SUNSUPER SUPERANNUATION FUND

A.B.N. 98 503 137 921

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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

**30 Little Cribb Street
MILTON QLD 4064**

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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STATEMENT OF NET ASSETS
AS AT 30 JUNE 2012

		Consolidated		Fund	
	NOTES	2012 $ 000	2011 $ 000	2012 $ 000	2011 $ 000
Investments					
Cash and cash equivalents		3,240,339	2,854,471	3,213,298	2,830,071
Fixed interest securities		2,583,707	2,337,523	2,596,625	2,353,248
Australian equities		4,606,124	4,747,920	4,606,124	4,747,920
International equities		4,305,813	4,012,356	4,333,502	4,034,669
Property	9	1,416,026	1,369,041	1,428,056	1,370,360
Alternative assets	2(c)	3,486,721	3,114,151	3,533,013	3,169,680
Total investments		19,638,730	18,435,462	19,710,618	18,505,948
Other assets					
Cash at bank		52,361	56,331	35,244	39,056
Contributions receivable		180,826	148,634	180,826	148,634
Other financial assets	8	51,997	30,137	50,387	29,111
Plant and equipment	10	16,627	14,587	4,108	5,508
Intangible assets	11	6,339	9,658	1,002	2,119
Deferred tax asset	18	213,551	143,015	181,812	112,823
Total other assets		521,701	402,362	453,379	337,251
Total assets		20,160,431	18,837,824	20,163,997	18,843,199
Liabilities					
Benefits payable		130,369	87,627	130,369	87,627
Other payables	12	32,866	19,994	29,285	18,381
Provision for employee benefits	13	6,119	4,646	2,063	1,617
Current tax liabilities	18	264,873	324,740	276,076	334,758
Deferred tax liabilities	18	27,033	22,238	27,033	22,237
Total liabilities		461,260	459,245	464,826	464,620
Net assets available to pay benefits		19,699,171	18,378,579	19,699,171	18,378,579

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 2012

	NOTES	Consolidated 2012 $ 000	Consolidated 2011 $ 000	Fund 2012 $ 000	Fund 2011 $ 000
Revenue from ordinary activities					
Net investment revenue					
Interest	14	207,526	198,937	202,595	194,040
Dividends & distributions		568,154	701,956	548,164	691,414
Rental and other investment income		57,259	35,926	56,307	34,720
Changes in net market value of investments	15	(802,621)	700,593	(776,080)	732,906
Less: Direct investment expenses	16	(65,767)	(62,981)	(61,938)	(61,186)
		(35,449)	1,574,431	(30,952)	1,591,894
Contribution revenue					
Employer contributions		2,210,927	1,971,549	2,210,927	1,971,549
Member contributions		214,862	216,336	214,862	216,336
Transfers from other funds		624,500	476,950	624,500	476,950
		3,050,289	2,664,835	3,050,289	2,664,835
Other revenue					
Group life insurance rebate		8,245	4,000	8,245	4,000
Group life insurance proceeds		164,141	82,453	164,141	82,453
Other income		723	183	616	125
		173,109	86,636	173,002	86,578
Total revenue from ordinary activities		3,187,949	4,325,902	3,192,339	4,343,307
Expenditure from ordinary activities					
Direct member expenses					
Group life insurance premiums		181,320	119,762	181,320	119,762
Other member and sub-plan specific expenses		84	437	186	507
		181,404	120,199	181,506	120,269
Indirect member expenses charged to reserve					
Fund administration expense		94,051	84,140	107,787	95,600
Depreciation expense		5,195	4,487	967	1,074
Amortisation expense		3,566	3,280	1,062	1,078
Anti-detriment payments	2(o)	2,826	2,469	2,826	2,469
		105,638	94,376	112,642	100,221
Benefits paid and payable		1,327,464	1,056,735	1,327,464	1,056,735
Total expenditure from ordinary activities		1,614,506	1,271,310	1,621,612	1,277,225
Total revenue less expenditure before income tax		1,573,443	3,054,592	1,570,727	3,066,082
Income tax expense	18	252,851	376,325	250,135	387,815
Total revenue less expenditure after income tax		1,320,592	2,678,267	1,320,592	2,678,267
Net assets available to pay benefits at the beginning of the year		18,378,579	15,700,312	18,378,579	15,700,312
Net assets available to pay benefits at the end of the year		19,699,171	18,378,579	19,699,171	18,378,579

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 a general purpose financial report of Sunsuper Superannuation Fund ('the Fund') and of the consolidated entity, comprising Sunsuper Superannuation Fund and its controlled entities ('the Group') which has been prepared in accordance with the Corporations Act 2001, Accounting Standards (including Accounting Interpretations), the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed dated 1 October 1987 and amendments thereto. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS') to the extent they are not inconsistent with AAS 25 *Financial Reporting by Superannuation Plans* ('AAS 25'). AAS 25 provides specific measurement requirements for assets, liabilities and accrued benefits. Other Accounting Standards have been applied in the preparation of the financial statements, to the extent they are not inconsistent with AAS 25.

The financial statements were authorised for issue by the directors on 12 September 2012.

Critical accounting judgements 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 assumption 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

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and Interpretations have not resulted in any changes to the Group's accounting policies or disclosures and consequently have not affected the amounts reported for the current or prior year.

Standards and Interpretations issued but not yet effective

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

1. BASIS OF PREPARATION (Cont.)

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', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement', AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB13'	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	30 June 2015
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	30 June 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016

The initial application of the 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 2012 and the comparative information presented in these financial statements for the year ended 30 June 2011.

(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. 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 net fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

(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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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).

(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 in which 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

<u>Dividend revenue</u>

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

<u>Interest revenue</u>

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.

<u>Changes in net market value of investments</u>

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).

<u>Rent</u>

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

<u>Distributions from unit trusts</u>

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 balance sheet date, the amount is reflected in the Statement of Net Assets as part of the underlying investment category.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

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 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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 as defined in Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*. A list of controlled entities 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.

(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.

3. NATURE OF THE FUND

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

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 were transferred to State Street Australia Limited on 1 June 2012. Prior to this they were held in custody by National Australia Bank Limited.

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

	2012	**2011**
Number of members of the Fund at 30 June	1,162,621	1,140,392

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	
	2012	**2011**
	$ 000	**$ 000**
Vested benefits - accumulation members	19,377,375	18,030,907
Vested benefits - defined benefit members	115,099	142,168
Total vested benefits	19,492,474	18,173,075
Net assets available to meet vested benefits of:		
Accumulation members	19,581,523	18,229,049
Defined benefit members	117,648	149,530
Total net assets available to meet vested benefits	19,699,171	18,378,579

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	
	2012 $ 000	**2011 $ 000**
Accrued benefits for accumulation members: [(1)]		
As at 30 June	19,581,523	18,229,049
Accrued benefits for defined benefit members:	**Latest actuarial review**	**Previous actuarial review**
Actuarial valuation date – 30 June 2009 [(2)]	40,409,681	54,723,392
Actuarial valuation date – 1 April 2010	39,503,183	-
Actuarial valuation date – 30 June 2010	40,941,449	57,952,642
Actuarial valuation date – 30 June 2011	31,728,222	33,499,420
Range of long term discount rates used in the measurement of accrued benefits	5% - 7%	4% - 7%

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

(2) Three 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 97% and 99.8%. Two of these sub-plans have returned to a satisfactory financial position. The other sub-plan remains in an unsatisfactory financial position as at 30 June 2012. In accordance with the actuary’s recommendation, the employer is paying at the recommended contribution rate which includes making additional annual 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 (2011: 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 current Superannuation Guarantee rate is 9% (2011: 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	
	2012	2011	2012	2011
	$ 000	$ 000	$ 000	$ 000
Group life insurance proceeds receivable	48,177	27,504	48,177	27,504
Interest receivable	193	200	189	195
GST recoverable	444	415	751	624
Prepayments	2,536	1,495	519	395
Sundry debtors	647	523	751	393
	51,997	30,137	50,387	29,111

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	469,025	449,548	469,025	449,548
Indirectly held investment property	947,001	919,493	959,031	920,812
	1,416,026	1,369,041	1,428,056	1,370,360

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	449,548	227,296	449,548	227,296
Additions from subsequent expenditure	9,557	230,279	9,557	230,279
Changes in net market value	9,920	(8,027)	9,920	(8,027)
Balance at end of financial year	469,025	449,548	469,025	449,548

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	
	2012 $ 000	2011 $ 000	2012 $ 000	2011 $ 000
Furniture and fittings	2,386	3,701	669	1,335
IT equipment and software	7,892	7,291	414	836
Motor vehicles	286	293	286	293
Leasehold Improvements	6,063	3,302	2,739	3,044
Total plant and equipment	16,627	14,587	4,108	5,508

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 improvements $ 000	IT equipment and software $ 000	Total $ 000
Carrying amounts at 1 July 2010	199	1,962	3,315	7,688	13,164
Additions	228	161	2,293	3,350	6,032
Disposals	(93)	(19)	-	(10)	(122)
Change in market value	(41)	1,597	(2,306)	(3,737)	(4,487)
Carrying amounts at 30 June 2011	293	3,701	3,302	7,291	14,587
Additions	33	1,088	3,578	4,465	9,164
Disposals	-	(1,852)	(77)	-	(1,929)
Change in market value	(40)	(551)	(740)	(3,864)	(5,195)
Carrying amounts at 30 June 2012	286	2,386	6,063	7,892	16,627

Fund

	Motor vehicles $ 000	Furniture and fittings $ 000	Leasehold improvements $ 000	IT equipment and software $ 000	Total $ 000
Carrying amounts at 1 July 2010	199	1,409	3,073	1,366	6,047
Additions	228	116	278	35	657
Disposals	(93)	(19)	-	(10)	(122)
Change in market value	(41)	(171)	(307)	(555)	(1,074)
Carrying amounts at 30 June 2011	293	1,335	3,044	836	5,508
Additions	33	66	123	4	226
Disposals	-	(582)	(77)	-	(659)
Change in market value	(40)	(150)	(351)	(426)	(967)
Carrying amounts at 30 June 2012	286	669	2,739	414	4,108

The Trustee believes that the carrying amount of plant and equipment at 30 June 2012 is not materially different to net market value.

11. INTANGIBLES

	Consolidated		Fund	
	2012	2011	2012	2011
	$ 000	$ 000	$ 000	$ 000
Software development costs	14,324	18,054	4,154	4,313
Less: Accumulated amortisation	(7,985)	(8,396)	(3,152)	(2,194)
	6,339	9,658	1,002	2,119

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	9,658	11,296	2,119	3,197
Additions	302	1,642	-	-
Disposals	(55)	-	(55)	-
Amortisation charge	(3,566)	(3,280)	(1,062)	(1,078)
Carrying amount at 30 June	6,339	9,658	1,002	2,119

12. OTHER PAYABLES

Group life insurance premiums payable	17,307	8,314	17,307	8,314
Audit fees payable	355	255	178	149
Sundry creditors	15,204	11,425	11,800	9,918
	32,866	19,994	29,285	18,381

13. PROVISION FOR EMPLOYEE BENEFITS

Employee benefits and related on-cost liabilities

Provision for annual leave	3,352	2,749	1,177	999
Provision for long service leave				
- expected to be settled within 12 months	891	663	306	240
- not expected to be settled within 12 months	1,876	1,234	580	378
	2,767	1,897	886	618
	6,119	4,646	2,063	1,617

14. INTEREST

Bank deposits	18,325	16,157	16,612	15,323
ATO refund interest	-	1,956	-	1,956
Investments carried at net market value	189,201	180,824	185,983	176,761
	207,526	198,937	202,595	194,040

15. CHANGES IN NET MARKET VALUE OF INVESTMENTS

	Consolidated		Fund	
	2012	2011	2012	2011
	$ 000	$ 000	$ 000	$ 000
Investments held at reporting date				
Cash and cash equivalents	30,101	146,513	30,101	146,513
Fixed interest securities	87,257	(188,030)	87,257	(188,030)
Australian Equities	(479,991)	136,564	(479,991)	136,564
International equities	(142,726)	37,230	(142,726)	37,230
Property	29,677	15,019	29,677	15,019
Alternative assets	(766)	(341,619)	(34,278)	(271,223)
	(476,448)	(194,323)	(509,960)	(123,927)
Investments realised during the reporting period				
Cash and cash equivalents	11,979	484,410	11,979	484,410
Fixed interest securities	8,598	247,510	8,598	247,510
Australian Equities	(96,055)	58,605	(96,055)	58,605
International equities	(196,224)	87,957	(196,224)	87,957
Property	(471)	17	(471)	17
Alternative assets	(54,000)	16,417	6,053	(21,666)
	(326,173)	894,916	(266,120)	856,833
Total changes in net market values	(802,621)	700,593	(776,080)	732,906

16. DIRECT INVESTMENT EXPENSES

Management fees	48,177	47,732	45,026	46,188
Custodian fees	4,635	4,327	3,957	4,076
Consultancy fees	2,383	1,756	2,383	1,756
Other direct investment expenses	10,572	9,166	10,572	9,166
	65,767	62,981	61,938	61,186

17. REMUNERATION OF AUDITORS

	Consolidated		Fund	
	2012	2011	2012	2011
	$	$	$	$
Deloitte Touche Tohmatsu				
Audit of the financial statements	427,327	409,098	267,851	256,505
Regulatory audit	24,025	23,749	15,675	15,593
Other audit services	102,743	59,817	36,552	50,017
Other non-audit services - tax services	88,618	86,724	17,355	46,687
Other non-audit services - advisory services	211,164	-	211,164	-
	853,877	579,388	548,597	368,802
Other audit service providers	49,060	7,564	45,660	7,564
	902,937	586,952	594,257	376,366

18. INCOME TAX

(a) Income tax recognised in profit and loss

	Consolidated		Fund	
	2012 $ 000	2011 $ 000	2012 $ 000	2011 $ 000
Tax expense comprises:				
Current tax expense	326,032	350,954	321,486	350,426
Adjustments recognised in the current year in relation to the current tax of prior years	(9,368)	(849)	(7,158)	(917)
Deferred tax expense relating to the origination and reversal of temporary differences	(63,813)	26,220	(64,193)	38,306
Total tax expense	252,851	376,325	250,135	387,815

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	1,573,443	3,054,592	1,570,727	3,066,082
Income tax expense calculated at 15% (2011: 15%)	236,016	458,189	235,609	459,912
Non-taxable group life proceeds	(24,621)	(12,368)	(24,621)	(12,368)
Non-taxable member contributions and transfers in	(120,134)	(96,127)	(120,134)	(96,127)
Tax withheld on member contributions where no TFN provided (additional 31.5%)	2,557	2,631	2,557	2,631
Non-deductible benefits paid/payable	199,120	158,510	199,120	158,510
Non-deductible other member & sub-plan expenses	38	55	4	55
Anti-detriment tax paid	(2,402)	(2,098)	(2,402)	(2,098)
Non-assessable investment income	68,622	10,570	57,799	19,634
Imputation credits and other rebates	(86,958)	(130,611)	(85,057)	(129,990)
Effect of previously unrecognised and unused tax losses and tax offsets now recognised	(5,451)	327	-	327
Net exempt pension income	(6,913)	(11,801)	(6,913)	(11,801)
Other	2,345	(103)	1,331	47
Adjustments in the current year in relation to the current tax of prior years	(9,368)	(849)	(7,158)	(917)
	252,851	376,325	250,135	387,815

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	
	2012 $ 000	2011 $ 000	2012 $ 000	2011 $ 000
Current tax liabilities:				
Income tax payable	264,873	324,740	276,076	334,758
	264,873	324,740	276,076	334,758

(c) Deferred tax balances

	Consolidated 2012	Consolidated 2011	Fund 2012	Fund 2011
Deferred tax liabilities:				
Contributions receivable	27,005	22,208	27,005	22,208
Interest income receivable	28	30	28	29
	27,033	22,238	27,033	22,237
Deferred tax asset:				
Contributions - s82AAT notices to be received	-	1,449	-	1,449
Provision for employee benefits	1,960	1,555	309	242
Investment income receivable	5,241	9,656	5,241	9,656
Unrealised taxable capital losses	202,927	128,520	173,055	99,592
Other payables	3,423	1,835	3,207	1,884
	213,551	143,015	181,812	112,823

Taxable and deductible temporary differences arise from the following:

	Consolidated			Fund		
	2012 $ 000 Opening Balance	2012 $ 000 Charged to Income	2012 $ 000 Closing Balance	2012 $ 000 Opening Balance	2012 $ 000 Charged to Income	2012 $ 000 Closing Balance
Gross deferred tax liabilities:						
Contributions receivable	22,208	4,797	27,005	22,208	4,797	27,005
Interest income receivable	30	(2)	28	29	(1)	28
	22,238	4,795	27,033	22,237	4,796	27,033
Gross deferred tax assets:						
Contributions - s82AAT notices to be received	1,449	(1,449)	-	1,449	(1,449)	-
Provision for employee benefits	1,555	405	1,960	242	67	309
Investment income receivable	9,656	(4,415)	5,241	9,656	(4,415)	5,241
Unrealised taxable capital losses	128,520	74,407	202,927	99,592	73,463	173,055
Other payables	1,835	1,588	3,423	1,884	1,323	3,207
	143,015	70,536	213,551	112,823	68,989	181,812
Net deferred tax (assets)/liabilities	(120,777)	(65,741)	(186,518)	(90,586)	(64,193)	(154,779)

18. INCOME TAX (Cont.)

	Consolidated			Fund		
	2011	2011	2011	2011	2011	2011
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
	Opening Balance	Charged to Income	Closing Balance	Opening Balance	Charged to Income	Closing Balance
Gross deferred tax liabilities:						
Contributions receivable	21,417	791	22,208	21,417	791	22,208
Interest income receivable	47	(17)	30	46	(17)	29
	21,464	774	22,238	21,463	774	22,237
Gross deferred tax assets:						
Contributions - s82AAT notices to be received	3,600	(2,151)	1,449	3,600	(2,151)	1,449
Provision for employee benefits	1,072	483	1,555	198	44	242
Investment income receivable	4,531	5,125	9,656	4,526	5,130	9,656
Unrealised taxable capital losses	153,820	(25,300)	128,520	139,970	(40,378)	99,592
Other payables	3,626	(1,791)	1,835	2,061	(177)	1,884
	166,649	(23,634)	143,015	150,355	(37,532)	112,823
Net deferred tax (assets)/liabilities	(145,185)	24,408	(120,777)	(128,892)	38,306	(90,586)

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. National Australia Bank Limited acted as master custodian through to 31 May 2012. State Street Australia Limited was appointed as master custodian effective 1 June 2012.

(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 Strategy and Plan (RMSP) that is used in the daily operations of the Group.

The RMSP 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 RMSP.

(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 2012 was 9.8% (2011: 12.3%) 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 balance sheet 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 RMSP. 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.)

Consolidated	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 2012	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Financial assets							
Cash and deposits	879,426	965,336	576,523	-	-	-	2,421,285
Convertible notes	961	-	4,404	24,563	7,598	-	37,526
Fixed interest bonds	-	17,609	100,351	484,925	582,822	-	1,185,707
Indexed bonds	-	-	-	-	-	-	-
Floating rate notes	198,385	-	-	-	-	-	198,385
Zero coupon bonds	-	-	-	-	2,688	-	2,688
Mortgage backed securities	232,087	-	-	27,065	205,244	-	464,396
Asset backed securities	32,797	-	132	9,017	7,952	-	49,898
Loans	76,594	-	-	14,507	2,296	-	93,397
Discount securities	-	685,581	35,572	9,048	-	-	730,201
Derivatives	-	-	-	-	-	134,647	134,647
Listed and unlisted investments	5,984	-	-	519	-	13,499,461	13,505,964
Directly held real estate	-	-	-	-	-	469,025	469,025
Life insurance policies	-	-	-	-	-	240,885	240,885
Outstanding settlements	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	592,921	592,921
	1,426,234	1,668,526	716,982	569,644	808,600	14,936,939	20,126,925
Financial liabilities							
Payables	-	-	-	-	-	370,489	370,489
	-	-	-	-	-	370,489	370,489
Net financial assets	1,426,234	1,668,526	716,982	569,644	808,600	14,566,450	19,756,436
30 June 2011							
Financial assets							
Cash and deposits	443,349	958,093	661,749	-	-	-	2,063,191
Convertible notes	-	-	-	17,873	2,589	2,677	23,139
Fixed interest bonds	-	15,943	85,248	415,871	558,197	-	1,075,259
Indexed bonds	1,895	-	-	-	-	-	1,895
Floating rate notes	337,784	-	-	-	-	-	337,784
Zero coupon bonds	-	-	-	595	6,626	-	7,221
Mortgage backed securities	487,879	-	-	-	-	-	487,879
Asset backed securities	74,495	-	-	-	-	-	74,495
Loans	75,149	-	-	-	-	-	75,149
Discount securities	-	460,373	54,762	-	-	-	515,135
Derivatives	37,728	-	-	-	-	181,950	219,678
Listed and unlisted investments	-	-	-	-	-	12,975,988	12,975,988
Directly held real estate	-	-	-	-	-	449,548	449,548
Life insurance policies	-	-	-	-	-	179,769	179,769
Outstanding settlements	-	-	-	-	-	17,527	17,527
Receivables	-	-	-	-	-	166,908	166,908
	1,458,279	1,434,409	801,759	434,339	567,412	13,974,367	18,670,565
Financial liabilities							
Payables	-	-	-	-	-	111,034	111,034
	-	-	-	-	-	111,034	111,034
Net financial assets	1,458,279	1,434,409	801,759	434,339	567,412	13,863,333	18,559,531

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 2012	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Financial assets							
Cash and deposits	878,409	965,336	576,523	-	-	-	2,420,268
Convertible notes	961	-	4,404	24,563	7,598	-	37,526
Fixed interest bonds	-	17,609	100,351	484,925	582,822	-	1,185,707
Indexed bonds	-	-	-	-	-	-	-
Floating rate notes	198,385	-	-	-	-	-	198,385
Zero coupon bonds	-	-	-	-	2,688	-	2,688
Mortgage backed securities	232,087	-	-	27,065	205,244		464,396
Asset backed securities	32,797	-	132	9,017	7,952	-	49,898
Loans	131,275	-	-	14,507	2,296	-	148,078
Discount securities	-	685,581	35,572	9,048	-	-	730,201
Derivatives	-	-	-	-	-	134,647	134,647
Listed and unlisted investments	5,984	-	-	519	-	13,564,029	13,570,532
Directly held real estate	-	-	-	-	-	469,025	469,025
Life insurance policies	-	-	-	-	-	240,885	240,885
Outstanding settlements	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	527,850	527,850
	1,479,898	1,668,526	716,982	569,644	808,600	14,936,436	20,180,086
Financial liabilities							
Payables	-	-	-	-	-	364,148	364,148
	-	-	-	-	-	364,148	364,148
Net financial assets	1,479,898	1,668,526	716,982	569,644	808,600	14,572,288	19,815,938
30 June 2011							
Financial assets							
Cash and deposits	401,674	958,093	661,749	-	-	-	2,021,516
Convertible notes	-	-	-	17,873	2,589	2,677	23,139
Fixed interest bonds	-	15,943	85,248	415,871	558,197	-	1,075,259
Indexed bonds	1,895	-	-	-	-	-	1,895
Floating rate notes	337,784	-	-	-	-	-	337,784
Zero coupon bonds	-	-	-	595	6,626	-	7,221
Mortgage backed securities	487,879	-	-	-	-	-	487,879
Asset backed securities	74,495	-	-	-	-	-	74,495
Loans	91,673	-	-	-	-	-	91,673
Discount securities	-	460,373	54,762	-	-	-	515,135
Derivatives	37,728	-	-	-	-	181,950	219,678
Listed and unlisted investments	-	-	-	-	-	13,054,350	13,054,350
Directly held real estate	-	-	-	-	-	449,548	449,548
Life insurance policies	-	-	-	-	-	179,769	179,769
Outstanding settlements	-	-	-	-	-	17,527	17,527
Receivables	-	-	-	-	-	165,882	165,882
	1,433,128	1,434,409	801,759	434,339	567,412	14,051,703	18,722,750
Financial liabilities							
Payables	-	-	-	-	-	107,248	107,248
	-	-	-	-	-	107,248	107,248
Net financial assets	1,433,128	1,434,409	801,759	434,339	567,412	13,944,455	18,615,502

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 point 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	
	2012	2011	2012	2011	2012	2011
			$ 000	$ 000	$ 000	$ 000
Interest rate	+ 100 bps	+ 100 bps	(82,528)	(67,083)	(82,151)	(66,556)
Interest rate	- 100 bps	- 100 bps	82,528	67,256	82,151	66,729

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 RMSP. The Group's overall strategy in foreign currency risk management remains unchanged from 2011.

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:

Consolidated	INVESTMENTS DENOMINATED IN FOREIGN CURRENCY						
	USD	EUR	GBP	JPY	OTHER	AUD	TOTAL
	A$ 000	A$ 000	A$ 000	A$ 000	A$ 000	A$ 000	A$ 000
30 June 2012							
Gross investment amounts denominated in foreign currency	5,649,152	882,789	526,984	435,741	1,087,520	10,808,515	19,390,701
Less: Amount effectively hedged	3,679,277	635,007	311,008	159,736	81,971	(5,115,028)	(248,029)
Net exposure	1,969,875	247,782	215,976	276,005	1,005,549	15,923,543	19,638,730
30 June 2011							
Gross investment amounts denominated in foreign currency	4,815,307	1,006,403	474,696	440,249	726,063	10,645,610	18,108,328
Less: Amount effectively hedged	3,048,047	541,715	219,379	261,588	46,958	(4,444,821)	(327,134)
Net exposure	1,767,260	464,688	255,317	178,661	679,105	15,090,431	18,435,462

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	GBP A$ 000	JPY A$ 000	OTHER A$ 000	AUD A$ 000	TOTAL A$ 000
30 June 2012							
Gross investment amounts denominated in foreign currency	5,649,152	882,789	526,984	435,741	1,087,520	10,880,403	19,462,589
Less: Amount effectively hedged	3,679,277	635,007	311,008	159,736	81,971	(5,115,028)	(248,029)
Net exposure	1,969,875	247,782	215,976	276,005	1,005,549	15,995,431	19,710,618
30 June 2011							
Gross investment amounts denominated in foreign currency	4,815,307	1,006,403	474,696	440,249	726,063	10,716,096	18,178,814
Less: Amount effectively hedged	3,048,047	541,715	219,379	261,588	46,958	(4,444,821)	(327,134)
Net exposure	1,767,260	464,688	255,317	178,661	679,105	15,160,917	18,505,948

Foreign currency sensitivity

The following table details the Group's sensitivity to a 20% (2011: 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% (2011: 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	2012 $ 000	2011 $ 000
Effect of 20% (2011: 20%) increase in AUD relative to foreign currency exchange rates		
USD impact	(279,066)	(250,362)
EUR impact	(35,102)	(65,831)
GBP impact	(30,597)	(36,170)
JPY impact	(39,101)	(25,310)
Other currencies impact	(142,453)	(96,207)
Effect of 20% (2011: 20%) decrease in AUD relative to foreign currency exchange rates		
USD impact	418,598	375,543
EUR impact	52,654	98,746
GBP impact	45,895	54,255
JPY impact	58,651	37,965
Other currencies impact	213,679	144,310

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	
	2012	2011	2012	2011	2012	2011
	+	+	$ 000	$ 000	$ 000	$ 000
Australian equities	20%	20%	810,380	892,619	810,380	892,619
International equities	20%	20%	771,687	826,596	776,671	831,059
Property	15%	15%	182,827	175,632	184,451	175,790
Alternative assets	10%	10%	311,639	279,715	310,774	278,106
Cash and fixed interest securities	10%	10%	9,639	12,135	9,693	12,237

(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 Fund can be required to pay.

	Less than 3 months			
	Consolidated		Fund	
	2012 $ 000	2011 $ 000	2012 $ 000	2011 $ 000
Vested benefits:				
Accumulation members	19,377,375	18,030,907	19,377,375	18,030,907
Defined benefit members	115,099	142,168	115,099	142,168
Other				
Benefits payable	130,369	87,627	130,369	87,627
Other payables	32,866	19,994	29,285	18,381
Other financial liabilities	4,243	3,412	1,483	1,239
Total	19,659,952	18,284,108	19,653,611	18,280,322

(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 2012	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Cash and cash equivalents	2,589,565	650,774	-	3,240,339
Fixed interest securities	328,683	2,189,928	65,096	2,583,707
Australian equities	4,115,313	490,217	594	4,606,124
International equities	3,386,971	845,733	73,109	4,305,813
Property	1,786	58,591	1,355,649	1,416,026
Alternative assets	106,550	1,056,437	2,323,734	3,486,721
Total	10,528,868	5,291,680	3,818,182	19,638,730
30 June 2011				
Cash and cash equivalents	1,906,752	947,719	-	2,854,471
Fixed interest securities	110,685	2,152,796	74,042	2,337,523
Australian equities	4,278,512	469,408	-	4,747,920
International equities	3,256,238	651,708	104,410	4,012,356
Property	133,670	52,306	1,183,065	1,369,041
Alternative assets	57,430	1,049,670	2,007,051	3,114,151
Total	9,743,287	5,323,607	3,368,568	18,435,462

19. FINANCIAL INSTRUMENTS (Cont.)

Fund	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2012	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Cash and cash equivalents	2,562,005	651,293	-	3,213,298
Fixed interest securities	328,684	2,201,678	66,263	2,596,625
Australian equities	4,115,313	490,217	594	4,606,124
International equities	2,943,823	1,314,754	74,925	4,333,502
Property	1,786	58,591	1,367,679	1,428,056
Alternative assets	60,199	1,134,753	2,338,061	3,533,013
Total	10,011,810	5,851,286	3,847,522	19,710,618
30 June 2011				
Cash and cash equivalents	1,882,352	947,719	-	2,830,071
Fixed interest securities	110,686	2,167,385	75,177	2,353,248
Australian equities	4,278,511	469,409	-	4,747,920
International equities	3,013,421	914,191	107,057	4,034,669
Property	133,670	52,306	1,184,384	1,370,360
Alternative assets	57,430	1,115,012	1,997,238	3,169,680
Total	9,476,070	5,666,022	3,363,856	18,505,948

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

Reconciliation of level 3 fair value measurements of financial assets

Consolidated	**Fixed interest securities**	**Australian equities**	**International equities**	**Property**	**Alternative assets**	**Total**
30 June 2012	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**	**$ 000**
Opening balance at 1 July 2011	74,042	-	104,410	1,183,065	2,007,051	3,368,568
Changes in net market value of investments in statement of changes in net assets	(11,186)	179	(52,356)	73,666	(21,053)	(10,750)
Purchases	15,136	-	22,651	101,379	423,328	562,494
Redemptions	(7,816)	-	(1,596)	(2,461)	(85,592)	(97,465)
Transfers to/(from) level 3	(5,080)	415	-	-	-	(4,665)
Closing balance at 30 June 2012	65,096	594	73,109	1,355,649	2,323,734	3,818,182
Changes in net market value of investments in statement of changes in net assets on assets held at the reporting date	(10,501)	179	(52,356)	73,666	(20,943)	(9,955)
30 June 2011						
Opening balance at 1 July 2010	76,366	524	140,456	687,432	2,116,307	3,021,085
Changes in net market value of investments in statement of changes in net assets	(30,121)	(518)	(44,342)	37,915	(207,215)	(244,281)
Purchases	48,470	-	112,044	567,298	586,828	1,314,640
Redemptions	(47,381)	(6)	(103,748)	(109,580)	(520,490)	(781,205)
Transfers to level 3	26,708	-	-	-	31,621	58,329
Closing balance at 30 June 2011	74,042	-	104,410	1,183,065	2,007,051	3,368,568
Changes in net market value of investments in statement of changes in net assets on assets held at the reporting date	(30,121)	(247)	(44,342)	38,221	(198,673)	(235,162)

19. FINANCIAL INSTRUMENTS (Cont.)

Fund

30 June 2012	Fixed interest securities $ 000	Australian equities $ 000	International equities $ 000	Property $ 000	Alternative assets $ 000	Total $ 000
Opening balance at 1 July 2011	75,177	-	107,057	1,184,384	1,997,238	3,363,856
Changes in net market value of investments in statement of changes in net assets	2,381	179	3,554	32,629	(4,594)	34,149
Purchases	575	-	-	158,757	441,560	600,892
Redemptions	(6,790)	-	(35,686)	(8,091)	(96,143)	(146,710)
Transfers to/(from) level 3	(5,080)	415	-	-	-	(4,665)
Closing balance at 30 June 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 on assets held at the reporting date	3,067	179	3,554	32,629	(3,173)	36,256
30 June 2011						
Opening balance at 1 July 2010	77,388	524	142,500	687,432	1,996,701	2,904,545
Changes in net market value of investments in statement of changes in net assets	(30,006)	(518)	(43,734)	39,475	(190,670)	(225,453)
Purchases	12,013	-	26,977	542,728	326,266	907,984
Redemptions	(10,926)	(6)	(18,686)	(85,251)	(225,045)	(339,914)
Transfers to level 3	26,708	-	-	-	89,986	116,694
Closing balance at 30 June 2011	75,177	-	107,057	1,184,384	1,997,238	3,363,856
Changes in net market value of investments in statement of changes in net assets on assets held at the reporting date	(30,006)	(247)	(43,734)	39,781	(185,593)	(219,799)

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			
	2012		2011	
	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Consolidated	$ 000	$ 000	$ 000	$ 000
Property	11,300	(16,517)	14,841	(13,933)
Alternative assets	23,486	(27,831)	23,031	(18,183)
Fund				
Property	11,300	(16,517)	14,841	(13,933)
Alternative assets	19,663	(22,092)	15,187	(15,395)

20. CONTROLLED ENTITIES

Name of entity	Country of incorporation	Ownership interest 2012	Ownership interest 2011
Parent entity			
Sunsuper Superannuation Fund	Australia		
Controlled Entities			
Sunsuper Financial Services Pty Ltd	Australia	100%	100%
Sunsuper Pooled Superannuation Trust	Australia	100%	100%
Sunsuper Holdings Pty Ltd	Australia	100%	100%
Sunsuper Investments A Pty Ltd	Australia	100%	100%
Colonial First State Private Capital Pty Ltd	Australia	100%	100%
H-G Capital Pty Ltd	Australia	100%	100%
Precision Administration Services Pty Ltd	Australia	100%	100%

21. COMMITMENTS FOR EXPENDITURE

Operating leases

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

	Consolidated		Fund	
	2012 $ 000	2011 $ 000	2012 $ 000	2011 $ 000
Not longer than 1 year	4,614	5,319	1,891	1,748
1 - 5 years	14,245	19,057	6,521	6,704
Over 5 years	6,677	8,701	6,677	8,701
Commitments not recognised in the financial statements	25,536	33,077	15,089	17,153
Minimum lease payments included in expenses in the Statement of Changes in Net Assets	4,531	2,490	1,760	1,416

Other commitments

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

	Consolidated 2012 $ 000	Consolidated 2011 $ 000	Fund 2012 $ 000	Fund 2011 $ 000
Software development costs				
Not longer than 1 year	-	337	-	-
Commitments not recognised in the financial statements	-	337	-	-
Software support and maintenance				
Not longer than 1 year	2,452	5,411	-	-
1 - 5 years	-	6,902	-	-
Commitments not recognised in the financial statements	2,452	12,313	-	-
Leasehold improvements				
Not longer than 1 year	-	3,178	-	-
Commitments not recognised in the financial statements	-	3,178	-	-
Investments				
No longer than 1 year				
- Property	215,747	132,949	76,285	-
- Alternative Assets [(1)]	902,661	744,551	496,019	455,874
Commitments not recognised in the financial statements	1,118,408	877,500	572,304	455,874

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

22. FUND RESERVE

The Trustee maintains a fund reserve in the Fund for the benefit of members. The fund reserve is used to help manage the running of the Fund. The fund reserve can also be used to help meet the expenses of running the Fund, support the timing differences between the incidence of actual investment tax and investment fees and the investment tax and investment fees charged to members, and provide a reserve for the management of the operating risks of the Fund.

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

The fund reserve is principally invested in the Sunsuper Balanced option. Where significant short term liabilities, such as tax, are known, an amount up to that liability amount may be invested in less volatile investments including cash.

The defined benefit sub-plans incorporate separate reserve accounts which belong to the defined benefit members of each sub-plan. The fund reserve is not available to meet any funding deficits in the defined benefit sub-plans. The reserve balance below does not include any part of the defined benefit reserves.

	Fund	
	2012	**2011**
	\$ 000	**\$ 000**
Fund reserve at beginning of year	190,138	150,765
Net investment revenue	(30,952)	1,591,894
Investment earnings (net of investment fees and tax) allocated to members	23,986	(1,416,553)
Indirect member expenses charged to reserve	(112,642)	(100,221)
Administration levies charged to member accounts	71,046	69,364
Member benefit protection	(11,166)	(8,017)
Income tax expense	(250,135)	(387,815)
Tax levies charged to member accounts	315,573	286,619
Group life rebate	2,845	4,000
Other	617	102
Movement in reserve	9,172	39,373
Fund reserve at end of year	199,310	190,138

23. 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 names of the directors of Sunsuper Pty Ltd at any time during the financial year are:

Member representatives	**Employer representatives**
William Ludwig	Peter Annand
John Battams	Graham Heilbronn
Ron Monaghan	Robert Hutchinson

23. RELATED PARTIES (Cont.)

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Anthony Lally	Chief Executive Officer
Bruce Wilson	Chief Financial Officer
David Hartley	Chief Investment Officer
Teifi Whatley	General Manager, Customer Experience & Insights
Leanne Whicker	General Manager, People & Strategy
Steven Travis	General Manager, Customer Service
Craig Godfrey (from 4 July 2011)	General Manager, Business Growth
Julian Carroll (from 8 August 2011)	General Manager, Information Technology

(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 2012 have been conducted in accordance with the approved process.

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.

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, performance 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.

Director and key management personnel remuneration 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.

23. RELATED PARTIES (Cont.)

	Consolidated		Fund	
	2012	2011	2012	2011
Directors	$	$	$	$
Short-term employee benefits	427,003	395,106	405,653	375,351
Post-employment benefits [1]	93,607	101,726	88,927	96,640
Other long-term employee benefits	-	-	-	-
	520,610	496,832	494,580	471,991
Other key management personnel				
Short-term employee benefits	2,675,064	2,576,738	1,749,977	1,602,637
Post-employment benefits [1]	294,866	264,574	184,749	157,091
Other long-term employee benefits	66,698	35,263	44,296	25,907
	3,036,628	2,876,575	1,979,022	1,785,635
	3,557,238	3,373,407	2,473,602	2,257,626

[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.

(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	10	8	5	4	12
Directors	**Number of meetings attended**				
John Battams	10	NA	5	NA	2
William Ludwig	8	NA	3	NA	2
Ron Monaghan [2] [3]	8	7	5	4	2
Peter Annand [2] [3]	9	8	5	4	2
Graham Heilbronn [3]	10	NA	5	4	2
Robert Hutchinson [2]	10	7	5	NA	2

[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] Member of Audit, Compliance and Risk Management Committee.

[3] Member of Remuneration and Nominations Committee.

23. RELATED PARTIES (Cont.)

(e) Related party transactions

Trustee

All expenses incurred by Sunsuper Pty Ltd in relation to the administration of the Fund are paid by the Fund.

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 23(c).

Transactions between the Fund and its subsidiaries

	2012 $	2011 $
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	80,396,195	73,528,699
• The Fund paid other expenses to its subsidiaries	242,363	338,079
• 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	2,010,410	2,385,596
• The Fund incurred audit fees on behalf of Sunsuper Financial Services Pty Ltd	7,828	-
• The Fund made a net advance on a loan to / (received a net repayment on a loan from) Precision Administration Services Pty Ltd	(10,000,000)	5,500,000
• The Fund charged interest on a loan to Precision Administration Services Pty Ltd	725,358	717,855
• The Fund charged interest on a loan to Sunsuper Financial Services Pty Ltd	21,731	23,272
• The Fund charged interest to Sunsuper Holdings Pty Ltd on a loan and redeemable preference shares	2,233,826	2,474,641
• The Fund made a net purchase of units in Sunsuper Pooled Superannuation Trust	699,761,000	752,865,061
• 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	296,928,284	271,067,600

- 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.

23. RELATED PARTIES (Cont.)

	2012 $	2011 $
The following balances are included in the Fund's Statement of Net Assets:		
• Net payables due to subsidiaries	4,684,038	2,661,695
• Loans receivable from subsidiaries. The loans are included in investments in the Fund's financial statements	54,682,577	64,697,997
• Investments in subsidiaries. These investments represent the estimated fair value of the investments in the subsidiaries	2,425,211,724	1,672,562,825

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 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.

23. RELATED PARTIES (Cont.)

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

	Consolidated and Fund expense in Statement of changes in net assets	
	2012	2011
Payments for marketing and advertising services	$	$
Chamber of Commerce & Industry Queensland	44,500	47,595
Queenland Council of Unions	27,500	27,500
The Australian Workers' Union of Employees Queensland	29,700	23,510
Director fees paid to employer of director (included in compensation of key management personnel (refer note 23(c))		
Queensland Teachers' Union	21,607	94,854
Queensland Council of Unions	151,245	83,102

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.

24. CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities or assets as at the reporting date (2011: Nil)

25. SUBSEQUENT EVENTS

Since 30 June 2012, there have been no matters or circumstances that have significantly affected or may significantly affect the Group or Fund.

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 financial statements set out on pages 3 to 39 are properly drawn up so as to present fairly the net assets of Sunsuper Superannuation Fund and of the Group as at 30 June 2012 and the changes in net assets for the year then ended; and

(ii) The 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.

Name:	Name:
Director	Director

Brisbane

12 September 2012

Deloitte.

Deloitte Touche Tohmatsu
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Report by the Independent Approved Auditor to the Members of Sunsuper Superannuation Fund A.B.N. 98 503 137 921

I have audited the financial statements of Sunsuper Superannuation Fund for the year ended 30 June 2012 as set out on pages 3 to 39.

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 the 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 control. 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.

Deloitte.

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 2012 and the changes in net assets for the year ended 30 June 2012.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tony Brain.

Tony Brain
Partner
Chartered Accountants
12 September 2012

EXTRACTS FROM ACTUARIAL REPORTS
FOR DEFINED BENEFIT SUB-PLANS

NOT APPENDED