



ABN 56 286 625 181

FINANCIAL STATEMENTS

For the year ended 30 June 2017

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First Super

Statement of Financial Position

	Note	2017 \$	2016 \$
Assets			
Cash and Cash Equivalents	13	7,787,265	6,796,671
Investments	7	2,711,798,692	2,422,975,352
Plant and Equipment		64,449	46,691
Trade and Other receivables		739,382	654,501
Deferred tax asset	11	485,779	575,104
Total assets		2,720,875,567	2,431,048,319
Liabilities			
Trade and other payables		(5,749,182)	(7,260,212)
Benefits payable		(258,572)	(1,561,805)
Current tax liabilities		(11,857,143)	(8,454,446)
Deferred tax liability	11	(27,532,741)	(14,619,958)
Total liabilities excluding member benefits		(45,397,638)	(31,896,421)
Net assets available for member benefits		2,675,477,929	2,399,151,898
Member benefits		2,651,978,239	2,375,498,411
Total net assets		23,499,690	23,653,487
Equity			
	10		
Operational Financial Risk Reserve		(7,157,540)	(6,572,185)
Administration Reserve		(13,664,730)	(11,713,490)
Undistributed Earnings		(2,427,420)	(5,117,812)
Regulatory Reserve		(250,000)	(250,000)
Total equity		(23,499,690)	(23,653,487)

The above statement of financial position should be read in conjunction with the accompanying notes.

First Super

Income statement

	Note	2017 \$	2016 \$
Superannuation activities			
Interest income		6,745,979	7,591,272
Dividends and distributions		162,189,162	184,023,606
Other income		1,635,620	2,176,236
Net changes in assets measured at fair value	6	122,206,710	(61,372,070)
Interest Income - Bank		84,201	127,616
Total superannuation activities revenue		292,861,672	132,546,660
Direct investment expenses		(2,459,228)	(3,093,215)
Other investment expenses		(1,312,725)	(1,561,100)
Administration expenses		(8,985,804)	(9,278,919)
Other operating expenses	12	(2,277,893)	(2,384,842)
Total expenses		(15,035,650)	(16,318,076)
Results from superannuation activities before income tax expense		277,826,022	116,228,584
Income tax (expense)/benefit	11	(15,109,088)	1,159,733
Results from superannuation activities after income tax expense		262,716,934	117,388,317
Less: Net benefits allocated to members' accounts		(262,318,703)	(110,096,708)
Operating result after income tax		398,231	7,291,609

The above income statement should be read in conjunction with the accompanying notes.

First Super

Statement of Changes in Member Benefits

	2017 \$	2016 \$
Opening balance of member benefits	2,375,498,411	2,284,778,178
Contributions:		
Employer contributions	139,962,504	134,720,963
Member contributions	17,226,152	8,602,996
Transfers from other funds	31,463,502	29,963,860
Government Co-contributions and Low income super contributions	1,923,807	2,173,792
Income tax on contributions	(22,284,943)	(20,365,883)
Net after tax contributions	168,291,022	155,095,728
Benefits to members	(146,032,132)	(161,002,150)
Insurance premiums charged to members accounts	(27,759,229)	(30,209,169)
Death and disability benefits credited to members' accounts	19,131,050	16,302,200
Anti-detriment	530,414	436,916
Benefits allocated to members' accounts, comprising:		
Net investment income	268,601,045	116,619,905
Administration fees	(6,282,342)	(6,523,197)
	<u>108,188,806</u>	<u>(64,375,495)</u>
Closing balance of members benefits	2,651,978,239	2,375,498,411

The above statement of changes in member benefits should be read in conjunction with the accompanying notes.

First Super

Statement of Changes in Equity

For the year ended 30 June 2017

	Opening balance \$	Profit/(loss) for year \$	Other (insurance, anti- detriment) \$	Net transfers to/(from) reserve \$	Total Equity \$
Unallocated surplus/deficiency	-	398,231	-	(398,231)	-
Operational Financial Risk Reserve	6,572,185	-	-	585,355	7,157,540
Administration Reserve	11,713,490	-	(552,028)	2,503,268	13,664,730
Undistributed Earnings	5,117,812	-	-	(2,690,391)	2,427,420
Regulatory Reserve	250,000	-	-	-	250,000
	<u>23,653,487</u>	<u>398,231</u>	<u>(552,028)</u>	<u>-</u>	<u>23,499,690</u>

For the year ended 30 June 2016

	Opening balance \$	Profit/(loss) for year \$	Other (insurance, anti- detriment) \$	Net transfers to/(from) reserve \$	Total Equity \$
Unallocated surplus/deficiency	-	7,291,609	-	(7,291,609)	-
Operational Financial Risk Reserve	6,276,559	-	-	295,626	6,572,185
Administration Reserve	10,372,113	-	(597,293)	1,938,670	11,713,490
Undistributed Earnings	60,499	-	-	5,057,313	5,117,812
Regulatory Reserve	250,000	-	-	-	250,000
	<u>16,959,171</u>	<u>7,291,609</u>	<u>(597,293)</u>	<u>-</u>	<u>23,653,487</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

First Super

Statement of Cash Flows

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Interest received		84,201	127,616
Admin Reserve amounts paid		(49,567)	(22,838)
Proceeds from group life policies		19,131,050	16,302,200
Group life premiums paid		(27,440,389)	(29,489,224)
Administration expenses paid		(12,191,946)	(10,615,532)
Investment expenses paid		(1,329,989)	(1,499,782)
Income tax received/(paid)		(8,106,594)	1,474,684
Net cash outflows from operating activities	14	(29,903,234)	(23,722,876)
Cash flows from investing activities			
Purchase of investments		(18,625,745)	(12,750,000)
Sale of investments		19,190,381	35,127,101
Payments for fixed assets and other items		(44,873)	(8,815)
Net cash inflows from investing activities		519,763	22,368,286
Cash flows from financing activities			
Employer contributions received		139,962,504	134,720,963
Member contributions received		19,149,960	10,776,788
Transfers from other funds		31,463,502	29,963,860
Benefits paid		(128,204,318)	(143,914,685)
Group life proceeds paid to members		(19,114,950)	(16,841,100)
Income tax paid on contributions received		(12,882,633)	(11,423,631)
Contributions surcharge tax paid		-	-
Net cash inflows/(outflows) from financing activities		30,374,065	3,282,195
Net increase/(decrease) in cash		990,594	1,927,605
Cash at the beginning of the financial period		6,796,671	4,869,066
Cash at the end of the financial period		7,787,265	6,796,671

The above statement of cash flows should be read in conjunction with the accompanying notes.

First Super

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Notes to the Financial Statements

1 General information

First Super (the "Fund") is a superannuation fund domiciled in Australia. The address of the Fund's registered office is Level 3, 200 Arden Street, North Melbourne VIC 3051. The Fund was established by a Trust Deed dated 25 March 1985, as amended.

For the purposes of the Superannuation Industry (Supervision) Act 1993 and its Regulations, the Fund is a defined contribution and pension fund.

The Fund provides retirement benefits for its members which are in the forest and wood products industry.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993, the Fund was registered with the Australian Prudential Regulation Authority on the 9th June 2006 (registration no. R106735).

The Trustee of the Fund is First Super Pty Ltd (RSE No L0003049).

The financial statements were authorised for issue by the Board of Directors of the Trustee on 19 September 2017.

2 Summary of significant accounting policies

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies adopted are consistent with those of the prior year unless otherwise stated.

(a) Basis of preparation

The financial statement is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 1056, other applicable Accounting Standards, and the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

(b) Adoption of AASB 1056

The Fund's reported financial position and results of operations were affected by the adoption of Accounting Standards AASB 1056 *Superannuation Entities* ("AASB 1056") effective from 1 July 2016. AASB 1056 replaced AAS 25 *Financial Reporting by Superannuation Plans*.

In accordance with the transition provisions of AASB 1056, the Fund has applied the new accounting standard retrospectively and restated comparative information. On initial application of AASB 1056, the Fund is not required to and has not presented a statement of financial position as at the beginning of the earlier comparative period.

The adoption of AASB 1056 has resulted in the following:

- changes to the format of the financial statements;
- changes to the measurement of assets and liabilities from net market value to fair value with the exception of member liabilities and tax assets and liabilities;
- recognition of member liabilities in the statement of financial position;
- recognition of benefits allocated to members' accounts in the income statement;
- contributions, transfers in, benefit payments, insurance premiums charged to member accounts, insurance premium paid to members and income tax on contributions are presented separately in the statement of changes in member benefits;
- cash flow transactions from contributions relating to member benefits are now presented as financing activities;
- statement of changes in reserves are required to be presented; and
- additional disclosures on member benefits.

As part of the transition to AASB 1056, the trustee also had to determine whether the Fund is exposed to material insurance risk in relation to members' insurance benefits. No material risk was identified therefore insurance premiums are no longer recognised as an expense. Refer to note 9 for further information.

As required by AASB 1056 and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Fund applied the new accounting standard retrospectively from the start of the comparative period beginning 1 July 2015.

As a result, the Fund has restated amounts previously reported under AAS 25 for the year ended 30 June 2016. The table below presents in respect of the period immediately preceding the date of initial application, the resulting changes as previously reported in the financial statement.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(b) Adoption of AASB 1056 (continued)

(i) Statement of Financial Position

	Reference	30 June 2016 as previously reported \$	Adjustments	30 June 2016 as restated \$
Assets				
Cash and Cash Equivalents		6,796,671	-	6,796,671
Investments	a	2,421,588,728	1,386,624	2,422,975,352
Plant and Equipment		46,691	-	46,691
Trade and Other receivables		654,501	-	654,501
Deferred tax asset		575,104	-	575,104
Total assets		2,429,661,695	1,386,624	2,431,048,319
Liabilities				
Trade and other payables		(7,260,212)	-	(7,260,212)
Benefits payable		(1,561,805)	-	(1,561,805)
Current tax liabilities		(8,454,446)	-	(8,454,446)
Deferred tax liability	b	(14,481,296)	(138,662)	(14,619,958)
Total liabilities excluding member benefits		(31,757,759)	(138,662)	(31,896,421)
Net assets available for member benefits		2,397,903,936	1,247,962	2,399,151,898
Member benefits	c	-	2,375,498,411	2,375,498,411
Total net assets		2,397,903,936	(2,374,250,449)	23,653,487
Equity				
Operational Financial Risk Reserve		(6,572,185)	-	(6,572,185)
Administration Reserve		(11,713,490)	-	(11,713,490)
Undistributed Earnings		(3,869,850)	(1,247,962)	(5,117,812)
Regulatory Reserve		(250,000)	-	(250,000)
Total equity		(22,405,525)	(1,247,962)	(23,653,487)

Explanation of movements

a. Under AASB 1056, assets and liabilities are required to be measured at fair value. AAS 25 required assets and financial liabilities to be measured at 'net market values'. Therefore the movement in the value of investments with the adoption of AASB 1056 is the cost of disposal of investments, which is now required to be included in accordance with 'fair value' measurement.

b. This movement represents the tax effect of the adjustment for investment disposal costs, as a result of investments being measured at fair value in accordance with AASB 1056.

c. AASB 1056 requires defined contribution member liabilities to be recognised and measured as the amount of accrued benefits. This movement represents the recognition of this liability on the face of the statement of financial position.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(b) Adoption of AASB 1056 (continued)

(ii) Income statement

	Reference	30 June 2016 as previously reported \$	Adjustments \$	30 June 2016 as restated \$
INVESTMENT INCOME				
Interest income		7,591,272	-	7,591,272
Dividends and distributions		184,023,606	-	184,023,606
Other income		2,176,236	-	2,176,236
Movement in net market value of investments	a	(62,758,694)	1,386,624	(61,372,070)
Less: direct investment expenses		(3,093,215)	-	(3,093,215)
Interest Income - Bank		127,616	-	127,616
		<u>128,066,821</u>	<u>1,386,624</u>	<u>129,453,445</u>
CONTRIBUTION REVENUE				
Employer contributions	b	134,720,963	(134,720,963)	-
Member contributions	b	8,602,996	(8,602,996)	-
Transfers from other funds	b	29,963,860	(29,963,860)	-
Government Co-contributions & LISC	b	2,173,792	(2,173,792)	-
		<u>175,461,611</u>	<u>(175,461,611)</u>	<u>-</u>
OTHER REVENUE				
Group life insurance proceeds	b	16,302,200	(16,302,200)	-
Sundry Income		-	-	-
Proceeds on sale of assets		-	-	-
		<u>16,302,200</u>	<u>(16,302,200)</u>	<u>-</u>
TOTAL REVENUE		<u>319,830,632</u>	<u>(190,377,187)</u>	<u>129,453,445</u>
EXPENSES				
Group life insurance premiums	b	(30,346,709)	30,346,709	-
Administration and investment expenses		(13,224,861)	-	(13,224,861)
TOTAL EXPENSES		<u>(43,571,570)</u>	<u>30,346,709</u>	<u>(13,224,861)</u>
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX				
		<u>276,259,062</u>	<u>(160,030,478)</u>	<u>116,228,584</u>
Income tax expense attributable to benefits accrued	c	(19,067,488)	20,227,221	1,159,733
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		<u>257,191,574</u>	<u>(139,803,257)</u>	<u>117,388,317</u>

Explanation of movements

a. Under AASB 1056, assets and liabilities are required to be measured at fair value. AAS 25 required assets and financial liabilities to be measured at 'net market values'. Therefore the movement in the value of investments with the adoption of AASB 1056 is the cost of disposal of investments, which is now required to be included in accordance with 'fair value' measurement.

b. These items are required to be presented separately in the Statement of Changes in Member Benefits.

c. This adjustment includes \$20,365,883 on income tax expense relating to contributions which is now presented separately in the statement of changes in member benefits. An amount of \$138,662 relates to the tax effect of disposal cost adjustments at an effective tax rate of 10%.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(b) Adoption of AASB 1056 (continued)

(iii) Statement of Cash Flows

	Reference	30 June 2016 as previously reported \$	Adjustments	30 June 2016 as restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Employer contributions received	a	134,720,963	(134,720,963)	-
Member contributions received	a	10,776,788	(10,776,788)	-
Transfers from other funds	a	29,963,860	(29,963,860)	-
Interest received		127,616	-	127,616
Administration reserve amounts paid		(22,838)	-	(22,838)
Proceeds from group life policies		16,302,200	-	16,302,200
Group life proceeds paid to members	a	(16,302,200)	16,302,200	-
Group life premiums paid	b	(30,346,709)	857,485	(29,489,224)
Administration expenses paid	c	(11,796,728)	1,181,195	(10,615,533)
Investment expenses paid	d	(3,093,215)	1,593,433	(1,499,782)
Benefits paid	a	(143,914,685)	143,914,685	-
Income tax paid	e	(9,948,947)	11,423,631	1,474,684
Net cash from operating activities		(23,533,895)	(188,980)	(23,722,875)
CASH FLOWS FROM INVESTING ACTIVITIES				
Withdrawal of cash from investment activities	d	25,470,316	(3,093,215)	22,377,101
Payments for fixed assets and other items		(8,815)	-	(8,815)
Net cash from investing activities		25,461,501	(3,093,215)	22,368,286
CASH FLOWS FROM FINANCING ACTIVITIES				
Employer contributions received	a	-	134,720,963	134,720,963
Member contributions received	a	-	10,776,788	10,776,788
Transfers from other funds	a	-	29,963,860	29,963,860
Group life proceeds paid to members	f	-	(16,841,100)	(16,841,100)
Benefits paid	a	-	(143,914,685)	(143,914,685)
Income tax paid	e	-	(11,423,631)	(11,423,631)
Net cash from financing activities		-	3,282,195	3,282,195
Net increase / (decrease) in cash and cash equivalents held		1,927,606	-	1,927,606
Cash and cash equivalents at the beginning of the financial period		4,869,066	-	4,869,066
Cash and cash equivalents at the end of the financial period		6,796,672	-	6,796,672

Explanation of movements

a. Contributions, transfers in, benefit payments and group life proceeds paid are treated as financing activities as any member initiated activities will result in changes in the size and composition of the member liability of the superannuation entity.

b. Group life premiums has been re-stated to reflect the cash flow from the fund to the insurer paid during the reporting period.

c. Administration expenses have been re-classified from investments paid from the fund's bank account and the timing difference in group life premiums and proceeds.

d. Direct investment expenses have been re-classified from the prior year to reflect the expenses paid from the fund's bank account and excluding payments made by the custodian.

e. Income tax on contributions is presented separately in the cash flows from financing activities.

f. The group life proceeds paid to members has also been re-stated to reflect any timing difference between the fund receiving the insurance proceeds and payment of the proceeds to the beneficiary.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(c) Financial instruments

(i) Classification

The Fund's investments are classified as at fair value through the income statement. They comprise:

- Financial instruments held for trading

Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification.

- Financial instruments designated at fair value through income statement upon initial recognition

These include financial assets that are not held for investment purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and commercial paper.

These investments are managed and their performance is evaluated on a fair values basis in accordance with the Fund's investment strategy.

(ii) Recognition/derecognition

Financial assets and financial liabilities are recognised on the date the Fund becomes party to the contractual agreement (trade date) and changes in the fair value of the financial assets or financial liabilities are recognised from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial asset or liability at fair value. Transaction costs are expensed in the income statement.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through income statement are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of financial instruments.

For further details on how the fair values of financial instruments are determined refer to note 4.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability at the same time.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities as movements in the fair value of these securities represent the Fund's main income generating activity.

(e) Revenue recognition

Interest income is recognised in the income statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Dividend and trust distribution income is recognised gross of withholding tax in the period in which the Fund's right to receive payment is established.

(f) Foreign currency translation

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 income statement in the period in which they arise.

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

(g) Receivables

Receivable amounts are generally received within 30 days of being recorded as receivables.

Collectability of trade receivables is reviewed regularly. Debts which are known to be uncollectable are written off by reducing the carrying amount.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(h) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period. These amounts are unsecured and are usually paid within 30 days of recognition.

(i) Benefits paid/payable

Benefits paid/payable are valued at the amounts due to members at reporting date. Benefits paid/payable comprise pensions accrued at balance date and lump sum benefits of members who are due a benefit but had not been paid at balance date.

(j) Contributions received and transfers from other funds

Contributions received and transfers from other funds are recognised in the statement of changes in member benefits when control of the contribution or transfer has transferred to the Fund. They are recognised gross of any taxes.

(k) Use of estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel. Refer to note 4 for details.

(l) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) are set out below:

AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018)

AASB 9 addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities. AASB 9 introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The Trustee does not expect this to have a significant impact on the Fund's financial instruments as they are carried at fair value through profit and loss.

The Fund has not yet decided when to adopt AASB 9.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Fund has an investment governance statement and manual (IGS) established by the Trustee. The IGS sets out the Trustee's policies and procedures for the selection, management and monitoring of investments for the Fund. For each investment option offered by the Fund, the Trustee seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

(a) Market risk

(i) Price risk

The Fund is exposed to equity securities and derivative price risk. These arise from investments held by the Fund for which prices in the future are uncertain.

The Trustee mitigates price risk through diversification and a careful selection of securities and the use of defensive hedges to manage the Fund's exposure to price risk. Compliance with the IGS and supporting investment guidelines are monitored by the Trustee on a regular basis.

At 30 June, the fair value of equities and related derivatives exposed to price risk were as follows:

	2017	2016
	\$	\$
Equities	893,544,339	797,720,523
Property	284,368,772	252,572,311
Infrastructure	289,559,368	254,206,245
Mandates	470,458,879	434,417,572
Increase/(decrease) from OTC equity options	-	-
Net exposure to price risk	<u>1,937,931,358</u>	<u>1,738,916,651</u>

Notes to the Financial Statements

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The Fund operates internationally and has assets and liabilities denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value securities denominated in foreign currencies will fluctuate due to changes in exchange rates.

The Fund's policy is to economically hedge a portion of the direct foreign currency exposure on the financial assets and liabilities using forward foreign exchange contracts. Compliance with the Fund's hedging policy is monitored by the Trustee on a regular basis.

The table below summarises the Fund's financial assets and liabilities which are denominated in foreign currencies.

	2017		2016	
	US dollars	Euro	US dollars	Euro
Cash and cash equivalents	688,288	-	377,404	-
Financial assets	5,709,806	1,030,640	8,436,994	1,701,975
Financial liabilities	-	-	-	-
Increase/(decrease) from forward foreign exchange contracts	-	-	-	-
Net exposure to foreign exchange risk	6,398,094	1,030,640	8,814,398	1,701,975

(iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed interest rates expose the Fund to fair value interest rate risk.

The table below summarises the Fund's direct exposure to interest rate risk including the Fund's use of interest rate swap contracts which are used to manage exposure to interest rate risk.

	2017			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
Financial assets				
Cash and cash equivalents	7,787,265	-	-	7,787,265
Due from brokers - receivables for securities sold	-	-	-	-
Financial assets	549,500,269	231,940,453	-	781,440,722
Financial liabilities				
Due to brokers - payables for securities purchased	-	-	-	-
Financial liabilities	-	-	-	-
Increase/(decrease) from interest rate swap contracts	-	-	-	-
Net exposure to interest rate risk	557,287,534	231,940,453	-	789,227,987

	2016			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
Financial assets				
Cash and cash equivalents	6,542,768	253,903	-	6,796,671
Due from brokers - receivables for securities sold	-	-	-	-
Financial assets	515,193,050	190,606,108	-	705,799,158
Financial liabilities				
Due to brokers - payables for securities purchased	-	-	-	-
Financial liabilities	-	-	-	-
Increase/(decrease) from interest rate swap contracts	-	-	-	-
Net exposure to interest rate risk	521,735,818	190,860,011	-	712,595,829

Notes to the Financial Statements

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to members to interest rate risk, foreign exchange risk and price risk. The reasonably possible movements in the risk variables have been based on the Trustee's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, foreign exchange rates and market volatility. Actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Price risk		Foreign exchange risk				Interest rate risk	
			Impact on operating profit before tax					
	-15% MSCI Index	+7.5% MSCI Index	-10% USD	+10% USD	-10% Euro	+10% Euro	-75 bps	+75 bps
2017	(290,689,704)	145,344,852	(639,809)	639,809	(103,064)	103,064	(5,919,210)	5,919,210
2016	(260,837,498)	130,418,749	(881,440)	881,440	(170,198)	170,198	(5,344,469)	5,344,469

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

The main credit risks, to which the Fund is exposed, arises from the Fund's investment in interest bearing securities. The Fund is also exposed to credit risk on derivative financial instruments, cash and cash equivalents and other receivables. The Trustee monitors the Fund's credit risk exposure on a regular basis.

(i) Fixed interest securities

The Fund invests in fixed interest securities which are rated by Standard & Poor's via the Fund's custodian. An analysis of interest bearing securities by rating, is set out in the following table.

Rating	2017 \$	2016 \$
AAA to AA-	-	-
AA+ to AA-	-	-
A+ to A-	-	1,024,500
BBB+ to B-	4,902,830	8,846,290
Unrated	172,376,063	146,666,327
	<u>177,278,893</u>	<u>156,537,117</u>

(ii) Derivative financial instruments

The Trustee has established limits such that, less than 10% of the fair value of favourable contracts outstanding are with any individual counterparty. The Fund also restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements as set out in note 5.

(iii) Settlement of securities transactions

All transactions in listed securities are settled for upon delivery using brokers approved by the Trustee. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment.

(iv) Cash and cash equivalents

The Fund's exposure to credit risk for cash and cash equivalents is considered low as all counterparties have a rating of AA (as determined by Standard & Poor's via the Fund's custodian) or higher.

(v) Assets in custody

The clearing and depository for the Fund's security transactions are concentrated with one counterparty, namely BNP Paribas Securities Services, Australia branch (ARBN 87 149 440 291). BNP Paribas Securities Services is part of the global BNP Paribas group. BNP Paribas SA had a credit rating of A at 30 June 2017 (2016: A).

(vi) Maximum exposure to credit risk

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

Notes to the Financial Statements

3 Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations to members or counterparties in full as they fall due or can only do so on terms that are disadvantageous.

The Fund is obligated to pay member benefits upon request. The Trustee's policy is therefore to primarily hold investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

(i) Maturities of financial liabilities

The tables below show the Fund's financial liabilities based on their contractual maturities using undiscounted cash flows. Amounts due to brokers and benefits payable are payable on demand. Liabilities to defined contribution members are payable upon request. The Fund considers it is highly unlikely that all liabilities to members would fall due at the same time.

2017	Less Than 1 Month \$	1-3 Months \$	3-6 Months \$	1-2 years \$	Total \$
Non-derivatives					
Due to brokers - payable for securities purchased	1,338,126	-	-	-	1,338,126
Benefits payable	258,572	-	-	-	258,572
Other payables	5,285,258	-	-	-	5,285,258
Defined contribution member liabilities	2,651,978,239	-	-	-	2,651,978,239
Derivatives					
Net settled derivatives	14,000	-	-	-	14,000

2016	Less Than 1 Month \$	1-3 Months \$	3-6 Months \$	1-2 years \$	Total \$
Non-derivatives					
Due to brokers - payable for securities purchased	-	-	-	-	-
Benefits payable	1,561,805	-	-	-	1,561,805
Other payables	6,826,460	-	-	-	6,826,460
Defined contribution member liabilities	2,375,498,411	-	-	-	2,375,498,411
Derivatives					
Net settled derivatives	-	-	-	-	-

4 Fair value measurement

Fair value hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly. The Trustee values fixed interest securities held by the Fund using broker quotes, units in unit trusts using the unit price provided by the underlying fund manager and OTC derivatives using valuation models.
- Level 3: one or more of the significant inputs are not based on observable market data, examples include discount rates and other material unobservable inputs. The Trustee values units in unit trusts classified as level 3 using the unit price provided by the underlying fund manager. These unit trusts hold illiquid investments such as unlisted property and private equity.

Notes to the Financial Statements

4 Fair value measurement (continued)

Fair value hierarchy (continued)

Recognised fair value measurements

The table below sets out the Fund's financial assets and liabilities at fair value according to the fair value hierarchy.

2017	Level 1	Level 2	Level 3	Total
Assets				
Cash and Cash Equivalents	7,787,265	-	-	7,787,265
Investments				
Australian Equities				
Listed Equities	-	159,730,104	-	159,730,104
Private Equity	1,056	134,648,471	50,093,952	184,743,479
International Equities				
International Share funds	-	542,135,797	-	542,135,797
International Private Equity	95,689	6,839,270	-	6,934,959
Property Funds	685,238	283,683,534	-	284,368,772
Australian Infrastructure	-	170,192,203	-	170,192,203
International Infrastructure	-	119,367,165	-	119,367,165
Fixed Interest	5,401,323	536,525,559	-	541,926,882
Cash Portfolio	55,084,494	176,855,959	-	231,940,453
Eley Griffiths Small Companies Mandate	55,254,953	-	-	55,254,953
IFM Australian Equities Mandate	222,037,039	-	-	222,037,039
Perpetual Australian Equities Mandate	185,593,500	-	-	185,593,500
IFM Australian Credit Mandate	1,094,551	6,478,836	-	7,573,387
Plant and Equipment	64,449	-	-	64,449
Trade and Other receivables	739,382	-	-	739,382
Liabilities				
Trade and other payables	(5,749,182)	-	-	(5,749,182)
Benefits payable	(258,572)	-	-	(258,572)
2016	Level 1	Level 2	Level 3	Total
Assets				
Cash and Cash Equivalents	6,542,768	253,903	-	6,796,671
Investments				
Australian Equities				
Listed Equities	-	138,894,429	-	138,894,429
Private Equity	-	138,287,694	45,591,281	183,878,975
International Equities				
International Share funds	-	464,097,544	-	464,097,542
International Private Equity	-	10,849,577	-	10,849,577
Property Funds	-	252,572,311	-	252,572,311
Australian Infrastructure	-	149,492,854	-	149,492,854
International Infrastructure	-	104,713,391	-	104,713,391
Fixed Interest	-	493,452,593	-	493,452,593
Cash Portfolio	-	190,606,108	-	190,606,108
Eley Griffiths Small Companies Mandate	57,455,305	-	-	57,455,305
IFM Australian Equities Mandate	193,942,441	-	-	193,942,441
Perpetual Australian Equities Mandate	161,279,369	-	-	161,279,369
IFM Australian Credit Mandate	3,059,500	18,680,957	-	21,740,457
Plant and Equipment	46,691	-	-	46,691
Trade and Other receivables	654,501	-	-	654,501
Liabilities				
Trade and other payables	(7,260,212)	-	-	(7,260,212)
Benefits payable	(1,561,805)	-	-	(1,561,805)

Notes to the Financial Statements

4 Fair value measurement (continued)

Movement in level 3 investments

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels in the fair value hierarchy for the year ended 30 June 2017 and 30 June 2016.

	2017	2016
	\$	\$
Opening balance	45,591,281	57,694,246
Purchases	1,924,636	-
Sales	(20)	-
Change in fair value	2,578,055	(12,102,965)
Closing balance	<u>50,093,952</u>	<u>45,591,281</u>

Valuation inputs and relationships to fair value

The Fund's level 3 investments comprise shares in unlisted private companies. The following table summarises the quantitative information about the significant unobservable inputs used by the Trustee in level 3 fair value measurements.

	Description	Fair value at 30 June	Unobservable inputs	Relationship of unobservable inputs to fair value
		\$		
2017	Unlisted private equity	50,093,952	Redemption price	Higher/(lower) redemption price (+/-10%) would increase/(decrease) fair value by \$5,009,395
2016	Unlisted private equity	45,591,281	Redemption price	Higher/(lower) redemption price (+/-10%) would increase/(decrease) fair value by \$4,559,128

Valuation process

The Trustee reviews valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. Changes in level 2 and 3 fair values are analysed at each reporting date by the Trustee.

5 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. These amounts form part of the investment value recorded on the balance sheet. The table below shows the fair value and notional principal amount of derivative financial instruments. The fair value of derivatives shown represents the amount of unrealised gains and losses, whereas the notional amount is an aggregate exposure of all contracts.

Derivative Types	2017			2016		
	Fair Value		Contract / Notional Amount	Fair Value		Contract / Notional Amount
	Assets	Liabilities		Assets	Liabilities	
	\$	\$	\$	\$	\$	\$
Equity Futures	-	(14,000)	847,350	10,675	-	1,035,200
	-	(14,000)	847,350	10,675	-	1,035,200

Notes to the Financial Statements

6 Net changes in financial assets and liabilities measured at fair value:

	2017 \$	2016 \$
Australian Equities	8,111,088	18,851,705
International Equities	36,402,123	(57,279,214)
Property Funds	19,945,248	4,117,849
Australian Infrastructure	14,882,110	182,568
International Infrastructure	12,759,688	(11,368,770)
Fixed Interest	(3,982,558)	(6,803,197)
Cash Portfolio	141,535	1,069,170
Eley Griffiths Small Companies Mandate	(2,339,228)	9,349,503
IFM Australian Equities Mandate	18,915,181	(5,653,806)
Perpetual Australian Equities Mandate	17,476,346	(8,574,384)
IFM Australian Credit Mandate	(104,823)	(5,263,494)
Total	122,206,710	(61,372,070)

7 Structured entities and investments

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Fund considers all investments in managed investment schemes (funds) to be structured entities. The Fund invests in underlying managed funds for the purpose of capital appreciation and or earning investment income.

The investee funds' objectives are to achieve medium to long term capital growth. The investee funds invest in a number of different financial instruments, including equities and debt instruments.

The exposure to investments in investee funds at fair value, by investment class, is disclosed below:

	Fair value of investment 2017 \$	Fair value of investment 2016 \$
Australian Equities		
- Listed Equities	159,730,104	138,894,429
- Private Equity	184,743,479	183,878,975
International Equities		
- International Share Funds	542,135,797	464,097,542
- International Private Equity	6,934,959	10,849,577
Property Funds	284,368,772	252,572,311
Australian Infrastructure	170,192,203	149,492,854
International Infrastructure	119,367,165	104,713,391
Eley Griffiths Small Companies Mandate	55,254,953	57,455,305
IFM Australian Equities Mandate	222,037,039	193,942,441
Perpetual Australian Equities Mandate	185,593,500	161,279,369
IFM Australian Credit Mandate	7,573,387	21,740,457
	1,937,931,358	1,738,916,651

The fund also holds additional investments in cash and term deposits which are not classified as investee funds. The exposure to these assets, by investment class, is disclosed below:

Fixed Interest	541,926,882	493,452,593
Cash	231,940,453	190,606,108
	773,867,335	684,058,701
<i>Total investments held under custody</i>	2,711,798,693	2,422,975,352

The fair value of the above financial assets (2017: \$2,711,798,693 2016: \$2,422,975,352) is recorded as investments on the balance sheet.

The Fund's maximum exposure to loss from its interests in investee funds is equal to the total fair value of its investments in the investee funds.

During the year ended 30 June 2017, total gains incurred on investments in investee funds were \$122,206,710 (2016: loss \$61,372,070).

During the year the Fund earned fair value gains and distribution income as a result of its interests in other funds.

Notes to the Financial Statements

8 Member liabilities

Recognition and measurement of member liabilities

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

Defined contribution member account balances are measured using crediting rates determined by the Trustee based on the underlying investment option values selected by members.

The defined contribution members bear the investment risk relating to the underlying investment options. The crediting rates used to measure defined contribution member liabilities are updated weekly for movements in investment values and credited to members either annually or upon exiting the Fund.

9 Insurance arrangements

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members accounts and reinsurance recoveries allocated are recognised in the statement of changes in members benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim
- insurance premiums are only paid through the Fund for administrative reasons, and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

10 Reserves

(a) Operational risk financial reserve

Under APRA Prudential Standards SPS 114: Operational Risk Financial Requirements (ORFR), the Fund is required to maintain an ORFR reserve of at least 0.25% of the Funds assets. However, the Fund's approved target level under their ORFR policy is 0.30% of funds under management. 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.

(b) Fund reserves

The Trustee maintains a reserve for administration and operational purposes, such as paying costs and receiving investment income. The undistributed earnings reflect the difference between the cumulative amount of investment income (net of investment expenses) allocated to members' accounts compared with the cumulative investment income (net of investment expenses) earned by the Fund. The Trustee also holds a statutory reserve of at least \$250,000 in a bank account with the custodian. Under the trustee's revised licence issued in 2017 this capital is no longer required since the achievement of the ORFR target for the first time.

11 Income tax

(a) Accounting policy

Under the Income Tax Assessment Act, the Fund is a complying superannuation fund. As such, a concessional tax rate of 15% is applied on net investment earnings with deductions allowable for administrative and operational expenses. Financial assets held for less than 12 months are taxed at the Fund's rate of 15%. For financial assets held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

11 Income tax (continued)

(b) Income tax expense	2017 \$	2016 \$
Current Tax Expense		
Current year	5,075,829	1,778,048
Under/(Over) provision from prior periods	(2,968,849)	(1,522,430)
Deferred Tax Expense		
Movement in temporary differences	13,002,108	(1,415,351)
Total income tax expense/(benefit)	15,109,088	(1,159,733)
(c) Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	277,826,022	116,228,584
Prima facie tax at the complying superannuation fund tax rate of 15%	41,673,903	17,434,288
Differences between Tax and Accounting arising in Prior Periods	(2,968,849)	(1,522,430)
Insurance premium deduction	(4,159,691)	(4,552,006)
Franking and foreign tax credits	(6,477,553)	(6,875,236)
Non Assessable Investment Income	(12,958,722)	(5,644,349)
Income tax expense/(benefit)	15,109,088	(1,159,733)
Income tax expense - investments	21,238,780	5,376,003
Income tax benefit - administration	(6,129,692)	(6,535,736)
	15,109,088	(1,159,733)

In addition to the above, \$22,284,943 (2016: \$20,365,883) is recognised in the statement of changes in members benefits relating to tax on contributions and no-TFN tax deducted from member accounts.

(d) Deferred tax balances

Deferred tax asset relates to the following:

Accrued expenses & provisions	67,785	220,136
Annual and long service leave	38,765	32,862
Insurance premiums	379,229	322,106
Deferred Tax Asset	485,779	575,104

Deferred tax liability relates to the following:

Unrealised capital gains	(28,005,336)	(14,034,657)
Unrealised ordinary investment income	472,595	(585,301)
Deferred Tax Liability	(27,532,741)	(14,619,958)

12 Other operating expenses

Trustee Services Fee	(991,654)	(926,833)
Commissions paid directly	-	-
Audit fees	(420,827)	(524,740)
Sponsorship	(78,907)	(38,231)
Advertising and Marketing	(786,504)	(895,038)
Other operating expenses	(2,277,893)	(2,384,842)

In 2016, sponsorship expenses were included in the financial statements as a marketing expense. These items have now been re-classified.

13 Cash and cash equivalents

Cash at bank	7,787,265	6,796,671
Money market instruments	-	-
	7,787,265	6,796,671

Notes to the Financial Statements

	2017	2016
	\$	\$
14 Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities		
(a) Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities		
Operating result after tax	398,231	7,291,609
Adjustments for:		
Depreciation	27,115	21,880
Amounts paid from administration reserve	(49,566)	(22,838)
Investment activities via custodian	(290,318,243)	(129,325,830)
Net benefits allocated to members	262,318,703	110,096,708
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(84,881)	103,236
Increase/(decrease) in payables	(887,748)	984,522
Increase/(decrease) in tax payable	7,002,495	314,861
Death and disability proceeds received from insurer	19,131,050	16,302,200
Insurance premiums paid	(27,440,389)	(29,489,224)
Net cash inflow/(outflow) from operating activities	<u>(29,903,234)</u>	<u>(23,722,876)</u>

(b) Non-cash financing and investing activities

There were no non-cash financing activities during the year.

15 Investment commitments

The Fund has outstanding capital commitments in relation to unlisted investments contracted for as at the reporting date but not recognised as liabilities as follows:

Asset class	\$	\$
Private Equity	63,877,039	93,942,626
Infrastructure	-	13,369,383
Property	670,964	704,856
Floating Rate Debt	-	40,000,000
	<u>64,548,003</u>	<u>148,016,865</u>

16 Contingent liabilities and contingent assets

There are no outstanding contingent assets or liabilities as at 30 June 2017 (2016: nil).

17 Events occurring after the reporting period

David Galloway resigned as company secretary of First Super Pty Ltd on 7 July 2017. Maxine Jacona was appointed as company secretary of First Super Pty Ltd on 19 July 2017. William Watson resigned as joint Company Secretary on 19 July 2017. No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund as at 30 June 2017 or on the results and cash flows of the Fund for the year ended on that date.

18 Related party transactions

(a) Trustee

The Trustee of the Fund throughout the year was First Super Pty Ltd (ABN 42 053 498 472, RSE Licence No. L0003049). Amounts paid to the Trustee in form of fees and reimbursements are disclosed in note 12. As at 30 June 2017, \$143,798 (2016: \$46,674) was payable to the trustee and is included in 'other payables' in the statement of financial position.

Notes to the Financial Statements

18 Related party transactions (continued)

(b) Directors

Key management personnel includes persons who were directors of First Super Pty Ltd at any time during the financial year as follows:

Michael O'Connor (Co-chair)	Alex Millar	Allan Stewart*
Lisa Marty (Co-chair)*	Denise Campbell-Burns	Julie George
David Kirner	Frank Vari	Bob Smith (resigned 30 June 2017)
Martin Lewis (resigned 27 September 2016)	Mike Radda	Candy Broad
Janet Gilbert (appointed 14 March 2017)		

* On 20 September 2016, Allan Stewart resigned as Co-Chair and Lisa Marty was appointed as Co-Chair.

(c) Other key management personnel

Other key management personnel with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year were as follows:

William Watson is the Chief Executive Officer of First Super Pty Ltd. David Galloway was the joint Company Secretary of First Super Pty Ltd (resigned 7 July 2017). Maxine Jacona was appointed as Company Secretary on 19 July 2017.

(d) Key management personnel compensation

Director Remuneration						
Directors	Position Held	FY Year	Meeting Fees Paid and Payable*	Travel and expenses paid*	Total remuneration	Recipient Organisation/Entity
Michael O'Connor	Co-Chair	2015/2016	\$72,270	n/a	\$72,270	CFMEU - FFPD
		2016/2017	\$74,525	\$5,144	\$79,669	
Allan Stewart	Director	2015/2016	\$123,200	n/a	\$123,200	Allan Stewart & Associates Pty Ltd
		2016/2017	\$52,004	\$30,041	\$82,045	
Bob Smith	Ind Director	2015/2016	\$61,944	n/a	\$61,944	Robert Patrick Smith
		2016/2017	\$47,850	\$19,261	\$67,111	
David Kirner	Director	2015/2016	\$52,979	n/a	\$52,979	CFMEU - FFPD
		2016/2017	\$18,150	\$10,450	\$28,600	
Alex Millar	Director	2015/2016	\$45,320	n/a	\$45,320	CFMEU - FFPD
		2016/2017	\$29,700	\$1,928	\$31,628	
Mike Radda	Director	2015/2016	\$27,995	n/a	\$27,995	UCI Projects Pty Ltd
		2016/2017	\$14,025	\$4,840	\$18,865	UCI Projects Pty Ltd
		2016/2017	\$13,200	\$1,928	\$15,128	Sterad Pty Ltd
Martin Lewis	Director	2015/2016	\$54,629	n/a	\$54,629	Kylken Pty Ltd
		2016/2017	\$8,250	\$4,400	\$12,650	
Frank Vari	Director	2015/2016	\$32,890	n/a	\$32,890	CFMEU - FFPD
		2016/2017	\$23,100	n/a	\$23,100	
Lisa Marty	Co-Chair	2015/2016	\$39,930	n/a	\$39,930	Lisa Marty
		2016/2017	\$76,589	\$8,638	\$85,228	
Denise Campbell - Burns	Director	2015/2016	\$29,480	n/a	\$29,480	CFMEU - FFPD
		2016/2017	\$34,650	\$1,928	\$36,578	
Julie George	Director	2015/2016	\$54,179	n/a	\$54,179	Busi Culture Pty Ltd
		2016/2017	\$41,250	\$22,833	\$64,083	
Candy Broad	Ind Director	2015/2016	\$44,800	n/a	\$44,800	Candy Broad
		2016/2017	\$39,000	\$8,053	\$47,053	
Janet Gilbert	Director	2016/2017	\$13,200	\$16,228	\$29,428	Crescor Pty Ltd

* Director fees in 2016 included, if applicable, payment for training, travel and accommodation expenses. These have not been re-classified.

Notes to the Financial Statements

18 Related party transactions (continued)

(d) Key management personnel compensation (continued)

Executive Remuneration						
Executive Officers	Position Held	FY Year	Paid - Cash Component	Superannuation Contributions includes SG and Salary Sacrifice	Other**	Total remuneration
William Watson	CEO	2015/2016	\$319,242	\$21,007	\$9,825	\$350,074
		2016/2017	\$312,845	\$39,457	\$9,235	\$361,538
David Galloway	Operations and Governance Manager	2015/2016	\$183,200	\$34,810	\$7,709	\$225,719
		2016/2017	\$170,304	\$35,953	\$6,687	\$212,944

** Other includes salary sacrificed benefits and long service leave accrued in the financial year.

(e) Related party transactions

Transactions with related parties

The following Directors/officers (or former Directors/officers) of the Trustee Company are or were also members of the Fund:

Michael O'Connor
Allan Stewart
Mike Radda

Lisa Marty
Martin Lewis
Denise Campbell-Burns

Alex Millar
Julie George
William Watson

Superannuation contributions and benefits are determined using the same Trust Deed provisions which apply to all members.

Other Related Party Transactions

First Super owns 7% of Frontier Advisors Ltd which provides investment advisory services to the Fund at a commercial basis at arm's length. Martin Lewis was a director of Frontier Advisors Ltd (resigned December 2016) and Mike Radda was also a director of Frontier Advisors Ltd (appointed December 2016; resigned August 2017).

Mike Radda was CEO of UCI Projects Pty Ltd (resigned 31 March 2017). During the year, First Super purchased office equipment from UCI Projects Pty Ltd at a cost of \$3,879 on normal terms and conditions.

First Super owns 100% of Super Benefits Administration Pty Ltd which provides administration services to the Fund at a commercial arm's length basis. Martin Lewis was a director of Super Benefits Administration Pty Ltd (resigned 23 June 2017). Michael O'Connor is a director of Super Benefits Administration Pty Ltd.

The following amounts are listed at year end in relation to Super Benefits Administration Pty Ltd:

Administration fees paid/payable to Super Benefits Administration Pty Ltd	4,445,772	4,508,334
Trade & Other Payables - Administration Fees Owing	38,255	333,150

Five directors of First Super are nominated by the CFMEU (Forestry and Furnishing Products Division). As at 30 June 2017, there were six full-time and two part-time co-ordinators employed by the CFMEU supplied on contract to First Super. The total payments for the year ended 30 June 2017 were \$1,503,109 (2016: \$1,762,224).

During the year ended 30 June 2017 the fund made total sponsorship payments of \$78,907 (2016: \$38,231) for various activities and events. This included payments to shareholders in the Trustee Company as follows: CFMEU \$24,030 (2016: \$16,422), FIAA \$31,279 (2016: \$3,128) and VAFI \$10,438 (2016: \$10,426).

19 Remuneration of auditors

Remuneration paid or payable for services provided by the auditor:

PricewaterhouseCoopers - Audit and review of the Financial Statements	145,500	118,038
PricewaterhouseCoopers - Other Assurance Services	-	-
	<u>145,500</u>	<u>118,038</u>

Trustees' declaration to the members

In the opinion of the directors of the Trustee of First Super:

(a) the accompanying financial statements and notes set out on pages 1 to 25 are in accordance with:

(i) Australian Accounting Standards and other mandatory professional reporting requirements, and

(ii) present fairly the Fund's financial position as at 30 June 2017 and of its performance for the financial year ended on that date,

(b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2017, and

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

Signed in accordance with a resolution of First Super Pty Ltd (A.B.N. 42 053 498 472)

Dated in Melbourne this 19th day of September 2017.



Director



Director