

ING Superannuation Fund

**Financial Statements for the year ended
30 June 2021**

ING Superannuation Fund

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ING Superannuation Fund
STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	<i>Note</i>	2021 \$'000	2020 \$'000
		<u> </u>	<u> </u>
Assets			
Cash and cash equivalents			
Cash and cash equivalents	12	378,332	384,362
Investments			
Term deposits	4	132,253	182,860
Australian equities	4	444,019	318,010
Unlisted unit trusts	6	2,154,194	1,827,583
Receivables			
Investment income receivable		3,809	2,964
Unsettled investment sales		1,407	2,194
Trade and other receivables		1	1
Distribution receivables	4	<u>116,946</u>	<u>56,473</u>
TOTAL ASSETS		3,230,961	2,774,447
Liabilities			
Trade and other payables		1,774	2,311
Unsettled investment purchases		1,077	1,204
Current tax liabilities		16,801	10,278
Deferred tax liabilities	10	<u>32,071</u>	<u>3,042</u>
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS		51,723	16,835
NET ASSETS AVAILABLE FOR MEMBER BENEFITS		3,179,238	2,757,612
Member liabilities	7	<u>3,165,089</u>	<u>2,745,210</u>
TOTAL NET ASSETS		<u>14,149</u>	<u>12,402</u>
Equity			
Operational risk reserve	9	9,781	8,036
Unallocated surplus	7	<u>4,368</u>	<u>4,366</u>
TOTAL EQUITY		<u>14,149</u>	<u>12,402</u>

The statement of financial position should be read in conjunction with the accompanying notes.

ING Superannuation Fund
INCOME STATEMENT
For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Superannuation Activities			
Revenue			
Interest revenue		3,284	5,429
Dividends		10,585	9,500
Distributions		129,106	74,780
Other investment income		5,905	5,198
Net changes in fair value of investments	5	<u>324,337</u>	<u>(150,423)</u>
TOTAL REVENUE		473,217	(55,516)
Less expenses			
Investment Expenses		<u>(6,128)</u>	<u>(4,828)</u>
TOTAL EXPENSES		(6,128)	(4,828)
RESULTS FROM SUPERANNUATION ACTIVITIES BEFORE INCOME TAX EXPENSE			
		467,089	(60,344)
Income tax (expense)/benefit	10	<u>(36,997)</u>	<u>12,430</u>
RESULTS FROM SUPERANNUATION ACTIVITIES AFTER INCOME TAX EXPENSE		430,092	(47,914)
Less: net benefits allocated to defined contribution members		<u>(430,091)</u>	<u>47,914</u>
OPERATING RESULT AFTER INCOME TAX		<u><u>-</u></u>	<u><u>-</u></u>

The income statement should be read in conjunction with the accompanying notes.

ING Superannuation Fund

STATEMENT OF CHANGES IN MEMBER BENEFITS

For the year ended 30 June 2021

		2021	2020
	<i>Note</i>	\$'000	\$'000
OPENING BALANCE OF MEMBER BENEFITS AS AT 1 JULY	7	2,745,210	2,843,744
Contributions:			
Employer contributions		213,987	207,659
Member contributions		43,731	37,288
Transfers in from other superannuation funds		99,348	162,822
Income tax on contributions	10	(30,739)	(29,543)
NET AFTER TAX CONTRIBUTIONS		326,327	378,226
Benefits paid to members		(315,753)	(406,064)
Insurance premiums charged to member's accounts		(11,741)	(12,335)
Death and disability benefits credited to members accounts		6,448	6,279
Reserve transferred to/(from) members			
Operational Risk Reserve		(285)	(2,024)
Net benefits allocated comprising:			
Net Investment income		430,091	(47,914)
Administration fees	11	(15,208)	(14,702)
CLOSING BALANCE OF MEMBER BENEFITS AS AT 30 JUNE	7	3,165,089	2,745,210

The statement of changes in member benefits should be read in conjunction with the accompanying notes

ING Superannuation Fund
STATEMENT OF CHANGES IN RESERVES
For the year ended 30 June 2021

	Operational Risk Reserve \$'000	Unallocated Surplus \$'000	Total Equity \$'000
Opening balance as at 1 July 2020	8,036	4,366	12,402
Net transfers to/(from) reserves	1,745	2	1,747
Closing balance as at 30 June 2021	9,781	4,368	14,149
Opening balance as at 1 July 2019	6,359	4,280	10,639
Net transfers to/(from) reserves	1,677	86	1,763
Closing balance as at 30 June 2020	8,036	4,366	12,402

The statement of changes in reserves should be read in conjunction with the accompanying notes.

ING Superannuation Fund
STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

	<i>Note</i>	2021	2020
		\$'000	\$'000
Cash Flows From Operating Activities			
Interest received		3,911	6,725
Dividends and distributions received		9,113	9,405
Other income received		(223)	370
Group life insurance proceeds		6,448	6,280
Group life insurance premiums		(11,741)	(12,335)
General administration expenses		(14,284)	(15,262)
Income tax (paid)/received		(1,445)	1,860
Net Cash Inflow/(Outflow) From Operating Activities	13 (a)	(8,221)	(2,957)
Cash Flows From Investing Activities			
Proceeds from sale of investments			
Term deposits		245,268	325,228
Australian equities		237,781	235,828
Unlisted unit trusts		380,280	561,024
Payments for purchase of investments			
Term deposits		(194,661)	(262,335)
Australian equities		(285,897)	(266,142)
Unlisted unit trusts		(391,154)	(535,823)
Net Cash Inflow/(Outflow) From Investing Activities		(8,383)	57,780
Cash Flows From Financing Activities			
Employer contributions		213,987	207,659
Member contributions		43,731	37,288
Transfers from other funds		99,348	162,822
Benefits paid to members		(315,753)	(406,064)
Income tax paid on contributions received		(30,739)	(29,543)
Net Cash Inflow/(Outflow) From Financing Activities		10,574	(27,838)
Net Increase/(Decrease) in Cash and Cash Equivalents		(6,030)	26,985
Cash and cash equivalents at the beginning of the financial year		384,362	357,377
Cash And Cash Equivalent At The End Of The Financial Year	12	378,332	384,362

The statement of cash flows should be read in conjunction with the accompanying notes.

ING SUPERANNUATION FUND

Notes to the financial statements

For the year ended 30 June 2021

1. General information

ING Superannuation Fund (ABN 13355603448) (the "Fund") is a retail superannuation fund domiciled in Australia. The Fund is primarily involved in providing retirement benefits to its members. The Fund was constituted by a Trust Deed dated 13 June 2012 as amended.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993, the Fund is registered with the Australian Prudential Regulation Authority ("APRA") as a Registrable Superannuation Entity ("RSE") (R1074741).

The Fund is a defined contribution fund. Members have voluntarily selected to join the Fund.

The Trustee of the Fund during the reporting period was Diversa Trustees Limited (ABN 49 006 421 638) (RSE No L0000635).

The address of the Trustee's registered office is Level 9 Podium, 530 Collins Street, Melbourne.

Both the Trustee and the Fund are domiciled in Australia and registered with APRA.

These financial statements cover the Fund as an individual entity. The financial statements of the Fund were authorised for issue by the directors of the Trustee on 9 September 2021. The directors of the Trustee have the power to amend and re-issue these financial statements.

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. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the *Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS")* and the provisions of the Trust Deed.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

(b) Financial instruments

(i) Classification

The Fund's investments are classified at fair value through the income statement. They comprise:

- *Financial instruments held for trading*
Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification, however the Fund presently is not directly exposed to or involved in the use of derivative financial instruments. However, some of the underlying instruments may utilise derivative financial instruments to hedge or partially hedge specific exposures. The Fund does not enter into, hold or issue derivative financial instruments for trading purposes.
- Financial instruments designated at fair value through income statement upon initial recognition.
These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity investments, unlisted trusts and commercial papers.

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

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

2. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition/de-recognition

Financial assets and 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 de-recognised 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 are measured at fair value through the income statement. 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.

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from investing activities.

(d) Revenue recognition

Interest revenue 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. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b) to the financial statements.

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

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses arise from the settlement of such transactions and from the translations at year end exchange rates of monetary items denominated in foreign currencies.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at balance date. Translation differences on assets and liabilities carried at fair value and reported in the income statement on a net basis within net changes in fair value of financial instruments.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

2. Summary of significant accounting policies (continued)

(f) Receivables

Receivable amounts (e.g. dividends, distributions, interests) are generally received within 30 days of being recorded as receivables.

Collectability of trade receivables is reviewed regularly. Amounts which are known to be uncollectable are written off by reducing the carrying amount.

(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.

(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 the control of the contribution or transfer has transferred to the Fund. They are recognised gross of any taxes.

(j) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However certain financial instruments, for example 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.

(k) New accounting standards and interpretations

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 2020 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 July 2021, and have not been adopted in preparing these financial statements. None of these are expected to have a material impact on the financial statements of the Fund.

(l) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(m) Assessment as investment entity

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

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

The Fund product disclosure statement states its objective of providing services to members which includes investing in a diversified investment portfolio for the purpose of returns in the form of investment income and capital appreciation.

The Fund reports to its members via an annual report on a fair value basis. All investments are reported at fair value to the extent allowed by AASB 1056 in the Fund's annual report. The Fund has a documented exit strategy for all of its investments.

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

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

Details of unconsolidated entities are set out in note 19.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

3. Financial risk management

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

(a) Market Risk

(i) Price Risk

The Fund is exposed to price risk on shares in listed entities and managed investment schemes. These arise due to prices on these investments being uncertain in the future.

The Trustee mitigates price risk through diversification and a careful selection of securities. Compliance with the IGF and supporting investment guidelines are monitored by the Trustee on a regular basis.

At 30 June, the fair value of investments exposed to price risk were as follows:

	2021	2020
	\$'000	\$'000
Australian equities	444,019	318,010
Unlisted unit trusts	2,154,194	1,827,583
Net exposure to price risk	<u>2,598,213</u>	<u>2,145,593</u>

The value for unlisted unit trusts includes investments in the cash option for both 2021 \$132,479,015 and 2020 \$397,262,621.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

3. Financial risk management (continued)

(a) Market Risk (continued)

(ii) 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.

At 30 June 2021

	Floating interest rate \$'000	Fixed Interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Cash and Cash Equivalents	378,332	-	-	378,332
Term Deposits	-	132,253	-	132,253
	378,332	132,253	-	510,585

At 30 June 2020

	Floating interest rate \$'000	Fixed Interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Cash and Cash Equivalents	384,362	-	-	384,362
Term Deposits	-	182,860	-	182,860
	384,362	182,860	-	567,222

(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.

Impact on operating position/Net Assets attributable to members

	Price Risk		Interest rate risk	
	-15% MSCI Index \$'000	+7.5% MSCI Index \$'000	-10 Basis Points \$'000	+10 Basis Points \$'000
30 June 2021	(476,886)	238,443	(3,179)	3,179
30 June 2020	(413,642)	206,821	(2,758)	2,758

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

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 financial loss to the Fund.

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

The Fund measures credit risk using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information. At 30 June 2021 and 30 June 2020, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of BBB or higher and are either callable on demand or due to be settled within one week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term.

Sensitivity analysis - credit risk

	2021	2020
	\$'000	\$'000
Cash and cash equivalents	378,332	384,362
Term deposits	132,253	182,860
Unlisted unit trusts	2,154,194	1,884,056
Interest, dividends and other receivables	122,163	5,159

(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 in accordance with relevant legislative requirements. The Trustee's policy is therefore to primarily hold investments that are traded in an active market and can be readily disposed of and converted into known amounts of cash. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange or ordinarily redeemable within a short period of time. The Fund's overall liquidity risks are monitored by the Trustee's Investment Committee at least annually, which includes reviewing results of liquidity of the investment portfolio and any consequential impact on asset allocations for a range of stressed market events taking into account potential adverse impacts on cash flows resulting from investment switching by members, rollover and benefit requests, setting foreign currency transactions and funding capital call commitments.

The liquidity position of the Fund is conditional on a number of external factors including the liquidity of the investment markets in which the Fund and the relevant legislative requirements governing members' access to their superannuation benefits.

(i) Maturities of financial liabilities

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

	Carrying amount	Less than 1 month	1 to 3 months	Greater than 3 months
	\$'000	\$'000	\$'000	\$'000
At 30 June 2021				
Trade and other payables	1,774	1,774	-	-
Current tax liabilities	16,801	-	16,801	-
Unsettled trades	1,077	1,077	-	-
Defined contribution/benefit member liabilities	3,165,089	3,165,089	-	-
Total undiscounted financial liabilities	3,184,741	3,167,940	16,801	-
	Carrying amount	Less than 1 month	1 to 3 months	Greater than 3 months
	\$'000	\$'000	\$'000	\$'000
At 30 June 2020				
Trade and other payables	2,311	2,311	-	-
Current tax liabilities	10,278	-	10,278	-
Unsettled trades	1,204	1,204	-	-
Defined contribution/benefit member liabilities	2,745,210	2,745,210	-	-
Total undiscounted financial liabilities	2,759,003	2,748,725	10,278	-

The liability for accrued benefits have been included in the less than one month column. This is the earliest date on which the Fund can be required to pay members' vested benefits, however the Trustee does not anticipate that members will call upon all amounts vested to them during this time.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

4. Fair value measurement

(a) 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:

- (i) **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- (ii) **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 Australian equities using broker quotes, units in unit trusts using the unit price provided by the underlying fund manager and term deposits using purchase price.
- (iii) **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.

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.

As at 30 June 2021

In thousands of dollars

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	378,332	-	-	378,332
Term Deposits	132,253	-	-	132,253
Australian Equities	444,019	-	-	444,019
Unlisted Unit Trusts	-	2,154,194	-	2,154,194
Unsettled investment sales	1,407	-	-	1,407
Other receivables	3,810	-	-	3,810
Distribution receivables	116,946	-	-	116,946
Total financial assets	1,076,767	2,154,194	-	3,230,961
Financial liabilities				
Other payables	1,774	-	-	1,774
Unsettled investment purchases	1,077	-	-	1,077
Tax liabilities	48,872	-	-	48,872
Total financial liabilities	51,723	-	-	51,723

As at 30 June 2020

In thousands of dollars

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	384,362	-	-	384,362
Term Deposits	182,860	-	-	182,860
Australian Equities	318,010	-	-	318,010
Unlisted Unit Trusts	-	1,827,583	-	1,827,583
Unsettled investment sales	2,194	-	-	2,194
Other receivables	2,965	-	-	2,965
Distribution receivables	56,473	-	-	56,473
Total financial assets	946,864	1,827,583	-	2,774,447
Financial liabilities				
Other payables	2,311	-	-	2,311
Unsettled investment purchases	1,204	-	-	1,204
Tax liabilities	13,320	-	-	13,320
Total financial liabilities	16,835	-	-	16,835

The unlisted unit trusts includes investment in cash option equalling \$132,479,015 in 2021 (\$397,262,621 in 2020)

Distribution for the last quarter was declared on 30 June 2021 and was not invested as at that date.

Movement between level investments in the Fair Value Hierarchy

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.

There have been no transfers between level 1 and level 2 of the fair value hierarchy during the year. There are no level 3 investments.

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.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

5. Net changes in fair value of financial instruments

Net changes in financial assets measured at fair value:

	2021	2020
	\$'000	\$'000
Investments held at the end of the reporting period		
Australian equities	63,484	(13,819)
Unlisted unit trusts	209,478	(120,323)
	<u>272,962</u>	<u>(134,142)</u>
Investments realised during the reporting period		
Australian equities	14,410	1,576
Unlisted unit trusts	36,965	(17,857)
	<u>51,375</u>	<u>(16,281)</u>
Total	<u><u>324,337</u></u>	<u><u>(150,423)</u></u>

6. Unlisted unit trusts

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

	2021	2020
	\$'000	\$'000
Cash funds	132,479	397,263
Fixed interest funds	388,485	157,956
Australian property funds	166,552	99,295
Australian equity funds	777,074	644,536
International equity funds	719,662	585,006
Floating rate funds	86,888	-
	<u>2,271,140</u>	<u>1,884,056</u>
Less: distribution receivable	116,946	56,473
	<u><u>2,154,194</u></u>	<u><u>1,827,583</u></u>

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

During the year ended 30 June 2021, total gains accrued on investments in investee funds were \$246,442,986. For the year ended 30 June 2020, total losses accrued on investments in investee funds were (\$138,179,363).

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

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

7. Member liabilities

(a) 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 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.

(b) Defined contribution member liabilities

Defined contribution member account balances are measured using valuations determined by the Trustee based on the underlying investment option values selected by members or alternatively reflect the fair value of the investments held by the members.

The defined contribution members bear the investment risk relating to the underlying investment options. Unit prices used to measure defined contribution member liabilities are updated each day for movements in investment values.

As at 30 June 2021, the net assets attributable to defined contribution members have been substantially allocated. Unallocated amounts are shown in the statement of financial position as "unallocated surplus" within equity.

	2021	2020
	\$'000	\$'000
Member benefits	3,165,089	2,745,210
Unallocated surplus	4,368	4,366
Reserves	9,781	8,036
Net assets available for member benefits	<u>3,179,238</u>	<u>2,757,612</u>

8. 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 death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the relevant 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 reasons; and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

9. Reserves

The Operational Risk Financial Reserve (ORFR) may be used in certain circumstances to address operational risk events or claims against the Fund arising from certain operational risk events. The ORFR is operated in accordance with the Operational Risk Financial Requirement Strategy. The Trustee has assessed an ORFR target amount of 0.25% of funds under management as appropriate for the Fund. The Fund achieves its ORFR target amount via an operational risk reserve in the Fund.

	2021	2020
	\$'000	\$'000
ORFR Reserve	<u>9,781</u>	<u>8,036</u>

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

10. Income Tax

This note provides an analysis of the Fund's income tax expense/(benefit) and how the tax expense/(benefit) is affected by non-assessable and non-deductible items.

(i) 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 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.

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 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.

(ii) Income tax expense

	2021	2020
	\$'000	\$'000
Current tax expense		
Tax on statement of changes in member benefits	30,739	29,543
Tax on income statement	<u>36,997</u>	<u>(12,430)</u>
Current tax expense/(benefit)	67,736	17,113
Deferred tax expense		
Movement in temporary differences	(29,029)	13,492
Under/overprovision income tax	<u>419</u>	<u>1,809</u>
Income tax expense/(benefit)	<u>39,126</u>	<u>32,414</u>

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

Operating result before income tax	<u>467,089</u>	<u>(60,344)</u>
Tax at complying superannuation fund tax rate of 15% (2020 - 15%)	70,063	(9,052)
Non-assessable investment income	(22,752)	6,593
Net imputation and foreign tax credits	(10,103)	(7,928)
Under/overprovision income tax	(419)	(1,809)
Other	<u>208</u>	<u>(233)</u>
Income tax expense/ (benefit)accrued as a result of operations	<u>36,997</u>	<u>(12,429)</u>

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

10. Income Tax (continued)

(iv) Deferred tax assets and liabilities

	2021	2020
	\$'000	\$'000
Deferred tax liabilities		
Net changes in fair value of financial instruments	<u>(32,071)</u>	(3,042)
Net deferred tax asset/(liability)	<u>(32,071)</u>	<u>(3,042)</u>

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

Contributions and transfers in recognised in the statement of changes in member benefits	20,812	(19,055)
Tax at the complying superannuation fund rate of 15%	3,122	(2,858)
Non-assessable contributions	(18,963)	(27,749)
Group Life proceeds	(967)	(942)
Non deductible benefit payments	47,363	60,910
Other	<u>183</u>	<u>182</u>
Total	<u>30,739</u>	<u>29,543</u>

11. General administration expenses

	2021	2020
	\$'000	\$'000
Promoter fees	13,753	13,083
Adviser fees	<u>1,455</u>	<u>1,619</u>
	<u>15,208</u>	<u>14,702</u>

The total amount paid to the promoter (as stated in Note 17 (d)) includes promoter fees, adviser fees and investment expenses (recorded directly in the Income Statement).

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

12. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash at bank	<u>378,332</u>	<u>384,362</u>
	<u>378,332</u>	<u>384,362</u>

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

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

	2021	2020
	\$'000	\$'000
Operating result after tax	-	-
Adjustments for:		
(Increase)/decrease in assets measured at fair value	(453,443)	75,643
(Increase)/decrease in trade and other receivables	(845)	1,201
Increase/(decrease) in trade and other payables	1,209	1,464
Increase/(decrease) in income tax payable	35,553	(10,569)
Allocation to member's accounts	430,091	(47,914)
General administration expenses	(15,493)	(16,726)
Group Life insurance proceeds	6,448	6,279
Group Life insurance premiums	(11,741)	(12,335)
Net cash inflow/ (outflow)from operating activities	<u>(8,221)</u>	<u>(2,957)</u>

14. Commitments

There are no commitments the Trustee is aware of as at the date of this report.

15. Contingent liabilities and contingent assets

There are no outstanding contingent assets or liabilities as at 30 June 2021 and 30 June 2020.

16. Events occurring after the reporting period

There is no significant event has occurred since the end of the reporting period which could impact on the financial position of the Fund as at 30 June 2021 or on the results and cashflows of the Fund for the year ended on that date.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

17. Related Party Transactions

(a) Trustee

The Trustee of ING Superannuation Fund is Diversa Trustees Limited (ABN 49 006 421 638) (RSE No L0000635).

Key management personnel include persons who were directors of Diversa Trustees Limited at any time during the financial year as follows:

V. Plant, appointed 4 May 2017

R. FitzRoy, appointed 21 December 2017, resigned 18 February 2021

M. Jones, appointed 1 September 2014, resigned 18 February 2021

A. Peterson, appointed 28 June 2019

F. McNabb, appointed 28 June 2019

M. Terlet (Chairperson), appointed 16 February 2021

R. Beard, appointed 16 February 2021

None of the directors are members of the Fund.

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

(c) Remuneration of directors of the Trustee

The compensation received or due and receivable by the Trustee from the Promoter in connection with the trusteeship of the Fund was \$882,150 (2020: \$897,594).

The directors of the Trustee do not receive any remuneration directly from the Fund or the Promoter.

(d) Other entities with significant influence over the Fund

The Promoter of the Fund is ING. ING is a business name of ING Bank (Australia) Limited ABN 24 000 893 292, AFSL 229823.

Under the terms of the Trust Deed the Promoter is entitled to receive compensation for services provided to the Fund.

Remuneration of the Promoter

There have been no transactions between the Promoter and the Fund other than promoter fees disclosed in the Statement of changes in member benefits. The compensation received or due and receivable by the Promoter from the Fund in connection with services provided to the Fund was \$21,348,683 (2020: \$19,263,881).

The Promoter is responsible for paying the costs associated with the running of the Fund, including trustee fees, custodian fees, audit fees, administration, investment management and asset consultant fees.

There were no other transactions between the Promoter and the Fund during the year.

Investments

ING Bank (Australia) Limited, a company related to the Promoter. They are appointed as the sub investment manager for the Cash Option, Term Deposits and the Cash Hub of the Fund. The investment in the Term Deposits and the Cash Option are disclosed in Note 4.

There were no other related party transactions that require disclosure as at 30 June 2021 and 30 June 2020.

ING SUPERANNUATION FUND
Notes to the financial statements
For the year ended 30 June 2021

18. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors of the Fund:

	2021	2020
	\$'000	\$'000
KPMG		
Audit and review of the financial statements and regulatory audit services	101	100
Other services		16
	<u>101</u>	<u>116</u>
Grant Thornton		
Audit and review of the risk management framework	<u>3</u>	<u>3</u>

Auditor's remuneration is paid by the Fund Promoter.

19. Involvement with unconsolidated structured entities

The Fund has a controlling interest in the following unconsolidated structured entities. The Fund accounts for the movements in its investments in unconsolidated structured entities through the Income Statement.

State Street Australian Equities Index Trust	88%
State Street Australian Fixed Income Index Trust	71%
State Street Australian Listed Property Index Trust	72%
State Street Global Fixed Income Index Trust	69%
State Street International Equities Index (Hedged) Trust	90%

As at 30 June 2021, there are no significant restrictions on the ability of an unconsolidated structured entity to transfer funds of the Fund in the form of dividends or to repay advances made to the unconsolidated structured entity by the Fund.

As at 30 June 2021, the Fund does not have any current commitments or intentions to provide financial or other support to unconsolidated structured entities, including commitments or intentions to assist the unconsolidated structured entities in obtaining financial support.

20. Impact of Covid-19

While the COVID-19 caused uncertainty and market volatility during 2021, the Fund continued to follow its policies and processes in managing risks and determining the fair value of its financial assets and liabilities as at the reporting date.

Trustees' declaration

In the opinion of the directors of the Trustee of ING Superannuation Fund:

- (a) the accompanying financial statements and notes set out on pages 1 to 19 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 2021 and 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 2021, 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 on behalf of the Board of Directors of Diversa Trustees Limited as Trustee for ING Superannuation Fund.



Director

Melbourne
9 September 2021



Independent Auditor's Report

ING Superannuation Fund ABN 13 355 603 448

Report by the RSE Auditor to the trustee and members

Opinion

I have audited the financial statements of ING Superannuation Fund ('the Fund') for the year ended 30 June 2021 comprising the statement of financial position, income statement, statement of changes in members benefits, changes in reserves, cash flows and accompanying notes as set out on pages 1 to 19.

In my opinion the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of ING Superannuation Fund as at 30 June 2021 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2021.

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 judgement 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 controls 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's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my audit opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.



KPMG



Chris Wooden

Partner

Melbourne

9 September 2021