



Annual financial report 30 June 2021

AustralianSuper Pty Ltd
ABN 94 006 457 987

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Directors' report

The Directors present their report on AustralianSuper Pty Ltd (the 'Company') at 30 June 2021 and on the results for the year then ended.

Directors

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

Member nominated	Employer nominated	Independent
J Angrisano	G Coyne	J Craig
B Daley	L Di Bartolomeo	D Russell
D Oliver	J Dixon	
G Thompson	C Keating	
D Walton	I Willox	

The following persons were Alternate Directors of the Company during the financial year and up to the date of this report, unless stated otherwise:

Member nominated	Employer nominated
N Apple	P Burn (ceased 9 December 2020)
P Cozens	A Flanagan (ceased 14 February 2021)
B Crofts	S Kay
B Davison (appointed 28 October 2020, ceased 16 August 2021)	H Ridout
J Mitchell (ceased 22 September 2020)	G Stamas
C Pace (ceased 28 October 2020)	
J Schofield	

Principal activities

The Company is the Trustee of AustralianSuper (the 'Fund'). During the year, the principal activities of the Company consisted of providing trustee services to the Fund. It is also the holder of the Australian Financial Services licence and the Registrable Superannuation Entity licence.

The Company incurs operating costs in providing trustee services to the Fund. Under the terms of the Trust Deed of AustralianSuper, the Company is entitled to receive trustee services fees, calculated by reference to the costs incurred by the Company in running the Fund.

Impact of COVID-19

The COVID-19 pandemic has had, and continues to have, a significant impact on the general business environment and financial markets. The Company continues to focus on three key priorities:

- › the health and safety of our team;
- › the provision of services for members; and
- › the ongoing operation of the Fund and investment performance.

The effects on the Company's operations during the period have been relatively limited, the main impact being the change to operating in a remote working environment which has not created any material issues to date. The Directors and Management continue to closely monitor developments including advice from the relevant authorities in respect to COVID-19, whilst managing the impact of the pandemic on member services, investments and staff.

The Company has considered the impact of COVID-19 in preparing the financial statements and related disclosures and do not foresee any significant impacts with the ongoing operations or financial stability of the Company.

Significant changes in the state of affairs

In May 2021, AustralianSuper and Club Plus Super signed a Memorandum of Understanding in relation to a potential merger of the two funds. At the date of this report, the two funds are continuing to work towards a merger.

There have been no other significant changes to the state of affairs.

Matters subsequent to the end of the financial year

In July 2021, AustralianSuper and LUCRF Super signed a Memorandum of Understanding to merge subject to due diligence.

In July 2021, the Board of Directors announced Chief Executive Ian Silk had advised his intention to step down after 15 years leading the Fund. The Board also announced that Chief Risk Officer Paul Schroder will be appointed Chief Executive once Mr Silk's term ends later in 2021.

No other significant events have occurred since the end of the reporting period which would impact on the balances of the Company as disclosed in the statement of financial position as at 30 June 2021 or on the results of operations of the Company for the year ended on that date.

Likely developments

Information on likely developments in the operations of the Company have not been included in this report because the Directors believe it would likely result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to significant environmental regulation in respect of its activities.

Rounding off

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar (as indicated).

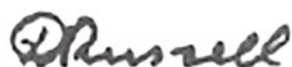
Insurance of officers

During the financial year, the Company paid premiums of \$1,733,543 (2020: \$1,204,914) for professional indemnity insurance for the Directors and Officers of the Company.

Auditor's independence declaration

The auditor's independence declaration is set out on page 6.

This report is made in accordance with a resolution of Directors.



Dr D. Russell
Director



C. Keating
Director

Melbourne
10 September 2021

Independence declaration



Auditor's Independence Declaration

As lead auditor for the audit of AustralianSuper Pty Ltd for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'CJ Cummins', is written over a faint horizontal line.

CJ Cummins
Partner
PricewaterhouseCoopers

Melbourne
10 September 2021

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Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Statement of comprehensive income

	Notes	2021 \$'000	2020 \$'000
Income from continuing operations			
Trustee services	15(a)	624,264	554,692
Other income		560	925
Total income from continuing operations		624,824	555,617
Expenses			
Staff costs		230,617	201,176
Administration costs		140,187	134,253
Professional services		55,843	57,642
Facilities costs		62,652	62,029
Communications and development		46,491	56,020
Impairment	3,4,9	41,564	3,517
Depreciation and amortisation		39,114	29,686
Finance costs	4	4,182	1,746
Director costs		4,034	4,508
Motor vehicle costs		135	197
Travel costs		5	4,843
Total expenses		624,824	555,617
Profit / (loss) before income tax		-	-
Income tax expense	6(b)	12	54
Profit / (loss) for the year		(12)	(54)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		(12)	(54)

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

Financial statements *(continued)*

Statement of financial position

	Notes	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	11	1,016	2,673
Trade and other receivables	7	113,999	79,953
Income tax receivable	6(a)	64	395
Total current assets		115,079	83,021
Non-current assets			
Trade and other receivables	7	78,278	22,599
Property, plant and equipment	9	2,986	13,010
Intangible assets	3	23,712	39,077
Right of use assets	4(a)	119,870	166,411
Total non-current assets		224,846	241,097
Total assets		339,925	324,118
Liabilities			
Current liabilities			
Trade and other payables	10	82,908	62,966
Provisions	5	30,270	23,793
Lease liabilities	4(a)	11,224	12,171
Total current liabilities		124,402	98,930
Non-current liabilities			
Trade and other payables	10	46,118	62,554
Provisions	5	14,064	3,507
Lease liabilities	4(a)	155,775	159,549
Total non-current liabilities		215,957	225,610
Total liabilities		340,359	324,540
Net liabilities		(434)	(422)
Equity			
Contributed equity	8	-	-
Accumulated losses		(434)	(422)
Total equity		(434)	(422)

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

Statement of changes in equity

Attributable to owners of AustralianSuper Pty Ltd				
	Notes	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 30 June 2021	8	-	(434)	(434)
Total comprehensive income for the year		-	(12)	(12)
Balance at 30 June 2020	8	-	(422)	(422)
Total comprehensive income for the year		-	(54)	(54)
Balance at 30 June 2019	8	-	(368)	(368)

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

Statement of cash flows

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Trustee services fee receipt		541,046	532,537
Payments to suppliers and employees		(532,823)	(536,811)
Other income		524	831
Interest received		36	94
Income tax refund / (paid)		319	(193)
Net cash inflow (outflow) from operating activities	16	9,102	(3,542)
Net cash inflow (outflow) from investing activities		-	-
Cash flows from financing activities			
Principal elements of lease payments		(10,759)	(7,900)
Net cash inflow (outflow) from financing activities		(10,759)	(7,900)
Net increase (decrease) in cash and cash equivalents		(1,657)	(11,442)
Cash and cash equivalents at the beginning of the financial year		2,673	14,115
Cash and cash equivalents at end of year		1,016	2,673

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

Notes to the financial statements

1 Corporate information

The financial report contains the financial statements of AustralianSuper Pty Ltd (the 'Company') and are presented in Australian currency.

The Company is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business changed effective 1 April 2021 to Level 30, 130 Lonsdale Street, Melbourne, Victoria.

The Company is the Trustee of AustralianSuper (the 'Fund'). During the year, the principal activities of the Company consisted of providing trustee services to the Fund. It is also the holder of the Australian Financial Services licence and the Registrable Superannuation Entity licence.

The financial statements were authorised for issue by the Directors on 10 September 2021. The Directors have the power to amend and reissue the financial statements.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. Unless otherwise stated, these policies are consistent with those applied in the previous year.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2007*. AustralianSuper Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of AustralianSuper Pty Ltd also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention. Where applicable, comparatives have been reclassified to reflect current year disclosures.

The Company's financial statements have been prepared on a going concern basis. The negative net asset position is due to accumulated losses relating to the tax expense arising from non-deductible expenses. When the tax is paid, the Company can invoice the Fund in accordance with the Trust Deed, which will reverse this position. The Company has ongoing support from the Fund through the right of indemnity in the Trust deed.

(b) Cash and cash equivalents

Cash and cash equivalents include deposits held at call with financial institutions.

(c) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured.

(d) Trade and other receivables and trade payables

Accrued income is recognised in relation to expenses that will be invoiced to the Fund in a future reporting period and arise due to tax timing differences.

Accounts payable are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company at year end. Trade payables are normally settled on 30-day terms.

Expenses prepaid by the Fund relates to the purchase of property, plant and equipment and assets. The liability unwinds as the underlying assets are depreciated and the associated trustee service fee income is recognised.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The depreciation methodology used for Property, plant and equipment is straight-line in order to reflect the economic benefit of the current assets.

The useful lives are as follows:

› Leasehold improvements	Lease term
› Computer equipment	3 years
› Office equipment	2-5 years
› Office furniture and fittings	10 years
› Motor vehicles	8 years

Any gain or loss on disposal of an item of Property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) Intangibles

Costs incurred in developing products and systems and acquiring software and licences that will contribute to future period financial benefits through income generation and/or cost reduction are capitalised. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over a period of 3 years.

(g) Employee benefits**Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities for annual leave and long service leave are recognised in the provision for employee benefits. All other short-term benefit obligations are presented as payables.

Other long-term employee benefits

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits. This is measured as the present value of the expected future payments to be made in respect of services provided by the employees up to the end of reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(h) Income tax

Tax expense in the statement of comprehensive income for the year comprises current and deferred tax. The Company's deferred tax position is offset in full between deferred tax assets and deferred tax liabilities.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purposes. Any amount of deferred tax provided would be based on the expected manner of realisation of assets or settlement of the liability.

(i) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as a part of the expense item as applicable. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from the taxation authority is included as part of receivables in the statement of financial position.

(j) Leases

The Company changed its accounting policy for leases in FY20, where the Company is the lessee.

Pursuant to AASB16 leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. The policy descriptions are provided in note 4.

(k) New accounting standards and interpretations

Amendments made to AASB 9 *Financial Instruments* or AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 7 *Financial Instruments: Disclosures* became mandatory for periods commencing 1 January 2021. The changes did not have an impact on the financial policies or disclosures.

New standards effective after 30 June 2021

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Company. These standards and interpretations are not expected to have a material impact on the Company.

How the numbers are calculated

3 Intangible assets

	Software development costs \$'000
At 30 June 2021	
Cost	101,652
Accumulated amortisation	(77,940)
Net book amount	23,712
Year ended 30 June 2021	
Opening net book amount	39,077
Additions	6,157
Impairment	(3,466)
Amortisation	(18,056)
Closing net book amount	23,712
At 30 June 2020	
Cost	102,534
Accumulated amortisation	(63,457)
Net book amount	39,077
Year ended 30 June 2020	
Opening net book amount	41,861
Additions	17,054
Impairment	(2,636)
Amortisation	(17,202)
Closing net book amount	39,077

Software includes capitalised development costs being an internally generated intangible asset.

Amortisation of \$18,056,000 (2020: \$17,202,000) is included in depreciation and amortisation expense in the statement of comprehensive income.

Intangible assets are reviewed annually for impairment. Impairment of \$3,466,000 (2020: \$2,636,000) has been recognised in the statement of comprehensive income.

4 Leases

This note provides information for leases where the Company is a lessee.

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2021 \$'000	30 June 2020 \$'000
Right of use assets		
Buildings	116,293	166,125
Equipment	3,577	286
	119,870	166,411
Lease liabilities		
Current	11,224	12,171
Non-current	155,775	159,549
	166,999	171,720

Additions to the right-of-use assets during the 2021 financial year were \$11,579,000 (2020: \$178,401,000).

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 \$'000	2020 \$'000
Depreciation charge of right-of-use assets		
Buildings	16,931	9,220
Equipment	639	98
	17,570	9,318
Interest expense (included in finance costs)	4,182	1,746
Expense relating to short-term leases (included in Facilities costs)	321	1,299
Expense relating to variable lease payments not included in lease liabilities (included in Facilities costs)	2,036	2,092
Impairment expense	31,062	-

The total cash outflow for leases in 2021 was \$13,116,000 (2020: \$11,291,000).

During the financial year the Company relocated its Melbourne CBD head office. The Company's lease over its previous head office expires on 31 December 2026 and the Company is currently seeking to sub-lease the premises. Due to significant uncertainty in the Melbourne CBD office leasing market, the Company fully impaired the right of use asset associated with the lease in the 2021 financial year. The Company also provided for estimated make good costs at the end of the lease (\$2,342,000) and outgoings over the remaining term of the lease (\$8,530,000).

How the numbers are calculated *(continued)*

4 Leases *(continued)*

(c) The Company's leasing activities and how these are accounted for

The Company leases offices across most of the Australian states. Rental contracts are typically made for fixed periods of 2 years to 12 years but may have extension options as described in (d) below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2020 financial year, leases of property, plant and equipment were classified as operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- › fixed payments (including in-substance fixed payments), less any lease incentives receivable
- › variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- › amounts expected to be payable by the Company under residual value guarantees
- › payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options, if exercised, will be included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- › the amount of the initial measurement of lease liability
- › any lease payments made at or before the commencement date less any lease incentives received
- › any initial direct costs, and
- › restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

(d) Extension and termination options

Extension and termination options are available in a number of property leases, and will be included in the measurement of the lease liability where exercised.

5 Provisions

	2021 \$'000	2020 \$'000
Current		
Employee benefits	29,868	22,933
Lease provisions	402	860
Sub-total current	30,270	23,793
Non-current		
Employee benefits	2,192	2,507
Lease provisions	11,872	1,000
Sub-total non-current	14,064	3,507
	44,334	27,300

(a) Movements in provision

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	2021 \$'000	2020 \$'000
Current lease provisions		
Carrying amount at start of year	860	-
Provisions recognised/(used) during year	(458)	860
Carrying amount at end of year	402	860
Non-current lease provisions		
Carrying amount at start of year	1,000	1,000
Provisions recognised during year (refer note 4(b))	10,872	-
Carrying amount at end of year	11,872	1,000

6 Income tax

(a) Income tax receivable

	2021 \$'000	2020 \$'000
Income tax payable		
Gross tax payable	(12)	(54)
Tax instalments paid	76	449
	64	395

How the numbers are calculated *(continued)*

6 Income tax *(continued)*

(b) Income tax expense

	2021	2020
Deferred tax expense	-	-
Under provision from prior year	-	-
Current year tax expense	12	54
	12	54

(c) Numerical reconciliation between tax expense and profit before income tax

	2021 \$'000	2020 \$'000
Profit before income tax	-	-
Tax at the Australian Tax rate of 30%	-	-
Adjusted for tax effect of the following items:		
Increase in income tax expense due to		
Non-deductible entertainment expense	12	54
Accrued expense not yet deductible	18,049	3,158
Provision for annual leave and long service leave	1,986	2,075
Decrease in tax expense due to		
Accrued income not yet assessable	(20,035)	(5,233)
Income tax expense on profit	12	54

7 Trade and other receivables

	2021 \$'000	2020 \$'000
Current		
Trade receivables	53,340	31,192
Accrued income - receivable from the Fund	48,513	37,410
Other receivables	8,635	7,603
Prepayments	3,511	3,748
Sub-total current	113,999	79,953
Non-current		
Trade receivables	78,278	22,599
Sub-total non-current	78,278	22,599
	192,277	102,552

8 Contributed equity

Issued and paid up capital	2021 \$	2020 \$
Issued capital – 6 'A' class shares of \$1 each, fully paid	6	6
Issued capital – 6 'B' class shares of \$1 each, fully paid	6	6
Total issued and paid up capital	12	12

Under the terms of the Company's constitution, the owners of the Company are not entitled to receive dividends from the Company.

9 Property, plant and equipment

	Leasehold improvements \$'000	Computer equipment \$'000	Office furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
At 30 June 2021					
Cost	3,328	5,686	688	853	10,555
Accumulated depreciation	(2,505)	(4,254)	(413)	(397)	(7,569)
Net book amount	823	1,432	275	456	2,986
Year ended 30 June 2021					
Opening net book amount	7,165	2,861	2,482	502	13,010
Additions	2	428	43	95	568
Disposals / Trade-ins / Impairments	(5,076)	(111)	(1,878)	(40)	(7,105)
Depreciation charge	(1,268)	(1,746)	(372)	(101)	(3,487)
Closing net book amount	823	1,432	275	456	2,986
At 30 June 2020					
Cost	12,281	5,547	4,885	854	23,567
Accumulated depreciation	(5,116)	(2,686)	(2,403)	(352)	(10,557)
Net book amount	7,165	2,861	2,482	502	13,010
Year ended 30 June 2020					
Opening net book amount	8,481	1,527	2,978	558	13,544
Additions	798	3,136	169	91	4,194
Disposals / Trade-ins / Impairments	(988)	(294)	(233)	(47)	(1,562)
Depreciation charge	(1,126)	(1,508)	(432)	(100)	(3,166)
Closing net book amount	7,165	2,861	2,482	502	13,010

During the reporting period, \$6,947,000 of leasehold improvements in relation to the Company's lease of its previous head office were written off. Refer to note 4(b) for further information.

How the numbers are calculated *(continued)*

10 Trade and other payables

	2021 \$'000	2020 \$'000
Current		
Trade payables	27,358	15,064
Other payables	55,550	47,902
Sub-total current	82,908	62,966
Non-current		
Expenses prepaid by the Fund	46,118	62,554
Sub-total non-current	46,118	62,554
	129,026	125,520

Risk management

11 Financial risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due. At the end of the reporting period the Company held cash and cash equivalents of \$1,016,000 (2020: \$2,673,000). Under the terms of the Trust Deed of AustralianSuper, the Company is indemnified out of the assets of the Fund for the costs incurred by the Company in running the Fund.

The Company monitors cash and cash equivalents on the basis of expected cash flows.

Other information

12 Key management personnel

Key management personnel include persons who were Directors of the Company at any time during the financial year, and up to the date of this report, as follows:

Member nominated	Employer nominated	Independent
J Angrisano	G Coyne	J Craig
B Daley	L Di Bartolomeo	D Russell
D Oliver	J Dixon	
G Thompson	C Keating	
D Walton	I Willox	

The following persons were Alternate Directors of the Company during the financial year and up to the date of this report, unless stated otherwise:

Member nominated	Employer nominated
N Apple	P Burn (ceased 9 December 2020)
P Cozens	A Flanagan (ceased 14 February 2021)
B Crofts	S Kay
B Davison (appointed 28 October 2020, ceased 16 August 2021)	H Ridout
J Mitchell (ceased 22 September 2020)	G Stamas
C Pace (ceased 28 October 2020)	
J Schofield	

Members of the Committees of the Board who are not Directors or Alternate Directors of the Trustee are considered key management personnel.

Committee members

P Downes (commenced 12 February 2021)

R Maddox

C Rosenberg

D Taylor (commenced 9 December 2020)

Other key management personnel:

Key management personnel	Role
I Silk	Chief Executive
M Delaney	Deputy Chief Executive / Chief Investment Officer
S Adams	Group Executive Strategy, Reputation and Corporate Affairs
S Blackmore	Group Executive Member Experience
P Curtis	Group Executive Finance and Operations
M Glover	Group Executive People and Culture
R Kerlin	Group Executive Membership and Brand
P Schroder	Chief Risk Officer
F Trewin	Group Executive Technology Services

Key management personnel compensation

	2021 \$	2020 \$
Short-term benefits	9,027,926	9,088,652
Post employment benefits (superannuation)	402,665	403,684
Long-term benefits	583,775	556,334
Total key management personnel compensation	10,014,366	10,048,670

Short-term benefits include cash salary, annual leave, lump sum payments, and other non-monetary benefits. Post-employment benefits relate to superannuation benefits. Other long-term benefits relate to long service leave entitlements and deferred Investment Performance Payment Plan payments.

Transactions with key management personnel

During the year, the Company changed from paying its employees fortnightly in advance to fortnightly in arrears. As part of this change the Company paid all eligible employees a once-off taxable 'bridging payment' that will be recovered upon termination of the employees' employment.

The key management personnel that received the bridging payment were:

S Adams	R Kerlin
S Blackmore	P Schroder
M Delaney	I Silk
M Glover	F Trewin

The aggregate net bridging payment made to key management personnel and outstanding at year end was \$125,136.

Other information (continued)

13 Auditor's remuneration

	2021 \$	2020 \$
Amounts paid and payable to PwC and related network firms:		
Audit-related services	1,495,205	1,464,195
Audit of compliance and other regulatory returns	225,930	203,500
Other non-audit services	434,848	282,401
Total	2,155,983	1,950,096

Auditor's remuneration is paid by the Trustee and forms part of Trustee fees charged to the Fund. Fees disclosed include all fees paid by the Trustee on behalf of all entities in the AustralianSuper group.

14 Commitments

Non-cancellable operating leases

The Company leases various offices and equipment under non-cancellable operating leases expiring within 10 months to 12 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 July 2019, the Company has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 4 for further information.

Short-term and low-value lease commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Lease commitments	2021 \$'000	2020 \$'000
Within one year	253	279

15 Related parties

(a) Transactions with Trustee

The Company is owned by the Australian Industry Group and ACTU Super Shareholding Pty Ltd. ACTU Super Shareholding Pty Ltd holds the shares on behalf of the Australian Council of Trade Unions and participating unions. Under the terms of the Company's constitution, the owners of the Company are not entitled to receive dividends from the Company.

The Company paid the Australian Industry Group ('Ai Group') \$215,000 (2020: \$211,000) and the Australian Council of Trade Unions ('ACTU') \$215,000 (2020: \$211,000) for advertising related opportunities and general marketing for AustralianSuper. The Company also paid the Ai Group \$122,120 (2020: \$131,714) and ACTU \$nil (2020: \$13,737) for directors' fees for AustralianSuper directors and alternate directors who are employed by the Ai Group and ACTU.

The Company is the Trustee of AustralianSuper. Under the terms of the Trust Deed, the Company is entitled to receive trustee services fees, calculated by reference to the costs incurred by the Company in running the Fund.

	2021 \$	2020 \$
Trustee services fees paid and payable by the Fund to the Trustee	624,263,905	554,691,966
Amount payable by the Fund to the Trustee at the end of the re-reporting period	42,309,382	26,470,371
Expenses prepaid by the Fund	46,118,096	62,553,515
Accrued income receivable from the Fund	126,791,825	60,009,074

The Company paid the following amounts to the organisations that employ either a Director or Alternate Director of the Company. Directors' remuneration is set with reference to rates paid by comparable businesses in the financial services industry. Other payments include advertising, marketing and education services for AustralianSuper and are made on normal commercial terms.

(b) Transactions with other entities

2021	Directors payments \$	Other payments \$	Total payments \$
Australian Manufacturing Workers' Union	137,950	185,000	322,950
Australian Workers' Union	108,097	190,000	298,097
Finance Sector Union	58,510	30,000	88,510
United Workers Union	21,160	-	21,160
Total	325,717	405,000	730,717

2020	Directors payments \$	Other payments \$	Total payments \$
Australian Manufacturing Workers' Union	79,000	203,800	282,800
Australian Workers' Union	90,435	207,500	297,935
Finance Sector Union	52,000	29,500	81,500
United Voice	-	21,850	21,850
United Workers Union	-	8,100	8,100
Total	221,435	470,750	692,185

Other information (continued)

15 Related parties (continued)

(c) Related party investments and transactions

Details of the Trustee's related party investments and transactions are listed below:

(i) Industry Super Holdings Pty Ltd (ISH)

AustralianSuper held a 19.95% (2020: 19.95%) shareholding in ISH valued at \$242,488,837 (2020: \$197,939,067). ISH has a number of subsidiary companies, one of which manages investments on behalf of the Fund. IFM Investors Pty Ltd (IFM) manages a selection of infrastructure, Australian listed equities, private equity, fixed interest and cash portfolios on behalf of the Fund.

IFM managed portfolios totalling \$49,182,018,412 (2020: \$52,570,977,926) on behalf of the Fund and received \$60,332,530 (2020: \$64,974,176) in fees for the management of these portfolios. These fees included fees paid to underlying investment managers for various portfolios and management fees paid directly to IFM of \$40,455,522 (2020: \$39,287,582). The income earned on the portfolios managed by IFM was \$3,308,063,442 (2020: \$2,823,891,768).

ISH has various other subsidiaries with which the Fund transacts. These non-investment transactions are summarised in the following table.

Company	Nature of transaction	2021 \$	2020 \$
Industry Funds Services Limited	Financial planning, arrears collections and other member services	1,766,008	2,202,940
Industry Super Australia Pty Ltd	Marketing services	5,070,317	5,070,317
IFS Insurance Solutions Pty Ltd	Insurance services	270,422	245,196

I Silk and P Burn are Directors of Industry Super Australia Pty Ltd which is a subsidiary of ISH. B Crofts and G Thompson were Directors of The New Daily Pty Ltd, a wholly owned subsidiary of ISH. During the year ended 30 June 2021, the Trustee paid B Crofts \$23,970 (2020: \$5,300) for being AustralianSuper's nominee on the Board of The New Daily. Subsequent to 30 June 2021, The New Daily Pty Ltd reimbursed the Trustee \$184,125 (excl GST), being the amounts paid, plus an interest adjustment, by the Trustee to its nominee directors on the Board of The New Daily since 2013.

(ii) Frontier Advisors Pty Ltd (Frontier)

AustralianSuper held a 31.0% (2020: 31.0%) shareholding of ordinary shares valued at \$1,570,771 (2020: \$1,570,771) in Frontier. Frontier provides investment consulting services to the Fund and other institutional clients. Frontier received fees from AustralianSuper for investment consulting services. These fees were \$1,599,325 (2020: \$1,646,500). J Dixon was a director of Frontier Advisors Pty Ltd during the year ended 30 June 2021.

(iii) SuperFriend - Industry Funds Mental Health Initiative (SuperFriend)

During the year ended 30 June 2021 the Company paid an amount of \$6,900 (2020: \$26,800) to SuperFriend. R Kerlin was an unpaid director of SuperFriend during the year ended 30 June 2021.

(iv) AustralianSuper (UK) Limited

AustralianSuper (UK) Limited, a wholly owned subsidiary of the Fund domiciled in the UK, was incorporated to provide investment management services to the Fund. AustralianSuper (UK) Limited is entitled to receive service fees, calculated by reference to the costs it has incurred. Fees paid and payable by the Company and the Fund to AustralianSuper (UK) Limited during the year totalled \$17,615,577 (2020: \$14,185,784). The Company has a net amount payable of \$600,586 (2020: \$1,722,106 payable) to AustralianSuper (UK) Limited at year end.

(v) AustralianSuper (USA) LLC

AustralianSuper (USA) LLC, a wholly owned subsidiary of the Fund domiciled in the USA, was incorporated to provide investment management services to the Fund. During the reporting period the Company incurred expenses on behalf of AustralianSuper (USA) LLC of \$4,400,869 (2020: \$nil) and has a net amount receivable of that amount (2020: \$nil) from AustralianSuper (USA) LLC at year end.

All transactions with the related parties listed above were made on normal commercial terms, under normal conditions and at market rates.

16 Reconciliation of profit after income tax to net cash

(a) Reconciliation of profit after income tax to net cash inflow / (outflow) from operating activities

	2021 \$'000	2020 \$'000
Profit / (loss) after tax	(12)	(54)
Depreciation and amortisation	39,114	29,686
Asset impairments	41,564	3,517
Other fixed asset movements	(499)	(3,513)
Other intangible asset movements	(6,157)	(17,054)
Other lease right of use asset movements	(2,091)	-
Finance costs	4,182	1,746
Change in operating assets and liabilities		
(Increase) / decrease in trade and other receivables	(89,725)	(25,422)
Increase / (decrease) in payables	5,361	(87)
Increase / (decrease) in provisions	17,034	7,778
Increase / (decrease) in income tax payable	331	(139)
Net cash inflow / (outflow) from operating activities	9,102	(3,542)

(b) Non-cash investing and financing activities

Non-cash financing activities disclosed in other notes are the acquisition of right-of-use assets - note 4(a).

Other information *(continued)*

17 Trustee liabilities and right of indemnity

The company acts as the Trustee of AustralianSuper. Assets are held in trust on behalf of members and other beneficiaries and liabilities have been incurred on behalf of AustralianSuper in the Company's capacity as Trustee.

The Company has a right of indemnity for liabilities incurred in performing its fiduciary duties as a Trustee. The assets of AustralianSuper, which lie behind the right of indemnity, are not directly available to meet any liabilities of the Company acting in its own right.

18 Events occurring after the reporting period

Other than disclosed in the financial statements, no other events have occurred since the end of the reporting period which would impact on the balances of the Company as disclosed in the statement of financial position as at 30 June 2021 or on the results of operations of the Company for the year ended on that date.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 24 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and other mandatory professional reporting requirements, and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the Board of Directors of AustralianSuper Pty Ltd.



Dr D. Russell
Director



C. Keating
Director

Melbourne
10 September 2021

Independent auditor's report



Independent auditor's report

To the members of AustralianSuper Pty Ltd

Our opinion

In our opinion:

The accompanying financial report of AustralianSuper Pty Ltd (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over a light blue horizontal line.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CJ Cummins', written over a light blue horizontal line.

CJ Cummins
Partner

Melbourne
10 September 2021

