

CUBS SUPERANNUATION FUND

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

RSE: R1068832

ABN: 90 120 177 925

Prepared by:

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(A.B.N. 50 055 641 757)
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CUBS Superannuation Fund
Statement of Financial Position
As at 30 June 2019

	<i>Note</i>	2019 \$	2018 \$
Assets			
Cash and cash equivalents			
Cash and cash equivalents	11(a)	10,025,389	11,708,788
Receivables			
Investment Income Receivable		636,068	1,298,840
GST Receivable		21,844	20,964
Other Receivables		128,433	87,456
Investments			
Hunter Credit Union - Cash		545,629	583,083
Hunter Credit Union - Fixed Interest		410,522	439,138
Qudos Bank Super Fixed Interest		7,955,692	8,182,296
Qudos Bank Super Cash Investment Pool		6,805,131	6,946,488
Defence Bank Super Cash Investment Pool		6,118,706	5,366,194
Defence Bank Super Fixed Interest		7,430,432	6,341,499
Vic Teachers Credit Union Cash Investment Pool		526,384	527,666
Vic Teachers Credit Union Fixed Interest		942,407	918,982
Beyond Bank Cash Investment Pool		323,328	371,895
Beyond Bank Fixed Interest		354,870	405,488
Units in managed investment schemes	5	31,702,981	28,274,222
Term Deposits		4,340,767	4,788,200
Total assets		78,268,583	76,261,199
Liabilities			
Operating expenses payable	8	117,839	104,904
Investments in transit		570,607	-
Current tax liability		38,712	167,308
Deferred tax liability	7(c)	285,111	329,416
Total liabilities		1,012,269	601,628
Net assets available for member benefits		77,256,314	75,659,571
Member benefits	9(a)	76,794,505	75,284,024
Total net assets		461,809	375,547
Equity			
Unallocated surplus		148,212	91,841
Operational Risk Financial Requirement Reserve	9(c)	313,597	283,706
Total equity		461,809	375,547

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

CUBS Superannuation Fund
Income Statement
For the year ended 30 June 2019

	<i>Note</i>	2019	2018
		\$	\$
Superannuation Activities			
Revenue			
Interest revenue		943,452	888,158
Distributions and dividends		1,288,299	1,892,617
Other income		4,942	4,656
Net changes in fair value of investments	6	1,232,881	1,139,049
Total revenue		3,469,574	3,924,480
Expenses			
Investment expenses		(5,477)	(4,922)
Administration expenses		(238,164)	(215,329)
Other operating expenses		(290,896)	(175,262)
Total expenses		(534,537)	(395,513)
Profit from operating activities		2,935,037	3,528,967
Less: net benefits allocated to members' accounts		(3,031,834)	(3,246,947)
(Loss)/profit before income tax		(96,797)	282,020
Income tax expense	7(a)	(303,138)	(503,529)
Loss after income tax		(399,935)	(221,509)

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

CUBS Superannuation Fund
Statement of Changes in Member Benefits
For the year ended 30 June 2019

	<i>Note</i>	2019	2018
		\$	\$
Opening balance of members benefits		75,284,024	73,270,153
Contributions:			
Employer		2,196,429	2,010,452
Member		1,515,313	1,631,916
Transfers from other superannuation funds		9,290,333	9,955,481
Income tax on contributions	7(d)	(464,170)	(442,136)
Net after tax contributions		<u>12,537,905</u>	<u>13,155,713</u>
Benefit payments		(13,922,707)	(14,269,735)
Insurance premiums charged to members' accounts		(106,660)	(85,588)
Reserve transfers (from) members		(29,891)	(33,466)
Benefits allocated to members' accounts comprising:			
Net investment income		3,058,629	3,272,361
Administration fees		(26,795)	(25,414)
		<u>3,031,834</u>	<u>3,246,947</u>
		<u>(11,027,424)</u>	<u>(11,141,842)</u>
Closing balance of member benefits		<u>76,794,505</u>	<u>75,284,024</u>

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

**CUBS Superannuation Fund
Statement of Changes in Reserves
For the year ended 30 June 2019**

	Operational Risk Financial Requirement Reserve	Unallocated Surplus	Total Equity
	\$	\$	\$
Opening balance as at 1 July 2018	283,706	91,841	375,547
Net transfers to reserves	29,891	456,306	486,197
Loss	-	(399,935)	(399,935)
Closing balance as at 30 June 2019	313,597	148,212	461,809
Opening balance as at 1 July 2017	250,240	24,808	275,048
Net transfers to reserves	33,466	288,542	322,008
Loss	-	(221,509)	(221,509)
Closing balance as at 30 June 2018	283,706	91,841	375,547

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

CUBS Superannuation Fund
Statement of Cash Flows
For the year ended 30 June 2019

	<i>Note</i>	2019	2018
		\$	\$
Cash flows from operating activities			
Interest received		96,156	107,979
General administration expense		(240,192)	(214,455)
Investment expenses		(5,477)	(1,677)
Other expenses		(257,011)	(153,307)
Income tax paid		(497,881)	(280,532)
Net cash outflows from operating activities	<i>11(b)</i>	<u>(904,405)</u>	<u>(541,992)</u>
Cash flows from investing activities			
Proceeds from sale of investments		44,184,997	31,463,660
Payments for purchase of investments		(43,930,107)	(30,950,940)
Net cash inflows from investing activities		<u>254,890</u>	<u>512,720</u>
Cash flows from financing activities			
Employer contributions		1,883,033	2,010,452
Member contributions		1,515,313	1,631,916
Transfers from other funds		9,427,529	10,244,041
Benefits paid to members		(13,290,201)	(14,269,735)
Insurance premiums charged to members accounts		(105,388)	(85,082)
Income tax paid on contributions received		(464,170)	(442,136)
Net cash outflows from financing activities		<u>(1,033,884)</u>	<u>(910,544)</u>
Net decrease in cash and cash equivalents		(1,683,399)	(939,816)
Cash at the beginning of the year		11,708,788	12,648,604
Cash at the end of the year	<i>11(a)</i>	<u>10,025,389</u>	<u>11,708,788</u>

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

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

1. Reporting entity

CUBS Superannuation Fund (the "Fund") is a defined contribution superannuation fund domiciled in Australia. The address of the Fund's registered office is:

Level 9
155 Queen Street
MELBOURNE, VIC 3000

The Fund is constituted by a Trust Deed (formerly known as the Greater Rollover and Allocated Pension Fund) dated 18 June 1987 to provide superannuation benefits to members and their dependants.

The Trustee of the Fund during the reporting period was Equity Trustees Superannuation Limited (ABN 50 055 641 757, AFSL 229757, RSE L0001458). The registered office of the Trustee is Level 1, 575 Bourke Street, Melbourne VIC 3000.

The Custodian as at 30 June 2019 is Equity Trustees Limited (ABN 46 004 031 298, AFS Licence No. 240975, RSE Licence No. L0003094).

The Fund's administrator is Mainstream Superannuation Services Pty Ltd (the 'Administrator') (ABN 83 082 989 142) which is incorporated in Australia. The registered office of the Administrator is Level 1, 51-57 Pitt Street, Sydney NSW 2000.

The Asset Consultant to the Fund is the TAG Asset Consulting Group Pty Ltd (ABN 58 097 703 047) trading as Atchison Consultants.

The Promoter of the Fund is Mainstream Superannuation Services Pty Ltd (the 'Promoter') (ABN 83 082 989 142) which is incorporated in Australia.

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were authorised for issue by the Board of the Trustee on the date shown on the Trustees Declaration attached to the financial statements.

(b) Functional and presentation of currency

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

(c) 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 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.

It was concluded that judgements made by management in the application of Australian Accounting Standards did not have a significant effect on the financial statements.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial assets and financial liabilities

The Fund classifies non-derivative financial assets and financial liabilities at fair value through profit or loss.

The Fund initially recognises financial assets and liabilities on the trade date when the entity becomes a party to the contractual provisions of the instrument. The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

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

3. Significant Accounting Policies (continued)

(a) Financial assets and financial liabilities (continued)

A financial asset and financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in the income statement as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest, dividend income or distribution income, are recognised in the income statement. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in the income statement.

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when and only when, the Fund currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Fair values have been determined as follows:

Units in unlisted unit trusts and managed investment schemes

Units in unlisted unit trusts and unlisted managed investment schemes are valued at the redemption price at reporting date quoted by the investment managers which are based on the net asset value (NAV) of the underlying investments. Unit values denominated in foreign currency are then translated to Australian dollars at the current exchange rates.

(b) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

(c) Receivables and payables

Receivables and payables are carried at nominal amounts which approximate fair value. Receivables and payables are normally settled within 30 days.

(d) Benefits payable

Benefits payable comprises the entitlements of members who exited from the Fund prior to the year-end but had not been paid at that time. Benefits payable are settled within 30 days.

(e) Revenue recognition

Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transactions costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Distribution income

Distributions from managed investment schemes and units in unit trusts are recognised in the income statement as at the date the unit value is quoted ex-distribution and if not received at reporting date, is reflected in the statement of financial position as a receivable at fair value.

Changes in fair values

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

(f) Contributions revenue and transfer in

Contributions revenue and transfers in are recognised in the statement of changes in member benefits when the control and the benefits from the revenue have transferred to the Fund and is recognised gross of any taxes.

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

3. Significant accounting policies (continued)

(g) Income tax

Income tax for the year comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in members' funds in which case it is recognised directly in statement of changes in member benefits.

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

Deferred tax is accounted for using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Fund expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset and the net amount presented in the statement of financial position when and only when, the Fund currently has a legally enforceable right to offset the amounts and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or either the same taxable entity or different taxable entities that intends either to settle them on a net basis.

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income.

The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Trustee and are properly payable by the Fund.

4. New and amended standards adopted by the Fund

AASB 9 *Financial Instruments* became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139.

To the extent that AASB 9 is applicable to the Fund, it has been applied retrospectively without the use of hindsight. The adoption did not result in a change to the classification or measurement of financial instruments, including from the application of the new expected credit loss impairment model, in either the current or comparative period as all financial assets and liabilities, with the exception of member liabilities and tax assets and liabilities, remain at fair value through profit or loss in accordance with AASB 1056.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

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

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

5. Fair values of financial instruments

	2019	2018
	\$	\$
<i>Units in unlisted managed investment schemes</i>		
Vanguard High Growth Index Fund	<u>31,702,981</u>	<u>28,274,222</u>
	<u>31,702,981</u>	<u>28,274,222</u>

Classification of financial instruments under the fair value hierarchy

AASB 1056 requires investments to be measured at fair value. The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs that are significant to the determination of fair value.

	Valued at quoted market price (Level 1)	2019 Valuation techniques - market observable inputs (Level 2)	Valuation techniques - Non-market observable inputs (Level 3)
Units in managed investment schemes	<u>-</u>	<u>31,702,981</u>	<u>-</u>
	<u>-</u>	<u>31,702,981</u>	<u>-</u>
	Valued at quoted market price (Level 1)	2018 Valuation techniques - market observable inputs (Level 2)	Valuation techniques - Non-market observable inputs (Level 3)
Units in managed investment schemes	<u>-</u>	<u>28,274,222</u>	<u>-</u>
	<u>-</u>	<u>28,274,222</u>	<u>-</u>

6. Changes in fair values

	2019	2018
	\$	\$
(a) Investments held at the end of the financial year		
Units in managed investment schemes	<u>1,492,448</u>	<u>1,441,945</u>
	<u>1,492,448</u>	<u>1,441,945</u>
(b) Investments realised during the financial year		
Units in managed investment schemes	<u>(259,567)</u>	<u>(302,896)</u>
	<u>(259,567)</u>	<u>(302,896)</u>
Total changes in fair value of investments	<u>1,232,881</u>	<u>1,139,049</u>

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

7. Income Tax Expense

	2019 \$	2018 \$
(a) Recognised in the income statement		
Current tax expense		
Current year	<u>347,443</u>	53,287
	347,443	53,287
Deferred tax expense		
Movement in temporary differences	(44,305)	255,477
Prior year adjustment	-	<u>194,765</u>
Total income tax expense	<u>303,138</u>	<u>503,529</u>

(b) Numerical reconciliation between tax expense and profit before income tax

	2019 \$	2018 \$
Profit from operating activities	2,935,037	3,528,967
Income tax at the complying superannuation fund tax rate of 15%	440,256	529,345
Non assessable investment income	(137,118)	(220,581)
Prior year tax adjustment	-	<u>194,765</u>
Income tax expense	<u>303,138</u>	<u>503,529</u>

(c) Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	Asset		Liability		Net Liability	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Unrealised gains in investments	-	-	(285,111)	(329,416)	(285,111)	(329,416)
	-	-	(285,111)	(329,416)	(285,111)	(329,416)

Movement in temporary differences during the year

	Opening Balance		Recognised in income/(expense)		Closing Balance	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Unrealised gains in investments	(329,416)	(73,939)	44,305	(255,477)	(285,111)	(329,416)
	(329,416)	(73,939)	44,305	(255,477)	(285,111)	(329,416)

	2019 \$	2018 \$
(d) Recognised in the statement of changes in member benefits		
Contributions and transfers in recognised in the statement of changes in member benefits	<u>13,002,075</u>	13,597,849
	13,002,075	13,597,849
Income tax at the complying superannuation fund tax rate of 15%	1,950,311	2,039,677
Non assessable contributions	(1,495,542)	(1,590,795)
Other	9,401	<u>(6,746)</u>
Total	<u>464,170</u>	<u>442,136</u>

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

8. Operating Expenses Payable

	2019	2018
	\$	\$
Administration	17,472	19,500
Trustee	11,493	5,377
Expense recovery	49,774	48,487
Group life insurance premium payable	8,736	7,464
Marketing	18,473	8,251
Promoter	2,484	2,446
Custodian	3,333	4,024
PAYG Withholding	6,074	2,681
GST Payable	-	6,674
	<u>117,839</u>	<u>104,904</u>

Note: Please see Note 12 Related Parties for further details on expense recovery.

9. Member liabilities and funding arrangements

(a) Member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contributions member liabilities are measured as the amount of member balances as at the reporting date.

Defined contribution members bear the investment risk relating to the underlying assets of the Fund.

Unit prices are updated on a daily basis for movements in investment markets.

	2019	2018
	\$	\$
Member benefits	76,794,505	75,284,024
Unallocated amount	148,212	91,841
Reserves	313,597	283,706
Net assets available for member benefits	<u>77,256,314</u>	<u>75,659,571</u>

(b) Funding arrangements

Members' contributions were made in accordance with the requirements of the Trust Deed pursuant to applications contained in the Product Disclosure Statement on issue by the Trustee during the year.

(c) Reserves

Under APRA Prudential Standards SPS 114: Operational Risk Financial Requirements (ORFR), the Trustee must establish and maintain an operational risk financial requirement reserve. The Trustee has set a reserve of 0.25% (2018: 0.30%) of net assets. The reserve has met the target amount.

	2019	2018
	\$	\$
Operational Risk Financial Requirement Reserve	<u>313,597</u>	<u>283,706</u>

10. Auditor's Remuneration

	2019	2018
	\$	\$
Audit services paid or payable		
<i>UHY Haines Norton:</i>		
- Audit and review of financial statements and APRA returns	34,320	33,660
- Tax compliance services	7,700	2,200
<i>Deloitte Australia</i>		
- Audit of Risk Management Strategy & Compliance with Prudential Standards	2,640	2,750
	<u>44,660</u>	<u>38,610</u>

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

11. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and cash at bank. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2019 \$	2018 \$
Cash and cash equivalents	<u>10,025,389</u>	<u>11,708,788</u>

(b) Reconciliation of cash flows from operating activities

Loss after income tax	(399,935)	(221,509)
Adjustments for:		
Increase in assets measured at fair value	(4,601,855)	(3,961,101)
Allocation to members accounts	3,031,834	3,246,947
Decrease in deferred tax assets	-	36,780
Increase in other receivables	(6,591)	(16,668)
Decrease in investment income receivable	662,772	149,256
(Decrease)/Increase in tax liabilities	(172,901)	186,216
Increase in operating expenses payable and investments in transit	582,271	38,087
Net cash used in operating activities	<u>(904,405)</u>	<u>(541,992)</u>

12. Related Parties

(a) Fund Administrator, Promoter and Sub-Promoters of the Fund

The Fund Administrator receives fees in accordance with the provisions of an Administration Agreement with the Trustee. Total administration fees paid to Mainstream Superannuation Services Pty Ltd were \$238,164 (2018: \$215,329).

The Promoter is responsible for the general marketing and sales functions for the Fund and is paid a fee agreed with the Trustee based on a percentage of the assets of the Fund on an annual basis. Total promoter fees paid to Mainstream Superannuation Services Pty Ltd were \$29,184 (2018: \$16,821).

The Promoter also pays some of the running costs of the Fund, including audit fees, custody fees, legal fees and asset consulting fees. These costs are subsequently reimbursed by CUBS fund members via expense recovery and/or recovered from the sub-promoters. The expense recovery fees during the year 2019 were \$115,225 (2018: \$64,615) out of which \$49,774 is shown as a payable under Note 8 – Operating Expenses Payable.

The Sub-Promoters of the Fund are QUDOS Mutual Limited, Defence Bank Limited, Victoria Teachers Limited (trading as Bank First), Hunter United Employees' Credit Union Ltd, Beyond Bank Australia and Greater Bank Limited.

(b) Trustee and key management personnel

The Trustee of the Fund during the reporting period was Equity Trustees Superannuation Limited (ABN 50 055 641 757, AFSL 229757, RSE L0001458).

Key management personnel include persons who were directors of the Trustee at any time during the reporting period and the issue date of the financial statements as follows:

Mr Michael O'Brien (Managing Director)

Ms Catherine Robson (Non-Executive Director)

Mr Anthony Jude Lally (Non-Executive Director and Chairman)

Mr Ellis Varejes (Non-Executive Director)

Mr Mark Blair (Executive Director)

Ms Susan Granville Everingham (Non-Executive Director, effective from 15 February 2019)

Mr Paul Douglas Rogan (Non-Executive Director, effective from 27 August 2019)

None of the directors were members of the Fund.

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

12. Related Parties (continued)

Other transactions with key management personnel of Equity Trustees Superannuation Limited

Apart from those details disclosed in this note, no key management personnel of Equity Trustees Superannuation Limited have entered into a contract for services with the Fund since the end of the previous financial year and there were no contracts involving Equity Trustees Superannuation Limited at year end.

Equity Trustees Superannuation Limited as Trustee

The Trustee's fee is 0.11% (inclusive of GST) per annum of the market value of the Fund calculated and payable monthly in arrears. The Trustee expenses for trustee services in 2019 were \$80,210 (2018: \$79,731) out of which \$80,210 was paid by CUBS Superannuation Fund and \$nil was paid by the Greater Bank Limited.

At balance date 30 June 2019 there was \$11,493 payable to the Trustee by the Fund (2018: \$5,377).

Equity Trustees Limited as Custodian

The custodian of the Fund is Equity Trustees Limited. The custody fee expense during the financial year 2019 was \$40,000 (2018: \$40,000) which was paid by the Fund. The amount recovered by the Promotor was \$5,477 which is disclosed in the Income Statement under 'Investment expenses' (2018: \$4,922).

(c) Other related party transactions

All Trustee transactions with related parties are conducted on normal commercial terms and conditions, or pursuant to normal membership terms and conditions.

13. Financial Risk Management

Overview

This note presents information about the Fund's exposure to risk and the Fund's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Fund's risk management strategy. The risk management strategy forms part of the Trustee's Risk Management Framework, and is designed to identify and analyse the risks faced by the Fund, including those risks managed by fund managers and administrators, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Trustee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

The Fund's assets principally consist of units in collective investment vehicles such as unitised investments; cash and fixed interest. The Trustee has determined this type of investment is appropriate for the Fund and is in accordance with the Fund's published investment strategy.

The Fund's investing activities expose it to the following risks:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other market price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund's exposure to currency risk was limited to the Fund's investment in the Vanguard High Growth Index Fund. The Fund Manager may use derivatives to manage actual and anticipated currency risk. Derivatives are not used for speculative purposes.

Sensitivity analysis - currency risk

There is no direct currency risk in this Fund. Sensitivity analysis is not used to measure currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial instruments are interest-bearing with cash and cash equivalents being directly subject to interest rate risk. Any excess cash and cash equivalents above immediate working capital requirements are invested in accordance with the member's investment strategy. As a result, the Fund is subject to exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

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

13. Financial Risk Management (continued)

Interest rate risk (continued)

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	2019	2018
	\$	\$
<i>Interest bearing instruments</i>		
Cash and cash equivalents	<u>10,025,389</u>	<u>11,708,788</u>

Sensitivity analysis - interest rate risk

An increase/decrease of 100 basis points in interest rates as at the reporting date would have increased/ (decreased) the change for the year in net assets attributable to pay benefits and profit or loss from operating activities by the amounts shown below:

Effect	Carrying amount \$	Change for the year in net assets available to pay member benefits		Net assets available to pay member benefits	
		-100bps \$	+100bps \$	-100bps \$	+100bps \$
30 June 2019					
Cash & cash equivalents	<u>45,779,257</u>	<u>(457,793)</u>	<u>457,793</u>	<u>45,321,464</u>	<u>46,237,050</u>
30 June 2018					
Cash & cash equivalents	<u>46,579,717</u>	<u>(465,797)</u>	<u>465,797</u>	<u>46,113,920</u>	<u>47,045,514</u>

Other market price risk

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As all of the Fund's financial instruments are carried at net market value with changes recognised in the Operating Statement, therefore all changes in market conditions affecting net market value will be recognised in the Operating Statement. Investments of the Fund (other than cash held for operating purposes) principally consist of units in Vanguard High Growth Index Fund. The Fund's exposure to other market price risk is therefore limited to the market price movement of these investments.

Sensitivity analysis - other market price risk

A probable increase of 10% in the market price against the Fund's investments held at 30 June would have increased the change for the year in net assets available to pay benefits and net assets available to pay benefits by the amounts shown below. The analysis is undertaken on the same basis as 2018, however it is not guaranteed. The Trustee recommends that members' obtain independent investment advice before making their investment decision.

Effect	%	Carrying amount \$	Change for the year in net assets available to pay member benefits		Net assets available to pay member benefits	
			Decrease \$	Increase \$	\$	\$
30 June 2019						
Investments held	10	<u>31,702,981</u>	<u>(3,170,298)</u>	<u>3,170,298</u>	<u>28,532,683</u>	<u>34,873,279</u>
30 June 2018						
Investments held	10	<u>28,274,222</u>	<u>(2,827,422)</u>	<u>2,827,422</u>	<u>25,446,800</u>	<u>31,101,644</u>

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

13. Financial Risk Management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the fund. The Trustee of the fund has adopted the policy of spreading the aggregate value of transactions concluded amongst approved counterparties with appropriate credit qualities, as a means of mitigating the risk of financial loss. The Fund's exposure and the credit ratings of its counterparties are continuously monitored by the trustee.

Credit risk arising on investments is mitigated by investing primarily in rated instruments or instruments issued by rated counterparties of credit ratings of at least 'AA' or better as determined by Standard and Poor's. Credit risk associated with contributions receivable and other receivables is considered minimal.

The Fund does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The table below shows the maximum exposure to credit risk at the reporting date for each of the counterparties. It is the opinion of the Trustee that the carrying amount of these financial assets represent the maximum credit risk exposure at the balance sheet date. There were no significant concentrations of credit risk to counterparties.

The Fund's financial assets exposed to credit risk amounted to the following:

<i>Effect</i>	2019 \$	2018 \$
CUBS Superannuation Fund - Cash	2,278,567	2,476,544
Greater Bank - Cash	7,746,822	9,232,244
Hunter Credit Union Super Cash Investment Pool	545,629	583,083
Hunter Credit Union Super Fixed Interest	410,522	439,138
Qudos Bank Super Cash Investment Pool	6,805,131	6,946,488
Qudos Bank Super Fixed Interest	7,955,692	8,182,296
Defence Bank Super Cash Investment Pool	6,118,706	5,366,194
Defence Bank Super Fixed Interest	7,430,432	6,341,499
Vic Teachers Mutual Bank Super Cash Investment Pool	526,384	527,666
Vic Teachers Mutual Bank Super Fixed Interest	942,407	918,982
Beyond Bank Super Cash Investment Pool	323,328	371,895
Beyond Bank Super Fixed Interest	354,870	405,488
Term Deposits	4,340,767	4,788,200
Units in managed investment schemes	31,702,981	28,274,222
Investment income receivables	128,433	87,456
Other receivables	636,068	1,298,840
	78,246,739	76,240,235

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's Trust Deed and Product Disclosure Statement provides for a thirty day (30) waiting period for the withdrawal of benefits and it is therefore exposed to the liquidity risk of meeting members withdrawals at any time.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

<i>Effect</i>	Carrying amount \$	Contractual cash flows \$	Less than 1 month \$	Greater than 1 month \$	30 days at call \$
30 June 2019					
Operating expenses payable	117,839	117,839	117,839	-	-
Investments in transit	570,607	570,607	570,607	-	-
Current tax liabilities	38,712	38,712	-	38,712	-
Member liabilities	76,794,505	76,794,505	-	-	76,794,505
	77,521,663	77,521,663	688,446	38,712	76,794,505
30 June 2018					
Operating expenses payable	104,904	104,904	104,904	-	-
Current tax liabilities	167,308	167,308	-	167,308	-
Member liabilities	75,284,024	75,284,024	-	-	75,284,024
	75,556,236	75,556,236	104,904	167,308	75,284,024

Vested benefits (refer note 9) have been included in the 30 days at call column, as this is the maximum amount of time that members are allowed to wait to receive their benefit.

14. Significant events after balance date

There have been no significant events since the end of the reporting period and the date of this report that would have an impact on the financial position of the Fund or on the results of its operations, or the state of affairs of the Fund in future years.

CUBS Superannuation Fund Trustee's Declaration

In the opinion of the Directors of Equity Trustees Superannuation Limited (ABN 50 055 641 757, RSE Licence No. L0001458), the Trustee of the CUBS Superannuation Fund:

- (i) The accompanying financial statements of the CUBS Superannuation Fund are properly drawn up to present fairly the Financial Position of the Fund as at 30 June 2019 and the results of its operations and cash flow for the year ended; and
- (ii) The operation of the CUBS Superannuation Fund has been carried out in accordance with its Trust Deed , as amended and in compliance with;
 - The requirements of the Supervision Industry (Supervision) Act 1993 and Regulations;
 - applicable sections of the *Corporations Act 2001* and Regulations;
 - the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001; and
- (iii) The accompanying financial statements have been drawn up in accordance with Accounting Standards and the Trust Deed as amended.

Signed in accordance with a resolution of the directors of the Trustee Company, Equity Trustees Superannuation Limited ABN 50 055 641 757.



Signed this 24th day of September 2019.

Part 1 - Independent Auditor's report on financial statements

CUBS Superannuation Fund ABN – 90 120 177 925

Report by the RSE Auditor to the trustee and members

Opinion

We have audited the financial statements of CUBS Superannuation Fund for the year ended 30 June 2019 as set out on pages 1 to 16 attached.

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

Basis for Opinion

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

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

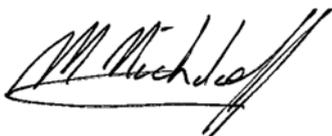
In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or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

Auditor's Responsibilities for the Audit of the Financial Statements

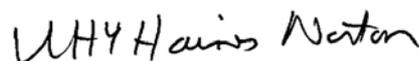
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercised professional judgement and maintained professional scepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our auditor opinion. Our auditor conclusions are based on the audit evidence obtained up to the date of our 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 we identified during our audit.



Mark Nicholaeff
Partner
Sydney 24 September 2019



UHY Haines Norton
Chartered Accountants

Part 2 – Independent Auditor’s report on APRA reporting forms and Reasonable Assurance report on compliance

(A) APRA reporting forms required under reporting standards (SPS 310, Attachment A)

Independent auditor’s report to the trustee of CUBS Superannuation Fund ABN – 90 120 177 925 on forms required under APRA reporting standards:

<i>SRF 114.1</i>	<i>Operational Risk Financial Requirement;</i>
<i>SRF 320.0</i>	<i>Statement of Financial Position;</i>
<i>SRF 330.0</i>	<i>Statement of Financial Performance;</i>
<i>SRF 530.0</i>	<i>Investments; and</i>
<i>SRF 531.0</i>	<i>Investment Flows</i>

Opinion

In our opinion:

- (a) the relevant forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, the financial position of CUBS Superannuation Fund as at 30 June 2019 and its performance for the year then ended, as reflected in the RSE’s financial statements signed on 24 September 2019 or accounting records with regard to other information that was not directly derived from the financial statements; and
- (b) the trustee of CUBS Superannuation Fund has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms.

Basis for Opinion

Our reasonable assurance engagement has been conducted in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for forms required by APRA reporting standards* section of our report. We are independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our reasonable assurance engagement on the APRA reporting forms in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the trustee for forms required by APRA reporting standards

The RSE's trustee is responsible for the preparation and lodgement of the forms (**APRA reporting forms**) required by reporting standards made under the *Financial Sector (Collection of Data) Act 2001*, as listed in Attachment A to *Prudential Standard SPS 310 Audit and Related Matters (APRA reporting standards)* and for such internal controls as the trustee determines to be necessary to enable the preparation of the APRA reporting forms free from material misstatement, whether due to fraud or error.

In preparing the APRA reporting forms, 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.

The APRA reporting forms have been prepared for the purposes of fulfilling the trustee's reporting requirements under the APRA reporting standards.

Auditor's Responsibilities for forms required by APRA reporting standards

Our objectives are to obtain reasonable assurance on whether the APRA reporting forms required by the APRA reporting standards are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that a reasonable assurance engagement 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 APRA reporting forms.

We have conducted a reasonable assurance engagement on the following APRA reporting forms:

<i>SRF 114.1</i>	<i>Operational Risk Financial Requirement;</i>
<i>SRF 320.0</i>	<i>Statement of Financial Position;</i>
<i>SRF 330.0</i>	<i>Statement of Financial Performance;</i>
<i>SRF 530.0</i>	<i>Investments; and</i>
<i>SRF 531.0</i>	<i>Investment Flows.</i>

of CUBS Superannuation Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2019.

We have conducted a reasonable assurance engagement on the APRA reporting forms in order to express an opinion on them to the trustee of CUBS Superannuation Fund.

We have also performed a reasonable assurance engagement on the financial statements of CUBS Superannuation Fund for the year ended 30 June 2019. Our auditor's opinion on the financial statements was signed on 24 September 2019 and was not modified.

As part of a reasonable assurance engagement in accordance with the Australian Auditing Standards, we exercised professional judgment and maintained professional scepticism throughout the reasonable assurance engagement. We also:

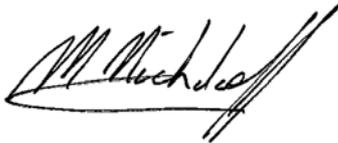
- Identified and assessed the risks of material misstatement in the relevant forms, whether due to fraud or error, designed and performed reasonable assurance procedures responsive to those risks, and obtained evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 reasonable assurance engagement in order to design 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 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 we conclude that a material uncertainty exists, we are required to draw attention in our reasonable assurance report to the related disclosures in the relevant forms or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the evidence obtained up to the date of our reasonable assurance 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 relevant forms, including the disclosures, and whether the relevant forms 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 reasonable assurance engagement and significant findings, including any significant deficiencies in internal control that we identified during our reasonable assurance engagement.

Emphasis of Matter – Restriction on use and distribution

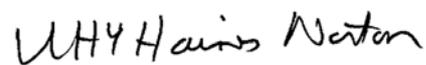
We draw to the readers' attention that the APRA reporting forms have been prepared for the purpose of fulfilling the trustee's reporting responsibilities under the APRA reporting standards. As a result, they may not be suitable for another purpose. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). We disclaim any assumption of responsibility for

any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

Our opinion is not modified in respect of this matter.



Mark Nicholaeff
Partner
Sydney 24 September 2019



UHY Haines Norton
Chartered Accountants

(B) Compliance

Independent Assurance Practitioner's report to the trustee of CUBS Superannuation Fund ABN – 90 120 177 925

Opinion

We have performed a reasonable assurance engagement to provide an opinion in relation to the trustee's compliance with applicable provisions under the *Superannuation Industry (Supervision) Act 1993* (SIS Act), *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations), APRA reporting standards, *Corporations Act 2001* (Corporations Act) and *Corporations Regulations 2001* (Corporations Regulations) for the year ended 30 June 2019.

In our opinion, the trustee of CUBS Superannuation Fund has complied, in all material respects with:

- a) The requirements of the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified below for the year ended 30 June 2019; and
- b) The requirement to maintain an operational risk reserve at the required target amount in accordance with its ORFR strategy.

Basis for Opinion

We conducted the engagement in accordance with the Standard on Assurance Engagements *ASAE 3100 Compliance Engagements* issued by the Auditing and Assurance Standards Board.

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

Trustee's responsibility for compliance

The RSE's trustee is responsible for complying with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, the Corporations Act and Corporations Regulations and the conditions of its RSE licence.

The RSE's trustee is responsible for identifying, designing and implementing controls to enable compliance with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, the Corporations Act and Corporations Regulations and the conditions of its RSE licence and to monitor ongoing compliance.

The trustee is responsible, under *Prudential Standard SPS 114 Operational Risk Financial Requirement (SPS 114)*, for maintaining financial resources at the required target amount in accordance with its Operational Risk Financial Requirement (ORFR) strategy. The financial resources held to meet the

ORFR target amount must be held either as:

- (a) an operational risk reserve within an RSE;
- (b) operational risk trustee capital held by the RSE licensee; or
- (c) a combination of both an operational risk reserve held within an RSE and operational risk trustee capital held by the RSE licensee.

Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and our firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information*, and *Other Assurance Engagements* in undertaking this assurance engagement.

Independent Assurance Practitioner's responsibilities

Our responsibility is to express an opinion on the trustee's compliance in all material respects with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, Corporations Act and Corporation Regulations based on the reasonable assurance engagement. Our reasonable assurance engagement has been conducted in accordance with ASAE 3100 *Compliance Engagements*. This Standard requires that we comply with relevant ethical requirements and plan and perform our procedures to obtain reasonable assurance whether the trustee of CUBS Superannuation Fund has, in all material respects:

- (a) complied with the relevant requirements of the following provisions (to the extent applicable) of the SIS Act and SIS Regulations:
Sections 29VA, 35A, 65, 66, 67, 95, 97, 98, 99F, 101, 105, 106, 109, 117, 154 and 155(2);
Regulations 3.10, 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 13.14, 13.17, 13.17A;
- (b) complied with the APRA reporting standards that are subject to reasonable assurance (to the extent applicable);
- (c) complied with the relevant requirements of the following provisions of the Corporations Act and Corporation Regulations (to the extent applicable):
Sections 1012B, 1012F, 1012H(2), 1012I, 1013B, 1013D, 1013K(1), 1013K(2), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017BA, 1017C(2), 1017C(3), 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3), 1017E(4), 1020E(8) and 1020E(9);
Regulations 7.9.07Q–7.9.07W, 7.9.11K, 7.9.11N, 7.9.11O, 7.9.11P, 7.9.11Q, 7.9.32(3), 7.9.48B, 7.9.48C and 7.9.48D; and
- (d) complied with the requirement to prepare the respective forms required by the APRA reporting standards;

for the year ended 30 June 2019.

Our responsibility is also to express an opinion on the trustee's compliance with their ORFR strategy with respect to maintaining an operational risk reserve at the required target amount for the year ended 30 June 2019.

Our procedures in relation to SIS Section 155(2) included assessing the trustee's controls in place to monitor compliance with Section 155(2). These procedures did not include testing the trustee's methodology used to calculate the issue or redemption price.

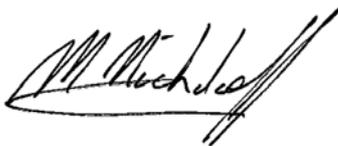
Inherent limitations

Due to the inherent limitations of any evidence gathering procedures and the internal control framework, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above, as the reasonable assurance engagement is not performed continuously throughout the year and the procedures performed in respect of compliance with the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above are undertaken on a test basis.

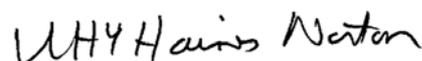
Other Matter – Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). We disclaim any assumption of responsibility for any reliance on this report to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

Our opinion is not modified in respect of this matter.



Mark Nicholaeff
Partner
Sydney 24 September 2019



UHY Haines Norton
Chartered Accountants

Part 3 – Independent Auditor’s report on APRA reporting forms and Limited Assurance report on APRA compliance

(B) Controls and Compliance

Independent Assurance Practitioner’s Limited Assurance report to the trustee of CUBS Superannuation Fund ABN – 90 120 177 925

Conclusion

We have performed a limited assurance engagement under the reporting requirements specified in Australian Prudential Regulation Authority (APRA) *Prudential Standard SPS 310 Audit and Related Matters (SPS 310)*, as described in the Scope section, paragraph *Part B*, of this report.

Part B - the trustee’s systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards

Based on the procedures we performed and evidence we obtained, nothing has come to our attention that causes us to believe that, in all material respects, the trustee did not have in place suitably designed systems, procedures and controls that operated effectively throughout the year ended 30 June 2019 to provide reliable data to APRA as required under the APRA reporting standards.

Basis for Conclusion

We conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Matter – Restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). We disclaim any assumption of responsibility for any reliance on this report to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

Our conclusion is not modified in respect of this matter.

Trustee’s responsibility for controls and compliance

The trustee of CUBS Superannuation Fund is responsible for:

- (a) the trustee’s systems, procedures and internal controls that are designed to ensure that the trustee has complied with all applicable prudential requirements, to provide reliable data to APRA as required by the APRA reporting standards, and has operated effectively throughout the year ended 30 June 2019;

- (b) the trustee's compliance with its risk management framework, including identification and implementation of controls which will mitigate those risks that prevent the compliance requirements identified above being met and monitor ongoing compliance.

Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and our firm applies Auditing Standard *ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Independent Assurance Practitioner's responsibilities

Our responsibility is to perform a limited assurance engagement as required by SPS 310, described in *Scope* paragraph *Part B* of this report, and to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our limited assurance engagement has been conducted in accordance with applicable AUASB Standards on Assurance Engagements, including ASAE 3100 *Compliance Engagements* and ASAE 3150 *Assurance Engagements on Controls*, in order to express a limited assurance conclusion as described in *Scope* paragraph *Part B* of this report. We have complied with the independence and other relevant ethical requirements relating to a limited assurance engagements.

The procedures we performed were based on our professional judgment and included enquiries of the trustee personnel and observation of material control procedures performed; inspection of documents; walk-throughs of material control procedures and evaluating the effectiveness of material control procedures throughout the year.

Our reasonable and limited assurance engagements on the APRA reporting forms required under SPS 310 are directed towards obtaining sufficient appropriate evidence to form an opinion and conclusion under the appropriate prudential requirements. These procedures were not designed to enable us to conclude on other matters required by the APRA Prudential Standards. We have therefore performed assurance procedures in order to meet our responsibilities in relation to the design and operating effectiveness of material controls and compliance with specific requirements under the prudential requirements.

Inherent Limitations

A limited assurance engagement is substantially less in scope as the procedures performed vary in nature and timing from a reasonable assurance engagement conducted in accordance with AUASB Standards on Assurance Engagements. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control

structure, within which the controls that we have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

Furthermore, projections of any evaluation of internal control procedures or compliance measures to future periods are subject to the risk that control procedures may become inadequate because of changes in conditions, or that the degree of compliance may deteriorate. Consequently, there are inherent limitations on the level of assurance that can be provided.

Accounting records and data relied on for prudential reporting and compliance are not continuously audited and do not necessarily reflect accounting adjustments necessary for end of reporting period financial report preparation, or events occurring after the end of the reporting period.

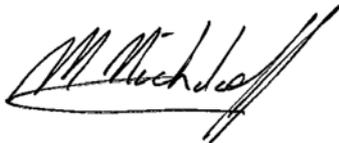
The conclusions in this report expressed below are to be read in the context of the foregoing comments.

Scope

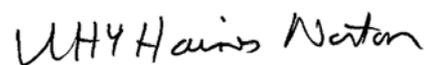
Part B - the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards

The procedures we have performed as listed below were considered necessary in relation to the trustee's systems, procedures and controls, for the year ended 30 June 2019, to ensure that, in all material respects, reliable data is provided, as required by the APRA reporting standards.

Through enquiries, observation and walk-throughs of material control procedures, the evidence we obtained is sufficient and appropriate to provide a basis for our conclusion.



Mark Nicholaeff
Partner
Sydney 24 September 2019



UHY Haines Norton
Chartered Accountants