



ABN 56 286 625 181

FINANCIAL STATEMENTS

For the year ended 30 June 2022

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First Super

Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Cash and Cash Equivalents	13	9,977,928	3,258,804
Investments	7	3,631,612,637	3,602,439,871
Plant and Equipment		447,846	600,016
Trade and Other receivables		338,020	1,034,020
Total assets		3,642,376,431	3,607,332,710
Liabilities			
Trade and other payables		(7,035,382)	(7,079,106)
Benefits payable		(718,719)	(749,438)
Current tax liabilities		8,792,108	(8,884,955)
Deferred tax liability	11	(49,826,796)	(68,951,677)
Total liabilities excluding member benefits		(48,788,789)	(85,665,177)
Net assets available for member benefits		3,593,587,642	3,521,667,534
Member benefits		3,572,958,028	3,500,987,322
Total net assets		20,629,614	20,680,212
Equity			
Operational Financial Risk Reserve	10	9,260,550	9,237,995
Administration Reserve	10	11,050,534	10,751,540
Undistributed Earnings	10	318,530	690,677
Total equity		20,629,614	20,680,212

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

First Super

Income Statement for the year ended 30 June 2022

	Note	2022	2021
		\$	\$
Superannuation activities			
Interest income		1,344,062	3,279,258
Dividends and distributions		182,824,301	86,026,700
Other income		2,562,993	2,224,942
Net changes in assets and liabilities measured at fair value	6	(168,351,041)	399,700,805
Total superannuation activities revenue		18,380,315	491,231,706
Direct investment expenses		(3,068,119)	(2,825,364)
Other investment expenses		(2,115,223)	(1,896,665)
Administration expenses		(12,488,334)	(12,203,206)
Other operating expenses	12	(2,866,206)	(2,367,009)
Total expenses		(20,537,882)	(19,292,244)
Results from superannuation activities before income tax benefit/(expense)		(2,157,567)	471,939,462
Income tax benefit/(expense)	11	20,677,265	(38,664,602)
Results from superannuation activities after income tax benefit/(expense)		18,519,698	433,274,860
Less: Net benefits allocated to members' accounts		(18,573,069)	(430,503,294)
Operating result after income tax		(53,371)	2,771,566

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

First Super

Statement of Changes in Member Benefits for the year ended 30 June 2022

	2022 \$	2021 \$
Opening balance of member benefits	3,500,987,322	3,082,146,773
Contributions:		
Employer contributions	170,685,644	157,105,948
Member contributions	29,367,972	17,892,199
Downsizer contributions	587,000	970,000
Transfers from other funds	75,434,426	67,012,596
Government Co-contributions and Low income super contributions	1,301,212	1,479,412
Income tax on contributions	(26,719,986)	(24,207,186)
Net after tax contributions	250,656,268	220,252,969
Benefits to members	(192,219,769)	(229,973,182)
Insurance premiums charged to members accounts	(17,543,762)	(17,804,033)
Death and disability benefits credited to members' accounts	12,504,900	15,861,500
Benefits allocated to members' accounts, comprising:		
Net investment income	29,390,324	440,742,324
Administration fees	(10,817,255)	(10,239,030)
	(178,685,562)	198,587,579
Closing balance of members benefits	3,572,958,028	3,500,987,322

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

First Super

Statement of Changes in Equity for the year ended 30 June 2022

For the year ended 30 June 2022

	Opening balance	Profit/(loss) for year	Other (insurance, anti- detriment)	Net transfers to/(from) reserve	Total Equity
	\$	\$	\$	\$	\$
Unallocated surplus/deficiency	-	(53,371)	-	53,371	-
Operational Financial Risk Reserve	9,237,995	-	-	22,555	9,260,550
Administration Reserve	10,751,540	-	2,773	296,221	11,050,534
Undistributed Earnings	690,677	-	-	(372,147)	318,530
	<u>20,680,212</u>	<u>(53,371)</u>	<u>2,773</u>	<u>-</u>	<u>20,629,614</u>

For the year ended 30 June 2021

	Opening balance	Profit/(loss) for year	Other (insurance, anti- detriment)	Net transfers to/(from) reserve	Total Equity
	\$	\$	\$	\$	\$
Unallocated surplus/deficiency	-	2,771,566	-	(2,771,566)	-
Operational Financial Risk Reserve	8,409,152	-	-	828,843	9,237,995
Administration Reserve	9,099,070	-	1,327	1,651,142	10,751,540
Undistributed Earnings	399,096	-	-	291,581	690,677
	<u>17,907,318</u>	<u>2,771,566</u>	<u>1,327</u>	<u>-</u>	<u>20,680,212</u>

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

First Super

Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Interest received		5,916	866
Proceeds from group life policies		12,504,900	15,861,500
Group life premiums paid		(17,549,029)	(17,826,131)
Administration expenses paid		(13,909,545)	(14,824,549)
Investment expenses paid		(2,148,558)	(1,926,705)
Income tax paid		(27,424,947)	(7,000,328)
Net cash outflows from operating activities	14(a)	(48,521,263)	(25,715,347)
Cash flows from investing activities			
Purchase of investments		(47,000,001)	(34,000,000)
Sale of investments		33,123,662	53,171,479
Payments for plant and equipment and other items		(67,012)	(172,777)
Net cash (outflows)/inflows from investing activities		(13,943,351)	18,998,702
Cash flows from financing activities			
Employer contributions received		170,685,644	157,105,948
Member contributions received		31,256,184	20,341,611
Transfers from other funds		75,434,426	67,012,596
Benefits paid		(179,745,588)	(214,793,920)
Group life proceeds paid to members		(12,850,800)	(15,997,100)
Lease payments for rent		(176,410)	(153,570)
Income tax paid on contributions received		(15,419,718)	(18,701,748)
Net cash inflows/(outflows) from financing activities		69,183,738	(5,186,182)
Net increase/(decrease) in cash		6,719,124	(11,902,827)
Cash at the beginning of the financial year		3,258,804	15,161,631
Cash at the end of the financial year		9,977,928	3,258,804

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

First Super

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Notes to the Financial Statements

1 General information

First Super (the "Fund") is a superannuation fund domiciled in Australia. The address of the Fund's registered office is Level 2, 165 Bouverie Street, Carlton VIC 3053. The Fund was established by a Trust Deed dated 25 March 1985, as amended.

For the purposes of the Superannuation Industry (Supervision) Act 1993 and its Regulations, the Fund is a defined contribution and pension fund.

The Fund provides retirement benefits for its members which are in the forest and wood products industry.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993, the Fund was registered with the Australian Prudential Regulation Authority on the 9th June 2006 (registration no. R106735).

The Trustee of the Fund is First Super Pty Ltd (RSE No L0003049).

The financial statements were authorised for issue by the Board of Directors of the Trustee on 20 September 2022.

2 Summary of significant accounting policies

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies adopted are consistent with those of the prior year unless otherwise stated.

(a) Basis of preparation

The financial statement is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 1056, other applicable Accounting Standards, and the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial investments, derivatives and net assets available for member benefits.

(b) Financial instruments

(i) Classification

The Fund's investments are classified as at fair value through the income statement in accordance with AASB 1056.

Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification.

Financial assets that are not held for investment purposes and which may be sold are investments in exchange traded debt and equity instruments, unlisted trusts and commercial paper.

These investments are managed and their performance is evaluated on a fair values basis in accordance with the Fund's investment strategy.

(ii) Recognition/derecognition

Financial assets and financial liabilities are recognised on the date the Fund becomes party to the contractual agreement (trade date) and changes in the fair value of the financial assets or financial liabilities are recognised from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial asset or liability at fair value. Transaction costs are expensed in the income statement.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through income statement are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of financial instruments.

For further details on how the fair values of financial instruments are determined refer to note 4.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability at the same time.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from investing activities as movements in the fair value of these securities represent the Fund's main income generating activity.

(d) Revenue recognition

Interest income from financial instruments that are held at fair value is determined based on the contractual coupon interest rate and includes interest from cash and cash equivalents.

Dividend and trust distribution income is recognised gross of withholding tax in the period in which the Fund's right to receive payment is established.

(e) Foreign currency translation

The functional and presentation currency of the Fund is Australian dollars (\$).

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the rate of exchange ruling at that date.

Foreign exchange differences arising on the translation 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.

(f) Receivables

Receivable amounts are generally received within 30 days of being recorded as receivables.

Collectability of trade receivables is reviewed regularly. Debts which are known to be uncollectable are written off by reducing the carrying amount. The receivable is recognised inclusive of any GST and is not discounted.

(g) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period. These amounts are unsecured and are usually paid within 30 days of recognition. The payable is recognised inclusive of any GST and there is not discounted.

(h) Benefits paid/payable

Benefits paid/payable are valued at the amounts due to members at reporting date. Benefits paid/payable comprise pensions accrued at balance date and lump sum benefits of members who are due a benefit but had not been paid at balance date.

(i) Contributions received and transfers from other funds

Contributions received and transfers from other funds are recognised in the statement of changes in member benefits when control of the contribution or transfer has transferred to the Fund. They are recognised gross of any taxes.

(j) Use of estimates

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 and 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.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel. Refer to note 4 for details.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(k) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the current or prior periods or that will effect future periods.

(l) New and amended standards not yet adopted by the Fund

There are no standards that are not yet effective and that would be expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable transactions.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Fund has an Investment Governance Statement and Manual (IGS) established by the Trustee. The IGS sets out the Trustee's policies and procedures for the selection, management and monitoring of investments for the Fund. For each investment option offered by the Fund, the Trustee seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

(a) Market risk

(i) Price risk

The Fund is exposed to equity securities and derivative price risk. These arise from investments held by the Fund for which prices in the future are uncertain.

The Trustee mitigates price risk through diversification and a careful selection of securities and the use of defensive hedges to manage the Fund's exposure to price risk. Compliance with the IGS and supporting investment guidelines are monitored by the Trustee on a regular basis.

At 30 June, the fair value of equities and related derivatives exposed to price risk were as follows:

	2022	2021
	\$	\$
Equities	1,176,106,832	1,130,394,392
Property	340,090,231	311,866,507
Infrastructure	500,380,250	429,607,073
Mandates	673,207,016	706,518,083
Net exposure to price risk	<u>2,689,784,329</u>	<u>2,578,386,055</u>

(ii) Foreign exchange risk

The Fund has assets and liabilities denominated in foreign currencies. Foreign exchange risk arises as the value securities denominated in foreign currencies will fluctuate due to changes in exchange rates.

The Fund's policy is to economically hedge a portion of the direct foreign currency exposure on the financial assets and liabilities using forward foreign exchange contracts. Compliance with the Fund's hedging policy is monitored by the Trustee on a regular basis.

The table below summarises the Fund's financial assets and liabilities which are denominated in foreign currencies.

	2022		2021	
	US dollars	Euro	US dollars	Euro
	\$	€	\$	€
Cash and cash equivalents	4,303,857	451,410	2,660,262	145,760
Investments	766,156	135,835	1,861,907	447,998
Net exposure to foreign exchange risk	<u>5,070,013</u>	<u>587,245</u>	<u>4,522,169</u>	<u>593,758</u>

Notes to the Financial Statements

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed interest rates expose the Fund to fair value interest rate risk.

The table below summarises the Fund's direct exposure to interest rate risk including the Fund's use of interest rate swap contracts which are used to manage exposure to interest rate risk.

	2022		
	Floating interest rate	Fixed interest rate	Total
Financial assets			
Cash and cash equivalents	9,977,928	-	9,977,928
Investments	731,954,110	209,874,198	941,828,308
Net exposure to interest rate risk	741,932,038	209,874,198	951,806,236

	2021		
	Floating interest rate	Fixed interest rate	Total
Financial assets			
Cash and cash equivalents	3,258,824	-	3,258,824
Investments	843,518,483	180,535,333	1,024,053,816
Net exposure to interest rate risk	846,777,307	180,535,333	1,027,312,640

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to members to interest rate risk, foreign exchange risk and price risk. The reasonably possible movements in the risk variables have been based on the Trustee's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, foreign exchange rates and market volatility. Actual movements in the risk variables may be greater or less than anticipated due to a number of factors. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Price risk		Foreign exchange risk				Interest rate risk	
	Impact on operating profit before tax							
	-19.5% MSCI Index	+40% MSCI Index	-16.8% USD	+16.8% USD	-16.8% Euro	+16.8% Euro	-150 bps	+150 bps
2022	(524,507,944)	1,075,913,732	(851,762)	851,762	(98,657)	98,657	(14,277,094)	14,277,094
2021	(502,785,281)	1,031,354,422	(759,724)	759,724	(99,751)	99,751	(15,409,690)	15,409,690

Notes to the Financial Statements

3 Financial risk management (continued)

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

The main credit risks, to which the Fund is exposed, arises from the Fund's investment in interest bearing securities. The Fund is also exposed to credit risk on derivative financial instruments, cash and cash equivalents and other receivables. The Trustee monitors the Fund's credit risk exposure on a regular basis.

(i) Fixed interest securities

The Fund invests in fixed interest securities which are rated by Standard & Poor's via the Fund's custodian. An analysis of interest bearing securities by rating is set out in the following table.

Rating	2022 \$	2021 \$
AAA to AA-	-	-
AA+ to AA-	-	-
A+ to A-	-	-
BBB+ to B-	310,282,548	306,803,542
	<u>310,282,548</u>	<u>306,803,542</u>

(ii) Derivative financial instruments

The Trustee has established limits such that, less than 10% of the fair value of favourable contracts outstanding are with any individual counterparty. The Fund also restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements as set out in note 5.

(iii) Settlement of securities transactions

All transactions in listed securities are settled for upon delivery using brokers approved by the Trustee. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment.

(iv) Cash and cash equivalents

The Fund's exposure to credit risk for cash and cash equivalents is considered low as all counterparties have a rating of AA- (as determined by Standard & Poor's) or higher (2021: AA-).

(v) Assets in custody

The clearing and depository for the Fund's security transactions are concentrated with one counterparty, namely BNP Paribas Securities Services, Australia branch (ARBN 87 149 440 291). BNP Paribas Securities Services is part of the global BNP Paribas group. BNP Paribas SA had a long term credit rating of A+ at 30 June 2022 (2021: A+).

(vi) Maximum exposure to credit risk

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets. None of these assets are impaired nor past due.

Notes to the Financial Statements

3 Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations to members or counterparties in full as they fall due or can only do so on terms that are disadvantageous.

The Fund is obligated to pay member benefits upon request. The Trustee's policy is therefore to primarily hold investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

(i) Maturities of financial liabilities

The tables below show the Fund's financial liabilities based on their contractual maturities using undiscounted cash flows. Amounts due to brokers and benefits payable are payable on demand. Liabilities to defined contribution members are payable upon request. The Fund considers it is highly unlikely that all liabilities to members would fall due at the same time.

2022	Less Than 1	1-3 Months	3-6 Months	7-12 Months	1-2 years	Total
	Month					
	\$	\$	\$	\$	\$	\$
Non-derivatives						
Due to brokers - payable for securities purchased	1,955,177	-	-	-	-	1,955,177
Benefits payable	718,719	-	-	-	-	718,719
Other payables	6,204,751	-	-	-	-	6,204,751
Defined contribution member liabilities	3,572,958,028	-	-	-	-	3,572,958,028
Derivatives						
Net settled derivatives	-	-	-	5,183	-	5,183
	<u>3,581,836,675</u>	<u>-</u>	<u>-</u>	<u>5,183</u>	<u>-</u>	<u>3,581,841,857</u>

2021	Less Than 1	1-3 Months	3-6 Months	7-12 Months	1-2 years	Total
	Month					
	\$	\$	\$	\$	\$	\$
Non-derivatives						
Due to brokers - payable for securities purchased	2,725,980	-	-	-	-	2,725,980
Benefits payable	749,438	-	-	-	-	749,438
Other payables	6,409,816	-	-	-	-	6,409,816
Defined contribution member liabilities	3,919,827,871	-	-	-	-	3,919,827,871
Derivatives						
Net settled derivatives	-	4,725	-	-	-	4,725
	<u>3,929,713,104</u>	<u>4,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,929,717,829</u>

4 Fair value measurement

Fair value hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and 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 for the asset or liability, either directly (that is, as prices) or indirectly. The Trustee values fixed interest securities held by the Fund using broker quotes, units in unit trusts using the unit price provided by the underlying fund manager and OTC derivatives using valuation models.
- Level 3: one or more of the significant inputs are not based on observable market data, examples include discount rates and other material unobservable inputs. The Trustee values units in unit trusts classified as level 3 using the unit price provided by the underlying fund manager. These unit trusts hold illiquid investments such as unlisted property and private equity.

Notes to the Financial Statements

4 Fair value measurement (continued)

Fair value hierarchy (continued)

Recognised fair value measurements

The table below sets out the Fund's financial assets and liabilities at fair value according to the fair value hierarchy.

2022	Level 1	Level 2	Level 3	Total
Investments				
Australian Equities				
Listed Equities	13,814,997	151,328,784	-	165,143,781
Private Equity	6,114,426	-	256,627,522	262,741,948
International Equities				
International Share funds	21,505	743,988,057	-	744,009,562
International Private Equity	3,184,564	124,987	901,991	4,211,542
Property Funds	19,168,670	320,780,786	140,775	340,090,231
Australian Infrastructure	-	209,886,580	71,792,292	281,678,872
International Infrastructure	-	218,701,378	-	218,701,378
Macquarie Transition	3,964	-	-	3,964
Fixed Interest	-	505,981,643	19,818,440	525,800,083
Cash Portfolio	67,436,094	348,592,130	-	416,028,224
Ausbil Australian	273,314,936	-	-	273,314,936
Eley Griffiths Small Companies Mandate	101,377,320	-	-	101,377,320
IFM Australian Equities Mandate	298,107,424	-	-	298,107,424
Perpetual Australian Equities Mandate	77,526	-	-	77,526
IFM Australian Credit Mandate	4,546	321,300	-	325,846
Total investments	782,625,972	2,499,705,645	349,281,020	3,631,612,637

2021	Level 1	Level 2	Level 3	Total
Investments				
Australian Equities				
Listed Equities	4,233,771	147,721,392	-	151,955,162
Private Equity	36,322	104,109,673	132,962,980	237,108,976
International Equities				
International Share funds	19,685	737,208,283	-	737,227,969
International Private Equity	1,489,907	2,611,594	783	4,102,284
Property Funds	4,132,763	307,733,744	-	311,866,507
Australian Infrastructure	-	-	227,655,411	227,655,411
International Infrastructure	-	-	201,951,662	201,951,662
Macquarie Transition	3,964	-	-	3,964
Fixed Interest	130,058,940	488,861,374	-	618,920,314
Cash Portfolio	43,060,905	362,072,597	-	405,133,503
Ausbil Australian	251,359,403	-	-	251,359,403
Eley Griffiths Small Companies Mandate	94,233,115	-	-	94,233,115
IFM Australian Equities Mandate	360,517,941	-	-	360,517,941
Perpetual Australian Equities Mandate	77,524	-	-	77,524
IFM Australian Credit Mandate	5,136	-	321,000	326,136
Total investments	889,229,376	2,150,318,657	562,891,836	3,602,439,870

Notes to the Financial Statements

4 Fair value measurement (continued)

Movement in level 3 investments

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

	2022	2021
	\$	\$
Opening balance	562,891,836	474,188,406
Purchases	72,021,038	371,919
Sales	(55,727,316)	(3,242,139)
Transfers between levels in the fair value hierarchy	(248,804,620)	27,591,400
Change in fair value	18,900,081	63,982,250
Closing balance	<u>349,281,019</u>	<u>562,891,836</u>

Valuation inputs and relationships to fair value

The Fund's level 3 investments comprise shares in unlisted private companies. The following table summarises the quantitative information about the significant unobservable inputs used by the Trustee in level 3 fair value measurements.

	Description	Fair value at 30 June	Unobservable inputs	Relationship of unobservable inputs to fair value
		\$		
2022	Unlisted private equity and infrastructure	349,281,020	Redemption price	Higher redemption price (+40%) would increase fair value by \$139,712,408. Lower redemption price (-9.5%) would decrease fair value by \$33,181,697.
2021	Unlisted private equity and infrastructure	562,891,836	Redemption price	Higher/(lower) redemption price (+/-10%) would increase/(decrease) fair value by \$56,289,184

Valuation process

The Trustee reviews valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. Changes in level 2 and 3 fair values are analysed at each reporting date by the Trustee.

5 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. These amounts form part of the investment value recorded on the Statement of Financial Position. The table below shows the fair value and notional principal amount of derivative financial instruments. The fair value of derivatives shown represents the amount of unrealised gains and losses, whereas the notional amount is an aggregate exposure of all contracts.

Derivative Types	2022			2021		
	Fair Value		Contract / Notional Amount	Fair Value		Contract / Notional Amount
	Assets	(Liabilities)		Assets	(Liabilities)	
\$	\$	\$	\$	\$	\$	
Equity Futures	-	(5,183)	484,575	-	(4,725)	541,725
Total	-	(5,183)	484,575	-	(4,725)	541,725

6 Net changes in financial assets and liabilities measured at fair value:

	2022	2021
	\$	\$
Australian Equities	28,344,381	53,572,884
International Equities	(101,515,803)	154,003,657
Property Funds	16,907,408	2,647,489
Australian Infrastructure	22,570,293	17,161,502
International Infrastructure	13,826,550	26,487,122
Fixed Interest	(56,529,775)	(437,178)
Cash Portfolio	250,695	(1,063,108)
Macquarie Transition	-	(128,238)
Ausbil Australian	(19,948,101)	57,034,506
Eley Griffiths Small Companies Mandate	(23,720,006)	22,835,686
IFM Australian Equities Mandate	(44,556,977)	67,615,805
Perpetual Australian Equities Mandate	(3,979,706)	18,859
IFM Australian Credit Mandate	-	(48,180)
Total	<u>(168,351,041)</u>	<u>399,700,805</u>

Notes to the Financial Statements

7 Structured entities and investments

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Fund considers all investments in managed investment schemes (funds) to be structured entities. The Fund invests in underlying managed funds for the purpose of capital appreciation and or earning investment income.

The investee funds' objectives are to achieve medium to long term capital growth. The investee funds invest in a number of different financial instruments, including equities and debt instruments.

The exposure to investments in investee funds at fair value, by investment class, is disclosed below:

	Fair value of investment	Fair value of investment
	2022	2021
	\$	\$
Australian Equities		
- Listed Equities	165,143,781	151,955,162
- Private Equity	262,741,948	237,108,976
International Equities		
- International Share Funds	744,009,562	737,227,970
- International Private Equity	4,211,542	4,102,284
Property Funds	340,090,231	311,866,507
Australian Infrastructure	281,678,872	227,655,411
International Infrastructure	218,701,378	201,951,662
Macquarie Transition	3,964	3,964
Ausbil Australian	273,314,936	251,359,403
Eley Griffiths Small Companies Mandate	101,377,320	94,233,115
IFM Australian Equities Mandate	298,107,424	360,517,941
Perpetual Australian Equities Mandate	77,526	77,524
IFM Australian Credit Mandate	325,846	326,136
	<u>2,689,784,330</u>	<u>2,578,386,055</u>

The Fund also holds additional investments in cash and term deposits which are not classified as investee funds. The exposure to these assets, by investment class, is disclosed below:

Fixed Interest	525,800,083	618,920,314
Cash	416,028,224	405,133,503
	<u>941,828,307</u>	<u>1,024,053,816</u>
<i>Total investments held under custody</i>	<u>3,631,612,637</u>	<u>3,602,439,871</u>

The fair value of the above financial assets is recorded as investments on the Statement of Financial Position.

The Fund's maximum exposure to loss from its interests in investee funds is equal to the total fair value of its investments in the investee funds.

During the year ended 30 June 2022, total losses incurred on investments in investee funds were loss \$168,351,041 (2021: profit \$399,700,805).

During the year the Fund earned fair value gains and distribution income as a result of its interests in other funds.

8 Member liabilities

Recognition and measurement of member liabilities

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

Defined contribution member account balances are measured using crediting rates determined by the Trustee based on the underlying investment option values selected by members.

The defined contribution members bear the investment risk relating to the underlying investment options. The crediting rates used to measure defined contribution member liabilities are updated weekly for movements in investment values and credited to members either annually or upon exiting the Fund.

Notes to the Financial Statements

9 Insurance arrangements

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members accounts and reinsurance recoveries allocated are recognised in the statement of changes in members benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim;
- insurance premiums are only paid through the Fund for administrative reason; and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

10 Reserves

(a) Operational risk financial reserve

Under APRA Prudential Standards SPS 114; Operational Risk Financial Requirements (ORFR), the Fund is expected to maintain an ORFR reserve of at least 0.25% of the Funds assets. However, the Fund's approved target level under their ORFR policy is 0.30% of funds under management. The ORFR reserve is part of the financial management of the Fund and is operated in accordance with the Operational Risk Reserve Policy which is reviewed annually. The ORFR may be used in certain circumstances to address operational risk events or claims against the fund arising from operational risk.

(b) Fund reserves

The Trustee maintains a reserve for administration and operational purposes, such as paying costs and receiving investment income. The undistributed earnings reflect the difference between the cumulative amount of investment income (net of investment expenses) allocated to members' accounts compared with the cumulative investment income (net of investment expenses) earned by the Fund.

11 Income tax

(a) Accounting policy

Under the Income Tax Assessment Act, the Fund is a complying superannuation fund. As such, a concessional tax rate of 15% is applied on net investment earnings with deductions allowable for administrative and operational expenses. Financial assets held for less than 12 months are taxed at the Fund's rate of 15%. For financial assets held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the ATO during the year and by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Income tax expense

	2022	2021
	\$	\$
Current Tax Expense		
Current year	(8,409,552)	1,075,375
Under/(Over) provision from prior periods	6,857,168	2,530,907
Deferred Tax Expense		
Movement in temporary differences	(19,124,881)	35,058,319
Total income tax (benefit)/expense	(20,677,265)	38,664,602

Notes to the Financial Statements

11	Income tax (continued)	2022	2021
		\$	\$
(c) Reconciliation of income tax expense to prima facie tax payable			
	Profit/(loss) before income tax	(2,157,567)	471,939,462
	Prima facie tax at the complying superannuation fund tax rate of 15%	(323,635)	70,790,919
	Differences between Tax and Accounting arising in Prior Periods	6,857,168	2,530,907
	Insurance premium deduction	(2,631,148)	(2,670,406)
	Franking and foreign tax credits	(23,096,023)	(7,075,136)
	Non Assessable Investment Income	(1,483,627)	(24,911,682)
	Income tax (benefit)/expense	(20,677,265)	38,664,602
	Income tax expense - investments	(15,961,128)	43,306,561
	Income tax benefit - administration	(4,716,137)	(4,641,959)
		(20,677,265)	38,664,602

In addition to the above, \$26,719,986 (2021: \$24,207,186) is recognised in the statement of changes in members benefits relating to tax on contributions and no-TFN tax deducted from member accounts.

(d) Deferred tax balances

Deferred tax asset relates to the following:

Accrued expenses & provisions	75,931	71,867
Annual and long service leave	98,638	74,436
Insurance premiums	202,495	203,701
Deferred Tax Asset	377,064	350,004

Deferred tax liability relates to the following:

Unrealised capital gains	(48,558,796)	(68,286,570)
Unrealised ordinary investment income	(1,645,064)	(1,015,112)
Deferred Tax Liability	(50,203,860)	(69,301,682)

Deferred tax asset/(liability)

(49,826,796)	(68,951,677)
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12 Other operating expenses

Trustee Services Fee	(1,257,102)	(720,172)
Audit fees	(499,075)	(486,792)
Sponsorship	(50,466)	(23,246)
Advertising and Marketing	(1,059,563)	(1,136,799)
Other operating expenses	(2,866,206)	(2,367,009)

13 Cash and cash equivalents

Cash at bank	9,977,928	3,258,804
	9,977,928	3,258,804

14 Reconciliation of cash flows from operating activities

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

Operating result after tax	(53,371)	2,771,566
Adjustments for:		
Depreciation	219,181	276,336
Investment activities via custodian	(15,296,427)	(488,289,394)
Lease standard adjustment	176,409	142,389
Net benefits allocated to members	18,573,069	430,503,294
Change in operating assets and liabilities		
(Increase)/decrease in receivables	696,000	(633,620)
Increase/(decrease) in payables	310,217	(196,744)
Increase/(decrease) in tax payable	(48,102,211)	31,675,456
Death and disability proceeds received from insurer	12,504,900	15,861,500
Insurance premiums paid	(17,549,029)	(17,826,131)
Net cash inflow/(outflow) from operating activities	(48,521,263)	(25,715,347)

(b) Non-cash financing activities

There were no non-cash financing activities during the year.

Notes to the Financial Statements

15 Investment commitments

The Fund has outstanding capital commitments in relation to unlisted investments contracted for as at the reporting date but not recognised as liabilities as follows:

	2022	2021
	\$	\$
Asset class		
Private Equity	58,580,000	99,421,219
Property	-	680,000
	<u>58,580,000</u>	<u>100,101,219</u>

16 Contingent liabilities and contingent assets

There are no outstanding contingent assets or liabilities as at 30 June 2022 (2021: nil).

17 Events occurring after the reporting period

Frank Vari has resigned as a director of First Super effective 7 August 2022. Casey Thompson was appointed as a director (previously associate director) on 12 September 2022. There are no other significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund as at 30 June 2022 or on the results and cash flows of the Fund for the year ended on that date.

18 Related party transactions

(a) Trustee

The Trustee of the Fund throughout the year was First Super Pty Ltd (ABN 42 053 498 472, RSE Licence No. L0003049). Amounts paid to the Trustee in form of fees and reimbursements are disclosed in note 12. As at 30 June 2022, \$nil (2021: \$38,167 payable) was recoverable to the trustee and is included in 'other payables' in the statement of financial position.

(b) Directors

Key management personnel includes persons who were directors of First Super Pty Ltd at any time during or after the financial year as follows:

Dean Brakell	Candy Broad
Robyn Burns	Denise Campbell-Burns
Timothy Chatfield	Julie George
Janet Gilbert	Scott McDine
Michael O'Connor (Co-Chair)	Anthony Pavey
Mike Radda (Co-Chair)	Casey Thompson (appointed 12 September 2022)
Frank Vari (resigned 7 August 2022)	

Change in associate director status:

Casey Thompson ceased as an associate director and was appointed as a director on 12 September 2022.

(c) Other key management personnel

Other key management personnel with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year were as follows:

William Watson is the Chief Executive Officer of First Super Pty Ltd. As at 30 June 2022, Lisa Rayner is the Company Secretary of First Super Pty Ltd. Other senior executives of the Fund, including previous Company Secretaries during the year, are also included in the table illustrating the compensation of key management personnel (note 18(d)).

Notes to the Financial Statements

18 Related party transactions (continued)

(d) Key management personnel compensation

Director Remuneration ¹								
Directors	Position Held	FY Year	Meeting Fees Paid and Payable	Travel allowance and other expenses paid	Total remuneration	Remuneration from related entities		Recipient Organisation/Entity
						SBA ²	Frontier ³	
Dean Brakell ⁴	Director	2021/2022	\$34,352	\$3,505	\$37,857	n/a	na	ACFA ⁵
		2020/2021	\$35,695	\$1,815	\$37,510			
Candy Broad	Independent Director	2021/2022	\$29,473	\$5,230	\$34,703	n/a	n/a	Candy Broad
		2020/2021	\$55,880	\$0	\$55,880			
Robyn Burns	Director	2021/2022	\$36,645	\$8,563	\$45,208	n/a	n/a	Robyn Burns
		2020/2021	\$35,200	\$0	\$35,200			
Denise Campbell - Burns	Director	2021/2022	\$35,167	\$11,405	\$46,572	n/a	n/a	CFMMEU ⁶
		2020/2021	\$38,115	\$0	\$38,115			
Timothy Chatfield	Independent Director	2021/2022	\$41,225	\$0	\$41,225	n/a	n/a	Timothy Chatfield
		2020/2021	\$38,775	\$0	\$38,775			
Julie George	Director	2021/2022	\$38,613	\$5,999	\$44,612	\$15,675	n/a	Busi Culture Pty Ltd
		2020/2021	\$36,905	\$1,815	\$38,720	\$8,250		
Janet Gilbert	Director	2021/2022	\$45,957	\$15,482	\$61,439	n/a	n/a	Janet Gilbert
		2020/2021	\$48,400	\$1,650	\$50,050			
Lisa Marty ⁷	Director	2021/2022	\$1,136	\$0	\$1,136	n/a	n/a	Lisa Marty
		2020/2021	\$28,435	\$0	\$28,435			
Scott McDine	Director	2021/2022	\$22,117	\$0	\$22,117	n/a	\$16,104	CFMMEU ⁶
		2020/2021	\$33,275	\$0	\$33,275		\$16,187	
Alex Millar ⁸	Director	2020/2021	\$9,075	\$0	\$9,075	n/a	n/a	CFMMEU ⁶
Michael O'Connor	Co-Chair	2021/2022	\$73,537	\$15,380	\$88,917	n/a	n/a	CFMMEU ⁶
		2020/2021	\$77,138	\$0	\$77,138			
Anthony Pavey ⁹	Director	2021/2022	\$36,423	\$9,419	\$45,842	n/a	n/a	CFMMEU ⁶
		2020/2021	\$14,520	\$1,815	\$16,335			
Mike Radda	Co-Chair	2021/2022	\$46,292	\$0	\$46,292	n/a	n/a	Sterad Pty Ltd
		2020/2021	\$55,330	\$383	\$55,713			
Casey Thompson ¹⁰	Associate Director	2021/2022	\$25,908	\$9,419	\$35,327	n/a	n/a	CFMMEU ⁶
		2020/2021	\$10,438	\$1,815	\$12,253			
Frank Vari	Director	2021/2022	\$37,679	\$8,477	\$46,156	\$13,200	n/a	CFMMEU ⁶
		2020/2021	\$41,140	\$0	\$41,140	\$3,300		

Note:

¹ The remuneration above includes GST and Superannuation where applicable for current and former directors. Not all directors are registered for GST.

² SBA = Super Benefits Administration Pty Ltd.

³ Frontier = Frontier Advisors Pty Ltd.

⁴ Dean Brakell was appointed as a director on 1 January 2021.

⁵ ACFA = Australian Cabinet and Furniture Association.

⁶ CFMMEU = Construction Forestry Maritime Mining & Energy Union – Manufacturing Division.

⁷ Lisa Marty resigned on 31 December 2020. The fee for 2021/2022 was for chairing a First Super sub-committee.

⁸ Alex Millar resigned on 13 November 2020.

⁹ Anthony Pavey was appointed as a director on 1 January 2021.

¹⁰ Casey Thompson was appointed as an associate director on 1 January 2021.

Notes to the Financial Statements

18 Related party transactions (continued)

(d) Key management personnel compensation (continued)

Executive Remuneration						
Executive Officers	Position Held	FY Year	Paid - Cash Component	Superannuation Contributions includes SG and Salary Sacrifice	Other ¹	Total remuneration
William Watson	CEO	2021/22	\$394,699	\$27,250	\$21,764	\$443,713
		2020/21	\$373,205	\$25,000	\$10,870	\$409,075
Michelle Boucher ²	Deputy CEO	2021/22	\$291,328	\$24,172	\$8,489	\$323,989
		2020/21	\$68,332	\$5,513	\$1,441	\$75,286
Maxine Jacona ³	Executive Manager - Governance	2021/22	\$173,745	\$12,611	\$0	\$186,356
		2020/21	\$194,407	\$18,468	\$4,851	\$217,726
Andrew Jewell	Executive Manager - Financial Advice and Education	2021/22	\$179,000	\$17,899	\$5,250	\$202,149
		2020/21	\$166,264	\$15,791	\$4,186	\$186,241
Laurie Kennedy ⁴	Risk Manager - Risk	2021/22	\$113,407	\$18,497	\$3,299	\$135,203
		2020/21	\$106,671	\$17,257	\$2,837	\$126,765
Lisa Rayner ⁵	Executive Manager - Governance	2021/22	\$56,643	\$5,664	\$1,153	\$63,460
Brad Weldon ⁶	Executive Manager - Member and Employer Services	2020/21	\$83,111	\$7,389	\$0	\$90,500

Note:

¹ Other includes salary sacrificed benefits and long service leave accrued in the financial year.

² Michelle Boucher was appointed on 6 April 2021.

³ Maxine Jacona resigned as Executive Manager - Governance on 17 March 2022 and as Company Secretary on 23 February 2022. The "cash component" includes payment of Ms Jacona's accrued entitlements for annual leave (\$19,570) and long service leave (\$28,058). No additional benefit was paid upon Ms Jacona's resignation.

⁴ Laurie Kennedy works part-time. Mr Kennedy was the Company Secretary for the period from 23 February 2022 until 11 May 2022. The remuneration is for the full financial year.

⁵ Lisa Rayner was appointed on 19 April 2022 and as Company Secretary on 11 May 2022. The remuneration shown is for the period from 19 April 2022 to 30 June 2022.

⁶ Brad Weldon resigned on 26 November 2020.

Notes to the Financial Statements

18 Related party transactions (continued)

(e) Related party transactions

Transactions with related parties

The following Directors/officers (or former Directors/officers) of the Trustee Company are or were also members of the Fund:

Dean Brakell	Robyn Burns
Denise Campbell-Burns	Julie George
Maxine Jacona	Michael O'Connor
Anthony Pavay	Mike Radda
Casey Thompson	William Watson

Superannuation contributions and benefits are determined using the same Trust Deed provisions which apply to all members.

Other Related Party Transactions:

- Frontier Advisors Ltd:

First Super owns 7% of Frontier Advisors Ltd which provides investment advisory services to the Fund at a commercial arm's length basis. The total fees paid to Frontier in the year ended 30 June 2022 were \$591,129 (2021: \$560,022). Scott McDine is a director of Frontier Advisors Ltd.

- Super Benefits Administration Pty Ltd:

First Super holds 100% of the shares of Super Benefits Administration Pty Ltd which provides administration services to the Fund on a commercial arm's length basis. These shares are held as an investment by First Super and as at 30 June 2022 are valued at \$3,672,302 (2021: \$3,975,459).

First Super also sub-lease office space from Super Benefits Administration Pty Ltd on a commercial arm's length basis. The cost for the year ended 30 June 2022 was \$142,692 (2021: \$164,447).

Separate consolidated financial statements have not been prepared as the Trustee is of the opinion that these would not be materially different from the financial statements of the Fund as an individual entity.

Julie George is a director of Super Benefits Administration Pty Ltd. Frank Vari resigned as a director of Super Benefits Administration Pty Ltd on 21 February 2022.

The following amounts are listed at year end in relation to Super Benefits Administration Pty Ltd:

	2022 \$	2021 \$
Administration fees paid/payable to Super Benefits Administration Pty Ltd	5,086,317	5,548,893
Trade & Other Payables - Administration Fees Owing/(Receivable)	-	17,016

- Construction Forestry Maritime Mining & Energy Union - Manufacturing Division (CFMMEU)

Five directors of First Super are nominated by the CFMMEU. As at 30 June 2022, there were eleven personnel on a full and part-time basis (2021: eleven personnel) employed by the CFMMEU supplied on contract to First Super on a commercial arm's length basis. The total expense for the year ended 30 June 2022 was \$2,882,108 (2021: \$2,756,379).

- Sponsorship

During the year ended 30 June 2022 the Fund made total sponsorship payments of \$50,466 (2021: \$23,246) for various activities and events. This included payments to shareholders in the Trustee Company as follows: CFMMEU \$18,601 (2021: \$10,972), Australian Cabinet and Furniture Association (formerly Furniture Industry Association of Australia Ltd) \$nil (2021: \$nil) and Victorian Association of Forest Industries \$nil (2021: \$nil).

19 Remuneration of auditors

Remuneration paid or payable for services provided by the auditor BDO Audit Pty Ltd:

	2022 \$	2021 \$
Audit and review of the Financial Statements	87,320	77,000
Other Assurance Services	30,680	27,000
	<u>118,000</u>	<u>104,000</u>

Trustees' declaration to the members

In the opinion of the directors of the Trustee of First Super:

(a) the accompanying financial statements and notes set out on pages 1 to 23 are in accordance with:

(i) Australian Accounting Standards and other mandatory professional reporting requirements, and

(ii) present fairly the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date,

(b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2022, and

(c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of First Super Pty Ltd (A.B.N. 42 053 498 472)

Dated in Melbourne this 20th day of September 2022.

Mike Radda

Mike Radda (Sep 27, 2022 19:16 GMT+10)

Director

Tia Chaffield

Director



Annual Risk Management declaration

The Board for First Super Pty Ltd (RSE license) makes the following declaration for the purposes of paragraph 33 Superannuation Prudential Standard 220 and authorises lodgement of this declaration with the Australian Prudential Regulation Authority (APRA):

- (a) the RSE licensee has in place systems for ensuring compliance with all prudential requirements;
- (b) the systems and resources that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the RSE licensee, having regard to the size, business mix and complexity of the RSE licensee's business operations;
- (c) the RSE licensee has assessed the risks of outsourcing any business activity, and is satisfied that the risks and relevant controls relating to these risks are appropriate to the RSE licensee, having regard to the size, business mix and complexity of the RSE's licensee's business operations and the operational capabilities of the RSE licensee itself;
- (d) the risk management and internal control systems in place are operating effectively and are adequate having regard to the risks they are designed to control;
- (e) the RSE licensee has an RMS that complies with this Prudential Standard, and that the RSE licensee has complied with each measure and control described in the RMS;
- (f) the RSE licensee is satisfied with the efficacy of the processes and systems surrounding the production of financial information for each RSE within its business operations;
- (g) the RSE licensee has adequate reporting systems and internal controls supporting the preparation and reporting of accurate financial and statistical information to APRA; and
- (h) information provided to APRA accurately represents the transactions for the year and financial position at year end in accordance with the provisions of the SIS Act and FSCOD Act.

Signed by the Co-Chair and Chair of the Audit and Compliance Committee of the RSE licensee.

Name: Mike Radda

Name: Tim Chatfield

Signature: *Mike Radda*
Mike Radda (Sep 27, 2022 19:16 GMT+10)

Signature: *Tim Chatfield*

Date: Sep 27, 2022

Date: Sep 28, 2022

INDEPENDENT AUDITOR'S REPORT

First Super (ABN 56 286 625 181)

Report by the Registrable Superannuation Entity's Auditor to the trustee and members

Opinion

I have audited the financial statements of First Super (the RSE) comprising the statement of financial position as at 30 June 2022, the income statement, the statement of changes in member benefits, the statement of changes in equity and the statement of cash flows for the year then ended and the trustees' declaration.

In my opinion, the financial statements present fairly, in all material aspects, in accordance with Australian Accounting Standards the financial position of First Super as at 30 June 2022 and the results of its operations, cash flows, changes in equity and changes in member benefits for the year ended 30 June 2022.

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 for the audit of the financial statements* 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 (including Independence Standards)* (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:

- 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.

BDO Audit Pty Ltd

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James Dixon
Director

Melbourne, 20 September 2022