



UNITED SUPER PTY LTD
A.B.N. 46 006 261 623
A.C.N. 006 261 623

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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**UNITED SUPER PTY LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

Directors' report

The Directors present their report together with the financial statements of United Super Pty Ltd ("the Company") for the year ended 30 June 2018 and the auditor's report thereon.

The names of the Directors in office during or since the end of the financial year are:

Mr S Beynon	Mr P Kennedy	Mr F O'Grady
Mr S Bracks	Ms K Keys (appointed 06/07/2018)	Mr E Setches
Mr S Dunne	Ms R Mallia	Mr P Smith
Mr J Edwards (appointed 30/10/2017)	Mr A McDonald	Mr R Sputore (appointed 06/07/2018)
Mr W Harnisch (resigned 12/12/2017)	Ms A Milner	Mr G Thompson
Ms G Kearney (resigned 26/03/2018)	Mr D Noonan	Ms D Wawn (appointed 12/12/2017)
		Mr M Zelinsky

Alternate Director – Ms A Donnellan

Alternate Director – Mr B Davis

Alternate Director – Mr A Hicks

Company particulars

United Super Pty Ltd was incorporated in Australia. The address of the registered office is:

Level 28
2 Lonsdale Street
Melbourne, VIC 3000

Principal activities

The principal activity of the Company during the course of the year was to act as Trustee for the Construction & Building Unions Superannuation Fund ("the Fund"). In addition, the Company has incurred expenditure on behalf of the Fund and in accordance with the Trust Deed, the Company received income from the Fund for reimbursement of expenditure incurred. All costs of the Company are borne by the Fund.

Review of operations

The profit/(loss) after income tax for the year ended 30 June 2018 amounted to \$1,370 (30 June 2017: (\$7,159)).

Risk Management

No regulatory breaches of note occurred during the year.

Dividends

No dividend has been paid or declared in respect of the year ended 30 June 2018 (30 June 2017:\$nil).

State of affairs

There were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Likely developments

The Company will continue to act solely as Trustee of the Fund and, at the date of this report, the Directors believe the Company will not carry out any business actively on its own behalf in the foreseeable future.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulations under Commonwealth, State or Territory legislation.

The Directors are not aware of any significant breaches of environmental regulations during the period covered by the report.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- the operations of the Company in future financial years, or
- the results of those operations in future financial years, or
- the state of affairs of the Company in future financial years.

Directors of the responsible entity have the power to amend and reissue the financial statements.

**UNITED SUPER PTY LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

Indemnification and insurance of officers and auditors


During the financial year the Fund has paid premiums, \$404,019 (2017: \$340,536) for insurance contracts on behalf of the Company in respect of directors' and officers' liability and legal expenses for the year ended 30 June 2018. Since the financial year end, the Fund has paid or agreed to pay on behalf of the Company, premiums in respect of such insurance contracts for the year ending 30 June 2018. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been Directors or executive officers of the Company.

The Directors have not included details of the nature of the liabilities covered in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Auditor's Independence declaration

The lead auditor's independence declaration is set out on page 23 and forms part of the Directors' Report for the financial year 2018.

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



DIRECTOR



DIRECTOR

Dated at Melbourne this 18th day of September 2018.

UNITED SUPER PTY LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Jun-18 \$	Jun-17 \$
Revenue from continuing operations	6	1,248,447	1,324,680
Director & Committee expenses		(1,247,077)	(1,331,839)
Profit/(loss) before income tax		<u>1,370</u>	<u>(7,159)</u>
Income tax (expense)/benefit	9	<u>-</u>	<u>-</u>
Profit/(loss) for the year		1,370	(7,159)
Total comprehensive income for the year		<u><u>1,370</u></u>	<u><u>(7,159)</u></u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

UNITED SUPER PTY LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Jun-18 \$	Jun-17 \$
CURRENT ASSETS			
Cash		22,278	19,139
Receivables		333,239	332,113
Total current assets		<u>355,517</u>	<u>351,252</u>
CURRENT LIABILITIES			
Payables		351,209	348,314
Current Tax Liability	9	-	-
Total current liabilities		<u>351,209</u>	<u>348,314</u>
NET ASSETS		<u><u>4,308</u></u>	<u><u>2,938</u></u>
EQUITY			
Contributed Equity	5	15	15
Retained Earnings		4,293	2,923
TOTAL EQUITY		<u><u>4,308</u></u>	<u><u>2,938</u></u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

UNITED SUPER PTY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Contributed equity	Retained earnings	Total
Note	\$	\$	\$
Balance at 1 July 2016	15	10,082	10,097
Total comprehensive income/(loss) for the year	-	(7,159)	(7,159)
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2017	<u>15</u>	<u>2,923</u>	<u>2,938</u>
Total comprehensive income/(loss) for the year	-	1,370	1,370
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2018	<u>15</u>	<u>4,293</u>	<u>4,308</u>

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

UNITED SUPER PTY LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Jun-18 \$	Jun-17 \$
Cash flows from operating activities			
Cash receipts from Trustee Services		1,243,216	1,368,106
Cash paid to suppliers and employees		(1,240,077)	(1,376,666)
Income tax paid		-	-
Net cash from operating activities	10(ii)	<u><u>3,139</u></u>	<u><u>(8,560)</u></u>
Net increase/(decrease) in cash		3,139	(8,560)
Cash at the beginning of the year		<u>19,139</u>	<u>27,699</u>
Cash at the end of the year		<u><u>22,278</u></u>	<u><u>19,139</u></u>
Cash at Bank		<u>22,278</u>	<u>19,139</u>
Total Cash	10(i)	<u><u>22,278</u></u>	<u><u>19,139</u></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. Corporate Information

United Super Pty Ltd is a company limited by shares that is incorporated and domiciled in Australia. The registered office of United Super Pty Ltd is located at:

Level 28
2 Lonsdale Street
Melbourne Victoria 3000

The principal activity of the Company during the year was to act as trustee of the Fund. The Company also holds an Australian Financial Services Licence ("ASFL") and a Registrable Superannuation Entity (RSE) Licence. The Company is a for-profit entity for the purpose of preparing financial statements.

2. Basis of Preparation

(a) Statement of compliance

In the opinion of the Directors, the Company is a small proprietary company and is not a reporting entity. The financial report of the Company has been drawn up as a general purpose financial report for distribution to the members. The general purpose financial report has been prepared in accordance with Australian Accounting Standards, ("AASB") adopted by the Australian Accounting Standards Board ("AASB"), the Corporations Act 2001, Urgent issues Group Interpretations and the Company's APRA licence.

The financial statements were approved by the Board of the Directors on 18th September 2018.

(b) Functional and presentation currency

These financial statements are presented in Australian dollars, the Company's functional currency.

(c) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Rounding

The company is an entity of the kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by ASIC, numbers are only rounded where noted.

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3. Significant Accounting Policies

(a) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at Balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(b) Goods & Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

(c) Cash

Cash in the Statement of Financial Position comprises cash on hand and cash at bank.
For the purpose of the Statement of Cash Flows, cash consists of cash as defined above.

(d) Revenue

Revenue from the rendering of administration services to the Fund is based upon expenditure reimbursed by the Fund.

(e) Receivables and payables

Receivables and payables are subject to normal trade credit terms. Receivables are carried at the amount due. Payables are recognised when there is an obligation to make future payment for services received and are carried at the amount payable on demand which approximates to fair value.

(f) New Standards and interpretations not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not adopted by the Company. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is that there are no new standards or interpretations relevant to the Company.

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4. Trustee Liabilities and Right of Indemnity

The financial statements have been prepared for the Company and as such do not record the assets and liabilities of the Fund. The Company will only be liable for the obligations of the Fund if it has committed a breach of its fiduciary duties, or to the extent that the Fund has insufficient assets to settle its obligations. At balance date, the assets of the Fund are sufficient to meet its liabilities, and there has been no breach of fiduciary duties of the Company in its capacity as Trustee of the Fund.

5. CONTRIBUTED EQUITY

	Jun-18	Jun-17
	\$	\$
Authorised capital		
10,000 shares of \$1 each	<u>10,000</u>	<u>10,000</u>
Issued Capital		
15 shares of \$1 each fully paid	<u>15</u>	<u>15</u>
Class A 7 Shares at \$1		
Class B 7 Shares at \$1		
Non-Voting 1 Share at \$1		

6. REVENUE

	Jun-18	Jun-17
	\$	\$
Interest Income	461	567
Sundry income	930	-
Trustee Services Income	<u>1,247,056</u>	<u>1,324,113</u>
	<u>1,248,447</u>	<u>1,324,680</u>

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. RELATED PARTIES

Trustee Company

The Company is the Trustee of the Fund.

Key Management Personnel Disclosures

The following table lists persons who held the position of Director of United Super Pty Ltd during part or all the period from 1 July 2017 to the date of this report along with the Chief Executive Officer of the Fund during this period. The remuneration paid to these persons for services to the Board, Committees of the Board and the Fund is as follows:

Year ended 30 June 2018

Name	Director Fee /Remuneration \$	Superannuation \$	Total \$	Fees paid to
S BRACKS	146,034	13,873	159,907	Director
S BEYNON ²	49,562	4,708	54,270	Director
J DAWKINS ³	26,587	2,526	29,113	Director
B DAVIS ¹	15,971	1,517	17,488	AWU
A DONNELLAN ¹	13,689	1,301	14,990	AMWU
S DUNNE ²	153,026	14,538	167,564	Director
J EDWARDS ^{2,6}	44,793	4,255	49,048	Director
W HARNISCH ^{2,4}	36,360	3,454	39,814	MBA/Director
A HICKS ¹	6,845	650	7,495	CEPU
G KEARNEY ⁵	40,023	3,802	43,825	ACTU
P KENNEDY ²	70,096	6,659	76,755	Director
K KEYS ⁸	-	-	-	-
R MALLIA ²	53,805	5,112	58,917	CFMEU
A MCDONALD ²	88,997	8,455	97,452	Director
A MILNER ²	49,562	4,708	54,270	Director
D NOONAN ²	53,554	5,088	58,642	CFMEU
F O'GRADY ²	42,717	4,058	46,775	CFMEU/Director
E SETCHES ²	51,318	4,875	56,193	CEPU
P SMITH	58,688	5,575	64,263	Director
S SPATORE ⁸	-	-	-	-
G THOMPSON	59,657	5,667	65,324	AMWU
D WAWN ⁷	17,465	1,659	19,124	MBA
M ZELINSKY	44,998	4,275	49,273	AWU
D ATKIN ^{2,9}	674,255	25,000	699,255	CEO
Total	1,798,002	131,755	1,929,757	

¹ Alternate Director

² Member of the Fund

³ Resigned 15/06/2017

⁴ Resigned 12/12/2017

⁵ Resigned 26/03/2018

⁶ Appointed 30/10/2017

⁷ Appointed Alternate Director 30/10/2017; Appointed Director 12/12/2017

⁸ Appointed 06/07/2018; no director fees were earned for year ended 30 June 2018

⁹ Fund CEO

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. RELATED PARTIES (CONTINUED)

Key Management Personnel Disclosures (continued)

Year ended 30 June 2017

Name	Director Fee /Remuneration \$	Superannuation \$	Total \$	Fees paid to
S BRACKS	144,971	13,772	158,743	Director
S BEYNON ²	51,432	4,886	56,318	Director
J DAWKINS ³	105,573	10,029	115,602	Director
B DAVIS ¹	15,904	1,511	17,415	AWU
A DONNELLAN ¹	13,556	1,288	14,844	AMWU
S DUNNE ²	152,252	14,464	166,716	Director
W HARNISCH ²	55,103	5,235	60,338	Director
A HICKS ¹	3,422	325	3,747	CEPU
G KEARNEY	55,996	5,320	61,316	ACTU
P KENNEDY ²	77,636	7,375	85,011	Director
R MALLIA ²	53,144	5,048	58,192	CFMEU
A MCDONALD ²	101,218	9,616	110,834	Director
A MILNER ²	49,217	4,676	53,893	Director
D NOONAN ²	66,536	6,321	72,857	CFMEU
F O'GRADY ²	46,936	4,459	51,395	CFMEU/Director
E SETCHES ²	52,621	4,999	57,620	CEPU
P SMITH	62,774	5,964	68,738	Director
G THOMPSON ⁵	76,894	7,305	84,199	AMWU
M ZELINSKY	51,300	4,873	56,173	AWU
D ATKIN ^{2,4}	624,884	25,000	649,884	CEO
Total	1,861,369	142,466	2,003,835	

¹ Alternate Director

² Member of the Fund

³ Resigned 15/06/2017

⁴ Fund CEO

⁵ On 17/08/2018, \$14,844 was reimbursed to United Super Pty Ltd in relation to an overpayment of director fees.

Contributions and benefits for key management personnel are determined using the same terms and conditions that apply to all other members.

Other related party transactions

The Company holds the Fund's assets in Trust. These are custodially held by JP Morgan Chase Bank (JPM) who have acted as the master custodian from 1 June 2014. USPL, as Trustee for the Fund, interacts with other related parties as detailed below.

(a) Industry Super Holdings Pty Ltd / Members Equity Bank Pty Ltd

USPL has a 17.9% holding in Industry Super Holdings Pty Ltd (ISH), amounting to \$149,552,539 (2017: \$104,379,444). Industry Fund Services Pty Ltd, Industry Funds Management Pty Ltd and Industry Superannuation Australia are wholly owned subsidiaries of ISH.

USPL also has a 18.9% holding in Members Equity Bank Pty Ltd amounting to \$225,128,813 (2017: \$185,965,922). Members Equity Bank Pty Ltd provides banking products to superannuation fund members and others.

Members Equity manages Super Business Loans (SBL) and Super Home Loans (SMHL) through the Members Equity Super Loans Trust (SLT). USPL has an investment of \$35,660,351 (2017: \$61,904,787) in SLT and the Fund receives investment returns from this investment.

(b) Industry Fund Services Pty Ltd

Industry Fund Services Pty Ltd (IFS) provides a range of services including credit control to the Fund. IFS has been established to provide a broad range of wholesale and retail services to superannuation funds and their members. These services are provided under normal commercial terms and conditions. Fees of \$2,818,006 (2017: \$2,995,387) were charged for the services rendered by IFS during the year. IFS is a wholly owned subsidiary of Industry Super Holdings Pty Ltd (refer to note 7(a)).

(c) Industry Funds Management Pty Ltd

Industry Funds Management (IFM) is the investment manager of various investment products in which USPL invests. USPL has investments in IFM Australian Private Equity Fund II (\$20) (2017: \$718,011), IFM Australian Private Equity Fund III \$6,432,451 (2017: \$11,403,279), IFM International Private Equity Fund I \$5,101,729 (2017: \$17,991,191), IFM Australian Infrastructure \$1,469,620,807 (2017: \$1,321,476,015), IFM International Infrastructure \$1,276,794,511 (2017: \$1,081,519,847), IFM AFIF Long \$58,855,905 (2017: \$152,078,477), IFM Enhanced Indexed Australian Equities \$3,116,913,727 (2017: \$2,524,420,395), IFM Australian Private Equity Fund IV \$19,815,029 (2017: \$25,980,000), IFM International Private Equity III \$100,660,830 (2017: \$107,146,476), IFM Acorp \$931,083,632 (2017: \$915,953,920), IFM Trans Cash \$265,029,194 (2017: \$259,590,494), IFM Sub-investment Grade Debt \$230,825,456 (2017: \$178,955,382) and IFM Small Cap Absolute Return Fund \$152,721,362 (2017: \$115,888,067). All management fees charged in relation to these investments are under normal commercial terms and conditions. IFM is a wholly owned subsidiary of Industry Super Holdings Pty Ltd (refer to note 7(a)).

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. RELATED PARTIES (CONTINUED)

(d) Industry Super Australia

Industry Super Australia (ISA) is a wholly owned subsidiary of ISH. ISA provides marketing and Policy advocacy services.

The Fund CEO, Mr D Atkin is an Alternate Director and member of the advisory council. Mr S Bracks is a Director and member of the advisory council. There are no Directors' fees payable to Directors.

(e) Industry Fund Investments Pty Ltd

Industry Fund Investments Pty Ltd is a wholly owned subsidiary of IFS and Trustee of AUSfund. AUSfund is the Fund's eligible rollover fund and also provides cross matching services to the Fund to enable consolidation of member accounts.

(f) IFS Insurance Solutions Pty Ltd

The Fund paid brokerage fees of \$1,247,616 (2017: \$1,203,117) to IFS Insurance Solutions Pty Ltd (IFSIS) during the year for the provision of insurance broking services. USPL utilises IFSIS for various insurance related services, including sourcing group life cover. IFSIS is a 65% owned subsidiary of IFS.

(g) Frontier Investment Consulting Pty Ltd

During the year, the Fund paid Frontier asset consulting fees of \$2,893,067 (2017: \$4,000,702) on normal terms and conditions. Mr D. Atkin is a Director of Frontier for which the Fund received \$14,447 (2017: \$14,164) for Director fees. The Fund has an investment amounting to \$1,852,000 in Frontier (2017: \$1,374,200).

(h) Industry Superannuation Property Trusts

USPL has an investment of \$1,325,032,951 (2017: \$1,191,606,518) in the Industry Superannuation Property Trust (Core) No.1, \$277,236 (2017: \$855,141) in Industry Superannuation Property Trust (Grosvesnor) and \$55,582,038 (2017: \$48,893,535) in Industry Superannuation Development Trust. ISPT Pty Ltd is trustee of these trusts. Mr F O'Grady is a Director of ISPT Pty Ltd and USPL holds 1 \$1 share in ISPT Pty Ltd. Provision is made by ISPT Pty Ltd for payment of Directors' fees for the services of Directors.

(i) Hasting Funds Management (UTA) Utilities Trust of Australia

USPL has an investment of \$1,036,688,683 (2017: \$1,017,537,528) in Utilities Trust of Australia (UTA) which invests in infrastructure. USPL holds 1 \$1 share in Utilities of Australia Pty Ltd. Peter Kennedy was appointed as a Director on 1 January 2015. Director fees of \$75,825 were paid during the period (2017: \$71,682) by UTA.

(j) United Super Investments Pty Ltd

United Super Investments Pty Ltd (USI) is an investment company that is wholly owned by the Fund. USI was the ultimate holding company for various entities that were established to hold development properties managed by Cbus Property Pty Ltd (refer note 7(n)). All properties held by the entities owned by USI have been sold, and proceedings are being undertaken to wind up the remaining entity, Australian Super Developments Pty Ltd, which USI is the 100% owner.

The Fund CEO, Mr D Atkin, and CFO, Mr K Wells-Jansz are Directors of USI. There are no Directors' fees payable to Directors.

(k) Australian Super Developments Pty Ltd

Australian Super Developments Pty Ltd (ASD) is an investment company that is wholly owned by the Fund, through the 100% ownership by USI. ASD has been utilised within the USI investment structure for various property developments, however there are no remaining property developments held within this structure. Mr J Murray (resigned 22 August 2017), Mr D Noonan and Mr S Bracks (appointed 22 August 2017) are Directors of ASD. There are no fees payable to Directors.

(l) United Super Investments (Mitchell Plaza) Pty Ltd

United Super Investments (Mitchell Plaza) Pty Ltd (USI (MP)) is an investment company that is wholly owned by the Fund. USI (MP) was a 50% Joint Venture Partner in the Mitchell Centre Joint Venture. The Fund retains the commitment for rental of the land associated with the Mitchell Centre, on a 63 year lease with the Uniting Church. The present value of this obligation has been determined as \$18.19m (2017: \$18.94m) and has been provisioned for as a liability that will be written off over the term of the lease within the books and records of the Fund. The valuation of the liability reflects the net present value of the lease liability.

(m) USI (Breakfast Point) Pty Ltd

USI (Breakfast Point) Pty Ltd (USI (BP)) is an investment company that is wholly owned by the Fund. USI (BP) has a 50% interest in Breakfast Point Unit Trust, which was established to develop the Breakfast Point Site in NSW for residential and commercial use.

Financing Agreement

Breakfast Point Unit Trust has entered into a facility agreement with National Australia Bank Limited to fund development costs. On the 10 April 2017 a third variation deed was signed to reduce the facility limit to \$65M with an expiry date of March 2018. The loan is held within the books and records of The Breakfast Point Unit Trust. USI BP share of the drawn principal on the facility at 30 June 2018 is nil as the loan has been fully repaid (2017: \$11.6M). USI (BP) and United Super Investments Pty Ltd are part guarantors under the facility, whereby liability is limited to their 50% share of the debt.

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. RELATED PARTIES (CONTINUED)

Other related party transactions (continued)

(n) Cbus Property Pty Ltd

Cbus Property Pty Ltd (Cbus Property) is a 100% held subsidiary of the Fund and manages all the Fund's directly held property assets. Cbus Property is a service company charged with stewardship of the direct property investments of the Fund. It invests in direct property on behalf of the Fund in accordance with an Investment Management Agreement between Cbus Property and the Fund dated 1 January 2010, as amended. Cbus Property does not have ownership of any direct property assets.

Property assets under the stewardship of Cbus Property are as follows:

	Gross Asset Value Jun-18 \$'000	Gross Asset Value Jun-17 \$'000	Net Market Value Jun-18 \$'000	Net Market Value Jun-17 \$'000
Development Projects and Sites	960,906	808,628	615,752	344,621
Joint Venture Development Projects	224,032	195,514	172,874	215,122
Income Earning Properties	2,719,886	2,479,269	1,753,572	1,554,072
Other	(11,181)	(4,012)	(11,181)	(4,012)
	<u>3,893,643</u>	<u>3,479,399</u>	<u>2,531,017</u>	<u>2,109,803</u>

Mr D Noonan, Mr A McDonald, Mr S Beynon (appointed 12/12/17), Mr W Harnisch (appointed 1/07/2017; resigned 12/12/2017) and Mr S Bracks are Directors of Cbus Property. Cbus Property makes provision for payment of Directors fees as follows:

	Jun-18 \$'000	Jun-17 \$'000
Short-term employee benefits	336	277
Post-employment benefits	22	17
	<u>358</u>	<u>294</u>

The above compensation payments include Directors' fees paid directly to sponsoring organisations.

(o) Cbus Property Commercial Unit Trust

Cbus Property Commercial Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for commercial projects undertaken by Cbus Property under the Investment Management Agreement. Cbus Property Commercial Pty Ltd is the trustee company for Cbus Property Commercial Unit Trust.

The following trusts are held 100% directly or indirectly by Cbus Property Commercial Unit Trust and used for commercial activities:

Trust	Trustee Company
Direct	
140 William Street Unit Trust	Cbus Property 140 William Street Pty Ltd
Cbus Property (Bent Street) Unit Trust	Cbus Property Bent Street Pty Ltd
171 Collins Street Unit Trust	Cbus Property 171 Collins Street Pty Ltd
5 Martin Place Unit Trust	Cbus Property 5 Martin Place Pty Ltd
50 Flinders Street Unit Trust	Cbus Property 50 Flinders Street Pty Ltd
Cbus Property Finance Pty Ltd	Cbus Property Commercial Pty Ltd
Circular Quay Developments Unit Trust	Cbus Property Circular Quay Pty Ltd
311 Spencer Street Unit Trust	Cbus Property 311 Spencer Street Pty Ltd
Pirie Street Unit Trust	Cbus Property Pirie Street Pty Ltd
Melbourne Q Unit Trust	Cbus Property Melbourne Q Pty Ltd

The Cbus Property (Bent Street) Unit Trust has a one third Joint Venture interest in a commercial investment at 1 Bligh Street, Sydney.

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. RELATED PARTIES (CONTINUED)

Other related party transactions (continued)

(o) Cbus Property Commercial Unit Trust (continued)

The 171 Collins Street Unit Trust has a 50% Joint Venture interest with Charter Hall Collins Pty Ltd in 171 Collins Street Joint Venture, a commercial development at 171 Collins Street, Melbourne. The development comprises office and retail premises.

5 Martin Place Unit Trust has a 50% Joint Venture interest with Dexus in 5 Martin Place Joint Venture, a commercial development at 5 Martin Place, Sydney. The development comprises office and retail premises.

Cbus Property Commercial Unit Trust has a 50% Joint Venture interest with ISPT in 1 William Street Unit Trust, a commercial development at 1 William Street, Brisbane. The development comprises office and small retail premises.

As part of its management of the Fund's commercial property developments, where required, Cbus Property has entered into arrangements with external financiers to provide funding for certain developments.

(p) Cbus Property Residential Operations Unit Trust

Cbus Property Residential Operations Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for residential projects undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property Residential Operations Pty Ltd is the trustee company for Cbus Property Residential Operations Unit Trust.

The following trusts are held 100% directly by Cbus Property Residential Operations Unit Trust and used for residential development activities:

Trust	Trustee Company
35 Spring Street Unit Trust	Cbus Property 35 Spring Street Pty Ltd
North Melbourne Unit Trust	Cbus Property North Melbourne Pty Ltd
Vision 2016 Unit Trust	Cbus Property Vision 2016 Pty Ltd
West Melbourne Unit Trust	Cbus Property West Melbourne Pty Ltd
Brisbane Unit Trust	Cbus Property Brisbane Pty Ltd
Collingwood Unit Trust	Cbus Property Collingwood Pty Ltd
Wharf Street Spring Hill Unit Trust	Cbus Property Spring Hill Pty Ltd
88 Alfred Street Unit Trust	Cbus Property 88 Alfred Street Pty Ltd
Langston Place Unit Trust	Cbus Property Langston Place Pty Ltd
Sydney Residential 2015 Unit Trust	Cbus Property Sydney Residential Pty Ltd
East Melbourne Unit Trust *	Cbus Property East Melbourne Pty Ltd *
13 Spring Street (Land) Unit Trust	Cbus Property RL1 Pty Ltd
13 Spring Street (Business) Unit Trust	Cbus Property RB1 Pty Ltd

* formerly 130 Elizabeth Street Unit Trust before name change

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. RELATED PARTIES (CONTINUED)

Other related party transactions (continued)

(q) Cbus Property Hospitality Unit Trust

Cbus Property Hospitality Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for hospitality projects undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property Hospitality Pty Ltd is the trustee company for Cbus Property Hospitality Unit Trust.

There are no assets held within the Cbus Property Hospitality Unit Trust.

(r) Cbus Property Industrial Unit Trust

Cbus Property Industrial Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for industrial projects undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property Industrial Pty Ltd is the trustee company for Cbus Property Industrial Unit Trust.

The following trust is held 100% directly by Cbus Property Industrial Unit Trust and used for industrial development activities.

Trust	Trustee Company
Industrial Property No.1 Unit Trust	Industrial Property No.1 Pty Ltd

(s) 313 Spencer Street Holdings Unit Trust

313 Spencer Street Holdings Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for a commercial development at 313 Spencer Street undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property 313 Spencer Street Holdings Pty Ltd is the trustee company for 313 Spencer Street Holdings Unit Trust.

The following trust is held 100% directly by 313 Spencer Street Holding Unit Trust.

Trust	Trustee Company
313 Spencer Street Unit Trust	Cbus Property 313 Spencer Street Holdings Pty Ltd

(t) SESP No.1 Unit Trust

SESP No.1 Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for a commercial development at 720 Bourke Street undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property SESP No.1 Pty Ltd is the trustee company for SESP No.1 Unit Trust.

The following trust was held 100% directly by SESP No.1 Unit Trust

Trust	Trustee Company
The Bourke Junction Trust No.1	Bourke Junction No.1 Pty Ltd

(u) 447 Collins Street Holdings Unit Trust

447 Collins Street Holdings Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for a commercial development at 447 Collins Street undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property 447 Collins Street Holdings Pty Ltd is the trustee company for 447 Collins Street Holdings Unit Trust.

The following trust is held 100% directly by 447 Collins Street Holdings Unit Trust.

Trust	Trustee Company
447 Collins Street Unit Trust	Cbus Property 447 Collins Street Pty Ltd

(v) Cbus Property Developments Unit Trust

Cbus Property Developments Unit Trust is an investment holding trust that is wholly owned by the Fund. There is currently no activity within this head trust. The Trust received revenue from project underwriting the 1 William Street development.

(w) Cbus Property Group Funding Unit Trust

Cbus Property Group Funding Unit Trust is a head trust that is wholly owned by the Fund. Cbus Property Pty Ltd is a property development and property investment vehicle, which manages the Cbus direct property portfolio via an Investment Management Agreement on behalf of Cbus. No fees were paid to Cbus Property Pty Ltd.

(x) Cbus Property Developments No.2 Pty Ltd

Cbus Property Developments No.2 Pty Ltd is a 100% held subsidiary of the Fund and has been appointed to undertake and manage development and property investment vehicle, which manages the Cbus direct property portfolio via an Investment Management Agreement on behalf of Cbus. No fees were paid to Cbus Property Pty Ltd.

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. RELATED PARTIES (CONTINUED)

Other related party transactions (continued)

(y) George Street Holdings Unit Trust

George Street Holdings Unit Trust is an investment holding trust for the George Street Unit Trust which is wholly owned by the Fund. There is currently no activity within this head trust.

The following trusts are held 100% directly by George Street Holding Unit Trust

Trust	Trustee Company
George Street Holdings Unit Trust	Cbus Property George Street Holdings Pty Ltd

(z) Construction & Building Unions Superannuation Fund (Cbus)

The Company is the trustee of the Fund. During the year, the Company received from the Fund a Trustee fee of \$1,247,056 (\$2017: \$1,324,113) for administration and financial management services.

(aa) Sponsoring Organisations

Marketing and promotion of the Fund includes partnership arrangements with the Fund's member and employer sponsoring organisations. The Fund invests in industry partnership arrangements that deliver effective and strategic benefits that outweigh the cost of these arrangements through growth of the level of employer/member support of Cbus, strengthening of Cbus' brand identity, awareness and image and support of the Building and Construction Industry. All proposed partnership arrangements are assessed for outcomes and benefits to be delivered to the Fund and its members. The amounts below include payments for partnership arrangements to the Fund's seven sponsoring organisations. The amounts for 2017 below have been restated to be on an accruals basis, rather than payment, to align with the benefits received from the partnership arrangements.

	Jun-18	Jun-17
	\$	\$
Partnership Agreements		
Employer	534,843	495,208
Member	<u>1,555,270</u>	<u>1,338,297</u>
	<u>2,090,113</u>	<u>1,833,505</u>

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

8. FINANCIAL INSTRUMENTS

(a) Financial risk management objective

The Company's financial risks are considered low and as such does not enter into complex financial instruments to manage risk. The cash held by the Company is held in a standard operating bank account and is subject to insignificant risk of change in value. The receivables and payables of the Company are in relation to transactions with Directors and the Fund and are subject to normal trade credit terms.

(b) Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

(c) Exposure to risk

Exposure to credit and interest rate risk arises in the normal course of the Company's business.

(d) Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the Balance date.

2018	Effective interest rate	Total \$	Weighted average interest rate	Floating interest rate \$	Non interest bearing \$
Financial Assets					
Cash	1.50%	22,278	-	22,278	-
Receivables	0%	333,239	-	-	333,239
Financial Liabilities					
Payables	0%	351,209	-	-	351,209
		4,308	-	22,278	(17,970)

2017	Effective interest rate	Total \$	Weighted average interest rate	Floating interest rate \$	Non interest bearing \$
Financial Assets					
Cash	1.35%	19,139	-	19,139	-
Receivables	0%	332,113	-	-	332,113
Financial Liabilities					
Payables	0%	348,314	-	-	348,314
		2,938	-	19,139	(16,201)

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

9. INCOME TAX EXPENSE

	Jun-18	Jun-17
	\$	\$
Recognised in the Statement of Comprehensive Income		
Current year tax expense	-	-
Total income tax expense in Statement of Comprehensive Income	<u>-</u>	<u>-</u>
Reconciliation between tax expense and profit before income tax		
Profit before income tax	1,370	(7,159)
Tax at the Company tax rate of 30%	411	-
Increase in income tax expense due to:		
Legal expenses	-	-
Entertainment expenses	-	-
Under/(over) provided in prior years	-	-
Decrease in income tax expense due to:		
FBT accrual	-	-
Tax losses not booked	(411)	-
Income tax expense in Statement of Comprehensive Income	<u>-</u>	<u>-</u>
Total income tax expense is made up of:		
Current income tax provision	-	-
Under/(over) provided in prior years	-	-
Total	<u>-</u>	<u>-</u>
Income Tax Provision		
Current income tax provision	-	-
PAYG instalments for the year	-	-
Current Tax Liability	<u>-</u>	<u>-</u>

UNITED SUPER PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

10. NOTES TO THE STATEMENT OF CASHFLOWS

(i) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank and at call.

	Jun-18	Jun-17
	\$	\$
Cash at bank	22,278	19,139
Total cash	<u>22,278</u>	<u>19,139</u>

(ii) Net cash flow from operating activities is reconciled to total comprehensive income for the year as follows:

	Jun-18	Jun-17
	\$	\$
Total comprehensive income for the year	1,370	(7,159)
(Increase)/decrease in assets		
Receivables	(1,126)	44,539
Increase/(decrease) in Liabilities		
Payables	2,895	(45,940)
Current tax liability	-	-
Net cash flow from operating activities	<u>3,139</u>	<u>(8,560)</u>

11. AUDITOR'S REMUNERATION

The Company's auditor is PricewaterhouseCoopers.

Audit services

	Jun-18	Jun-17
	\$	\$
Auditors of the Company		
Audit and review of financial reports	3,534	3,478
Total auditor's remuneration	<u>3,534</u>	<u>3,478</u>

Auditor's remuneration is paid by the Fund on behalf of the Company.

**UNITED SUPER PTY LTD
DIRECTOR'S DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018**

As stated in note 2(a) to the consolidated financial statements, in the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet Corporations Act 2001 requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 2.

In the directors' opinion:

(a) the consolidated financial statements and notes set out on pages 5 to 21 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

This declaration is made in accordance with a resolution of the directors.



DIRECTOR



DIRECTOR

Dated at Melbourne this 18th day of September 2018.



Auditor's Independence Declaration

As lead auditor for the audit of United Super Pty Ltd for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in blue ink, appearing to read 'D Coogan', with a horizontal line extending to the right.

David Coogan
Partner
PricewaterhouseCoopers

Melbourne
18 September 2018



Independent auditor's report to the members of United Super Pty Ltd

Our opinion

In our opinion:

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the



financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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


A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of United Super Pty Ltd for the year ended 30 June 2018 included on United Super Pty Ltd's web site. The directors of the Company are responsible for the integrity of United Super Pty Ltd's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.


PricewaterhouseCoopers


David Coogan
Partner

Melbourne
18 September 2018