610,912

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2013				
Cash & Cash Deposits	175,046,819	-	-	175,046,819
Futures	149,146,979	-	-	149,146,979
Listed Equities	4,794,448	-	-	4,794,448
Listed Property Trusts	-	-	-	-
Listed Unit Trusts	-	-	-	-
Outstanding settlements	4,581,978	-	-	4,581,978
Preference Shares	-	-	-	-
Fixed Interest Bonds	-	1,033,966	-	1,033,966
Floating Rate Notes	1,030,002	28,306,630	8,987,744	38,324,376
Life Insurance Policies	-	27,073,848	-	27,073,848
Listed Equities	-	-	-	-
Mortgage Back Securities	-	-	-	-
Preference Shares	2,037,600	-	35,000	2,072,600
Unlisted Equities	-	31,647,524	1,839,592	33,487,116
Unlisted Managed Invest Scheme	-	1,462,958,871	-	1,462,958,871
	336,637,826	1,551,020,839	10,862,335	1,898,521,000

Reconciliation of level 3 net market value measurements of financial assets

	Net market value	
	2014	2013
Opening Balance	10,862,335	7,421,785
Total Gains or losses in profit or loss	(68,951)	30,000
Reclassification from Level 2	42,064,170	3,410,550
Closing Balance	52,857,554	10,862,335

Trustees' declaration to the members

1. The accompanying financial statements of First Super are drawn up so as to present fairly the financial position of the Fund as at 30
2. The operations of First Super Superannuation Fund has been carried out in accordance with its Trust deed dated 25 March 1985, as amended and in compliance with
 - * The requirements of the *Superannuation Industry (Supervision) Act 1993* (Cth) and Regulations;
 - * Applicable sections of the *Corporations Act 2001* (Cth) and Regulations;
 - * The requirements under Section 13 of the *Financial Sector (Collection of Data) Act 2001* (Cth); and
 - * The Guidelines issued by The Australian Prudential Regulation Authority on Derivative Risk Statements for Superannuation Entities Investing in Derivatives, during the year ended 30 June 2014; and
3. The financial statements have been prepared in accordance with Accounting Standards, other mandatory reporting requirements and the provisions of the Trust Deed dated (25 March 1985), as amended.

Dated in Melbourne this

9 day of

Sept

,2014

Director

Director