SUNSUPER SUPERANNUATION FUND

A.B.N. 98 503 137 921

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

**Sunsuper Superannuation Fund's registered office
and principal place of business is:**

**30 Little Cribb Street
MILTON QLD 4064**

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FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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TRUSTEE'S STATEMENT

In the opinion of the directors of Sunsuper Pty Ltd (A.C.N. 010 720 840), being the Trustee of Sunsuper Superannuation Fund ("the Fund"):

(i) The attached financial statements are properly drawn up so as to present fairly the net assets of Sunsuper Superannuation Fund and of the Group as at 30 June 2014 and the changes in net assets for the year then ended; and

(ii) The attached financial statements have been drawn up in accordance with Accounting Standards in Australia.

This statement is made in accordance with a resolution of the directors of the trustee company, Sunsuper Pty Ltd.

Ron Monaghan

Director

Robert Hutchinson

Director

Brisbane

10 September 2014

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Report by the Independent Approved Auditor to the members of Sunsuper Superannuation Fund A.B.N. 98 503 137 921

Financial statements

I have audited the financial statements of Sunsuper Superannuation Fund for the year ended 30 June 2014 as set out on pages 6 to 53 attached.

Trustee's responsibility for the financial statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the members of Sunsuper Superannuation Fund.

My audit has been conducted in accordance with Australian Auditing Standards. These Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the net assets of Sunsuper Superannuation Fund as at 30 June 2014 and the changes in net assets for the year ended 30 June 2014.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S C Woodhouse
Partner
Chartered Accountants
Sydney, 10 September 2014

SUNSUPER SUPERANNUATION FUND
A.B.N. 98 503 137 921

STATEMENT OF NET ASSETS
AS AT 30 JUNE 2014

		Consolidated		Fund	
	NOTES	**2014 $ 000**	**2013 $ 000**	**2014 $ 000**	**2013 $ 000**
Investments					
Cash and cash equivalents		3,789,926	3,130,664	3,789,226	3,129,964
Fixed interest securities		3,761,368	2,997,197	3,761,368	2,997,197
Australian equities		7,067,675	5,800,346	7,067,675	5,800,346
International equities		7,315,240	5,551,182	7,315,240	5,551,182
Property	9	2,557,452	1,963,456	2,557,452	1,963,456
Alternative assets	2(c)	4,994,054	4,658,811	5,034,525	4,691,887
Total investments		29,485,715	24,101,656	29,525,486	24,134,032
Other assets					
Cash at bank		62,429	56,633	39,671	38,757
Contributions receivable		197,559	173,047	197,559	173,047
Other financial assets	8	115,272	61,898	113,456	60,215
Plant and equipment	10	15,066	14,921	3,090	3,695
Intangible assets	11	528	2,795	-	-
Deferred tax asset	18(c)	6,961	64,641	3,541	59,408
Total other assets		397,815	373,935	357,317	335,122
Total assets		29,883,530	24,475,591	29,882,803	24,469,154
Liabilities					
Benefits payable		228,262	148,763	228,262	148,763
Other payables	12	29,159	29,934	33,900	28,141
Provision for employee benefits	13	8,309	7,141	2,854	2,511
Current tax liabilities	18(b)	277,064	300,495	277,051	300,481
Deferred tax liabilities	18(c)	168,328	63,114	168,328	63,114
Total liabilities		711,122	549,447	710,395	543,010
Net assets available to pay benefits		29,172,408	23,926,144	29,172,408	23,926,144

The above Statement of Net Assets should be read in conjunction with the accompanying notes.

SUNSUPER SUPERANNUATION FUND
A.B.N. 98 503 137 921

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	Consolidated 2014 $ 000	Consolidated 2013 $ 000	Fund 2014 $ 000	Fund 2013 $ 000
Revenue from ordinary activities					
Net investment revenue					
Interest	14	206,848	207,741	206,386	207,459
Dividends & distributions		679,405	542,589	679,405	542,589
Rental and other investment income		41,187	39,575	41,187	39,575
Changes in net market value of investments	15	2,490,847	2,437,917	2,498,242	2,447,163
Less: Direct investment expenses	16	(70,639)	(62,763)	(70,639)	(62,763)
		3,347,648	3,165,059	3,354,581	3,174,023
Contribution revenue					
Employer contributions		2,516,762	2,282,404	2,516,762	2,282,404
Member contributions		363,529	232,158	363,529	232,158
Transfers from other funds		1,003,250	725,317	1,003,250	725,317
Transfer from successor fund	23	462,299	-	462,299	-
		4,345,840	3,239,879	4,345,840	3,239,879
Other revenue					
Group life insurance rebate		12,000	8,400	12,000	8,400
Group life insurance proceeds		223,517	166,786	223,517	166,786
Other income		264	324	75	218
		235,781	175,510	235,592	175,404
Total revenue from ordinary activities		7,929,269	6,580,448	7,936,013	6,589,306
Expenditure from ordinary activities					
Direct member expenses					
Group life insurance premiums		197,804	188,353	197,804	188,353
Other member and sub-plan specific expenses		348	125	507	291
		198,152	188,478	198,311	188,644
Indirect member expenses charged to general reserve					
Fund administration expense		113,652	102,374	128,293	116,898
Depreciation expense		4,427	4,784	647	846
Amortisation expense		2,443	3,544	-	1,002
Anti-detriment payments	2(o)	3,949	2,646	3,949	2,646
		124,471	113,348	132,889	121,392
Benefits paid and payable		1,824,845	1,590,939	1,824,845	1,590,939
Total expenditure from ordinary activities		2,147,468	1,892,765	2,156,045	1,900,975
Total revenue less expenditure before income tax		5,781,801	4,687,683	5,779,968	4,688,331
Income tax expense	18(a)	535,537	460,710	533,704	461,358
Total revenue less expenditure after income tax		5,246,264	4,226,973	5,246,264	4,226,973
Net assets available to pay benefits at the beginning of the year		23,926,144	19,699,171	23,926,144	19,699,171
Net assets available to pay benefits at the end of the year		29,172,408	23,926,144	29,172,408	23,926,144

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

1. BASIS OF PREPARATION

Statement of compliance

The financial statements are general purpose financial statements of Sunsuper Superannuation Fund ('the Fund') and of the consolidated entity, comprising Sunsuper Superannuation Fund and its controlled entities ('the Group') (refer Note 20) which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, including AAS 25 *Financial Reporting by Superannuation Funds* ('AAS 25') as amended by AASB 2005-13 (December 2005), Accounting Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed dated 1 October 1987 and amendments thereto. To the extent that they do not conflict with AAS25, other Australian Accounting Standards have been applied in the preparation of the financial statements. AAS 25 provides specific measurement requirements for assets, liabilities and accrued benefits.

For the purposes of preparing the financial statements, the Fund is a not-for-profit entity.

The financial statements were authorised for issue by the directors on 10 September 2014.

Critical accounting judgments and key sources of estimation uncertainty

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

The valuation of property and alternative assets includes assumptions which may be subject to estimation uncertainty. These include the identification of appropriate comparables, estimated future profits, risk free rate, risk premium, estimated future cash flows and future economic and regulatory conditions.

Judgments made by management in the application of Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Note 2(b) outlines policies applied in relation to the valuation of investments.

Application of new and revised Accounting Standards

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

AASB 13	Fair Value Measurement
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13
AASB 119	Employee Benefits (2011)
AASB 2011-10	Amendments to Australian Accounting Standards arising from AASB 119 (2011)
AASB 1053	Application of Tiers of Australian Accounting Standards

1. BASIS OF PREPARATION (Cont.)

In addition to the above, the following new and revised Standards and Interpretations have been adopted in these financial statements.

AASB 10	Consolidated Financial Statements
AASB 12	Disclosure of Interest in Other Entities
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements. It changes the definition of control such that an investor controls an investee when:

a) It has power over an investee;
b) It is exposed, or has rights, to variable returns from its involvement with the investee; and
c) It has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. This previous definition meant that while 50% or more ownership was held in some investments of the Group, if there was no control, the entity was not consolidated. The new definition of control has expanded the list of controlled entities which should be consolidated when applying AASB10.

AASB 2013-5 makes amendments to a number of Australian Accounting Standards. It includes amendments to AASB10 by adding a definition of an investment entity and providing an exemption for consolidating particular subsidiaries of an investment entity. These exempted subsidiaries should be measured at fair value through profit or loss. If a subsidiary provides services that relate to the investment entity's activities it is still consolidated.

AASB 2013-5 applies to annual reporting periods beginning on or after 1 January 2014 however as earlier application is permitted this standard has been adopted and applied in preparing the financial statements for the year ended 30 June 2014. The Fund has assessed that it meets the definition of investment entity as it invests money on behalf of its members for the purpose of obtaining an investment return and it measures investments at net market value which approximates fair value.

The initial application of this change has resulted in a restatement to the comparative consolidated amounts for 2013. Subsidiaries that have ceased to be consolidated and have been removed from the 2013 consolidation had a fair value at 30 June 2013 of $3,671,645,493. This amount was equal to the consolidated value of the subsidiaries. Consolidated amounts for 2013 which are presented in the Statement of Net Assets and Statement of Changes in Net Assets have been restated (refer Note 27), however the net impact to the net assets available to pay benefits is nil.

Note 20 lists the controlled entities and whether they are consolidated or not consolidated.

1. BASIS OF PREPARATION (Cont.)

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations which were in issue but not yet effective, and are relevant to the Group, are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB9 and Transition Disclosures'	1 January 2017	30 June 2018
AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB9 and Transition Disclosures'	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 1056 'Superannuation Entities'	1 July 2016	30 June 2017
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015
IFRS 15 Revenue from Contracts with Customers	1 January 2017	30 June 2018
IFRS 9 Financial Instruments (2014) and all related amendments	1 January 2018	30 June 2019

The impact of the initial application of AASB 1056 'Superannuation Entities' has not yet been assessed but it is expected that it may significantly impact the recognition of items in, and the presentation of, the financial statements. The initial application of the other Standards and Interpretations issued but not yet effective is not expected to have a material impact on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented in these financial statements for the year ended 30 June 2013.

(a) Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(b) Valuation of investments

Investments are included in the Statement of Net Assets at net market value as at the reporting date and changes in the net market value of assets are recognised in the Statement of Changes in Net Assets in the periods in which they occur.
Net market values have been determined as follows:

(i) listed securities, foreign securities quoted on a recognised stock exchange and government and other fixed interest securities are stated at the most recent market quotations available as at the reporting date in the relevant market;

(ii) unit trusts, pooled superannuation trusts and managed fund investments are stated at the redemption price quoted by the fund managers as at the reporting date;

(iii) unlisted securities, including hedge funds and the underlying investments within vehicles that invest in private capital, infrastructure and property, are valued as at the reporting date based on multiples of earnings, discounted cash flow, market equivalents and other market accepted methodologies from:

- independent external valuers;
- the Fund's investment managers using valuation models that typically follow industry guidelines or standards set by the constituent documents of the investment;
- recent third party arm's length transactions of similar securities; or
- cost (less any diminution in value) in cases where investments have been held for a short time and the Trustee is satisfied that significant diminution in value has not occurred;

(iv) insurance policies are based on actuarial assessments of the amount receivable from the insurer as at the reporting date in respect of the policies;

(v) term deposits and other unmarketable loans are stated at the principal plus accrued interest as at the reporting date; and

(vi) direct property investments are included in the financial statements on the basis of independent valuations carried out on at least an annual basis. The valuation of direct property investments are primarily based on discounted cash flow, capitalisation and direct comparison methodologies.

Estimated costs of realisation have been deducted in determining net market value. Net market value is considered a reasonable approximation of net fair value.

Investment income receivable is reported as part of the underlying investment asset class to which the income relates.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Alternative assets
Alternative assets include investments in private capital, hedge funds, infrastructure and opportunistic property and are valued in accordance with Note 2(b)(iii).

(d) Derivative financial instruments
The Fund may, through appointed investment managers, enter into a variety of derivative financial instruments to manage its exposure to equity market, interest rate and foreign exchange rate risk, including options, futures, forward foreign exchange contracts, interest rate swaps and cross currency swaps. The net market value impact of each instrument is included within the related investment classification throughout the financial statements. Further details of derivative financial instruments are disclosed in Note 19 to the financial statements.

(e) Foreign currency
All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.
Exchange differences are recognised in the Statement of Changes in Net Assets in the period in which they arise except exchange differences on transactions entered into in order to hedge certain foreign currency risks.

(f) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(g) Benefits payable
Benefits payable include estimates of member benefits (inclusive of group life insurance proceeds) expected to be paid in respect of valid requests that were submitted to the Fund prior to year end but where the benefit had not been paid by that date.

(h) Operating leases
The Trustee, on behalf of the Fund, has entered into operating leases under which the lessor effectively retains most of the risks and benefits associated with ownership of the leased asset. Operating lease payments are charged to the Statement of Changes in Net Assets in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Incentives received from entering into operating leases are recognised as liabilities. The aggregated benefits of incentives are recognised as a reduction of rental expense when the operating lease payment is incurred, as this represents the pattern of benefits derived from the leased asset.

(i) Receivables
Receivables are recognised at the amounts expected to be recovered, which approximate fair value.

(j) Plant and equipment
Plant and equipment is recorded at cost less accumulated depreciation and impairment. The Trustee has determined that the carrying amounts approximate net market value.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(k) Income tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 as amended. Accordingly, the concessional tax rate of 15% has been applied.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Net Assets. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or benefit in the Statement of Changes in Net Assets.

(l) Intangible assets

Intangible assets comprise capitalised software development costs. The amount capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Statement of Changes in Net Assets as an expense when the expenditure is incurred. Software development costs are stated at cost less accumulated amortisation. Amortisation of software development costs commences after the software development is complete and the software has been put into production. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit (four years).

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(m) Other payables

Other payables represent liabilities for goods and services provided to the Fund prior to the end of the financial year and which are unpaid. Amounts are unsecured. Other creditors are subject to normal trade credit terms.

(n) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable which is equivalent to net market value. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Fund and the amount of revenue can be reliably measured. The following recognition criteria relates to the different items of revenue the Fund receives:

Investment revenue

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at the reporting date, the balance is reflected in the Statement of Net Assets as part of the underlying investment category.

Interest revenue

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of financial asset to that asset's net carrying amount. If interest is not received at balance date, it is reflected in the Statement of Net Assets as part of the underlying investment category.

Changes in net market value of investments

Changes in the net market value of investments are recognised as revenue and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the period).

Rent

Rent from property is recognised in accordance with the rental agreement on an accruals basis.

Distributions from unit trusts

Distributions from unit trusts are recognised as investment income on the date the unit value is quoted ex-distribution. If distributions from unit trusts are not received at the reporting date, the amount is reflected in the Statement of Net Assets as part of the underlying investment category.

Contribution revenue

Employer contributions

Employer contributions are brought to account when control of the asset has been attained and include contributions received up to and including the quarterly superannuation guarantee deadline (28 July each year) which relate to the period to the reporting date.

Member contributions

Member contributions, which include co-contributions received from the Australian Government, are brought to account on a cash basis as this is the only point at which measurement is reliable.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Transfers from other Funds

Transfers from other funds are brought to account on a cash basis as this is the only point at which measurement is reliable.

Other revenue

Group life insurance rebate

The group life insurance rebate is recognised when the rebate amount is made available for the benefit of the Fund.

Group life insurance proceeds

Group life insurance proceeds are recognised on an accruals basis whereby an estimate of outstanding insurance claims as at reporting date is brought to account. Group life insurance proceeds received and receivable by the Fund are included when paid or accrued to members as part of benefits paid and payable.

(o) Anti-detriment payments

Anti-detriment payments are paid to ensure that the level of death benefits received by financial dependants from a complying superannuation fund is not reduced as a result of the tax on taxable contributions. These amounts are fully recovered from the Australian Tax Office. Anti-detriment payments are brought to account on a cash basis. The recovery from the Australian Tax Office is brought to account as a reduction to the current taxation liabilities of the Fund.

(p) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled wholly within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled wholly within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

(q) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Fund (the parent entity) and its controlled entities that are not exempted from consolidation as defined in Accounting Standard AASB 10 'Consolidated Financial Statements' and amended in AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'. The Fund has assessed that it meets the definition of investment entity as it invests money on behalf of its members for the purpose of obtaining an investment return and it measures investments on a fair value basis.

A list of controlled entities which are consolidated appears in Note 20 to the financial statements.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Fund obtains control and until such time as the Fund ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(r) Rounding

Due to the size of the Fund's assets, the financial statements and notes to the financial statements have been rounded to the nearest $1,000, except where otherwise indicated.

(s) Comparative amounts

Restatements have been made to comparative amounts as a result of the adoption of new accounting standards (refer Note 1).

3. NATURE OF THE FUND

The Fund was established under a Trust Deed dated 1 October 1987. It is a regulated superannuation fund registered by the Australian Prudential Regulation Authority (APRA) as a registrable superannuation entity (RSE). The RSE registration number is R1000337.

The Fund has both accumulation and defined benefit members and is defined, under AAS 25 *Financial Reporting by Superannuation Plans*, as a defined benefit plan. The financial statements of the Fund are therefore prepared in accordance with the defined benefit plan reporting format as illustrated in AAS 25 (Financial report for a Defined Benefit Superannuation Plan which elects to prepare a Statement of Net Assets and a Statement of Changes in Net Assets).

The purpose of the Fund is to provide superannuation and insurance benefits for members and their dependants.

Sunsuper Pty Ltd (ACN 010 720 840) is the Trustee of the Fund and is responsible for managing the Fund, ensuring that it operates the Fund in the best interests of all members and complies with all relevant legal requirements.

The Fund is administered by Precision Administration Services Pty Ltd, a 100% owned entity of the Fund.

The custodially held investment assets of the Fund are held by State Street Australia Limited.

The principal place of business of the Fund is 30 Little Cribb Street, Milton, Qld.

	2014	**2013**
Number of members of the Fund at 30 June	1,145,976	1,139,935

The Fund recognises a member with a zero balance as a member of the Fund.

4. VESTED BENEFITS

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their fund membership as at the reporting date.

	Fund	
	2014	**2013**
	$ 000	**$ 000**
Vested benefits - accumulation members	28,799,355	23,626,060
Vested benefits - defined benefit members	91,805	99,114
Total vested benefits	28,891,160	23,725,174
Net assets available to meet vested benefits of:		
Accumulation members	29,072,010	23,823,400
Defined benefit members	100,398	102,744
Total net assets available to meet vested benefits	29,172,408	23,926,144

5. LIABILITY FOR ACCRUED BENEFITS

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries. For accumulation members, it is calculated as the difference between the carrying amounts of assets and liabilities (excluding defined benefit assets and liabilities) as at the reporting date.

The liability for accrued benefits for defined benefit members is actuarially measured as part of an actuarial investigation. The liability is determined as the present value of expected future payments which arise from membership of the Fund up to the date of measurement. The present value is determined by reference to expected future salary levels and by application of a current market based risk adjusted discount rate and appropriate actuarial assumptions.

Within the Fund, there is more than one defined benefit sub-plan. The reports on the latest actuarial investigations of each sub-plan of the Fund contain details of the accrued benefit liability at that date. The reports also give details of the basis used to calculate the accrued benefit liability. Summaries of the actuarial reports are appended. For sub-plans with the same actuarial investigation date, the accrued benefit liability has been aggregated. Comparative actuarial data is not included for sub-plans where the previous actuarial dates preceded the date when the defined benefit plans transferred to the Fund.

	Fund	
	2014 **$ 000**	**2013** **$ 000**
Accrued benefits for accumulation members: [1]		
As at 30 June	29,072,010	23,823,400
Accrued benefits for defined benefit members:	**Latest actuarial review**	**Previous actuarial review**
Actuarial valuation date – 30 June 2011	16,979,216	18,085,612
Actuarial valuation date – 30 June 2012 [2]	66,228,779	79,912,864
Actuarial valuation date – 30 June 2013	40,523,000	40,941,449
Range of long term discount rates used in the measurement of accrued benefits	4% - 7.5%	4% - 7%

(1) Accrued benefits for accumulation members includes the Fund reserves referred to in note 22.

(2) Four defined benefit sub-plans of the Fund were found to be in an unsatisfactory financial position at the most recent actuarial valuation for each sub-plan. The range of ratios of total assets to total vested benefits at the most recent actuarial valuation was between 96.6% and 99.9%. All of these sub-plans have returned to a satisfactory financial position and as at 30 June 2014 they were in a satisfactory position. In accordance with the actuary's recommendation, the employers are paying at the recommended contribution rates which includes making additional lump sum contributions. The ratios of total assets to total vested benefits will continue to be monitored until the next investigations take place.

6. GUARANTEED BENEFITS

No guarantees have been made by the Trustee, on behalf of the Fund, in respect of any part of the liability for accrued benefits (2013: nil).

7. FUNDING ARRANGEMENTS

Contributions to the Fund are determined by the type of membership. For accumulation members, employers are expected to contribute at a minimum rate as determined by Industrial Awards or Superannuation Guarantee Legislation. The Superannuation Guarantee rate at 30 June 2014 was 9.25% (2013: 9%). Member contributions for accumulation members are voluntary.

The defined benefits are funded by contributions in accordance with the recommendations contained in the actuarial reports. Extracts from the actuarial reports for each defined benefit sub-plan can be found appended to the Financial Statements.

8. OTHER FINANCIAL ASSETS

	Consolidated		Fund	
	2014	**2013**	**2014**	**2013**
	$ 000	**$ 000**	**$ 000**	**$ 000**
Group life insurance proceeds receivable	108,301	57,191	108,301	57,191
Interest receivable	156	155	154	153
GST recoverable	670	1,116	1,176	1,599
Prepayments	3,573	3,012	1,092	583
Sundry debtors	572	424	733	689
Group life rebate receivable	2,000	-	2,000	-
	115,272	61,898	113,456	60,215

There are no significant terms or conditions applicable to the above receivables. All amounts are expected to be recoverable in whole within the next 12 months.

9. PROPERTY

Directly held investment property	487,582	478,478	487,582	478,478
Indirectly held investment property	2,069,870	1,484,978	2,069,870	1,484,978
	2,557,452	1,963,456	2,557,452	1,963,456

The reconciliation of the carrying amount of directly held investment property at the beginning and end of the periods is set out below:

Balance at beginning of financial year	478,478	469,025	478,478	469,025
Additions from subsequent expenditure	7,422	8,555	7,422	8,555
Changes in net market value	1,682	898	1,682	898
Balance at end of financial year	487,582	478,478	487,582	478,478

The carrying amount of directly held investment property represents the net market value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Net market values were determined using the capitalisation of net rental income and the discounted cash flow method with regard to recent market transactions for similar properties in similar locations as the Fund's investment properties.

10. PLANT AND EQUIPMENT

	Consolidated		Fund	
	2014 $ 000	2013 $ 000	2014 $ 000	2013 $ 000
Furniture and fittings	2,331	2,237	686	810
IT equipment and software	7,557	6,979	22	115
Motor vehicles	334	361	334	361
Leasehold Improvements	4,844	5,344	2,048	2,409
Total plant and equipment	15,066	14,921	3,090	3,695

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below:

	Consolidated				
	Motor vehicles $ 000	Furniture and fittings $ 000	Leasehold improvement $ 000	IT equipment and software $ 000	Total $ 000
Carrying amounts at 1 July 2012	286	2,386	6,063	7,892	16,627
Additions	165	365	29	2,914	3,473
Disposals	(35)	-	-	(360)	(395)
Change in market value	(55)	(514)	(748)	(3,467)	(4,784)
Carrying amounts at 30 June 2013	361	2,237	5,344	6,979	14,921
Additions	68	172	272	4,118	4,630
Disposals	(38)	(3)	-	(17)	(58)
Change in market value	(57)	(75)	(772)	(3,523)	(4,427)
Carrying amounts at 30 June 2014	334	2,331	4,844	7,557	15,066

	Fund				
	Motor vehicles $ 000	Furniture and fittings $ 000	Leasehold improvement $ 000	IT equipment and software $ 000	Total $ 000
Carrying amounts at 1 July 2012	286	669	2,739	414	4,108
Additions	165	251	29	23	468
Disposals	(35)	-	-	-	(35)
Change in market value	(55)	(110)	(359)	(322)	(846)
Carrying amounts at 30 June 2013	361	810	2,409	115	3,695
Additions	68	13	-	-	81
Disposals	(38)	(1)	-	-	(39)
Change in market value	(57)	(136)	(361)	(93)	(647)
Carrying amounts at 30 June 2014	334	686	2,048	22	3,090

The Trustee believes that the carrying amount of plant and equipment at 30 June 2014 is not materially different to net market value.

11. INTANGIBLES

	Consolidated		Fund	
	2014 $ 000	2013 $ 000	2014 $ 000	2013 $ 000
Software development costs	14,500	14,324	4,154	4,154
Less: Accumulated amortisation	(13,972)	(11,529)	(4,154)	(4,154)
	528	2,795	-	-

The reconciliation of the carrying amount of software development costs at the beginning and end of the periods is set out below:

Carrying amounts at 1 July	2,795	6,339	-	1,002
Additions	176	-	-	-
Disposals	-	-	-	-
Amortisation charge	(2,443)	(3,544)	-	(1,002)
Carrying amount at 30 June	528	2,795	-	-

12. OTHER PAYABLES

Group life insurance premiums payable	15,655	14,433	15,655	14,433
Audit fees payable	117	171	72	67
Sundry creditors	13,387	15,330	18,173	13,641
	29,159	29,934	33,900	28,141

13. PROVISION FOR EMPLOYEE BENEFITS

Employee benefits and related on-cost liabilities

Current				
Employee benefits provisions	5,634	4,770	1,951	1,734
Non-current				
Employee benefits provisions	2,675	2,371	903	777
	8,309	7,141	2,854	2,511

14. INTEREST

Bank deposits	11,510	15,098	11,030	14,606
ATO refund interest	51	1,094	51	1,094
Investments carried at net market value	195,287	191,549	195,305	191,759
	206,848	207,741	206,386	207,459

15. CHANGES IN NET MARKET VALUE OF INVESTMENTS

	Consolidated		Fund	
	2014 $ 000	2013 $ 000	2014 $ 000	2013 $ 000
Investments held at reporting date				
Cash and cash equivalents	625,977	(553,011)	625,977	(553,011)
Fixed interest securities	146,365	89,403	146,365	89,403
Australian equities	576,601	644,629	576,601	644,629
International equities	897,345	996,452	897,345	996,452
Property	51,157	84,474	51,157	84,474
Alternative assets	182,771	600,989	190,166	610,235
	2,480,216	1,862,936	2,487,611	1,872,182
Investments realised during the reporting period				
Cash and cash equivalents	(409,717)	194,817	(409,717)	194,817
Fixed interest securities	(819)	19,921	(819)	19,921
Australian equities	214,536	188,615	214,536	188,615
International equities	191,931	181,617	191,931	181,617
Property	13,521	2,490	13,521	2,490
Alternative assets	1,179	(12,479)	1,179	(12,479)
	10,631	574,981	10,631	574,981
Total changes in net market values	2,490,847	2,437,917	2,498,242	2,447,163

16. DIRECT INVESTMENT EXPENSES

Management fees	50,776	44,603	50,776	44,603
Custodian fees	3,984	2,951	3,984	2,951
Consultancy fees	2,054	2,469	2,054	2,469
Other direct investment expenses	13,825	12,740	13,825	12,740
	70,639	62,763	70,639	62,763

17. REMUNERATION OF AUDITORS

	Consolidated		Fund	
	2014 $	2013 $	2014 $	2013 $
Deloitte Touche Tohmatsu				
Audit of the financial statements	347,099	361,250	269,569	263,250
Regulatory audit	66,878	20,451	57,825	14,651
Other audit services	76,060	57,548	21,095	49,298
Other non-audit services - tax services	56,236	15,004	56,236	15,004
	546,273	454,253	404,725	342,203
Ernst & Young				
Internal audit services	290,865	240,181	290,865	240,181
Other audit services	9,803	10,539	9,803	10,539
	300,668	250,720	300,668	250,720
	846,941	704,973	705,393	592,923

18. INCOME TAX

(a) Income tax recognised in profit and loss

	Consolidated 2014 $ 000	2013 $ 000	Fund 2014 $ 000	2013 $ 000
Tax expense comprises:				
Current tax expense	280,172	322,903	277,049	323,139
Adjustments recognised in the current year in relation to the current tax of prior years	(3,217)	(20,305)	(3,213)	(20,266)
Deferred tax expense relating to the origination and reversal of temporary differences	258,582	158,112	259,868	158,485
Total tax expense	535,537	460,710	533,704	461,358

The prima facie income tax expense on pre-tax changes in net assets reconciles to the income tax expense in the financial statements as follows:

Increase/(decrease) in net assets for the year before income tax	5,781,801	4,687,683	5,779,968	4,688,331
Income tax expense calculated at 15% (2013: 15%)	867,270	703,152	866,995	703,250
Non-taxable group life proceeds	(33,528)	(25,018)	(33,528)	(25,018)
Non-taxable member contributions and transfers in	(269,641)	(137,093)	(269,641)	(137,093)
Tax withheld/(refunded) on member contributions where no TFN provided (additional 31.5%)	(5,663)	1,134	(5,663)	1,134
Non-deductible benefits paid/payable	273,727	238,641	273,727	238,641
Non-deductible other member & sub-plan expenses	48	36	14	2
Anti-detriment tax paid	(3,356)	(2,249)	(3,356)	(2,249)
Non-assessable investment income	(146,517)	(182,485)	(149,010)	(185,163)
Imputation credits and other rebates	(137,307)	(103,833)	(137,307)	(103,833)
Effect of previously unrecognised and unused tax losses and tax offsets now recognised	(966)	(3,223)	-	-
Net exempt pension income	(5,281)	(8,016)	(5,281)	(8,016)
Other	(32)	(30)	(33)	(30)
Adjustments in the current year in relation to the current tax of prior years	(3,217)	(20,306)	(3,213)	(20,267)
	535,537	460,710	533,704	461,358

The tax rate used in the above reconciliation is the superannuation tax rate of 15% payable by Australian superannuation funds on taxable profits under Australian tax law. There has been no change in the superannuation tax rate when compared with the previous reporting period.

18. INCOME TAX (Cont.)

(b) Current tax liabilities

	Consolidated		Fund	
	2014 $ 000	2013 $ 000	2014 $ 000	2013 $ 000
Current tax liabilities:				
Income tax payable	277,064	300,495	277,051	300,481
	277,064	300,495	277,051	300,481

(c) Deferred tax balances

	Consolidated		Fund	
	2014 $ 000	2013 $ 000	2014 $ 000	2013 $ 000
Deferred tax liabilities:				
Contributions receivable	29,557	25,806	29,557	25,806
Net unrealised revenue gains	30,261	-	30,261	-
Net unrealised capital gains	108,187	37,285	108,187	37,285
Interest and other income receivable	323	23	323	23
	168,328	63,114	168,328	63,114
Deferred tax asset:				
Provision for employee benefits	2,578	2,306	428	377
Unrealised taxable capital losses	-	-	-	-
Net unrealised revenue losses	833	59,078	-	56,109
Other payables	3,550	3,257	3,113	2,922
	6,961	64,641	3,541	59,408

Taxable and deductible temporary differences arise from the following:

	Consolidated				Fund			
	2014 $ 000 Opening Balance	2014 $ 000 Transfer from Successor Fund [(1)]	2014 $ 000 Charged to Income	2014 $ 000 Closing Balance	2014 $ 000 Opening Balance	2014 $ 000 Transfer from Successor Fund [(1)]	2014 $ 000 Charged to Income	2014 $ 000 Closing Balance
Gross deferred tax liabilities:								
Contributions receivable	25,806	-	3,751	29,557	25,806	-	3,751	29,557
Net unrealised revenue gains	-	-	30,261	30,261	-	-	30,261	30,261
Net unrealised capital gains	37,285	(98,787)	169,689	108,187	37,285	(98,787)	169,689	108,187
Interest and other income receivable	23	-	300	323	23	-	300	323
	63,114	(98,787)	204,001	168,328	63,114	(98,787)	204,001	168,328
Gross deferred tax assets:								
Provision for employee benefits	2,306	-	272	2,578	377	-	51	428
Net unealised capital losses	-	-	-	-	-	-	-	-
Net unrealised revenue losses	59,078	-	(58,245)	833	56,109	-	(56,109)	-
Other payables	3,257	-	293	3,550	2,922	-	191	3,113
	64,641	-	(57,680)	6,961	59,408	-	(55,867)	3,541
Net deferred tax (assets)/liabilities	(1,527)	(98,787)	261,681	161,367	3,706	(98,787)	259,868	164,787

18. INCOME TAX (Cont.)

	Consolidated				Fund			
	2013 $ 000 Opening Balance	2013 $ 000 Transfer from Successor Fund [1]	2013 $ 000 Charged to Income	2013 $ 000 Closing Balance	2013 $ 000 Opening Balance	2013 $ 000 Transfer from Successor Fund [1]	2013 $ 000 Charged to Income	2013 $ 000 Closing Balance
Gross deferred tax liabilities:								
Contributions receivable	27,005	-	(1,199)	25,806	27,005	-	(1,199)	25,806
Net unrealised capital gains	-	-	37,285	37,285	-	-	37,285	37,285
Interest and other income receivable	28	-	(5)	23	28	-	(5)	23
	27,033	-	36,081	63,114	27,033	-	36,081	63,114
Gross deferred tax assets:								
Provision for employee benefits	1,960	-	346	2,306	309	-	68	377
Investment income receivable	5,241	-	(5,241)	-	5,241	-	(5,241)	-
Net unrealised capital losses	175,771	-	(175,771)	-	173,055	-	(173,055)	-
Net unrealised revenue losses	-	-	59,078	59,078	-	-	56,109	56,109
Other payables	3,408	-	(151)	3,257	3,207	-	(285)	2,922
	186,380	-	(121,739)	64,641	181,812	-	(122,404)	59,408
Net deferred tax (assets)/liabilities	(159,347)	-	157,820	(1,527)	(154,779)	-	158,485	3,706

[1] Refer note 23

19. FINANCIAL INSTRUMENTS

(a) Financial instruments management

The investments of the Group, other than cash held for meeting administrative and benefit expenses and certain other cash held on term deposit with Australian banks, are managed on behalf of the Trustee by specialist sector fund managers who are required to invest the assets allocated for management in accordance with the terms of a written investment management agreement or relevant offer document. The Trustee has determined that the appointment of these managers is appropriate for the Group and is in accordance with the Trustee's investment strategy.

State Street Australia Limited acts as master custodian on behalf of the Trustee and as such provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions.

(b) Significant accounting policies

In respect of each class of financial asset and financial liability, details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, are disclosed in note 2 to the financial statements.

(c) Capital risk management

The RSE license of the Trustee of the Fund requires the Trustee to maintain a balance of at least $100,000 at all times in an administration reserve account. This is required to be maintained in cash or cash equivalents. The Trustee of the Fund was in compliance with this requirement throughout the year.

19. FINANCIAL INSTRUMENTS (Cont.)

(d) Categories of financial instruments

The assets and liabilities of the Group are recognised at net market value as at the reporting date. Net market value approximates fair value less an allowance for estimated costs of realisation of investments. The cost of realisation of investments is minimal and therefore net market values that are reported also approximate fair value. Changes in net market value are recognised through the Statement of Changes in Net Assets.

(e) Financial risk management objectives

The Group is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, mark-to-market interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management and investment policies, approved by the Trustee, seek to manage the potential adverse effects of these risks on the Group's financial performance. These policies may include the use of certain financial derivative instruments.

It is the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Group. The Trustee has developed, implemented and maintains a Risk Management Framework (RMF) that is used in the daily operations of the Group.

The RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems seek to address the material risks, financial and non-financial, likely to be faced by the Group. Annually, the Trustee certifies to APRA that adequate strategies have been put in place to monitor those risks, that the Trustee has systems in place to provide reasonable assurance that the Group complies with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMF.

(f) Credit risk

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

There are two main sources of credit risk in Sunsuper's investments:

- The risk that a borrower will default on payments due under a bond or loan that the Group holds as an asset; and
- The risk that a counterparty to a financial derivative contract will not meet payments that are due.

Credit risk associated with contributions receivable is not a source of credit risk for the Trustee. The Fund is a public offer fund and has a large number of contributing employers. From the perspective of the Trustee, liabilities only arise after contributions are actually received from the employers. Credit risk associated with other receivables is regarded as minimal.

The Trustee has adopted the policy of spreading the aggregate value of transactions concluded amongst approved counterparties with appropriate credit qualities, as a means of mitigating the risk of financial loss.

19. FINANCIAL INSTRUMENTS (Cont.)

In particular, the Trustee has appointed investment managers who are required to explicitly consider the credit quality of the underlying investments and are also required to restrict exposure to individual borrowers and counterparties. Compliance with these requirements is continuously monitored through the managers' internal compliance functions and is also independently monitored by the custodian appointed by the Trustee. In addition, the Trustee has entered into netting arrangements to restrict the maximum potential loss that can result from a failure by counterparties to derivative contracts. The Trustee receives regular reporting on breaches and where appropriate will seek compensation in respect to any breach that results in a material loss.

The majority of borrowers in respect to bonds and loans have been assessed at the time of investment as "investment grade" by a recognised ratings agency.

The Group does not have any significant credit risk exposure to any single counterparty or to any group of counterparties having similar characteristics, with the exception of the Australian banking sector. Concentration of credit risk related to the Australian banking sector at 30 June 2014 was 10.7% (2013: 10.0%) of total investments. The principal asset classes in which material credit risk can arise are in the cash, fixed interest and alternative asset portfolios. It is the opinion of the Trustee that the carrying amounts of the financial assets best represent the maximum credit risk exposure at the reporting date.

(g) Market risk

Market risk is the risk that the fair value of a financial asset will fluctuate because of general market changes, fundamental changes that affect specific assets, or changes in sentiment. Market risk is manifested in three main types of risk: market prices (price risk), foreign exchange (currency risk) and market interest rates (interest rate risk). The Group's policies and procedures put in place to mitigate exposure to market risk are detailed in the Trustee's investment policies and the RMF. There has been no significant change to the nature of the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk management

The Group's activities expose it to the financial risk of changes in interest rates. In relation to the financial assets of the Group, floating rate instruments expose the Group to cash flow risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. The Group has no direct exposure to interest rate risk for any financial liabilities but does note that changes in interest rates may affect the fair value of the Group's financial assets which in turn affect the value of members' accounts.

The following tables have been drawn up based on the expected maturities of the financial assets including interest that will be earned on those assets except where the Trustee anticipates that the cash flow will occur in a different period. The interest rate risk disclosures have been prepared on the basis of the Group's direct investments and not on a look-through basis for investments held indirectly through unit trusts or other investment vehicles.

19. FINANCIAL INSTRUMENTS (Cont.)

		Fixed Interest rate					
Consolidated	**Floating interest rate**	**3 months or less**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
30 June 2014	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Financial assets							
Cash and deposits	1,934,397	231,249	1,030,546	125,581	-	-	3,321,773
Convertible notes	757	3,248	7,490	50,935	38,831	-	101,261
Fixed interest bonds	-	32,787	54,113	630,691	915,276	-	1,632,867
Floating rate notes	216,886	-	-	-	-	-	216,886
Zero coupon bonds	-	-	-	-	-	-	-
Mortgage backed securities	565,188	-	-	23,295	169,563	-	758,046
Asset backed securities	44,333	-	-	2,974	8,032	-	55,339
Loans	62,743	-	-	6,227	11,584	-	80,554
Discount securities	1,023,745	-	-	-	-	-	1,023,745
Derivatives	-	-	-	-	-	225,601	225,601
Listed and unlisted investments	-	-	-	-	-	21,278,674	21,278,674
Directly held real estate	-	-	-	-	-	487,582	487,582
Life insurance policies	270,585	-	-	-	-	-	270,585
Receivables	-	-	-	-	-	564,705	564,705
	4,118,634	267,284	1,092,149	839,703	1,143,286	22,556,562	30,017,618
Financial liabilities							
Payables	-	-	-	-	-	419,698	419,698
	-	-	-	-	-	419,698	419,698
Net financial assets	4,118,634	267,284	1,092,149	839,703	1,143,286	22,136,864	29,597,920
30 June 2013							
Financial assets							
Cash and deposits	1,058,872	1,236,774	983,751	31,859	-	2,558	3,313,814
Convertible notes	2,384	1,961	6,291	56,616	16,811	-	84,063
Fixed interest bonds	-	14,168	36,723	625,853	743,642	-	1,420,386
Floating rate notes	180,736	-	-	-	-	-	180,736
Zero coupon bonds	-	-	935	966	-	-	1,901
Mortgage backed securities	280,833	-	-	32,904	226,780	-	540,517
Asset backed securities	57,690	-	-	6,391	6,412	-	70,493
Loans	72,180	-	-	23,867	3,905	-	99,952
Discount securities	-	491,009	-	1,413	-	-	492,422
Derivatives	-	-	-	-	-	(553,537)	(553,537)
Listed and unlisted investments	-	-	-	-	-	17,713,501	17,713,501
Directly held real estate	-	-	-	-	-	478,477	478,477
Life insurance policies	245,995	-	-	-	-	-	245,995
Receivables	-	-	-	-	-	451,228	451,228
	1,898,690	1,743,912	1,027,700	779,869	997,550	18,092,227	24,539,948
Financial liabilities							
Payables	-	-	-	-	-	330,181	330,181
	-	-	-	-	-	330,181	330,181
Net financial assets	1,898,690	1,743,912	1,027,700	779,869	997,550	17,762,046	24,209,767

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

19. FINANCIAL INSTRUMENTS (Cont.)

Fund	Floating interest rate	Fixed Interest rate 3 months or less	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
30 June 2014	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Financial assets							
Cash and deposits	1,910,939	231,249	1,030,546	125,581	-	-	3,298,315
Convertible notes	757	3,248	7,490	50,935	38,831	-	101,261
Fixed interest bonds	-	32,787	54,113	630,691	915,276	-	1,632,867
Floating rate notes	216,886	-	-	-	-	-	216,886
Zero coupon bonds	-	-	-	-	-	-	-
Mortgage backed securities	565,188	-	-	23,295	169,563	-	758,046
Asset backed securities	44,333	-	-	2,974	8,032	-	55,339
Loans	63,443	-	-	6,227	11,584	-	81,254
Discount securities	1,023,745	-	-	-	-	-	1,023,745
Derivatives	-	-	-	-	-	225,601	225,601
Listed and unlisted investments	-	-	-	-	-	21,318,445	21,318,445
Directly held real estate	-	-	-	-	-	487,582	487,582
Life insurance policies	270,585	-	-	-	-	-	270,585
Receivables	-	-	-	-	-	562,889	562,889
	4,095,876	267,284	1,092,149	839,703	1,143,286	22,594,517	30,032,815
Financial liabilities							
Payables	-	-	-	-	-	420,756	420,756
	-	-	-	-	-	420,756	420,756
Net financial assets	4,095,876	267,284	1,092,149	839,703	1,143,286	22,173,761	29,612,059
30 June 2013							
Financial assets							
Cash and deposits	1,040,296	1,236,774	983,751	31,859	-	2,558	3,295,238
Convertible notes	2,384	1,961	6,291	56,616	16,811	-	84,063
Fixed interest bonds	-	14,168	36,723	625,853	743,642	-	1,420,386
Floating rate notes	180,736	-	-	-	-	-	180,736
Zero coupon bonds	-	-	935	966	-	-	1,901
Mortgage backed securities	280,833	-	-	32,904	226,780	-	540,517
Asset backed securities	57,690	-	-	6,391	6,412	-	70,493
Loans	72,880	-	-	23,867	3,905	-	100,652
Discount securities	-	491,009	-	1,413	-	-	492,422
Derivatives	-	-	-	-	-	(553,537)	(553,537)
Listed and unlisted investments	-	-	-	-	-	17,745,877	17,745,877
Directly held real estate	-	-	-	-	-	478,477	478,477
Life insurance policies	245,995	-	-	-	-	-	245,995
Receivables	-	-	-	-	-	449,545	449,545
	1,880,814	1,743,912	1,027,700	779,869	997,550	18,122,920	24,552,765
Financial liabilities							
Payables	-	-	-	-	-	325,352	325,352
	-	-	-	-	-	325,352	325,352
Net financial assets	1,880,814	1,743,912	1,027,700	779,869	997,550	17,797,568	24,227,413

19. FINANCIAL INSTRUMENTS (Cont.)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis points increase or decrease is used when reporting interest rate risk internally to the Trustee and represents management's assessment of the possible change in interest rates.

The following table illustrates the effect on total revenue less expenditure after income tax and net assets available to pay benefits from possible changes in market risk that were reasonably possible based on the risk the Group was exposed to at reporting date. Liability for accrued benefits would also change by a similar amount as net assets available to pay benefits.

	Change in Variable		Effect on total revenue less expenditure after income tax and net assets available to pay benefits			
			Consolidated		Fund	
	2014	2013	2014 $ 000	2013 $ 000	2014 $ 000	2013 $ 000
Interest rate	+ 100 bps	+ 100 bps	116,912	(109,307)	(116,912)	(109,307)
Interest rate	- 100 bps	- 100 bps	(116,912)	109,307	116,912	109,307

Foreign currency risk management

Foreign currency risk is the risk that the net market value of a financial asset will fluctuate because of changes in foreign exchange rates.

The Group undertakes certain transactions denominated in foreign currencies and is therefore exposed to the effects of exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. This exchange rate exposure is managed in line with the Trustee's investment policies and the RMF. The Group's overall strategy in foreign currency risk management remains unchanged from 2013.

It is the policy of the Trustee to enter into forward foreign exchange contracts and cross currency swaps to cover the change in asset values that may arise from currency translation. The contracts are entered into on a rolling basis throughout the year and, consequently, there is no specific cover for foreign currency payments and receipts.

The Group's exposure to foreign exchange rate movements on its investments was as follows:

	USD A$ 000	EUR A$ 000	CNY A$ 000	BRL A$ 000	GBP A$ 000	JPY A$ 000	OTHER A$ 000	AUD A$ 000	TOTAL A$ 000
30 June 2014									
Gross investment amounts denominated in foreign currency	7,887,833	2,184,198	467,596	285,389	699,400	489,340	2,011,973	15,126,578	29,152,306
Less: Amount effectively hedged	6,399,040	1,447,260	-	2,506	493,839	246,208	381,221	(9,303,483)	(333,409)
Net exposure	1,488,793	736,938	467,596	282,883	205,561	243,132	1,630,752	24,430,061	29,485,715
30 June 2013									
Gross investment amounts denominated in foreign currency	6,715,622	1,290,717	375,789	249,768	661,496	481,670	1,774,660	13,099,560	24,649,282
Less: Amount effectively hedged	5,163,954	732,014	-	2,247	391,252	211,702	207,249	(6,160,792)	547,626
Net exposure	1,551,668	558,703	375,789	247,521	270,244	269,968	1,567,411	19,260,352	24,101,656

19. FINANCIAL INSTRUMENTS (Cont.)

The Fund's exposure to foreign exchange rate movements on its investments was as follows:

Fund	INVESTMENTS DENOMINATED IN FOREIGN CURRENCY								
	USD A$ 000	EUR A$ 000	CNY A$ 000	BRL A$ 000	GBP A$ 000	JPY A$ 000	OTHER A$ 000	AUD A$ 000	TOTAL A$ 000
30 June 2014									
Gross investment amounts denominated in foreign currency	7,887,833	2,184,198	467,596	285,389	699,400	489,340	2,011,973	15,166,349	29,192,077
Less: Amount effectively hedged	6,399,040	1,447,260	-	2,506	493,839	246,208	381,221	(9,303,483)	(333,409)
Net exposure	1,488,793	736,938	467,596	282,883	205,561	243,132	1,630,752	24,469,832	29,525,486
30 June 2013									
Gross investment amounts denominated in foreign currency	6,715,622	1,290,717	375,789	249,768	661,496	481,670	1,774,660	13,131,936	24,681,658
Less: Amount effectively hedged	5,163,954	732,014	-	2,247	391,252	211,702	207,249	(6,160,792)	547,626
Net exposure	1,551,668	558,703	375,789	247,521	270,244	269,968	1,567,411	19,292,728	24,134,032

Foreign currency sensitivity

The following table details the Group's sensitivity to a 20% (2013: 20%) increase and decrease in the Australian Dollar against the relevant foreign currencies. A 20% increase or decrease is management's assessment of the possible change in foreign exchange rates and is used when reporting foreign currency risk internally to the Trustee to give guidance on the potential effects of changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% (2013: 20%) change in foreign currency rates. Liability for accrued benefits would also change by a similar amount as net assets available to pay benefits.

Consolidated and Fund effect on total revenue less expenditure after income tax and net assets available to pay benefits	2014 $ 000	2013 $ 000
Effect of 20% (2013: 20%) increase in AUD relative to foreign currency exchange rates		
USD impact	(210,912)	(219,820)
EUR impact	(104,400)	(79,150)
CNY impact	(66,243)	(53,237)
BRL impact	(40,075)	(35,065)
GBP impact	(29,121)	(38,285)
JPY impact	(34,444)	(38,245)
Other currencies impact	(231,023)	(222,050)
Effect of 20% (2013: 20%) decrease in AUD relative to foreign currency exchange rates		
USD impact	316,368	329,729
EUR impact	156,599	118,724
CNY impact	99,364	79,855
BRL impact	60,113	52,598
GBP impact	43,682	57,427
JPY impact	51,666	57,368
Other currencies impact	346,535	333,075

19. FINANCIAL INSTRUMENTS (Cont.)

Price risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Group has investments in a variety of assets which are exposed to price risk.

As the majority of the Group's financial instruments are carried at net market value with changes in net market value recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect net investment income.

Price risk is mitigated by the Group's investment managers by constructing diversified portfolios of instruments traded on various markets.

The following table illustrates the effect on total revenue less expenditure after income tax and net assets available to pay benefits from specified changes in market prices that were reasonably possible based on management's assessment of the risk the Group was exposed to at the reporting date. For a negative change in the variable, there would be an equal and opposite impact on the net assets available to pay benefits, and the balances below would be negative. Liability for accrued benefits would also change by a similar amount as net assets available to pay benefits.

			Effect on total revenue less expenditure after income tax and net assets available to pay benefits			
	Change in Variable		Consolidated		Fund	
	2014	2013	2014	2013	2014	2013
	+/-	+/-	$ 000	$ 000	$ 000	$ 000
Australian equities	20%	20%	1,239,571	1,023,314	1,239,571	1,023,314
International equities	20%	20%	1,262,310	997,902	1,262,310	997,902
Property	10%	10%	218,351	171,076	218,351	171,076
Alternative assets	10%	10%	447,105	415,251	450,681	418,165
Cash and fixed interest securities	5%	5%	5,013	4,869	5,013	4,869

(h) Liquidity risk

The value of the liabilities to members is determined by the value of the assets.

The Trustee manages liquidity to ensure that the Group will always have sufficient liquidity to meet its liabilities. The Fund allows members to withdraw benefits and it is therefore exposed to the liquidity risk of meeting members' withdrawals within the timeframes permitted under relevant law. In some circumstances, the Trustee has the discretion to delay redemptions.

The Group is also exposed to liquidity risk of meeting the capital commitments disclosed in note 21.

The Group's liquidity risk is managed in accordance with the Group's investment strategy. The Fund principally manages liquidity risk by maintaining adequate banking facilities, continuous monitoring of forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities and through regular scenario testing designed to control the minimum exposure to liquid asset classes at any one point in time. The Fund also has a high level of net inward cash flows (through new contributions) which provide additional capacity to manage liquidity risk.

19. FINANCIAL INSTRUMENTS (Cont.)

The following table summarises the maturity profile of the Fund's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Consolidated	**3 months or less**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
30 June 2014	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Vested benefits:					
Accumulation members	28,799,355	-	-	-	28,799,355
Defined benefit members	91,805	-	-	-	91,805
Other:					
Benefits payable	228,262	-	-	-	228,262
Other payables	29,159	-	-	-	29,159
Other financial liabilities	5,634	-	-	-	5,634
Net derivative liabilities:					
Futures	2,965	160	-	-	3,125
Options	10,333	44	-	-	10,377
Forward foreign exchange contracts					
- Outflow	76,880	28,461	-	3,576	108,917
- Inflow	(24,606)	(9,388)	-	-	(33,994)
	52,274	19,073	-	3,576	74,923
Cross -currency swaps					
- Outflow	399	23	208,090	1,427	209,939
- Inflow	-	-	(201,497)	-	(201,497)
	399	23	6,593	1,427	8,442
	29,220,186	19,300	6,593	5,003	29,251,082
30 June 2013					
Vested benefits:					
Accumulation members	23,626,060	-	-	-	23,626,060
Defined benefit members	99,114	-	-	-	99,114
Other:					
Benefits payable	148,763	-	-	-	148,763
Other payables	29,934	-	-	-	29,934
Other financial liabilities	4,770	-	-	-	4,770
Net derivative liabilities:					
Futures	16,675	15	-	-	16,690
Options	9,477	1,495	-	-	10,972
Forward foreign exchange contracts					
- Outflow	304,121	319,421	-	-	623,542
- Inflow	(26,967)	(5,035)	-	-	(32,002)
	277,154	314,386	-	-	591,540
Cross -currency swaps					
- Outflow	-	6	801,846	208	802,060
- Inflow	-	-	(710,174)	-	(710,174)
	-	6	91,672	208	91,886
	24,211,947	315,902	91,672	208	24,619,729

19. FINANCIAL INSTRUMENTS (Cont.)

Fund	**3 months or less**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
30 June 2014	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Vested benefits:					
Accumulation members	28,799,355	-	-	-	28,799,355
Defined benefit members	91,805	-	-	-	91,805
Other:					
Benefits payable	228,262	-	-	-	228,262
Other payables	33,900	-	-	-	33,900
Other financial liabilities	1,951	-	-	-	1,951
Net derivative liabilities:					
Futures	2,965	160	-	-	3,125
Options	10,333	44	-	-	10,377
Forward foreign exchange contracts					
- Outflow	76,880	28,461	-	3,576	108,917
- Inflow	(24,606)	(9,388)	-	-	(33,994)
	52,274	19,073	-	3,576	74,923
Cross -currency swaps					
- Outflow	399	23	208,090	1,427	209,939
- Inflow	-	-	(201,497)	-	(201,497)
	399	23	6,593	1,427	8,442
	29,221,244	19,300	6,593	5,003	29,252,140
30 June 2013					
Vested benefits:					
Accumulation members	23,626,060	-	-	-	23,626,060
Defined benefit members	99,114	-	-	-	99,114
Other:					
Benefits payable	148,763	-	-	-	148,763
Other payables	28,141	-	-	-	28,141
Other financial liabilities	1,734	-	-	-	1,734
Net derivative liabilities:					
Futures	16,675	15	-	-	16,690
Options	9,477	1,495	-	-	10,972
Forward foreign exchange contracts					
- Outflow	304,121	319,421	-	-	623,542
- Inflow	(26,967)	(5,035)	-	-	(32,002)
	277,154	314,386	-	-	591,540
Cross -currency swaps					
- Outflow	-	6	801,846	208	802,060
- Inflow	-	-	(710,174)	-	(710,174)
	-	6	91,672	208	91,886
	24,207,118	315,902	91,672	208	24,614,900

19. FINANCIAL INSTRUMENTS (Cont.)

(i) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value (net market value), grouped into Levels 1 to 3 based on the degree to which the major inputs to the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2014	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Cash and cash equivalents	2,371,930	1,417,996	-	3,789,926
Fixed interest securities	941,878	2,718,186	101,304	3,761,368
Australian equities	6,214,427	852,258	990	7,067,675
International equities	5,545,857	1,673,284	96,099	7,315,240
Property	9,999	117,942	2,429,511	2,557,452
Alternative assets	26,389	2,161,383	2,806,282	4,994,054
Total	15,110,480	8,941,049	5,434,186	29,485,715
30 June 2013				
Cash and cash equivalents	2,553,641	577,023	-	3,130,664
Fixed interest securities	370,202	2,538,268	88,727	2,997,197
Australian equities	5,125,722	673,728	896	5,800,346
International equities	4,038,267	1,434,115	78,800	5,551,182
Property	2,646	91,323	1,869,487	1,963,456
Alternative assets	125,240	1,743,565	2,790,006	4,658,811
Total	12,215,718	7,058,022	4,827,916	24,101,656

19. FINANCIAL INSTRUMENTS (Cont.)

Fund 30 June 2014	Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
Cash and cash equivalents	2,371,230	1,417,996	-	3,789,226
Fixed interest securities	941,878	2,718,186	101,304	3,761,368
Australian equities	6,214,427	852,258	990	7,067,675
International equities	5,545,857	1,673,284	96,099	7,315,240
Property	9,999	117,942	2,429,511	2,557,452
Alternative assets	26,389	2,201,854	2,806,282	5,034,525
Total	15,109,780	8,981,520	5,434,186	29,525,486
30 June 2013				
Cash and cash equivalents	2,552,941	577,023	-	3,129,964
Fixed interest securities	370,202	2,538,268	88,727	2,997,197
Australian equities	5,125,722	673,728	896	5,800,346
International equities	4,038,267	1,434,115	78,800	5,551,182
Property	2,646	91,323	1,869,487	1,963,456
Alternative assets	125,240	1,743,347	2,823,300	4,691,887
Total	12,215,018	7,057,804	4,861,210	24,134,032

There were no significant transfers between level 1 and 2 in the period.

Reconciliation of level 3 fair value measurements of financial assets

Consolidated 30 June 2014	Fixed interest securities $ 000	Australian equities $ 000	International equities $ 000	Property $ 000	Alternative assets $ 000	Total $ 000
Opening balance at 1 July 2013	88,727	896	78,800	1,869,487	2,790,006	4,827,916
Changes in net market value of investments in Statement of Changes in Net Assets	(3,543)	94	10,128	62,483	139,078	208,240
Purchases	38,050	-	13,529	675,424	604,635	1,331,638
Redemptions	(21,930)	-	(5,987)	(177,883)	(767,874)	(973,674)
Transfers to/(from) level 3	-	-	(371)	-	-	(371)
Closing balance at 30 June 2014	101,304	990	96,099	2,429,511	2,765,845	5,393,749
Changes in net market value of investments in Statement of Changes in Net Assets on assets held at the reporting date	(4,370)	94	10,525	53,901	142,399	202,549
30 June 2013						
Opening balance at 1 July 2012	66,263	594	74,925	1,367,679	2,320,290	3,829,751
Changes in net market value of investments in Statement of Changes in Net Assets	11,424	60	1,567	78,758	310,515	402,324
Purchases	31,333	242	116	529,569	665,114	1,226,374
Redemptions	(20,293)	-	(15)	(106,519)	(505,913)	(632,740)
Transfers to/(from) level 3	-	-	2,207	-	-	2,207
Closing balance at 30 June 2013	88,727	896	78,800	1,869,487	2,790,006	4,827,916
Changes in net market value of investments in Statement of Changes in Net Assets on assets held at the reporting date	11,380	60	1,568	78,730	314,853	406,591

19. FINANCIAL INSTRUMENTS (Cont.)

Fund 30 June 2014	Fixed interest securities $ 000	Australian equities $ 000	International equities $ 000	Property $ 000	Alternative assets $ 000	Total $ 000
Opening balance at 1 July 2013	88,727	896	78,800	1,869,487	2,823,300	4,861,210
Changes in net market value of investments in Statement of Changes in Net Assets	(3,543)	94	10,128	62,483	146,221	215,383
Purchases	38,050	-	13,529	675,424	604,635	1,331,638
Redemptions	(21,930)	-	(5,987)	(177,883)	(767,874)	(973,674)
Transfers to/(from) level 3	-	-	(371)	-	-	(371)
Closing balance at 30 June 2014	101,304	990	96,099	2,429,511	2,806,282	5,434,186
Changes in net market value of investments in Statement of Changes in Net Assets on assets held at the reporting date	(4,370)	94	10,525	53,901	149,543	209,693
30 June 2013						
Opening balance at 1 July 2012	66,263	594	74,925	1,367,679	2,338,061	3,847,522
Changes in net market value of investments in Statement of Changes in Net Assets	11,424	60	1,567	78,758	325,838	417,647
Purchases	31,333	242	116	529,569	665,314	1,226,574
Redemptions	(20,293)	-	(15)	(106,519)	(505,913)	(632,740)
Transfers to/(from) level 3	-	-	2,207	-	-	2,207
Closing balance at 30 June 2013	88,727	896	78,800	1,869,487	2,823,300	4,861,210
Changes in net market value of investments in statement of Changes in Net Assets on assets held at the reporting date	11,380	60	1,568	78,730	330,176	421,914

The pricing for the majority of the Group's investments is sourced from independent pricing sources, the relevant investment manager or reliable brokers' quotes.

Investments for which values are based on quoted market prices in active liquid markets, e.g. recognised stock exchanges, and therefore classified within level 1, include active listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include fixed interest securities, over-the-counter derivatives and investments in unlisted unit trusts within which the underlying securities are primarily valued by applying quoted market prices in active markets. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include certain unlisted investment vehicles such as unit trusts and partnerships as well as direct property. As observable prices are not available for these securities, the Group has typically received valuations from investment managers, or from independent valuers appointed by them, who have used generally accepted valuation techniques to derive fair value.

Where a valuation model technique is used, the underlying investment manager or external independent valuer considers liquidity, credit and market risk factors, and adjusts the model as deemed necessary. As part of this process valuers generally consider several alternative valuation assumptions in their model which determine valuation ranges around the valuer's best estimate of fair value.

19. FINANCIAL INSTRUMENTS (Cont.)

The following table illustrates how the valuation ranges around fair value provided to the Group could affect total revenue less expenditure after income tax and net assets available to pay benefits if other reasonably possible alternative valuation assumptions were used as at the reporting date.

	Effect on total revenue less expenditure after income tax and net assets available to pay benefits			
	2014		2013	
	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Consolidated and Fund	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Property	13,663	(9,029)	10,399	(9,211)
Alternative assets	16,076	(16,086)	22,885	(22,406)

20. CONTROLLED ENTITIES

	Country of incorporation	Ownership interest 2014	Ownership interest 2013
Parent entity			
Sunsuper Superannuation Fund			
Controlled entities [(1)]			
Consolidated			
Sunsuper Financial Services Pty Ltd	Australia	100%	100%
Precision Administration Services Pty Ltd	Australia	100%	100%
Not consolidated			
Beston Accommodation Parks Trust	Australia	100%	na
Carrix (SPV) SS Pty Ltd	Australia	100%	100%
CCP Bidco Trust 2	Australia	76%	76%
Colonial First State Private Capital Pty Ltd	Australia	100%	100%
CWC Corporate Opportunity 1A Trust	Australia	100%	100%
CWC Corporate Opportunity 1B Trust	Australia	100%	100%
CWC Corporate Opportunity No 1 Limited Partnership LP	Australia	90%	90%
Discovery Parks Holdings Pty Ltd	Australia	98%	na
H-G Capital Pty Ltd	Australia	100%	100%
Lazard Australia Corporate Opportunity Fund 2A LP	Australia	83%	83%
Lazard Australia Corporate Opportunity Fund 2A Trust	Australia	83%	83%
Project Cricket SS Unit Trust	Australia	100%	100%
Riversdale Investment Op Trust	Australia	100%	na
Riversdale Investment Prop Trust	Australia	100%	na
Sentient Global Resource Trust II	Cayman Islands	100%	100%
Sunsient Ltd	Cayman Islands	100%	100%
Sunsuper Holdings Pty Ltd	Australia	100%	100%
Sunsuper Infrastructure Trust 1	Australia	100%	100%
Sunsuper Infrastructure Trust 2	Australia	100%	100%
Sunsuper Infrastructure Trust 3	Australia	100%	100%
Sunsuper Infrastructure Trust 4	Australia	100%	100%
Sunsuper Infrastructure Trust 5	Australia	100%	na
Sunsuper Investments A Pty Ltd	Australia	100%	100%
Sunsuper Pooled Superannuation Trust	Australia	100%	100%
SunVest LLC	USA	100%	100%
Tasmanian Softwood Fund Pty Ltd	Australia	59%	59%
Westbourne Yield Fund No. 5	Australia	100%	100%

(1) Refer Note 1 and 2q.

21. COMMITMENTS FOR EXPENDITURE

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Fund	
	2014 $ 000	2013 $ 000	2014 $ 000	2013 $ 000
Not longer than 1 year	5,565	4,878	2,344	2,061
1 - 5 years	10,908	11,168	7,580	6,262
Over 5 years	4,959	5,147	3,545	5,147
Commitments not recognised in the financial statements	21,432	21,193	13,469	13,470
Minimum lease payments included in expenses in the Statement of Changes in Net Assets	5,125	4,719	2,037	1,996

Other commitments

Other expenditure contracted for at the reporting date but not recognised as liabilities is payable as follows:

	Consolidated 2014 $ 000	Consolidated 2013 $ 000	Fund 2014 $ 000	Fund 2013 $ 000
Software support and maintenance				
Not longer than 1 year	505	2,270	-	-
1 - 5 years	506	-	-	-
Commitments not recognised in the financial statements	1,011	2,270	-	-
Investments				
No longer than 1 year				
- Property	29,625	59,056	29,625	59,056
- Alternative Assets (1)	352,899	463,602	352,899	463,602
Commitments not recognised in the financial statements	382,524	1,211,696	382,524	522,658

(1) Investment commitments can be called upon at any time by the underlying investment manager depending on their requirements to fund new investments.

22. RESERVES

In order to comply with legislative and Trust Deed requirements, the Trustee maintains a number of reserves in the Fund for the benefit of members.

Operational Risk Financial Requirement (ORFR)

From 1 July 2013, the Trustee is required to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Trustee determines is necessary to respond to these losses.

The Trustee has assessed its operational risk financial requirement for the Group and initially set an ORFR target amount at 0.25% to 0.30% of Fund net assets. Effective 11 June 2014, a revision was made and the new ORFR target amount was set at 0.25% to 0.28% of Fund net assets plus 0.10% of Sunsuper Pooled Superannuation Trust (PST) net assets. The PST is a controlled entity (refer Note 20) and has the same Trustee as Sunsuper Superannuation Fund. The amount of ORFR which is attributed to the PST at 30 June 2014 is $4,257,168 (2013: Nil).

The Trustee may call upon the ORFR to make a payment to address an operational risk that has occurred and caused one or more beneficiaries in the Fund to sustain a loss, or to be deprived of a gain, to which they otherwise would have been entitled, in relation to their benefits in the Fund.
Initial funding of the ORFR and future top-up or replenishment is from the general reserve. The ORFR is invested in the Balanced option.

A reconciliation of the movement in the ORFR reserve is set out below:

	Fund	
	2014	**2013**
	$ 000	**$ 000**
ORFR reserve at beginning of year	-	-
Transfer from general reserve	72,464	-
Earnings from investment in Balanced Fund	9,087	-
Payments	-	-
Movement in reserve	81,551	-
ORFR reserve at end of year	81,551	-

General Reserve

The Trustee maintains a general reserve in the Fund for the benefit of members. The general reserve is maintained in order to:

- Help meet the operating expenses of the Fund;
- Assist with the management of the operational risks of the Fund, including meeting losses from events not covered by insurance, or not claimed under insurance policies, and, from 1 July 2013, not met from the ORFR;
- Support the ORFR;
- Support the timing differences between the levels of investment tax and the investment fees incurred and the level of investment tax and investment fees charged to members; and
- Support capital investments in assets designed to enhance the efficiency of the Fund's operations.

22. RESERVES (Cont.)

The Trustee does not maintain the general reserve for the purpose of smoothing investment earnings. Members' accounts are credited or debited with the actual earnings (net of investment fees and tax) of their selected investment options.

The general reserve may only be invested in:

- The Balanced option;
- Low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes); and
- Any other investments approved by the Trustee.

	Fund	
	2014	**2013**
	$ 000	**$ 000**
General reserve at beginning of year	196,197	199,310
Net investment revenue	3,354,581	3,174,023
Investment earnings (net of investment fees and tax) allocated to members	(3,125,684)	(3,003,577)
Indirect member expenses charged to reserve	(132,889)	(121,392)
Administration levies charged to member accounts	87,909	88,112
Member benefit protection	286	(5,304)
Income tax expense	(533,704)	(461,358)
Tax levies charged to member accounts	347,338	322,765
Group life insurance rebate	3,500	3,400
Other	75	218
Transfer to ORFR	(72,464)	-
Transfer from successor fund (1)	65,711	-
Movement in reserve	(5,341)	(3,113)
General reserve at end of year	190,856	196,197

(1) Refer note 23

Insurance Reserve

As part of the Fund's group life insurance arrangements with the insurers, the Trustee may receive group life insurance rebates. The Trustee uses any group life insurance rebates to help meet insurance offering costs or to fund insurance related enhancements. Any group life insurance rebate which is received and not yet used for these purposes is allocated to an insurance reserve. The insurance reserve is invested in cash or term deposits.

A reconciliation of the movement in the insurance reserve is set out below:

	2014	2013
Insurance reserve at beginning of year	1,142	4,837
Group life insurance premiums - discount to member	(9,603)	(9,441)
Group life insurance rebate	8,500	5,000
Investment earnings allocated	53	94
Tax levies charged	158	652
Movement in reserve	(892)	(3,695)
Insurance reserve at end of year	250	1,142

23. TRANSFER FROM SUCCESSOR FUND

A Successor Fund Deed and Deed of Indemnity was entered into by Sunsuper Pty Ltd and Chifley Financial Services Ltd whereby the members of Chifley Super (Chifley) became members of Sunsuper Superannuation Fund (the Fund). The transfer was permitted under the Superannuation Industry (Supervision) Regulations 1994. The date of transfer was 15 April 2014.

The assets transferred from Chifley to the Fund comprised investments, cash and deferred tax asset. The realised taxable capital losses which make up the deferred tax asset transferred from Chifley, have been offset against the Fund's net unrealised capital gains and are reflected in the deferred tax liabilities (refer note 18(c)). A portion of the deferred tax asset and cash has been recognised as an increase in the general reserve (refer note 22).

The assets which were transferred from Chifley have been valued in accordance with the Fund's accounting policies (refer note 2).

The transfer from successor fund has resulted in the following movements:

	Fund	
	2014	**2013**
	$ 000	**$ 000**
Investments	352,954	-
Cash at bank	10,558	-
Total assets	363,512	-
Deferred tax liabilities	(98,787)	-
Net assets available to pay benefits	462,299	-
Represented by:		
Vested benefits - accumulation members	396,588	-
General reserve	65,711	-

24. RELATED PARTIES

(a) Trustee

The Trustee of the Fund throughout the year was Sunsuper Pty Ltd (ACN 010 720 840).

(b) Key management personnel

The following is a list of the directors of Sunsuper Pty Ltd at any time during the financial year and key management personnel who had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

Name	Position	Date began holding position	Date ceased holding position
William Ludwig	Director – member representative	8 November 1988	8 July 2013
John Battams [1]	Director – member representative	30 September 2005	
Ron Monaghan [1]	Director – member representative	6 December 2007	
Ben Swan [2]	Director – member representative	5 August 2013	
Peter Annand	Director – employer representative	11 November 2002	31 December 2013
Graham Heilbronn	Director – employer representative	11 October 2006	
Robert Hutchinson	Director – employer representative	28 October 2010	
Elizabeth Hallett	Director – employer representative	27 March 2014	
Scott Hartley	Chief Executive Officer	28 January 2014	
Anthony Lally	Chief Executive Officer	28 May 2007	26 July 2013
Bruce Wilson	Acting Chief Executive Officer	27 July 2013	27 January 2014
Bruce Wilson	Chief Financial Officer	14 September 2000	26 July 2013
Bruce Wilson	Chief Financial Officer	28 January 2014	22 July 2014
David Hartley	Chief Investment Officer	7 September 2005	
Teifi Whatley	Executive General Manager, Customer Experience & Insights	19 June 2000	
Leanne Whicker	General Manager, People & Strategy	1 October 2007	27 June 2014
Steven Travis	Executive General Manager, Customer Service & People	15 February 2010	
Craig Godfrey	General Manager, Business Growth	4 July 2011	27 May 2014
Julian Carroll	Executive General Manager, Information, Solutions & Technology	8 August 2011	
Andrew Nicholson	General Manager, Product	6 August 2012	23 May 2014
Craig Neal	Acting Chief Financial Officer	27 July 2013	27 January 2014
Michael Mulholland	Executive General Manager, Business Growth & Advice	28 May 2014	
Jason Sommer	Executive General Manager, Product, Projects & Technical Services	16 June 2014	

(1) Director fees are paid to the employer of the director, Queensland Council of Unions
(2) Director fees are paid to the employer of the director, The Australian Workers' Union of Employees, Queensland

24. RELATED PARTIES (Cont.)

(c) Compensation and evaluation of key management personnel

Evaluation of the Board and key management personnel

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

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

Performance evaluations for the financial year ended 30 June 2014 have been conducted in accordance with the approved process. Additional information relating to evaluation and short-term incentive bonuses can be found below.

Remuneration of directors and key management personnel

Director remuneration consists of Board and committee fees, superannuation guarantee contributions and the reimbursement of reasonable expenses. The fees reflect the demands on and responsibilities of those directors. Director remuneration was paid by Sunsuper Pty Ltd.

For directors with service before 1 January 2005, a retiring allowance is payable on resignation or termination from the Board. The retiring allowance is calculated as a multiple of the average of the director's annual fees in the three years up to 31 December 2004, adjusted for inflation after that date.

The multiple was calculated based on the number of years of service as a director up to 31 December 2004 and was capped at 10 years of service.

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

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

Short-term incentive bonuses

The remuneration of key management personnel who are executive officers includes short-term incentive bonuses.

<u>Objectives</u>

The objectives of the short term incentive bonuses are to:

- focus executive officers on the achievement of results and the performance of Sunsuper against agreed targets;
- demonstrate a clear relationship between performance and remuneration;
- be fair and consistent in rewarding performance among executive officers and all employees;
- reinforce a performance culture in Sunsuper;
- protect the interests, and meet the reasonable expectations, of beneficiaries;
- support the long term financial soundness of Sunsuper; and
- support the risk management framework of the Trustee.

24. RELATED PARTIES (Cont.)

Key performance indicators

Key performance indicators (KPIs) are reviewed annually and targets are set, effective 1 July each year, for each executive officer. KPIs are:

- relevant and specific to each individual executive officer's position;
- aligned to areas of organisational performance as defined in the Corporate KPIs and the Strategic Plan.

Short-term incentive bonuses plan

The short-term incentive bonuses plan rewards individual executive officers for achievement of KPIs. KPIs are measured over the course of each financial year (July to June). KPI results are assessed through the Performance Development and Review process that occurs annually.

Executive officers other than the current Chief Executive Officer, Scott Hartley, the former Chief Executive Officer, Anthony Lally, the Chief Investment Officer, David Hartley, the Executive General Manager, Business Growth, Michael Mulholland and the Executive General Manager, Products, Projects and Technical Services, Jason Sommer, are eligible to receive an incentive payment of 10% of their annual salary if they attain their individual KPIs for the year, and may be eligible to receive an additional 15% of their annual salary if they exceed their KPI targets for the year. No eligibility to the short-term incentive bonuses plan was given to Michael Mulholland and Jason Sommer for the year ended 30 June 2014 as they have been in the employment of Sunsuper for less than three months.

The short-term incentive bonuses plan for the Chief Investment Officer is based upon investment out-performance compared to benchmarks. The KPI targets are aligned to the investment objectives and are relevant to the needs of Sunsuper members. The KPI targets are reviewed annually and approved by the Board. The Chief Investment Officer may be eligible to receive 80% of annual salary if individual KPIs are attained. A portion ($^1/_{3}{}^{rd}$) of the Chief Investment Officer's incentive payment amount is deferred for 12 months.

The current Chief Executive Officer, Scott Hartley (appointed from 28 January 2014) is eligible to receive an incentive payment of 25% of annual salary if individual KPIs are attained for the year, and may be eligible to receive an additional 25% of annual salary if KPI targets are exceeded for the year.

The former Chief Executive Officer, Anthony Lally, was eligible to receive an incentive payment of 25% of annual salary if individual KPIs were attained for the year, and an additional 25% of annual salary if KPI targets were exceeded for the year.

KPI targets are set at the beginning of the financial year to which they relate. Included in the eligibility criteria for the short term incentive plan bonus, an executive officer must be employed in a permanent or fixed term capacity by Sunsuper and be in continued employment when the incentive payment becomes due. The Board may adjust the performance based components for any individual executive officer. The performance evaluations in respect of the year ended 30 June 2014 were completed on 10 September 2014 and payments will be made after this date (2013: completed on 13 August 2013 and payments were made on 23 August 2013, except for Anthony Lally, payment was made on 2 August 2013).

24. RELATED PARTIES (Cont.)

Remuneration paid and payable

The following table sets out the total remuneration paid and payable to key management personnel.

	Consolidated		Fund	
	2014	2013	2014	2013
Directors	$	$	$	$
Short-term employee benefits	425,175	445,515	403,916	423,239
Post-employment benefits (1)	105,826	68,235	100,535	64,823
Other long-term employee benefits	-	-	-	-
	531,001	513,750	504,451	488,062
Other key management personnel				
Short-term employee benefits	3,423,847	3,324,376	2,392,710	2,254,981
Post-employment benefits (1)	444,974	260,278	310,253	180,891
Other long-term employee benefits (2)	15,146	48,808	9,878	26,599
Termination benefits	558,322	-	280,356	-
	4,442,289	3,633,462	2,993,197	2,462,471
	4,973,290	4,147,212	3,497,648	2,950,533

(1) Post-employment benefits are defined as employee benefits which are payable after the completion of employment, and comprise mainly contributions paid or payable to superannuation plans. These include salary sacrifice payments.

(2) Other long-term employee benefits represent long service leave. Other key management personnel are entitled to long service leave when a 10 year service period has been reached. Only key management personnel with 10 or more years' service have remuneration reflected in other long term employee benefits. At 30 June following when 10 years' service has been reached, the full long service leave entitlement will be included in other long-term employee benefits. Subsequent reporting periods will include any increase in this entitlement as other long term employee benefits.

24. RELATED PARTIES (Cont.)

The following table sets out the detailed remuneration paid and payable to each key management personnel :

	Short-term employee benefits			Post-employment benefits		Other long-term employee benefits	
	Director Fees and Salary, including short-term leave	Incentive and other bonus	Non-monetary benefits - reportable fringe benefits	Superannuation contributions (including salary sacrifice superannuation payments)	Directors' retiring allowance	Long service leave	Termination benefits
	$	$	$	$	$	$	$
Year ended 30 June 2014							
John Battams [1]	81,744	-	-	9,809	-	-	-
Ronald Monaghan [1]	93,304	-	-	11,196	-	-	-
Ben Swan [2]	53,072	-	-	6,369	-	-	-
Peter Annand [5]	40,872	-	-	32,600	616	-	-
Graham Heilbronn	70,887	-	-	35,000	-	-	-
Robert Hutchinson	70,184	-	-	8,422	-	-	-
Elizabeth Hallett	15,114	-	-	1,814	-	-	-
Scott Hartley	237,420	91,079	-	33,099	-	-	-
Anthony Lally	21,106	-	-	35,000	-	-	421,728
Bruce Wilson	484,691	56,468	-	51,959	-	4,941	-
David Hartley	360,798	103,384	32,686	98,118	-	-	-
Teifi Whatley	218,630	46,874	-	39,197	-	5,157	-
Leanne Whicker	226,163	-	-	34,232	-	-	136,594
Steven Travis	222,669	37,500	-	38,988	-	5,048	-
Craig Godfrey	220,587	38,045	-	37,032	-	-	-
Julian Carroll	211,061	41,064	-	39,217	-	-	-
Andrew Nicholson	186,430	38,750	-	31,455	-	-	-
Michael Mulholland	38,816	269,980	-	4,768	-	-	-
Jason Sommer	15,489	224,155	-	1,909	-	-	-
Year ended 30 June 2013							
William Ludwig [4]	57,474	-	-	-	6,239	-	-
John Battams [1]	80,141	-	-	9,617	-	-	-
Ronald Monaghan [1]	80,141	-	-	9,617	-	-	-
Peter Annand	80,141	-	-	9,617	1,248	-	-
Graham Heilbronn	90,144	-	-	25,000	-	-	-
Robert Hutchinson	57,474	-	-	6,897	-	-	-
Anthony Lally	575,129	211,723	-	25,000	-	-	-
Bruce Wilson	385,109	67,210	-	26,335	-	10,623	-
David Hartley	373,423	256,096	30,724	58,506	-	-	-
Teifi Whatley	212,098	20,394	-	23,929	-	6,760	-
Leanne Whicker	218,844	37,172	-	25,030	-	-	-
Steven Travis [3]	211,440	33,968	-	25,936	-	31,425	-
Craig Godfrey	225,353	25,228	-	25,860	-	-	-
Julian Carroll	220,445	31,111	-	26,249	-	-	-
Andrew Nicholson	172,103	16,806	-	23,433	-	-	-

(1) Director fees were paid to the employer of the director, Queensland Council of Unions

(2) Director fees were paid to the employer of the director, The Australian Workers' Union of Employees, Queensland.

(3) Long service leave for Steven Travis represents the long service leave entitlement at 30 June 2013. Steven Travis reached 10 years' service in the financial year ended 30 June 2013 and therefore the full entitlement is reflected as remuneration in 2013.

(4) William Ludwig received a retiring allowance of $174,174 in relation to his services as a director since 8 November 1988 and in accordance with his retiring allowance entitlement. The incremental entitlement to this retiring allowance for the year ended 30 June 2013 has been included in the above table.

(5) Peter Annand received a retiring allowance of $35,452 in relation to his services as a Director since 11 November 2002 and in accordance with his retiring allowance entitlement. The incremental entitlements to this retiring allowance for the years ended 30 June 2013 and 30 June 2014 has been included in the above table.

24. RELATED PARTIES (Cont.)

The following table sets out information about the short-term incentive bonuses which were paid or payable to each key management personnel in the years ended 30 June 2013 and 30 June 2014. Terms and conditions covering the payment of short-term incentive bonuses are described above.

Name	Incentive bonus inclusive of superannuation payment	Financial year the bonus was paid/will be payable	Financial year the performance relates to	% of incentive bonus that was paid/will be payable	% of incentive bonus that was forfeited
Anthony Lally	211,723	2013	2012	73%	27%
Bruce Wilson	36,437	2013	2012	43%	57%
David Hartley	170,680	2/3 paid in 2013 1/3 payable in 2014	2012	52%	48%
Teifi Whatley	34,728	2013	2012	62%	38%
Leanne Whicker	44,821	2013	2012	80%	20%
Steven Travis	32,480	2013	2012	58%	42%
Craig Godfrey	22,579	2013	2012	38%	62%
Julian Carroll	26,088	2013	2012	52%	48%
Anthony Lally	211,723	2014	2013	70%	30%
Bruce Wilson	45,530	2014	2013	50%	50%
David Hartley	289,602	2/3 payable in 2014 1/3 payable in 2015	2013	83%	17%
Teifi Whatley	23,045	2014	2013	38%	62%
Leanne Whicker	42,004	2014	2013	70%	30%
Steven Travis	38,384	2014	2013	64%	36%
Craig Godfrey	28,508	2014	2013	46%	54%
Julian Carroll	35,155	2014	2013	58%	42%
Andrew Nicholson	18,991	2014	2013	38%	62%
Scott Hartley	91,079	2015	2014	83%	17%
Bruce Wilson	63,950	2015	2014	70%	30%
David Hartley	117,082	2/3 payable in 2015 1/3 payable in 2016	2014	48%	52%
Teifi Whatley	53,085	2015	2014	85%	15%
Steven Travis	42,469	2015	2014	68%	32%
Craig Godfrey	43,086	2015	2014	67%	33%
Julian Carroll	46,505	2015	2014	75%	25%
Andrew Nicholson	43,884	2015	2014	78%	22%

In addition to the above the following other bonuses were paid or payable to key management personnel in the years ended 30 June 2013 and 30 June 2014:

- Bruce Wilson was granted a bonus on 26 June 2012 of $26,918 on condition that he remained in the employment of Sunsuper until 26 June 2013. The bonus was paid in the 2014 financial year.
- Michael Mulholland was granted a bonus on 24 April 2014 of $269,980 as compensation for the short-term incentive bonus which was forfeited from his previous employer. The bonus was paid on 23 June 2014 and is conditional on the executive remaining in the employment of Sunsuper until 4 December 2014.
- Jason Sommer was granted a bonus on 24 April 2014 of $224,155 as compensation for the short-term incentive bonus which was forfeited from his previous employer. The bonus was paid on 23 June 2014 financial year and is conditional on the executive remaining in the employment of Sunsuper until 4 December 2014.

24. RELATED PARTIES (Cont.)

(d) Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board of Directors	**Audit, Compliance and Risk Management Committee**	**Investment Committee**	**Remuneration and Nominations Committee**	**Claims Committee** [(1)]
Number of meetings held in the year	13	6	5	4	13
Directors	**Number of meetings attended** [(2)]				
John Battams	12	3 (3)	5	2 (2)	1 (1)
Ben Swan	8	2 (3)	2 (5)	NA	3 (3)
Ron Monaghan	12	3 (3)	5	4	2 (2)
Peter Annand	5 (5)	3 (3)	2 (2)	2 (2)	1 (1)
Graham Heilbronn	13	NA	5	4	2 (2)
Robert Hutchinson	12	2 (3)	5	1 (2)	3 (3)
Elizabeth Hallett	6 (6)	2 (2)	2 (2)	1[(3)]	1 (1)

[(1)] The Claims Committee reviews and approves the payment of insurance claims. It comprises one Director sitting in rotation supported by a management advisory committee.

[(2)] Where the total number of meetings the director was eligible to attend is less than the number of meetings held in the year, the number of meetings the director was eligible to attend is shown in brackets. Eligibility to attend meetings may be less than the number of meetings held in the year due to appointment and resignation of directors and rotation of committee membership.

[(3)] Elizabeth Hallett is not a member of the Remuneration and Nominations Committee however she attended the June 2014 meeting as an observer.

24. RELATED PARTIES (Cont.)

(e) Related party transactions

Trustee and transactions between the Fund and the Trustee

All expenses incurred by Sunsuper Pty Ltd (the Trustee) in relation to the Trustee and its directors, were paid by Sunsuper Pty Ltd and then charged to the Fund in the form of Trustee fees. All other expenses incurred by the Trustee in relation to administration of the Fund are paid by the Fund.

	2014 $	2013 $
The following is a summary of transactions between the Fund and the Trustee which are included in the Fund's Statement of Changes in Net Assets:		
• The Fund paid fees to Sunsuper Pty Ltd for the trustee services provided for the year	1,269,798	758,581
• The Fund charged Sunsuper Pty Ltd for operating expenses. These charges were determined on the basis of the Trustee's direct share of expenses incurred by the Fund	123,584	227,225
• The Fund paid other expenses to Sunsuper Pty Ltd	99,534	20,472

- The Fund received superannuation contributions from Sunsuper Pty Ltd in relation to superannuation guarantee contributions and salary sacrifice contributions made in relation to Sunsuper Pty Ltd directors who are members of the Fund.

	2014 $	2013 $
The following balances are included in the Fund's Statement of Net Assets:		
• Net receivable/(payable) due from/(to) Sunsuper Pty Ltd	39,996	(2,220)

Transactions with key management personnel

Key management personnel of the Group, who are members of the Fund, contribute to the Fund on the same terms and conditions, and are entitled to the same benefits, as other members of the Fund.

There are no other transactions between the Group and key management personnel other than the compensation transactions disclosed in note 24(c).

24. RELATED PARTIES (Cont.)

Transactions between the Fund and its subsidiaries

	2014 $	2013 $
The following is a summary of transactions between the Fund and its subsidiaries which are included in the Fund's Statement of Changes in Net Assets:		
• The Fund paid fees to Precision Administration Services Pty Ltd for the employer and member administration services provided for the year	88,978,415	80,798,511
• The Fund paid other expenses to its subsidiaries.	540,842	297,348
• The Fund charged its subsidiaries for office rental, salaries and other operating expenses. These charges were determined on the basis of the subsidiaries' direct share of expenses incurred by the Fund	2,205,068	2,328,029
• The Fund incurred audit fees on behalf of Sunsuper Financial Services Pty Ltd	-	8,412
• The Fund received a net repayment on a loan from Precision Administration Services Pty Ltd	-	6,000,000
• The Fund made an advance on a loan to Sunsuper Financial Services Pty Ltd	-	200,000
• The Fund charged interest on a loan to Precision Administration Services Pty Ltd	-	189,550
• The Fund charged interest on a loan to Sunsuper Financial Services Pty Ltd	17,607	19,669
• The Fund charged interest to Sunsuper Holdings Pty Ltd on a loan and redeemable preference shares	-	1,220,132
• The Fund made a net purchase of units in Sunsuper Pooled Superannuation Trust	391,493,000	691,834,000
• The Fund made a purchase of units in Sunsuper Infrastructure Trust 3	49,487,867	54,464,176
• The Fund received a repayment on a loan from Sunsuper Holdings Pty Ltd	-	48,173,854
• The Fund made a payment to Sunsuper Pooled Superannuation Trust to compensate for the tax liability on assessable contributions transferred from the Fund to the Trust	345,000,000	328,079,482

- The Fund received superannuation contributions from Precision Administration Services Pty Ltd in relation to superannuation guarantee contributions, salary sacrifice contributions and member voluntary contributions made in relation to subsidiary employees who are members of the Fund.

24. RELATED PARTIES (Cont.)

The following balances are included in the Fund's Statement of Net Assets:		
• Net payables due to consolidated subsidiaries.	9,663,271	2,603,520
• Loan receivable from Sunsuper Financial Services Pty Ltd. The loan is included in investments in the Fund's financial statements	700,000	700,000
• Investments in subsidiaries. These investments represent the estimated fair value of the investments in the subsidiaries:		
▪ Controlled entities – Consolidated (refer Note 20)	37,738,000	32,594,054
▪ Controlled entities – Not consolidated (Refer Note 20)	5,166,822,256	4,140,525,070

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

The above related party transactions were conducted on an arm's length commercial basis.

Transactions and balances between the Fund and its subsidiaries listed in Note 20 as "Controlled entities – Consolidated" were eliminated in the preparation of the consolidated financial statements of the Group.

Other related party transactions

The Board of Directors of Sunsuper Pty Ltd has equal numbers of employer and employee representatives. According to the Constitution of the Company there are six shares on issue. Each share has attached to it the right to appoint one director. The shares in the Company, and therefore the right to appoint directors are as follows:

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

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

24. RELATED PARTIES (Cont.)

In addition to the items referred to, below is a summary of the significant transactions that the Group and Trustee had with these related entities.

	2014	2013
Payments for marketing and advertising services	**$**	**$**
Chamber of Commerce & Industry Queensland	43,890	52,435
Queensland Council of Unions	34,480	30,300
The Australian Workers' Union of Employees, Queensland	14,031	23,986
Director fees paid to employer of director (included in compensation of key management personnel (refer note 23(c))		
Queensland Council of Unions	175,047	160,282
The Australian Workers' Union of Employees, Queensland	53,072	-

Director fees paid to employer of director were paid by the Trustee, Sunsuper Pty Ltd.

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

25. CONTINGENT LIABILITIES AND ASSETS

A contingent liability for $140,000 (2013: $140,000) exists in relation to a security deposit guarantee which is in place in relation to leased premises. There were no other contingent liabilities or assets as at the reporting date (2013: Nil).

26. SUBSEQUENT EVENTS

Since 30 June 2014, there have been no matters or circumstances that have significantly affected or may significantly affect the Group or Fund

27. COMPARATIVE AMOUNT RESTATEMENT

The following table summarises the adjustments made to the consolidated amounts for 2013 in the Statement of Net Assets and Statement of Changes in Net Assets as a result of the initial application of AASB10 and AASB 2013-5 (refer Note 1).

	Consolidated		
	2013	**2013 Restated**	**Difference**
	$ 000	**$ 000**	**$ 000**
Cash and cash equivalents	3,182,743	3,130,664	(52,079)
Fixed interest securities	2,976,149	2,997,197	21,048
International equities	5,538,406	5,551,182	12,776
Alternative assets	4,659,267	4,658,811	(456)
Cash at bank	65,749	56,633	(9,116)
Other financial assets	61,943	61,898	(45)
Deferred tax asset	64,643	64,641	(2)
Other payables	30,380	29,934	(446)
Current tax liabilities	319,348	300,495	(18,853)
Deferred tax liabilities	71,689	63,114	(8,575)
Interest	213,211	207,741	(5,470)
Dividends & distributions	586,697	542,589	(44,108)
Rental and other investment income	68,748	68,541	(207)
Changes in net market value of investments	2,440,652	2,408,951	(31,701)
Direct investment expenses	68,281	62,763	(5,518)
Fund administration expense	104,620	102,374	(2,246)
Income tax expense	534,432	460,710	(73,722)

EXTRACTS FROM ACTUARIAL REPORTS FOR DEFINED BENEFIT SUB-PLANS

NOT APPENDED