

Tasplan Superannuation Fund

Financial Statements

30 June 2019

Tasplan Superannuation Fund

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Tasplan Superannuation Fund
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Cash and cash equivalents			
Cash at bank	10b	127,691,471	116,470,582
Receivables			
Contributions receivable		614	2,700
Interest income receivable		25,479	33,446
GST receivable		374,037	367,084
Sundry debtors		60,298	980
Investments			
Australian equities	3	2,118,566,318	1,937,047,817
International equities	3	2,632,212,642	2,474,225,970
Other interest bearing securities	3	2,381,143,847	2,205,309,597
Other investments	3	1,467,558,578	1,030,709,402
Property	3	985,380,582	841,030,103
Pooled superannuation funds	3	-	143,722,989
Other assets			
Fixed assets		3,576,349	4,254,077
Intangible assets		404,937	890,691
Other assets		668,913	705,901
Prepayments		862,784	748,773
Tax assets			
Deferred tax assets	9c	1,659,347	1,853,483
Total assets		<u>9,720,186,196</u>	<u>8,757,373,595</u>
Liabilities			
Payables			
Benefits payable		5,667,883	4,604,530
Accounts payable		1,745,430	1,177,389
Group life premiums payable		2,936,285	3,461,107
Contributions suspense		113,584	301,763
Investment expenses payable		4,861,840	5,100,910
Sundry creditors		110,019	75,544
Provision for employee benefits		3,578,061	3,378,589
Other liabilities		1,360,049	1,614,491
Tax liabilities			
Superannuation contribution surcharge		10,689	10,689
Income tax payable		(40,596,770)	(6,419,294)
Deferred tax liability	9c	122,732,889	51,258,438
Total liabilities (excluding member benefits)		<u>102,519,959</u>	<u>64,564,156</u>
Net assets available for member benefits		<u>9,617,666,237</u>	<u>8,692,809,439</u>
Member benefits			
Defined contribution member liabilities	4a	9,337,733,118	8,383,501,064
Defined benefit member liabilities	4b	118,207,158	118,827,897
Total member liabilities		<u>9,455,940,276</u>	<u>8,502,328,961</u>
Total net assets		<u>161,725,961</u>	<u>190,480,478</u>
Equity			
Defined benefits that are over funded	4b	22,310,359	19,348,410
Operational risk financial requirements reserve	6	22,977,455	21,409,882
Administration reserve	6	40,244,032	39,574,480
Strategic development reserve	6	873,387	1,364,795
Unallocated reserve	6	75,320,728	108,782,911
Total equity		<u>161,725,961</u>	<u>190,480,478</u>

The statement of financial position should be read in conjunction with the accompanying notes on pages 7 to 31.

Tasplan Superannuation Fund
Income statement
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Superannuation activities			
Revenue			
Interest		33,971,222	24,358,611
Distributions		327,539,292	317,234,476
Other investment income		3,669,966	4,541,631
Net foreign exchange gains/(losses)	7	(99,729,236)	(6,138,712)
Changes in fair value of investments	7	551,664,325	462,496,668
Successor fund transfer		(40,650)	(7,434)
Other Income		814,786	1,538,073
Total revenue		<u>817,889,705</u>	<u>804,023,313</u>
Expenses			
Investment manager fees		35,611,296	33,289,933
Administrator expenses	11c	-	7,034,437
Auditors' remuneration	8	330,227	349,830
Operating expenses		28,237,135	21,265,925
Total expenses		<u>64,178,658</u>	<u>61,940,125</u>
Net result from superannuation activities		753,711,047	742,083,188
Profit/(loss) from operating activities		753,711,047	742,083,188
Net benefits allocated to defined contribution members' accounts		(726,046,172)	(638,273,638)
Net change in defined benefit member liabilities		(7,034,352)	(10,777,325)
Profit/(loss) before income tax		<u>20,630,523</u>	<u>93,032,225</u>
Income tax expense/(benefit)	9b	49,385,040	42,358,817
Profit/(loss) after income tax		<u>(28,754,517)</u>	<u>50,673,408</u>

The income statement should be read in conjunction with the accompanying notes on pages 7 to 31.

Tasplan Superannuation Fund
Statement of changes in member benefits
For the year ended 30 June 2019

	Note	Defined contribution	Defined benefit	Total
		\$	\$	\$
For the year ended 30 June 2019				
Opening balance of member benefits		8,383,501,064	118,827,897	8,502,328,961
Contributions:				
Employer		462,885,248	4,194,147	467,079,395
Member		121,778,702	918,343	122,697,045
Transfers from other superannuation funds		271,989,701	92,143	272,081,844
Successor fund transfer		18,904,174	-	18,904,174
Government co-contributions		1,267,027	-	1,267,027
Income tax on contributions		(78,193,970)	(927,523)	(79,121,493)
Net after tax contributions		<u>798,630,882</u>	<u>4,277,110</u>	<u>802,907,992</u>
Benefit payments		(570,398,742)	(1,833,735)	(572,232,477)
Transfers from defined benefit to defined contribution		9,906,596	(9,906,596)	-
Insurance premiums charged to member's accounts		(36,604,190)	(241,427)	(36,845,617)
Tax benefit on insurance premiums charged to member's accounts		5,499,353	725	5,500,078
Proceeds from group life policies		21,794,520	165,445	21,959,965
Anti-detriment payments		(755,926)	(137,192)	(893,118)
Tax benefit on anti-detriment payments		113,389	20,579	133,968
Benefits allocated to members' accounts, comprising:				
Net investment income		752,851,735	-	752,851,735
Administration fees		(26,805,563)	-	(26,805,563)
Net change in defined benefit member accrued benefits		-	7,034,352	7,034,352
Closing balance of member benefits		<u>9,337,733,118</u>	<u>118,207,158</u>	<u>9,455,940,276</u>
For the year ended 30 June 2018				
Opening balance of member benefits		7,657,675,860	122,669,139	7,780,344,999
Contributions:				
Employer		438,457,861	5,076,111	443,533,972
Member		100,046,566	992,149	101,038,715
Transfers from other superannuation funds		177,109,933	275,647	177,385,580
Successor fund transfer		596,953	-	596,953
Government co-contributions		1,516,501	-	1,516,501
Income tax on contributions		(71,398,141)	(1,020,294)	(72,418,435)
Net after tax contributions		<u>646,329,673</u>	<u>5,323,613</u>	<u>651,653,286</u>
Benefit payments		(558,375,099)	(1,923,262)	(560,298,361)
Transfers from defined benefit to defined contribution		17,886,475	(17,886,475)	-
Insurance premiums charged to member's accounts		(35,669,433)	(270,696)	(35,940,129)
Tax benefit on insurance premiums charged to member's accounts		5,354,914	40	5,354,954
Proceeds from group life policies		17,198,060	262,253	17,460,313
Anti-detriment payments		(5,173,024)	(124,040)	(5,297,064)
Benefits allocated to members' accounts, comprising:				
Net investment income		665,425,778	-	665,425,778
Administration fees		(27,152,140)	-	(27,152,140)
Net change in defined benefit member accrued benefits		-	10,777,325	10,777,325
Closing balance of member benefits		<u>8,383,501,064</u>	<u>118,827,897</u>	<u>8,502,328,961</u>

This statement of changes in member benefits should be read in conjunction with the accompanying notes on pages 7 to 31.

Tasplan Superannuation Fund
Statement of changes in reserves
For the year ended 30 June 2019

	Operation risk reserve \$	Administration reserve \$	Strategic reserve \$	Unallocated surplus/ (deficiency) \$	DB over or (under) funded \$	Total equity \$
Opening balance as at 1 July 2017	18,798,066	40,899,559	-	62,802,176	17,307,269	139,807,070
Net transfers (to)/from DC member accounts	-	-	-	(638,273,638)	-	(638,273,638)
Net transfers (to)/from DB member accounts	-	-	-	(10,777,325)	-	(10,777,325)
Operating result	2,611,816	(1,325,079)	1,364,795	695,031,698	2,041,141	699,724,371
Closing balance as at 30 June 2018	21,409,882	39,574,480	1,364,795	108,782,911	19,348,410	190,480,478
Opening balance as at 1 July 2018	21,409,882	39,574,480	1,364,795	108,782,911	19,348,410	190,480,478
Net transfers (to)/from DC member accounts	-	-	-	(726,046,172)	-	(726,046,172)
Net transfers (to)/from DB member accounts	-	-	-	(7,034,352)	-	(7,034,352)
Operating result	1,567,573	669,552	(491,408)	699,618,341	2,961,949	704,326,007
Closing balance as at 30 June 2019	22,977,455	40,244,032	873,387	75,320,728	22,310,359	161,725,961

This statement of changes in reserves should be read in conjunction with the accompanying notes on pages 7 to 31.

Tasplan Superannuation Fund
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Interest received		1,752,748	1,663,136
Proceeds from group life policies received		22,367,385	14,539,733
Other revenue received		729,658	11,071,309
Direct investment expenses paid		(22,942,198)	(18,915,104)
Group life insurance premiums paid		(31,870,361)	(30,512,539)
Other general administration expenses paid		(26,691,757)	(28,400,096)
Income tax paid		(11,893,930)	(20,450,404)
Net cash outflows from operating activities	10(a)	<u>(68,548,455)</u>	<u>(71,003,965)</u>
Cash flows from investment activities			
Sales of units in Australian equities		192,294	180,877,720
Sales of units in international equities		281,580,263	17,050,084
Sales of units in other investments		183,653,220	105,262,102
Sales of units in other interest bearing securities		848,271,595	1,180,779,885
Sales of units in property		184,161,441	36,485,666
Income from other assets		70,000	-
Purchase of fixed assets		(318,561)	(1,659,897)
Proceeds on disposal of fixed assets		18,182	-
Purchases of units in Australian equities		(12,500,000)	(173,484,970)
Purchases of units in international equities		(168,768,829)	(100,642,961)
Purchases of units in other investments		(326,237,666)	(204,042,831)
Purchases of units in other interest bearing securities		(894,319,215)	(1,015,204,069)
Purchases of units in property		(246,419,585)	(48,522,145)
Net cash flows used in investing activities		<u>(150,616,861)</u>	<u>(23,101,416)</u>
Cash flows from financing activities			
Employer contributions		466,893,302	443,780,486
Member contributions		122,697,045	101,038,715
Transfers from other superannuation funds		272,081,844	177,385,580
Successor fund transfer		18,904,174	596,953
Government co-contributions		1,267,027	1,516,501
Benefits paid to members		(572,335,694)	(568,042,852)
Income tax paid on contributions received		(79,121,493)	(72,418,435)
Net cash inflows from financing activities		<u>230,386,205</u>	<u>83,856,948</u>
Net increase in cash and cash equivalents		11,220,889	(10,248,433)
Cash at the beginning of the financial year		116,470,582	126,719,015
Cash at the end of the financial year	10(b)	<u><u>127,691,471</u></u>	<u><u>116,470,582</u></u>

This statement of cash flows should be read in conjunction with the accompanying notes on pages 7 to 32.

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

1. Operation of the fund

The Tasplan Superannuation Fund is a superannuation fund domiciled in Australia. Under the terms of the Fund's declaration of trust, Tasplan Pty Ltd (A.B.N. 13 009 563 062) is appointed trustee. The members' accounts are credited or debited each year with contributions and their proportionate share of the net investment income, expenses and income tax expense of the Fund.

The Fund is a hybrid fund with defined benefits, accumulation, and account based pension sections. The defined benefit sections are closed to new entrants. All other new entrants join the accumulation or allocated pension sections.

In accordance with the amendments to the Superannuation Industry (Superannuation) Act 1993 the Fund was registered with the Australian Prudential Regulation Authority on 19 August 1987 and was granted a RSE licence on 5 January 2006 (Licence Number L0000680).

The Fund entered into a binding memorandum of understanding on the 28 June 2019 with MTAA Super to investigate the opportunity of a merger.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Superannuation Industry (Supervision) Act 1993 and regulations and the provisions of the Trust Deed.

The financial statements are presented in Australian dollars (which is the functional currency of the Fund).

The financial statements were authorised for issue by the Board of the Trustee on 13 September 2019.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting periods and have not been early adopted by the Fund. These standards are not expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

AASB 9: Financial Instruments (applicable current financial year)

This Standard addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB139. The adoption did not result in a change to the classification or measurement of financial instruments as they remain at fair value in accordance with AASB 1056.

AASB 15: Revenue from Contracts with Customers (applicable current financial year)

This Standard has been applied using the cumulative effective method. There is however, no impact shown in the financials as the directors, having applied the five-step AASB 15 model, have assessed that there is no material difference for the Fund between applying AASB 118: Revenue and AASB 15.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

This Standard removes the lease classification test for lessees and requires all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

The Trustee anticipates that the adoption of AASB 16 will have an impact on the Fund's financial statements, this impact is likely to be minimal on the financial statements.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The judgements, estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities where not available from independent sources. The key estimates and assumptions that have a significant risk of causing a material adjustment to the values of assets and liabilities are:

Valuation of accrued benefits which have been actuarially determined for the defined benefit plans - the key assumptions are set out in Note 4.

Valuation of Financial assets and financial liabilities - the key assumptions are set out in Note 2(d)

2. Summary of significant accounting policies (continued)

(c) Significant accounting judgements, estimates and assumptions (continued)

Entities that meet the definition of an investment entity within AASB 10: *Consolidated Financial Statements* are required to measure their subsidiaries at fair value through profit and loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund's product disclosure statement details its objective of providing services to members which includes investing in equities, fixed income securities and private equity for the purposes of returns in the form of investment income and capital appreciation.

The Fund reports to its members via an annual report, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by AASB 1056 in the Fund's annual report.

The Trustee has also concluded that the Fund meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

The Trustee has therefore concluded that the Fund meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

(d) Financial assets and liabilities

Financial assets and financial liabilities at fair value in the profit and loss are initially recorded in the statement of financial position at fair value. All transaction costs are recognised directly in the income statement.

Loans and receivables and financial liabilities (other than those classified at fair value through the profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition of issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the income statement, unless specified otherwise.

After initial measurement, the Fund measures investments and derivatives at fair value through the profit or loss. Subsequent changes in fair value of those investments are recorded as 'changes in fair value of investments' through the income statement.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund commits to purchase the asset. From this date, any gains and losses arising from changes in the fair value are recorded.

A financial asset is derecognised when:

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

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

(e) Fair value measurement

Fair value is the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

2. Summary of significant accounting policies (continued)

(e) Fair value measurement (continued)

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value has been determined as follows: in the case of shares in listed companies, unit trusts and government and other fixed interest securities, by reference to relevant middle-market quotations; in the case of real estate properties, and fixtures and fittings, on the basis of independent valuations and in the case of mortgage loans, by reference to the outstanding principal of the loans.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 15.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Changes in fair values

Changes in the fair value of investments and derivatives are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the income statement.

Group life recoveries

Group life recoveries are recognised when control of the asset has been attained and are recorded, gross of any tax.

Interest

Revenue is recognised as interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Distributions and dividends

Revenue is recognised when the right to receive payment is established, which is the date the investments are quoted. Ex-distributions, if not received at the reporting date, are reflected in the income statement as part of the change in fair value of investments.

(g) Income tax

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

Income tax in the income statement for the year comprises current and deferred tax.

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(g) Income tax (continued)

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

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

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

(h) Goods and services tax (GST)

Revenues, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from the taxation authority is included as part of receivables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(i) Foreign currency

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the income statement in the period in which they arise.

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

(j) Benefits payable

Benefits payable are valued at net market value which comprises the entitlements of members who ceased employment prior to the year end but had not been paid at that time. Benefits payable are settled within 30 days.

(k) Receivables and other payables

Receivables are carried at nominal amounts due which approximate net market value. Receivables are normally settled within 30 days. An allowance for uncollectible amounts is only made where there is objective evidence that the debt will not be collected.

Other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund and are carried at nominal amounts which approximate net market value. Payables are normally settled on 30 day term.

(l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2. Summary of significant accounting policies (continued)

(m) No-TFN contributions tax

Where a member does not provide their tax file number to the Fund, the Fund may be required to pay a no-TFN contributions tax at a rate of 34% which is in addition to the concessional tax rate of 15% which applies to the Fund's taxable income.

The no-TFN contributions tax liability recognised by the Fund will be charged to the relevant members' accounts. Where a tax offset is obtained by the Fund in relation to members' no-TFN contributions tax, the tax offset will be included in the relevant members' accounts.

(n) Excess contributions tax

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

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

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

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

(o) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Fixed assets are depreciated using either straight line or diminishing value methods over their effective lives. The low value pool rules are used to depreciate assets costing less than \$1,000. Assets costing less than \$100 are expensed in the year of purchase.

Depreciation methods, useful lives and residual values are re-assessed at each reporting date.

Major depreciation periods are:

Office Fit-out	3 - 8 years
Office Equipment	3 - 10 years
Office Furniture	4 - 10 years

(p) Intangible assets

Software and development expenditure is capitalised only if development costs can be measured reliably and the Fund intends to have sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of consultants and labour that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at fair value which is deemed to be cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the income statement on a straight line basis over the estimated useful lives of intangible assets, from the date they are available for use. The estimated useful lives for the current period for intangible assets is 2.5 – 5 years.

(q) Treatment of merger related costs

Acquisition costs such as advisory, legal, accounting, valuation, professional and consulting fees and general administrative costs are recorded as expenses in the period in which the costs are incurred and services are rendered.

(r) Comparative figures

Previous year's figures have been reworked, regrouped and reclassified wherever necessary, to conform to current year's classification and presentation.

(s) Reserves

The Trustee maintains an operational risk reserve, an administration reserve, a strategic development reserve and an unallocated reserve to provide the Trustee with access to funds to protect members' interests and mitigate the impact of an adverse event. These reserves are operated in accordance with the Fund's reserving policies and are held at Fund level.

(t) Leases

Leases are classified at their inception as either an operating lease or finance lease based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

3. Investments and derivatives

The investments and derivatives of the Fund (including cash & short term deposits) are managed on behalf of the Trustee by selected investment managers. The Custodian holding the shares and fixed interest securities is National Nominees Ltd.

	2019 \$	2018 \$
Pooled superannuation funds comprise:		
IFM Australian Infrastructure	-	143,722,989
Australian equities comprise:		
Balanced Equity Management		
Celeste Australian Small Companies		
Eight IP Small Companies		
IFM Australian Core Equities		
Invesco Australian Equities Smaller Companies		
Pendal Australian Sustainable Share Fund		
Schroder Australian Equities Fund Trust		
State Street Global Management Australian Equities Transition		
Tasfoods Ltd		
Wavestone Australian Equity		
	2,118,566,318	1,937,047,817
International equities comprise:		
Baillie Gifford Long Term Global Growth		
CFS Generation WS Global Share Fund		
Hexavest Global Equity Fund		
Independent Franchise Partners		
International Equities Hedged Transition		
International Equity Unhedged Transition		
Investec Emerging Market Equities		
Magellan Global Sustainable Equities		
MFS Global Equity Trust Unhedged		
Pzena		
Robeco Low Volatility		
Schroder Global Core Plus		
T Rowe Price Emerging Markets Equity Fund		
	2,632,212,642	2,474,225,970
Other interest bearing comprise:		
AXA Global Fixed Income		
Blackrock Wholesale Indexed Australian Bonds		
Brandywine Global Fixed Interest		
CFS Wholesale Premium Cash Fund		
Direct Term		
Henderson Cash Institutional		
Kapstream Global Bonds		
Mercer Term Deposit Fund		
Metrics Credit Partners Senior		
Pendal Fixed Interest Fund		
Pimco Australian Bonds		
Pimco Global Bonds		
QTIM Mortgages		
Shenkman 4 Point Multi-Strategy		
The Super Loans Trust		
Vanguard International Fixed Interest		
Wellington Emerging Local Debt Unhedged		
	2,381,143,847	2,205,309,597

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

3. Investments and derivatives (continued)

	2019 \$	2018 \$
Other investments comprise:		
AMP Australian Diversified Infrastructure Trust		
AMP Responsible Investment Leaders		
Antin Infrastructure Equity Fund		
AQR Delta Fund		
Avenue Europe III		
BlackRock Style Advantage Fund		
Elementum Zephyrus CAT Bonds		
GAM Absolute Return Bonds Defensive		
GSA Trend Fund		
Harbourvest FOF No 9 Buyout		
Harbourvest FOF No 9 Venture		
Harbourvest HIPEP 6		
ICG Europe Fund VI		
IFM Australian Infrastructure		
IFM Global Infrastructure Fund		
IFM International Private Equity		
Industry Super Holding Pty Ltd		
Insight Diversified Inflation Plus		
Lexington Capital Partners VIII		
Lexington Secondaries International Equities 7		
Mesirow Absolute Return		
Mesirow Alternate Debt		
Mesirow International Equity		
ROC AIT IV Portfolio		
Tasmanian Gateway Holdings		
Utilities Trust of Australia		
Winton Global Alpha Fund		
	<u>1,467,558,578</u>	<u>1,030,709,402</u>
Property investments comprise:		
AMP Diversified Property Fund		
AMP Hedged Global Direct Property Fund		
AMP Hedged Global Properties Fund		
AMP Select Property Portfolio II		
AMP Select Property Portfolio III		
Charter Hall Prime Industry Fund		
Direct Property		
Goodman Australian Industrial		
Investa Commercial Property Fund		
Lend Lease Australian Prime Property Fund - Commercial		
Lend Lease Australian Prime Property Fund - Retail		
Lend Lease Community		
Mesirow Listed Property		
Resolution Capital		
SG Hiscock Australian Real Estate Investments Trust		
Tasmanian Growth & Development Fund		
Tasmanian Growth & Development Fund 2		
	<u>985,380,582</u>	<u>841,030,103</u>
Total investments and derivative assets	<u>9,584,861,967</u>	<u>8,632,045,878</u>
Amounts expected to be realised within the 12 months and after 12 months have been estimated based on past experience and current expectations.		
Expected to be realised within 12 months	575,987,717	448,826,639
Expected to be realised after 12 months	<u>9,008,874,250</u>	<u>8,183,219,239</u>
	<u>9,584,861,967</u>	<u>8,632,045,878</u>

4. Member liabilities

(a) Defined contribution member liabilities

Defined contribution member account balances are determined by unit prices that are based on the underlying investment movements.

Defined contribution members bear the investment risk relating to the underlying assets and unit prices are used to measure the member liabilities. Unit prices are updated daily.

(b) Defined benefit member liabilities

Defined benefit member liabilities are measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at the date when they are expected to fall due. The amount of accrued benefits has been determined on the basis of the present value of the expected future payments which arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to the expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of the defined benefit member liabilities is performed by the Fund's appointed Actuary on an annual basis for each of its defined benefit sub funds. The Fund has three sub funds being Quadrant Defined Benefits Fund, Hobart City Council Defined Benefits Fund and Launceston City Council Defined Benefits Fund.

The actuarial value of the defined benefit member liability reflects an actuarial assessment of benefits accrued up to the date of calculation and payable to members on resignation, retirement, death and disablement. This assessment may result in an employer being required to make additional contributions to the sub fund. Each sub fund is quarantined from the others and the other assets of the Fund. In the event that the assets of a particular sub fund is not adequate to meet the member's liabilities and that there are insufficient employer contributions, the defined benefit member liabilities are limited to the assets of the particular sub fund.

The main assumptions used to determine the values of the accrued benefits for each of the Fund's sub funds were:

Future rate of investment return of investments forecasted for each defined benefit sub fund as follows:

- Quadrant Defined Benefits Fund 3.75% per annum (2018: 3.75%)
- Hobart City Council Defined Benefits Fund 5.25% per annum (2018: 5.25%)
- Launceston City Council Defined Benefits Fund 5.25% per annum (2018: 5.25%)

- Future rate of salary increase forecasted at 4% per annum (2018: 4%)

The Fund's Actuary considers the following movements in the main assumptions used to determine the values of the accrued benefits are reasonably possible for the 2018-19 reporting period:

- Future rate of investment return +/- 1% (2018: +/- 1%)
- Future rate of salary increase +/- 1% (2018: +/- 1%)

The impact of the reasonably possible changes in these key assumptions are shown below:

Reasonable possible change in key assumptions	Increase/(decrease) in DB member liabilities \$'000
Increase/ (decrease) in future rate of investment return +/- 1% and no change in future rate of salary increase	2019: 151,893 / (155,423)
Increase/ (decrease) in future rate of salary increase by +/- 1% and no change in future rate of investment returns	2018: 151,061 / (154,733)
Increase/ (decrease) in future rate of investment return +/- 1% and increase/ (decrease) in future rate of salary increase by +/- 1%	2019: 155,434 / (151,848)
	2018: 154,745 / (151,015)
	2019: 307,327 / (307,271)
	2018: 305,806 / (305,748)

The amount of the vested benefits attributable to defined benefit members as at 30 June 2019 is \$159,111,062 (2018: \$157,091,551)

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

4. Member liabilities (continued)

(b) Defined benefit member liabilities (continued)

The following table may provide some assistance in summarising the financial condition of the sub-funds:

Sub-funds	Effective date of last actuarial review (valuation date)	Actuarial value of accrued benefits for defined benefit members at valuation date	Actuarial value of accrued benefits for defined contribution members at valuation date	Vested benefits for defined benefit members at valuation date	Net assets for defined benefit member at valuation date	Over funded
Quadrant	30/06/2019	39,133,223	7,461,542	47,319,438	56,638,968	10,044,203
Hobart City Council	30/06/2019	40,377,083	4,092,727	44,433,534	49,454,989	4,985,179
Launceston City Council	30/06/2019	38,696,852	23,838,242	67,358,090	69,816,071	7,280,977
RACT**	30/06/2019	-	-	-	-	-
Total		118,207,158	35,392,511	159,111,062	175,910,028	22,310,359

*In the Actuary's opinion all the sub funds at valuation date were in a satisfactory financial condition

**The RACT Defined Benefits Fund was wound up on 21 March 2019

Sub-funds	Effective date of last actuarial review (valuation date)	Actuarial value of accrued benefits for defined benefit members at valuation date	Actuarial value of accrued benefits for defined contribution members at valuation date	Vested benefits for defined benefit members at valuation date	Net assets for defined benefit member at valuation date	Over funded
Quadrant	30/06/2018	40,168,570	7,275,497	48,390,079	57,484,632	10,040,565
Hobart City Council	30/06/2018	39,126,958	4,077,324	43,094,699	47,351,701	4,147,419
Launceston City Council	30/06/2018	39,174,364	22,652,003	65,244,411	66,918,912	5,092,545
RACT	30/06/2018	358,004	4,358	362,362	430,243	67,881
Total		118,827,896	34,009,182	157,091,551	172,185,488	19,348,410

*In the Actuary's opinion all the sub funds at valuation date were in a satisfactory financial condition

5. Funding arrangements

Employers provided contributions with respect of defined contribution members at a rate of 9.5% (2018: 9.5%) of the gross salaries of the employees. Members contributions were made in accordance with the requirements of the Trust Deed pursuant to applications contained in the product disclosure statements and supplements on issue by the Trustee during the year.

The funding policy adopted in respect of the Fund is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in framing employer contribution rates for the defined benefit funds, the Actuary has considered long-term trends in such factors as Fund membership, salary growth and average market value of Fund assets.

The employers contributing to the defined benefit funds contribute at the rates recommended by the Actuary.

The contribution rates are:

Categories	% of salary
Quadrant Defined Benefits Fund	
Employer contributions	0*
Member contributions	6.0
Hobart City Council Defined Benefits Fund	
Employer contributions	6.0-9.5**
Member contributions	6.0
Launceston City Council Defined Benefits Fund	
Employer contributions	11.0-14.5***
Member contributions	6.0

*Quadrant Defined Benefits Fund on the Actuary's recommendation went on a contribution holiday from 1 July 2018 to 30 June 2021.

**Hobart City Council's contribution rate is 9.5%. TasWater's contribution rate is 6.0%.

***Launceston City Council's contribution rate is 11.0%. TasWater's contribution rate is 14.5%.

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

6. Reserves

Operational risk financial requirements reserve (ORFR reserve)

The ORFR reserve is operated in accordance with an operational risk financial requirement reserve policy. The ORFR provides funds to address losses arising from operational risks that may affect Tasplan's business operations. The ORFR is the target amount of financial resources that Tasplan determines is necessary to respond to these losses. Tasplan has determined that the target amount for this reserve should be 0.25% of the total asset value of the Fund, with a tolerance range of +/- 0.10%.

Unallocated reserve

This reserve holds the unallocated investment revenue and net amount from the fund operations for the current financial year. Investment earnings are allocated to members accounts via the unit pricing process as soon as the valuation information is available. However due to the time lag in receiving certain valuations, there will always be a timing difference between the valuations used for allocation to member accounts and that reflected in the financial statements. The difference is the investment earnings not yet allocated and can be positive or negative.

Strategic development reserve

The strategic development reserve is designed to fund initiatives to ensure that Tasplan is able to continually develop in line with the needs of members. These reserves are managed in accordance with the Tasplan Reserving Policy and are separately identifiable from member accounts, provisions and the other reserves. There is no minimum or target level requirement for this reserve.

Administration reserve

This reserve provides funds to pay for the operating expenses required to manage and meet unforeseen contingencies of a complying industry fund that has an employer sponsor, public offer and pension divisions. This reserve includes the balance that is required to be maintained under the RSE licence plus accumulation of annual surpluses. The target range for this reserve is 0.30% to 0.75% of Tasplan's net assets. The final balance of this reserve is set by the Trustee having regard for prevailing market conditions, any identified fund manager issues, other reserve balances held and statutory requirements.

	2019 \$	2018 \$
Reserves		
- Operational Risk Financial Requirements Reserve (ORFR Reserve)		
Balance at beginning of year	21,409,882	18,798,066
Amount transferred from Unallocated Reserve	1,200,000	2,280,000
Investment earnings	367,573	331,816
Balance at end of year	<u>22,977,455</u>	<u>21,409,882</u>
- Unallocated Reserve		
The amount not yet allocated comprises:		
Balance at beginning of year	108,782,911	62,802,176
Amount transferred from Strategic Reserve	513,021	658,378
Fees allocated to members	26,805,563	27,238,700
General and income tax expenses	(76,618,770)	(68,531,368)
Net investment earnings	779,906,617	767,779,712
Amounts allocated to members	(762,868,614)	(678,884,687)
Amount transferred to ORFR Reserve	(1,200,000)	(2,280,000)
Balance at end of year	<u>75,320,728</u>	<u>108,782,911</u>
- Administration Reserve		
Balance at beginning of year	39,574,480	40,899,559
Investment earnings	669,552	674,921
Amount transferred to Strategic Reserve	-	(2,000,000)
Balance at end of year	<u>40,244,032</u>	<u>39,574,480</u>
- Strategic Reserve		
Balance at beginning of year	1,364,795	-
Amount transferred from Administration Reserve	-	2,000,000
Investment earnings	21,613	23,173
Amount transferred to Unallocated Reserve	(513,021)	(658,378)
Balance at end of year	<u>873,387</u>	<u>1,364,795</u>
Total Reserves	<u><u>139,415,602</u></u>	<u><u>171,132,068</u></u>

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

7. Changes in fair value of investments and derivatives

	2019 \$	2018 \$
Investments and Derivatives held at balance date:		
Australian Equities	125,820,467	132,596,924
International Equities	181,215,718	206,735,491
Other Investments	145,581,502	30,321,527
Other Interest Bearing Securities	86,631,553	(1,499,673)
Property	52,564,272	44,613,569
Pooled Superannuation Funds	-	12,903,424
	<u>591,813,512</u>	<u>425,671,262</u>
Investments realised during the year:		
Australian Equities	(105,251,210)	23,949,196
International Equities	130,832,868	21,843,026
Other Investments	(43,363,078)	(5,606,942)
Other Interest Bearing Securities	(16,501,633)	(5,046,344)
Property	(5,866,134)	1,686,470
	<u>(40,149,187)</u>	<u>36,825,406</u>
Foreign Exchange Gains/(Losses)	(99,729,236)	(6,138,712)
	<u><u>451,935,089</u></u>	<u><u>456,357,956</u></u>

8. Auditors remuneration

Amounts received or due and receivable:

External

Audit of the financial statements of the entity and other regulatory
audit services - WLF Accounting & Advisory

123,535 102,835

123,535 102,835

Internal

Various audit services - KPMG

168,369 196,995

Audit of investments - Ernst & Young

38,323 50,000

206,692 246,995

330,227 349,830

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

9. Income tax

Major components of income tax expense for the years ended 30 June 2019 and 2018 are:

(a) Recognised in the income statement

Current income tax

	2019 \$	2018 \$
Current income tax charge	(24,319,447)	6,982,238
Adjustments in respect of current income tax of previous years	2,035,900	2,249,971
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	56,922,254	34,705,122
Adjustments in respect of current income tax of previous years	14,746,333	(1,578,514)
Income tax (benefit)/expense reported in income statement	<u>49,385,040</u>	<u>42,358,817</u>

(b) A reconciliation between income tax expense and the accounting profit before income tax multiplied by the applicable tax rate is as follows:

Benefits accrued before income tax	753,711,047	742,083,188
At the complying superannuation fund tax rate of 15%	113,056,657	111,312,478
Adjustments in respect of current income tax of previous years	16,782,233	671,457
Non-assessable investment income	-	(2,776,815)
Successor fund transfer	-	1,115
Exempt pension income	(4,855,409)	(11,098,827)
Other	(6,543,076)	(6,236,872)
Realised and unrealised gains/losses per CGT	(16,055,749)	(22,699,633)
Net imputation and other credits	(52,999,616)	(26,814,086)
Income tax expense	<u>49,385,040</u>	<u>42,358,817</u>
Income tax expense reported in income statement	<u>49,385,040</u>	<u>42,358,817</u>

(c) Deferred tax assets and liabilities

Deferred income tax at 30 June relates to the following:

Deferred tax liabilities

Investment income receivable	7,849,694	(2,597,767)
Unrealised gains in investments subject to CGT	114,883,195	59,806,185
Pension exemption	-	(5,949,980)

Gross deferred income tax liabilities

<u>122,732,889</u>	<u>51,258,438</u>
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Deferred tax assets

Employee entitlements	536,709	506,788
Accrued group life payable	440,443	519,166
Accrued audit fees payable	9,643	9,675
Depreciation	6,798	(1,785)
Member concessional contributions	552,477	608,267
Blackhole expenses	113,277	211,372
	<u>1,659,347</u>	<u>1,853,483</u>

(d) Recognised in the statement of changes in member benefits

Contributions and transfers in recognised in the statement of changes in member benefits	882,029,485	724,071,721
At the complying superannuation fund tax rate of 15%	132,304,423	108,610,758
Non assessable contributions	(53,201,972)	(36,211,785)
No-TFN contributions tax	19,042	19,462
Total	<u>79,121,493</u>	<u>72,418,435</u>

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

10. Statement of cash flows

a) Reconciliation of cash flows from operating activities

	2019	2018
	\$	\$
Benefits accrued after income tax	(28,754,517)	50,673,408
Cash flows in operating profit attributable to non operating activities		
Distributions	(327,539,292)	(317,234,476)
Investment interest income	(32,226,441)	(22,695,475)
Other investment income	(3,669,966)	(4,541,631)
Changes in net market values	(451,935,089)	(456,357,956)
Proceeds on disposal of fixed assets	(18,182)	-
Investment expenses	12,908,168	12,348,244
Transfers from QT Administration	-	(296,921)
Employee entitlement transfers	-	989,737
Non cash flows in operating profit		
Depreciation of fixed assets	1,457,600	1,393,650
Disposal of fixed assets	24,444	476,999
Changes in provision for employee benefits	199,473	317,949
Changes in operating assets and liabilities		
Decrease/(Increase) in accrued interest	7,967	(12,630)
Increase in GST receivable	(6,953)	(20,320)
(Increase)/Decrease in Sundry Debtors	(59,318)	8,907,335
(Decrease)/Increase in Group Life Insurance Premiums Payable	(524,822)	72,636
Increase/(Decrease) in Operating Expenses Payable	199,588	(1,981,754)
Increase in Sundry Creditors	34,475	16,721
(Decrease)/Increase in Direct Investment Expenses Payable	(239,070)	2,026,585
Increase/(Decrease) in Group Life Claims Payable	407,420	(2,920,580)
Decrease/(Increase) in Deferred Tax Assets	194,137	(286,060)
Decrease in Income Tax Payable	(34,177,478)	(11,218,196)
Increase in Deferred Tax Liability	71,474,451	33,412,669
Allocation to member's accounts	733,080,524	649,050,963
Proceeds from group life policies received	21,959,965	17,460,313
Group life insurance premiums paid	(31,345,539)	(30,585,175)
Net cash flows from operating activities	<u>(68,548,455)</u>	<u>(71,003,965)</u>

b) Cash and cash equivalents

Cash at bank - Commonwealth Bank account	54,568,143	50,011,986
Investment transaction deposit account	9,028,360	4,109,467
ANZ interest bearing account	64,094,968	62,349,129
Closing cash balance	<u>127,691,471</u>	<u>116,470,582</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash & short term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Fund, and earn interest at the respective short term deposit rates.

c) Non cash investing activities

During the year, distributions of \$327,539,292 (2018: \$317,234,476) were received which were reinvested by way of acquiring units in unit trusts on normal commercial terms and conditions.

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

11. Related parties

(a) Trustee and key management personnel

The Trustee of the Fund is Tasplan Pty Ltd, the directors of which are:

Chair

Edwards, Naomi

Arnold, Paul

Barta, Frank

Donohue, Patricia (appointed 1 January 2019)

Madsen, Roslyn

Mazengarb, John

Munday, Jessica

Parr, Susan

Scullin, Brian (resigned 30 November 2018)

Walsh, Stephen

In addition to the Trustee and directors, the following individuals were key management personnel during the year ended 30 June 2019.

Davy, Wayne (CEO)

Connor, Nicholas (Chief Operations Officer)

Lundy, Ian (Chief Investment Officer) (resigned 5 March 2019)

Williams, Mark (Head of Investments) (appointed 6 March 2019)

Lyons, Ningning (Chief Financial Officer) (maternity leave commenced 31 March 2019)

Lim, Sha May (Acting Chief Financial Officer) (appointed 1 April 2019)

Welch, Keryn (Executive Manager Strategy)

Hanigan, Gregory (Chief Risk Officer & Company Secretary) (Company Secretary ceased 15 February 2019)

Judd, Robyn (Executive Manager People & Culture)

The RSE licence was granted on 5 January 2006 (licence no L0000680).

(b) Compensation of key management personnel

Directors and key management personnel compensation are paid by the Fund on behalf of the Trustee Company. No other payments are made in connection with the management of the Fund.

	2019 \$	2018 \$
Short term benefits	2,920,382	3,279,205
Post employment benefits	74,194	-
Other long term benefits	43,284	26,048
Termination benefits	-	-
	3,037,860	3,305,253

Transactions between directors and the superannuation fund were transacted under normal terms and conditions with expenses incurred by the directors on the Fund's behalf fully reimbursed.

(c) Related party transactions

Trustee

Tasplan Pty Ltd invoiced Tasplan Super the amount (inclusive of GST) of \$1,086,107 (2018: \$1,046,559) during the 2019 year for expenses incurred on behalf of the trustee company.

Key management personnel

Certain directors and key management personnel are members of the Fund. Their membership terms and conditions are the same as those available to other members of the Fund.

The following directors and key management personnel are members of the Fund.

Barta, Frank

Connor, Nicholas

Davy, Wayne

Hanigan, Gregory

Judd, Robyn

Lim, Sha May

Madsen, Roslyn

Parr, Susan

Welch, Keryn

Williams, Mark

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

11. Related parties (continued)

(c) Related party transactions (continued)

Other related party transactions

The Fund's related parties include:

Quadrant First Pty Ltd

Subsidiary company that provides financial services

Quadrant First Pty Ltd

During the year, the Fund charged Quadrant First Pty Ltd (QFPL) \$190,000 of service fees for administration and other services provided to QFPL. At 30 June 2019, \$26,583 was receivable from QFPL. The Fund paid QFPL \$379,681 for the provision of financial planning services including the provision of authorisations to employees of the Fund. At 30 June 2019 \$21,312 was payable to QFPL.

QT Administration Pty Ltd

Due to an internal management decision, the administration was moved back into the Fund in March 2018. As a result administrator expenses are shown as nil and operating expenses have increased by a corresponding amount in the Income Statement.

Tasplan Superannuation Fund holds 100% of the units in QT Investment Management Trust (unit trust). During the year, the Fund received \$5,566,563 in income distributions.

Tasplan Superannuation Fund holds 100% of the units in Tasplan Property Trust (unit trust). During the year, the Fund received \$2,785,939 in income distributions.

Tasplan Superannuation Fund has not consolidated these controlled entities in accordance with the investment entity exemption under AASB10 Consolidated Financial Statements. All controlled entities have a principal place of business in Hobart (Tasmania). There are no material restrictions or commitments relating to these controlled entities.

12. Insurance

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

13. Segment information

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

14. Contingent liabilities

There are no contingent liabilities.

15. Financial risk management

(a) Strategy in using financial instruments

The Fund's principal financial instruments, comprise individual mandates and units in managed trusts which invest in equity securities, fixed interest securities, property, infrastructure, private equity, hedge funds, cash and short term deposits. The main purpose of these financial instruments is to generate a return on investment.

The Fund also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations.

Investment managers may use derivatives where the Trustee deems this appropriate and where it is documented in the investment mandate with the individual manager. The investment managers provide the Trustee with detailed risk management statements which outline their approach to derivatives and confirm their approach is applicable to the investments they manage.

The Trustee monitors investment managers to confirm that the use of derivatives accords with the overall investment strategy of Tasplan and is consistent with the performance objectives of each portfolio and sub-fund.

The Trustee may, when it deems it appropriate, use its custodian to enter into forward exchange contracts to reduce or remove any foreign currency exposures which are not already hedged by its international investment managers or the currency hedging manager.

The main risks arising from the Fund's financial instruments are interest rate risk, credit risk, market price risk and foreign currency risk. The Trustee reviews and agrees policies for managing each of these risks and they are summarised below. The Fund also monitors the market price risk arising from all financial instruments.

The Fund's accounting policies in relation to derivatives are set out in note 2.

(b) Market price risk

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

To control liquidity, the majority of the Fund's assets are invested in financial instruments, which under normal market conditions are readily convertible to cash. These investments include listed equities, cash and fixed interest investments. The Fund's investment options (excluding Property) are all highly liquid with more than 74% of each investment option (excluding Property) able to be liquidated within 30 days under a steady state and stressed market conditions. The Fund's property investment option is illiquid in nature. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund's significant financial liabilities are benefits payable to members. In addition to vested superannuation benefits, these would be considered on demand, which payments comprise the entire defined contribution component and the vested portion of the defined benefit component.

The Fund manages its obligation to pay the defined contribution component on an expected maturity basis based on management's estimates and actuarial assumptions of when such funds will be drawn down by members. The Fund considers it is highly unlikely that all defined contribution members will request to roll-over their superannuation fund account at the same time. Furthermore, in relation to the vested defined benefit component, the Fund has adequate resources readily convertible to cash to satisfactorily meet these obligations when called upon.

The following are the contracted maturities of financial liabilities:

30 June 2019	Carrying \$	Contractual \$	Less than 1 Month \$	1-3 Months \$
Accounts Payable	4,791,735	4,791,735	4,791,735	-
Benefits Payable	5,610,764	5,610,764	5,610,764	-
PAYG Payable	57,119	57,119	-	57,119
Vested Benefits	9,461,343,112	9,461,343,112	9,461,343,112	-
	9,471,802,730	9,471,802,730	9,471,745,611	57,119

15. Financial risk management (continued)

(c) Liquidity risk (continued)

30 June 2018	Carrying \$	Contractual \$	Less than 1 \$	1-3 Months \$
Accounts Payable	4,714,040	4,714,040	4,714,040	-
Benefits Payable	4,387,162	4,387,162	4,387,162	-
PAYG Payable	217,368	217,368	-	217,368
Vested Benefits	8,506,583,433	8,506,583,433	8,506,583,433	-
	8,515,902,003	8,515,902,003	8,515,684,635	217,368

(d) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund is exposed to the price risk relating to changes in the net market value of the respective investment options held by the Fund, namely unit trusts, equity prices, fixed interest and discount securities as well as infrastructure and direct property valuations. Any changes in the net market value of these investments are due to movements in the price of the underlying assets that the fund invests in and the volatility of those assets.

The Trustee, through Mercer as the appointed Asset Consultant, moderates this risk through diversification and the careful selection of investment managers who trade in securities and other financial instruments within specified limits. The Fund's overall market positions are monitored on a monthly basis by the Trustee. In addition, the Board reviews each investment manager in detail each quarter to ensure that performance is within expectations and ranges of the specific mandate.

The asset allocation ranges for each investment sector have been determined by the Trustee in consultation with Mercer. These ranges have been set to ensure the appropriate overall fund risk/return ratio is maintained and to ensure satisfactory diversification across sectors. Investments in each sector are spread over more than one security manager. In this way the Fund is not overly exposed to one manager, or underlying economic event. This approach is designed to produce a moderate out performance over time. The asset allocation of the Investment Options are monitored monthly and rebalanced to the target on a regular basis.

Sensitivity analysis for price movements

The volatility of expected returns for the purpose of this analysis has been based on historical analysis and input from Mercer in collaboration with the Trustee. The following table represents the returns that would be considered reasonably possible based on the underlying asset classes as at 30 June 2019 and 30 June 2018.

	Carrying Amount	Movement in underlying sectors	Increase in benefits accrued as a result of operations	Decrease in members liabilities for accrued benefits
2019	\$'000	%	\$'000	\$'000
Asset Class				
Absolute Return	440,534	7.10%	31,278	(31,278)
Alternative Debt	328,460	10.15%	33,339	(33,339)
Australian Shares	2,099,280	17.60%	369,473	(369,473)
Australian Shares SRI	19,287	17.60%	3,395	(3,395)
Cash	1,028,999	0.00%	-	-
Credit	284,967	0.00%	-	-
Domestic Fixed Income	369,444	0.00%	-	-
Emerging Market Debt	149,550	9.20%	13,759	(13,759)
Emerging Market Share	235,834	23.50%	55,421	(55,421)
Global Listed Property	-	0.00%	-	-
Global Sovereign Bond	348,921	0.00%	-	-
Infrastructure	900,897	8.90%	80,180	(80,180)
International Shares SRI	23,624	16.10%	3,803	(3,803)
Listed Property	164,260	17.80%	29,238	(29,238)
Low Volatility Equities Unhedged	664,308	16.10%	106,954	(106,954)
Opportunistic Property & Private Equity	142,805	23.30%	33,274	(33,274)
Overseas Shares Hedged	3,592	16.70%	600	(600)
Overseas Shares Unhedged	-	16.10%	-	-
Overseas Pooled	1,708,447	16.27%	277,982	(277,982)
SRI	-	0.00%	-	-
Unlisted Direct Property	799,344	9.60%	76,737	(76,737)
Total Investments	9,712,553		1,115,433	(1,115,433)

15. Financial risk management (continued)

(d) Other price risk (continued)

	Carrying Amount	Movement in underlying sectors	Increase in benefits accrued as a result of operations	Decrease in members liabilities for accrued benefits
2018	\$'000	%	\$'000	\$'000
Asset Class				
Absolute Return	400,807	7.40%	29,660	(29,660)
Alternative Debt	322,792	10.29%	33,215	(33,215)
Australian Shares	1,931,866	17.50%	338,077	(338,077)
Australian Shares SRI	5,181	17.50%	907	(907)
Cash	981,949	0.00%	-	-
Credit	260,233	0.00%	-	-
Domestic Fixed Income	393,027	0.00%	-	-
Emerging Market Debt	89,171	11.50%	10,255	(10,255)
Emerging Market Share	198,811	23.40%	46,522	(46,522)
Global Listed Property	-	0.00%	-	-
Global Sovereign Bond	270,663	0.00%	-	-
Infrastructure	648,132	8.90%	57,684	(57,684)
International Shares SRI	8,054	16.40%	1,321	(1,321)
Listed Property	145,779	18.00%	26,240	(26,240)
Low Volatility Equities Unhedged	594,265	0.00%	-	-
Opportunistic Property & Private Equity	128,472	23.10%	29,677	(29,677)
Overseas Shares Hedged	(9,203)	16.80%	(1,546)	1,546
Overseas Shares Unhedged	-	16.40%	-	-
Overseas Pooled	1,673,096	16.49%	275,963	(275,963)
SRI	29,903	12.18%	3,642	(3,642)
Unlisted Direct Property	675,518	9.60%	64,850	(64,850)
Total Investments	8,748,516		916,467	(916,467)

(e) Interest rate risk

Interest rate risk represents the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relate primarily to investments held in discount securities and interest bearing securities.

The Fund's policy is to invest in fixed interest as a diversifying strategy as well as moderate the volatility of the expected returns of the Fund.

The risks within the fixed interest Investments lie in the duration and credit limits held by the investment managers. Managers are subject to strict guidelines with regard to both parameters and they are monitored regularly by the Trustee in conjunction with Mercer.

15. Financial risk management (continued)

(e) Interest rate risk (continued)

The following table sets out the carrying amount, by maturity, of the Fund's financial instruments that are exposed to interest rate risk.

2019	Floating Interest Rate	Fixed Interest Rate - Time to Maturity			Non Interest Bearing	Total
		1 Year or Less	1 - 5 Years	Over 5 Years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Class						
Absolute Return	3	-	-	-	440,531	440,534
Alternative Debt	1	-	-	-	328,459	328,460
Australian Shares	73,344	(10,234)	-	-	2,036,170	2,099,280
Australian Shares SRI	-	-	-	-	19,287	19,287
Cash	54,775	731,271	-	-	242,953	1,028,999
Credit	5,729	3,588	66,108	204,593	4,949	284,967
Domestic Fixed Income	2	-	-	-	369,442	369,444
Emerging Market Debt	4	-	-	-	149,546	149,550
Emerging Market Share	-	-	-	-	235,834	235,834
Global Listed Property	-	-	-	-	-	-
Global Sovereign Bond	52,098	11,410	16,863	82,590	185,960	348,921
Infrastructure	-	-	-	-	900,897	900,897
International Shares SRI	-	-	-	-	23,624	23,624
Listed Property	8,084	-	-	-	156,176	164,260
Low Volatility Equities Unhedged	8,521	-	-	-	655,787	664,308
Opportunistic Property & Private Equity	281	-	-	-	142,524	142,805
Overseas Shares Hedged	2	-	-	-	3,590	3,592
Overseas Shares Unhedged	-	-	-	-	-	-
Overseas Pooled	38,775	160	-	-	1,669,512	1,708,447
SRI	-	-	-	-	-	-
Unlisted Direct Property	2	-	-	-	799,342	799,344
Total Investments	241,621	736,195	82,971	287,183	8,364,583	9,712,553

2018	Floating Interest Rate	Fixed Interest Rate - Time to Maturity			Non Interest Bearing	Total
		1 Year or Less	1 - 5 Years	Over 5 Years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Class						
Absolute Return	4	-	-	-	400,803	400,807
Alternative Debt	7	-	-	-	322,785	322,792
Australian Shares	58,664	(5,589)	-	-	1,878,791	1,931,866
Australian Shares SRI	-	-	-	-	5,181	5,181
Cash	50,216	594,551	-	-	337,182	981,949
Credit	3,392	7,973	60,087	187,757	1,024	260,233
Domestic Fixed Income	7	-	-	-	393,020	393,027
Emerging Market Debt	-	-	-	-	89,171	89,171
Emerging Market Share	-	-	-	-	198,811	198,811
Global Listed Property	-	-	-	-	-	-
Global Sovereign Bond	70,780	7,946	18,590	51,656	121,691	270,663
Infrastructure	-	-	-	-	648,132	648,132
International Shares SRI	-	-	-	-	8,054	8,054
Listed Property	3,863	-	-	-	141,916	145,779
Low Volatility Equities Unhedged	9,526	-	-	-	584,739	594,265
Opportunistic Property & Private Equity	305	-	-	-	128,167	128,472
Overseas Shares Hedged	-	-	-	-	(9,203)	(9,203)
Overseas Shares Unhedged	-	-	-	-	-	-
Overseas Pooled	54,540	592	-	-	1,617,964	1,673,096
SRI	-	-	-	-	29,903	29,903
Unlisted Direct Property	-	-	-	-	675,518	675,518
Total Investments	251,304	605,473	78,677	239,413	7,573,649	8,748,516

15. Financial risk management (continued)

(e) Interest rate risk (continued)

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The other financial instruments of the Fund that are not included in the above tables are non-interest bearing and therefore not subject to interest rate risk.

The following table demonstrates the sensitivity of the Fund's income statement, to a reasonably possible change in interest rates. The sensitivity for cash has been estimated using a 0.25% change in interest rates. The change in net assets for diversified fixed interest has been determined by taking the product of the weighted change in the interest rate, the duration, and the net market value for each investment, whereby the investment change and duration for each investment has been based on the average duration and standard deviation of the index used by each investment.

2019	Currency	Interest Bearing Instruments	Change in Interest Rate Increase / Decrease	Sensitivity on Interest Income and Changes on Net Assets Increase / Decrease
	AUD	Cash	+/- 0.25%	+/- \$25,724,975
	AUD	Diversified Fixed Interest	+/- 0.92%	+/- \$601,810,220

2018	Currency	Interest Bearing Instruments	Change in Basis Points Increase / Decrease	Sensitivity on Interest Income and Changes on Net Assets Increase / Decrease
	AUD	Cash	+/- 0.25%	+/- \$24,548,725
	AUD	Diversified Fixed Interest	+/- 0.98%	+/- \$593,675,683

(f) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has exposure to foreign currency risk implicit in the value of portfolio securities denominated in a foreign currency.

For listed equity exposures, the level of foreign currency exposure is managed via allocations between hedged and unhedged funds. In addition, there are unhedged foreign currency exposures in the Private Equity, Emerging Market Local Currency Debt, and Infrastructure asset classes. The Fund relies on fund managers to hedge into Australian dollars those foreign currency exposures in hedged equity, bond and credit investments, and a range of diverse assets within the Absolute Return portfolios.

The level of foreign currency exposure of the Fund is adjusted utilising advice provided by the Asset Consultant through their Dynamic Asset Allocation service. As of June 2019, Tasplan's Balanced Investment Option had approximately 29% exposure to foreign currencies.

The Trustee sets the level of exposure to foreign currencies for each investment strategy of the Fund. The Fund's currency risk is managed through currency hedge arrangements for each foreign domiciled investment. International assets held through pooled trusts are hedged within the trust. The Fund directly hedges currency exposures that are not managed by an external investment vehicle.

For 2019, the currency risk directly managed by the Fund consists of three parts:

The Fund hedges 100% (2018: 100%) of its foreign currency exposure in structured credit denominated in foreign currency held within the alternative debt asset class.

The Fund hedges 100% (2018: 100%) of its foreign currency exposure in absolute return denominated in foreign currency.

The Fund hedges 19% (2018: 25%) of the foreign currency exposure of the international equities investment class, effectively managing the risk back to 81% (2018: 75%) of international equity.

As at 30 June 2019, the exposure was approximately 26% (2018: 20%) of the investments assets of the defined contribution scheme and 22% (2018: 15%) of the investment assets of the defined benefit sub-funds. This direct hedging program is conducted by a specialist currency manager.

The majority of the Fund's unhedged currency exposure is contained within the international equities asset class. Currency exposures held in other asset classes are hedged either by investment managers or by the specialist currency hedging manager.

15. Financial risk management (continued)

(f) Foreign currency risk (continued)

The Fund's total net exposure to fluctuations in foreign currency exchange rates at the balance date was as follows:

2019	USD \$'000	EURO \$'000	Yen \$'000	AUD \$'000	Other \$'000	Total \$'000
Gross investment amount	2,491,661	418,029	167,436	7,518,031	764,713	11,359,870
Foreign exchange contracts*	(1,140,919)	(162,496)	(75,251)	(89,167)	(179,484)	(1,647,317)
	1,350,742	255,533	92,185	7,428,864	585,229	9,712,553

2018	USD \$'000	EURO \$'000	Yen \$'000	AUD \$'000	Other \$'000	Total \$'000
Gross investment amount	2,299,464	422,426	172,504	6,986,303	753,644	10,634,341
Foreign exchange contracts*	(1,061,902)	(192,034)	(62,519)	(359,364)	(210,006)	(1,885,825)
	1,237,562	230,392	109,985	6,626,939	543,638	8,748,516

* Notional exposure value

Sensitivity analysis

The table below indicates the currencies to which the Fund had significant exposure at 30 June 2019 on its monetary assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian Dollar on the Operating Statement, with all other variables held constant.

Currency	2019			
	Increase in currency rate	Effect on Net Assets/ Investment Returns \$'000	Decrease in currency rate	Effect on Net Assets/ Investment Returns \$'000
USD	10.80%	(145,880)	10.80%	145,880
EUR	8.80%	(22,487)	8.80%	22,487
YEN	13.70%	(12,629)	13.70%	12,629
AUD	0.00%	-	0.00%	-
OTHER	10.00%	(58,523)	10.00%	58,523

Currency	2018			
	Increase in currency rate	Effect on Net Assets/ Investment Returns \$'000	Decrease in currency rate	Effect on Net Assets/ Investment Returns \$'000
USD	10.70%	(132,419)	10.70%	132,419
EUR	8.40%	(19,353)	8.40%	19,353
YEN	13.10%	(14,408)	13.10%	14,408
AUD	0.00%	-	0.00%	-
OTHER	10.00%	(54,364)	10.00%	54,364

(g) Credit risk

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

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

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a large number of counterparties.

There are no significant concentrations of credit risk within the Fund.

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

15. Financial risk management (continued)

(h) Fair values

The Fund's financial assets and liabilities adopted in the statement of financial position are carried at their fair value. Refer to note 2 for the methods and assumptions adopted in determining the fair values of investments and derivatives.

All financial instruments that are measured at fair value in the Statement of Financial Position must now be classified into a three-level fair value hierarchy.

Descriptions of the various hierarchy levels are set out below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable in a market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). These inputs must be observable for substantially the full term of the financial instrument.

Level 3 - Valuation techniques for which any significant input is not based on observable market data. This includes any instrument that is not categorised in Level 1 or Level 2.

Fair value hierarchy

Year ended 30 June 2019

Types of assets/liabilities	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Asset class				
Absolute Return	35,216	405,318	-	440,534
Alternative Debt	-	199,524	128,936	328,460
Australian Shares	2,099,105	175	-	2,099,280
Australian Shares SRI	-	19,287	-	19,287
Cash	778,234	250,765	-	1,028,999
Credit	2,133	282,834	-	284,967
Domestic Fixed Income	4	369,440	-	369,444
Emerging Market Debt	4	149,546	-	149,550
Emerging Market Share	-	235,834	-	235,834
Global Listed Property	-	-	-	-
Global Sovereign Bond	4,020	344,901	-	348,921
Infrastructure	-	900,897	-	900,897
International Shares SRI	-	23,624	-	23,624
Listed Property	162,909	1,351	-	164,260
Low Volatility Equities Unhedged	664,308	-	-	664,308
Opportunistic Property & Private Equity	1,104	119,976	21,725	142,805
Overseas Shares Hedged	2	3,590	-	3,592
Overseas Shares Unhedged	-	-	-	-
Overseas Pooled	1,708,752	(305)	-	1,708,447
SRI	-	-	-	-
Unlisted Direct Property	5,499	793,845	-	799,344
Total investments	5,461,290	4,100,602	150,661	9,712,553

Level 3 reconciliations

Year ended 30 June 2019

	Pooled dev fund \$'000	Unlisted equities \$'000	Unlisted mgd scheme \$'000	Total \$'000
Opening balance	-	-	140,884	140,884
Transfers into/out of level 3	-	-	-	-
Purchases/sales	-	-	7,176	7,176
Gains/(losses) recognised in profit or loss	-	-	2,601	2,601
Closing balance	-	-	150,661	150,661

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

15. Financial risk management (continued)

(h) Fair values (continued)

Fair value hierarchy

Types of assets/liabilities

Asset class

Asset class	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Absolute Return	4	400,803	-	400,807
Alternative Debt	151,291	49,741	-	322,792
Australian Shares	1,930,402	1,464	121,760	1,931,866
Australian Shares SRI	-	5,181	-	5,181
Cash	644,766	337,183	-	981,949
Credit	15,721	244,512	-	260,233
Domestic Fixed Income	7	393,020	-	393,027
Emerging Market Debt	-	89,171	-	89,171
Emerging Market Share	-	198,811	-	198,811
Global Listed Property	-	-	-	-
Global Sovereign Bond	6,461	264,202	-	270,663
Infrastructure	1,270	646,862	-	648,132
International Shares SRI	-	8,054	-	8,054
Listed Property	77,286	68,493	-	145,779
Low Volatility Equities Unhedged	594,267	(2)	-	594,265
Opportunistic Property & Private Equity	749	108,599	19,124	128,472
Overseas Shares Hedged	-	(9,203)	-	(9,203)
Overseas Shares Unhedged	-	-	-	-
Overseas Pooled	1,672,497	599	-	1,673,096
SRI	29,903	-	-	29,903
Unlisted Direct Property	8,494	667,024	-	675,518
Total investments	5,133,118	3,474,514	140,884	8,748,516

Year ended 30 June 2018

Level 3 reconciliations

Year ended 30 June 2018

Opening balance

	Pooled dev fund \$'000	Unlisted equities \$'000	Unlisted mgd scheme \$'000	Total \$'000
Transfers into/out of level 3	-	-	126,459	126,459
Purchases/sales	-	-	-	-
Gains/(losses) recognised in profit or loss	-	-	11,160	11,160
Closing balance	-	-	3,265	3,265
			140,884	140,884

(i) Valuation process for Level 3 valuations

Valuations are the responsibility of the board of directors of the Trustee.

The valuation of unlisted unit trusts and asset back securities are performed on a half yearly basis by the valuation department of the investment manager and reviewed by Tasplan's investment team. The valuation of unlisted direct investments is completed internally on monthly basis by the Finance department and reviewed by Tasplan's investments team.

The valuations are also subject to quality assurance procedures performed by Tasplan's investment team either on a monthly or six monthly basis depending on timing on investment valuations. Tasplan's in-house investment team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the preceding periods as well as with the valuations of the two preceding annual periods.

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

15. Financial risk management (continued)

(i) Valuation process for Level 3 valuations (continued)

Description	\$'000*	Valuation Technique	Significant unobservable inputs	Range (weighted average)	Sensitivity used**	Effect on fair value \$'000
Unlisted managed schemes	2019: 21,725	Fund manager valuation	Number of stages completed/ level of settlements/ cost to build	2019: 50% (50%)	50%	2019: 10,863/(10,863)
Unlisted managed schemes	2019: 128,936	Internal valuation based on outstanding principal	Net market value	2019: 0% (0%)	0%	2019: -/(-)
Unlisted managed schemes	2018: 19,124	Fund manager valuation	Number of stages completed/ level of settlements/ cost to build	2018: 50% (50%)	50%	2018: 9,562/(9,562)
Unlisted managed schemes	2018: 121,760	Internal valuation based on outstanding principal	Net market value	2018: 0% (0%)	0%	2018: -/(-)

* The fair value of the asset would increase/decrease if the discount rate decreases/increases. The fair value of the asset would increase/decrease if the other inputs increase/decrease.

** The sensitivity analysis refers to a percentage amount added or deducted from the significant unobservable input and the effect this has on the fair value.

16. Subsequent events

There have been no matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Fund.

Tasplan Superannuation Fund
Notes to the financial statements
For the year ended 30 June 2019

17. Operating commitments

The Trustee participates in non-cancellable lease arrangements for motor vehicles it uses.

Under these arrangements the Trustee:

- Is not required to purchase the motor vehicles at the end of the lease period;
- The lessees' are RedZed Lending Solutions Pty Ltd and Lease Express Pty Ltd and the lessor is the Tasplan Super; and
- There are no restrictions imposed by the lease arrangements.

The Trustee currently leases five office spaces.

Under these arrangements the Trustee:

- Holds a lease at Levels 6, 7 and 8, 188 Collins Street, Hobart which ceases in 2024;
- Holds a lease at Ground Floor, 113-115 Cimitiere St, Launceston which ceases in 2022;
- Holds a lease at 89 Cambridge Park, Cambridge which ceases in 2023;
- Holds two leases at First Floor Cnr, Edward and Best Street, Devonport which ceases in 2021; and
- Holds a lease at 47 Villiers Street, North Parramatta which ceases in 2019.

The total amount of lease expense recognised in the financial statements in the financial year was:

	2019	2018
	\$	\$
Lease expense recognised	<u>1,305,806</u>	<u>1,285,631</u>
The minimum lease payments under the lease are:	2019	2018
	\$	\$
not later than one year	1,395,367	1,359,636
later than one year and not later than five years	5,414,240	5,664,893
later than five years	<u>-</u>	<u>433,018</u>
	<u>6,809,607</u>	<u>7,457,547</u>
There are no contingent leases.		

Tasplan Superannuation Fund

Statement by Trustee

In accordance with a resolution of the Board of Directors of the trustee company, we declare that in the opinion of the directors of Tasplan Pty Ltd:

- (a) The accompanying financial statements of the Tasplan Superannuation Fund are properly drawn up so as to present fairly the Statement of Financial Position of the Fund as at 30 June 2019 and the results of its operations and cash flows for the year ended 30 June 2019 in accordance with Australian Accounting Standards, the Trust Deed and other mandatory professional reporting requirements;
- (b) The accompanying Income Statement and Statement of Changes in Member Benefits are drawn up so as to present fairly the benefits accrued as a result of operations for the year then ended;
- (c) The Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 the Corporations Act 2001 during the year; and
- (d) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.


Signed in accordance with a resolution of the Board of Directors of Tasplan Pty Ltd (A.B.N. 13 009 563 062).

Dated 13 September 2019.

Hobart, Tasmania



Director
Naomi Edwards




Director
John Mazengarb

Auditor's Independence Declaration to the Trustees of Tasplan Superannuation Fund

As lead auditor for the audit of Tasplan Superannuation Fund for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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



DANNY MCCARTHY

Partner

Wise Lord & Ferguson

Date: 13.9.19

Independent Auditor's report approved form for an RSE which is a reporting entity

Tasplan Superannuation Fund – ABN 14 602 032 302

Report by the RSE Auditor to the Trustee

Opinion

I have audited the financial statements of Tasplan Superannuation Fund for the year ended 30 June 2019 comprising the Statement of financial position, Income statement, Statement of changes in member benefits, Statement of changes in reserves and Statement of cash flows.

In my opinion the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Tasplan Superannuation Fund as at 30 June 2019 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2019.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Trustee for the Financial Statements

The RSE'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.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the audit. I also:

Liability limited by a scheme approved under Professional Standards Legislation.

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit 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 RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My auditor conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



DANNY MCCARTHY

Partner

Wise Lord & Ferguson

Date: 13.9.19