

# **CUBS SUPERANNUATION FUND**

**ABN 90 120 177 925**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**CUBS SUPERANNUATION FUND**  
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**CUBS SUPERANNUATION FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Assets</b>			
Cash and cash equivalents	10(a)	10,806,181	7,929,272
<b>Total cash and cash equivalents</b>		<b>10,806,181</b>	<b>7,929,272</b>
<b>Receivables</b>			
Distribution receivable		1,418,630	784,012
Due from brokers		-	1,853,185
Other receivables		300,419	153,268
<b>Total receivables</b>		<b>1,719,049</b>	<b>2,790,465</b>
<b>Investments held at fair value</b>	15	<b>75,727,253</b>	<b>69,743,264</b>
		<b>75,727,253</b>	<b>69,743,264</b>
<b>Other assets</b>			
Deferred tax assets	9	-	65,955
<b>Total other assets</b>		<b>-</b>	<b>65,955</b>
<b>Total assets</b>		<b>88,252,483</b>	<b>80,528,956</b>
<b>Liabilities</b>			
Accounts payable		891,721	183,117
Due to brokers		-	306,362
Current tax liabilities	9	318,891	113,004
Deferred tax liabilities	9	298,952	-
<b>Total liabilities (excluding member benefits)</b>		<b>1,509,564</b>	<b>602,483</b>
<b>Net assets available for member benefits</b>		<b>86,742,919</b>	<b>79,926,473</b>
<b>Member benefits</b>			
Defined contribution member liabilities	6(a)	86,199,654	79,561,713
<b>Total member liabilities</b>		<b>86,199,654</b>	<b>79,561,713</b>
<b>Total net assets</b>		<b>543,265</b>	<b>364,760</b>
<b>Equity</b>			
Operational risk reserve	7 (a)	292,414	292,414
Unallocated surplus	7 (b)	250,851	72,346
<b>Total equity</b>		<b>543,265</b>	<b>364,760</b>

The Statement of Financial Position is to be read in conjunction with the accompanying notes to the financial statements.

**CUBS SUPERANNUATION FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Superannuation Activities</b>			
<b>Revenue</b>			
Changes in fair value of investments	5	4,755,799	(1,753,445)
Distributions		4,108,479	1,519,823
Interest		299,547	605,726
Other operating income		179,716	111,587
<b>Total revenue</b>		<u>9,343,541</u>	<u>483,691</u>
<b>Expenses</b>			
Investment expenses		(21,432)	(24,558)
General administration and operating expenses	4	<u>(661,486)</u>	<u>(562,717)</u>
<b>Total expenses</b>		<u>(682,918)</u>	<u>(587,275)</u>
<b>Operating Result before income tax expense</b>		<u>8,660,623</u>	<u>(103,584)</u>
Income tax (expense)/benefit	8	<u>(597,039)</u>	<u>331,329</u>
<b>Operating Result after income tax expense</b>		<u>8,063,584</u>	<u>227,745</u>
Net benefits allocated to defined contribution member accounts		<u>(7,518,379)</u>	<u>(193,235)</u>
<b>Operating Result</b>		<u>545,205</u>	<u>34,510</u>

The Income Statement is to be read in conjunction with the accompanying notes to the financial statements.

**CUBS SUPERANNUATION FUND**  
**STATEMENT OF CHANGES IN MEMBER BENEFITS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Opening balance of Member Benefits as at 1 July</b>		79,561,713	76,794,505
Contributions:			
- Employer contributions		2,437,847	2,362,544
- Member contributions		998,927	928,557
Transfers from other superannuation entities		4,788,862	9,102,889
Income tax on contributions	8(c)	(428,910)	(470,641)
<b>Net after tax contributions</b>		<u>7,796,726</u>	<u>11,923,349</u>
Benefits to members		(8,626,928)	(9,516,063)
Insurance premiums charged to members' accounts		(110,236)	(104,496)
Death and disability benefits credited to member accounts		60,000	250,000
Reserves transferred to members:			
- Operational risk reserve		-	21,183
Net benefits allocated, comprising:			
- Net investment income		7,545,827	223,483
- Net administration fees		(27,448)	(30,248)
<b>Closing balance of Member Benefits as at 30 June</b>	6	<u>86,199,654</u>	<u>79,561,713</u>

The Statement of Changes in Members Benefits is to be read in conjunction with the accompanying notes to the financial statements.

**CUBS SUPERANNUATION FUND**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Operational risk reserve \$	Unallocated surplus \$	Total equity/ reserves \$
<b>Opening balance as at 1 July 2020</b>	292,414	72,346	364,760
Net transfers from reserves	-	(366,700)	(366,700)
Transfer (to)/from member accounts	-	-	-
Operating result	-	545,205	545,205
<b>Closing balance as at 30 June 2021</b>	292,414	250,851	543,265

	Operational risk reserve \$	Unallocated surplus \$	Total equity/ reserves \$
<b>Opening balance as at 1 July 2019</b>	313,597	148,212	461,809
Net transfer from reserves	(21,183)	(237,656)	(258,839)
Transfer (to)/from member accounts	-	127,280	127,280
Operating result	-	34,510	34,510
<b>Closing balance as at 30 June 2020</b>	292,414	72,346	364,760

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements.

**CUBS SUPERANNUATION FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Interest received		49,064	145,639
Death and Disability Benefits		60,000	250,000
Insurance premiums charged to members accounts		(123,169)	(83,295)
General administration expenses paid		(271,009)	(234,682)
Investment expenses paid		(21,432)	(24,558)
Other expenses paid		(356,545)	(314,911)
Income tax (paid)/refunded		(26,245)	76,398
<b>Net cash (outflows) from operating activities</b>	10(b)	<u>(689,336)</u>	<u>(185,409)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		45,659,297	62,003,647
Payments for purchase of investments		<u>(41,616,322)</u>	<u>(66,211,266)</u>
<b>Net cash inflows/(outflows) from investing activities</b>		<u>4,042,975</u>	<u>(4,207,619)</u>
<b>Cash flows from financing activities</b>			
Employer contributions		2,437,847	2,362,544
Member contributions		998,927	928,557
Transfer to unallocated surplus		(366,700)	(110,376)
Benefits paid to members		(7,906,755)	(9,516,061)
Net transfers from other funds		4,788,861	9,102,888
Income tax paid on contributions		<u>(428,910)</u>	<u>(470,641)</u>
<b>Net cash (outflows)/inflows from financing activities</b>		<u>(476,730)</u>	<u>2,296,911</u>
<b>Net decrease in cash held</b>		2,876,909	(2,096,117)
Cash at the beginning of the year		7,929,272	10,025,389
<b>Cash at the end of the year</b>	10(a)	<u>10,806,181</u>	<u>7,929,272</u>

The Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**1. GENERAL INFORMATION**

CUBS Superannuation Fund (the 'Fund') is a defined contribution superannuation fund domiciled in Australia. The purpose of the Fund is to provide retirement benefits to its members. The Fund is constituted by a Trust Deed dated 18 June 1987 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") (R1068832).

The Trustee of the Fund during the reporting period is Equity Trustees Superannuation Limited (the "Trustee") (ABN 50 055 641 757, AFSL 229757, RSE L0001458), domiciled in Australia and registered with APRA. The address of the Fund's registered office is Level 1, 575 Bourke Street, Melbourne VIC 3000.

The Administrator and Promoter of the Fund is Mainstream Superannuation Services Pty Ltd (ABN 83 082 989 142) located at Level 1, 51-57 Pitt Street, Sydney NSW 2000.

The Custodian of the Fund is Equity Trustees Limited (ABN 46 004 031 298).

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

**2. BASIS OF PREPARATION**

**(a) Statement of Compliance**

The Financial Statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed.

The Financial Statements were authorised and issued by the board and directors of Equity Trustees Superannuation Limited on 25 October 2021. The Directors of the Trustee have the power to amend and re-issue the Financial Statements. For the purposes of preparing the Financial Statements, the Fund is a for-profit entity.

On 27 September 2021, the Trustee Board resolved to wind up the Fund once all members have been transferred out of the Fund. The directors have therefore determined that the going concern basis is no longer appropriate and the Financial Statements have been prepared on a liquidation basis whereby the Fund's assets have been measured at the anticipated net realisable value and the liabilities at the present value of the amounts expected to be paid. No adjustments were required as a result of this change in accounting basis.

**(b) 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 expense. Actual results may differ from these estimates.



**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. BASIS OF PREPARATION (CONTINUED)**

**(b) Use of Estimates and Judgements (continued)**

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

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 over-the-counter derivatives or other unquoted financial instruments, are fair valued using valuation techniques. Refer to note 15 for details.

Particular consideration has been given in the preparation of these financial statements, to areas that may be impacted by COVID-19. Refer to Note 19.

**(c) New Standards and Interpretations adopted during the year**

There are no 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 periods or will affect the current or future periods.

**(d) Accounting Standards and Interpretations issued, but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented in these financial statements for the year ended 30 June 2020.

**(a) Cash and cash equivalents**

Cash comprises cash on hand and on demand deposits.

Cash equivalents are short term, highly liquid investments with 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.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial Instruments**

*Classification*

The Fund's investments are classified at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in quoted fixed interest instruments and units in unlisted unit trusts.

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

*(i) Recognition/de-recognition*

Financial assets and financial liabilities are recognised on the date the Fund becomes a party to the contract relating to the asset. Financial assets are recognised using the quoted price at the trade date. From this date, any gains and losses arising from changes in fair value are recorded.

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

*(ii) Measurement*

At initial recognition, the Fund measures a financial asset or liability at fair value.

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

The fair values of underlying investments are net of any distributions.

For further details on how the fair values of financial instruments are determined refer to note 15.

*(iii) 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.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Accounts Payable**

Accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services and are recognised at their nominal value which is equivalent to fair value. These amounts are unsecured and are usually paid within 60 days of recognition.

**(d) 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 the reporting date.

**(e) Revenue Recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent in which it is probable that economic benefits will flow to the Fund and the amount of revenue can be reliably measured.

The following recognition criteria relates to the different items of revenue the Fund receives:

**(i) Interest revenue**

Interest income is recognised in the Income Statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction 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.

**(ii) Distributions from investments**

Distributions are recognised as at the date the unit value is quoted ex-distribution and if not received at reporting date, are reflected in the Statement of Financial Position as a receivable at fair value.

**(iii) Movement in fair value of investments**

Changes in the fair value of investments are recognised as income/(losses) 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 period).

**(f) Contributions and transfers from other funds**

Contributions and transfers in are recognised when the control and the benefits have transferred to the Fund and are recognised gross of any taxes.

**(g) Income Tax**

Income tax as a result of operations for the year comprises current and deferred tax. Income tax 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 the Statement of Changes in Member Benefits.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Income Tax (continued)**

*Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

*Deferred tax*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities can be offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities 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.

In line with the expectation to be treated as a compliant superannuation fund, financial assets held for less than 12 months are provided to be taxed at the Fund's rate of 15%. For financial assets held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

- For receivables and payables which are recognised inclusive of GST.

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

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to the ATO, are classified as operating cash flows.

**(i) Receivables**

Receivables are carried at nominal amounts which approximate fair value. Nominal amounts refer to the actual amounts reasonably expected to be received or paid.

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

**(j) Amounts due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on the trade date. The amount disclosed on the financial statements is the net amount due from/to brokers.

**(k) Functional and Presentation Currency**

The financial statements are presented in Australian dollars which is also the functional currency of the Fund and are presented to the nearest dollar unless otherwise stated.

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the income statement in the period in which they arise.

**(l) Comparative Amounts**

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, some line items in the notes to the financial statements have been amended. Comparative figures have been adjusted to conform to the current year's presentation.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**4. GENERAL ADMINISTRATION AND OPERATING EXPENSES**

	Note	2021 \$	2020 \$
Administration fees		270,282	263,408
Legal fees		8,883	25,289
Marketing fees		18,999	6,346
Trustee fees	13(d)	156,750	138,724
Promoter fees		41,707	37,333
Custodian fees	13(d)	37,273	37,273
APRA levies		7,528	7,748
Audit fees		80,864	32,604
Tax agent/consultant fees		22,206	10,450
Other operating expenses		16,994	3,542
		661,486	562,717

For expenses incurred by and reimbursed to the trustee, refer to note 13 (e).

**5. CHANGES IN FAIR VALUE OF INVESTMENTS**

	2021 \$	2020 \$
Unlisted unit trusts	4,755,799	(1,753,445)
<b>Total changes in fair value</b>	4,755,799	(1,753,445)

**6. 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 that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

Defined contribution member account balances are measured using unit prices based on the underlying investment option values selected by members.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**6. MEMBER LIABILITIES (CONTINUED)**

**(b) Defined Contribution Member Liabilities**

Defined contribution member liabilities are measured as the amount of member account 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. The Fund's management of the investment market risks is as disclosed within note 14(e).

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 reserves.

Defined contribution members' liabilities are fully vested as at 30 June 2021 and 30 June 2020.

**7. RESERVES AND UNALLOCATED TO MEMBERS**

The Trustee maintains an Operational Risk Reserve (ORR) and an Unallocated surplus.

**(a) Operational Risk Reserve (ORR)**

Under APRA Prudential Standard SPS114: Operational Risk Financial Requirement (ORFR), the Trustee determined it would maintain an ORFR Target Amount of 0.25% of the Fund's net assets available for member benefits wholly within the ORR.

The Trustee will review the funding methodology of the ORR if it falls below 90% of the Target Amount. The level and appropriateness of the ORR will be reviewed as part of the annual review of the Risk Management Strategy.

The ORR is part of the financial management of the Fund and is operated in accordance with the ORFR Strategy. The ORR may be used in certain circumstances to address operational risk events or claims against the Fund arising from operational risk.

At 30 June 2021, the ORR represented 0.34% (2020: 0.36%) of the Fund's Net Asset Value.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**7. RESERVES AND UNALLOCATED TO MEMBERS (CONTINUED)**

**(b) Unallocated surplus**

The unallocated surplus is utilised by the Fund to maintain the difference between the amounts allocated to members as at the end of the financial year and the net assets of the Fund. It includes unallocated contributions and operating result which will be utilised by the Fund regarding any future income or tax credits arising from the completion of the tax position following the year end. This income will be allocated to members during the course of the following year.

**8. INCOME TAX EXPENSE**

**(a) Recognised in the Income Statement:**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current tax expense</b>		
Current year	248,309	19,737
Adjustments for prior periods	(16,177)	(127,858)
<b>Deferred tax expense</b>		
Movement in temporary differences	364,907	(223,208)
<b>Total income tax expense/(benefit) in Income Statement</b>	<b>597,039</b>	<b>(331,329)</b>

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Operating result before income tax expense	8,660,623	(103,584)
Tax at the complying superannuation fund tax rate of 15% (2020: 15%)	1,299,093	(15,538)
<i>Increase/(decrease) in income tax expense due to:</i>		
Adjustments for prior periods	(16,177)	(127,858)
Exempt current pension income	(388,024)	(76,170)
Imputation credits & foreign income tax offsets	(133,000)	(149,589)
Capital gains tax discount concession	(164,853)	37,826
<b>Income tax expense/(benefit)</b>	<b>597,039</b>	<b>(331,329)</b>



**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**8. INCOME TAX EXPENSE (CONTINUED)**

(c) Recognised in the Statement of Changes in Member Benefits:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Contributions and transfers in recognised in the Statement of Changes in Member Benefits</b>	8,225,636	12,393,990
Tax at the complying superannuation fund rate of 15%	1,233,845	1,859,098
Member contributions	(787,994)	(1,378,152)
Tax on group life premiums	(16,535)	(10,305)
Other	(406)	-
<b>Income tax on contributions</b>	<b>428,910</b>	<b>470,641</b>

**9. TAX ASSETS AND LIABILITIES**

**Current tax assets and liabilities**

The current tax payable for the Fund of \$318,891 (2020: \$113,004) represents the amount of income taxes payable in respect of current and prior financial periods.

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets</i>		
Net capital losses on investments	-	56,357
Other payables	-	9,598
<b>Total deferred tax assets</b>	<b>-</b>	<b>65,955</b>
<i>Deferred tax liabilities</i>		
Net capital gains on investments	(298,952)	-
<b>Total deferred tax liabilities</b>	<b>(298,952)</b>	<b>-</b>
<b>Net deferred tax (liabilities)/assets</b>	<b>(298,952)</b>	<b>65,955</b>

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. TAX ASSETS AND LIABILITIES (CONTINUED)**

**Movement in temporary differences during the year**

	Balance 1 July 2020 \$	Recognised in Income Statement \$	Balance 30 June 2021 \$
<b>Deferred tax assets</b>			
Net capital losses on investments	65,955	(65,955)	-
	65,955	(65,955)	-

	Balance 1 July 2020 \$	Recognised in Income Statement \$	Balance 30 June 2021 \$
<b>Deferred tax liabilities</b>			
Net capital gains on investments	-	(298,952)	(298,952)
	-	(298,952)	(298,952)

	Balance 1 July 2019 \$	Recognised in Income Statement \$	Balance 30 June 2020 \$
<b>Deferred tax assets</b>			
Net capital losses on investments	(285,111)	351,066	65,955
	(285,111)	351,066	65,955

	Balance 1 July 2019 \$	Recognised in Income Statement \$	Balance 30 June 2020 \$
<b>Deferred tax liabilities</b>			
Net capital gains on investments	-	-	-
	-	-	-

**CUBS SUPERANNUATION FUND**  
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**10. CASH FLOWS RECONCILIATION**

**(a) Reconciliation of cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank – Operation accounts	10,806,181	7,929,272
<b>Total cash and cash equivalents</b>	<b>10,806,181</b>	<b>7,929,272</b>

**(b) Reconciliation of cash flows from operating activities**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax	545,205	34,510
<b>Adjustments for:</b>		
Increase in assets measured at fair value	(8,480,143)	(78,520)
Death and disability benefits paid	60,000	250,000
Insurance premiums charged to members accounts	(123,169)	(83,295)
Increase in receivable	(147,149)	(120,698)
Increase in trust distributions receivable	(634,618)	(147,944)
Increase in payable and investments in transit	1,365	44,077
Increase/(decrease) in deferred tax assets	65,955	(65,955)
Increase/(decrease) in income tax payable	504,839	(210,819)
Allocation to members' accounts	7,518,379	193,235
<b>Net cash outflows from operating activities</b>	<b>(689,336)</b>	<b>(185,409)</b>

**11. COMMITMENTS**

There are no commitments the Trustee is aware of as of 30 June 2021 (2020: Nil).

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no outstanding contingent assets or liabilities as at 30 June 2021 (2020: Nil).

**CUBS SUPERANNUATION FUND**  
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**13. RELATED PARTY DISCLOSURES**

**(a) Trustee**

The Trustee of the Fund is Equity Trustees Superannuation Limited (ABN 50 055 641 757 RSE Licensee L0001458).

**(b) Directors**

Key management personnel include persons who were directors of Equity Trustees Superannuation Limited at any time during the reporting period and up until signing date as follows.

<b>Name</b>	<b>Title</b>	<b>Appointed</b>
Mr Anthony Jude Lally	Non-Executive Director and Chairman	
Mr Michael O'Brien	Managing Director and Executive Director	
Mr Ellis Varejes	Non-Executive Director	
Mr Mark Blair	Executive Director	
Ms Susan Granville Everingham	Non-Executive Director	
Mr Paul Douglas Rogan	Non-Executive Director	
Mr Jezy (George) Zielinski	Non-Executive Director	06-Jul-20

None of the above directors of the Trustee are members of the Fund.

**(c) 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 reporting period.

**(d) Remuneration of the Trustee**

There have been no transactions between Equity Trustees Superannuation Limited (or its parent entity Equity Trustees Limited) and the Fund other than trustee fees, custodian fees and reimbursement fees for services disclosed in the Income Statement and the notes below.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trustee fees paid to Equity Trustees Superannuation Limited	156,750	138,724
Custodian fees paid to Equity Trustees Limited	37,273	37,273
<b>Total</b>	<b>194,023</b>	<b>175,997</b>

**CUBS SUPERANNUATION FUND**  
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**13. RELATED PARTY DISCLOSURES (CONTINUED)**

**(d) Remuneration of the Trustee (continued)**

As at 30 June 2021, \$13,750 (30 June 2020: nil) was payable to the Trustee and is included in the Statement of Financial Position.

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

**(e) Expenses paid by and reimbursed to the Trustee**

The following expenses were paid by and reimbursed (or to be reimbursed) to the Trustee by the Fund during the period.

	2021 \$	2020 \$
Internal audit fees	2,391	3,407
Regulatory fees – ASIC & AFCA	4,144	5,515
Annual member meeting	4,703	-
RMF audit fees	2,479	2,613
	<b>13,717</b>	<b>11,535</b>

**14. FINANCIAL RISK MANAGEMENT**

**(a) Financial instruments management**

The investments of the Fund (other than cash held for meeting daily administrative and benefit expenses), are managed on behalf of the Trustee by specialist fund managers in accordance with the investment strategy to achieve the Fund's investment objectives.

The Trustee has engaged TAG Asset Consulting (ABN 58 097 703 047), an asset consultant, to monitor and provide regular reports on the Fund's investments to the Trustee. The Trustee may seek information from the manager of each collective investment (and also may seek independent advice from other qualified persons) so as to determine the nature and extent of any risks, and the expected returns, associated with each investment prior to determining its suitability as an investment for the Fund.

The Fund's financial assets and liabilities adopted in the Statement of Financial Position are carried at their fair value.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Significant accounting policies**

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

**(c) Capital risk management**

The Trustee has established an Operational Risk Reserve ("ORR") to provide funding for incidents where material losses may arise from an operational risk event (as opposed to investment risk) relating to the Fund. The level of reserve is determined by the Trustee based on an assessment of the risks faced by the Fund. The Trustee has an operational risk financial requirement strategy to manage assets held in the ORR. According to Superannuation Prudential Standard 114: Operational Risk Financial Requirement, (SPS 114) which became effective 1 July 2013, the financial resources held to meet the ORR must be held either as;

- An operational risk reserve held within an RSE;
- Operational risk trustee capital held by the RSE licensee; or
- A combination of both an operational risk reserve held within an RSE and operational risk trustee capital held by the RSE Licensee.

The Fund achieves its ORR target amount via an operational risk reserve held within the Fund. The target amount has been met as at the reporting date.

**(d) Financial risk management objectives**

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Fund's risk management and investment policies, approved by the Trustee, seek to minimise the potential adverse effects of these risks on the Fund's financial performance. These policies may include the use of certain financial derivative instruments.

It is ultimately the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Fund. The Trustee has developed, implemented and maintains a Risk Management Framework ("RMF").

The RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Fund. Annually, the Trustee is required to certify to APRA whether adequate strategies have been put in place to monitor those risks, that the Trustee has systems in place to ensure compliance with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMF.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Investment risk**

The Fund's assets principally consist of financial instruments which comprise of cash, fixed interest and unlisted unit trusts. The Trustee has determined that this type of investment is appropriate for the Fund and is in accordance with the Fund's investment strategy.

The Fund's investment activities expose it to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

**Market risk**

Market risk is the risk that the fair value of 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 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.

To mitigate market risk, the Fund undertakes due diligence prior to the approval of fund managers to ensure that they have appropriate expertise and skill for monitoring of the market conditions and benchmark analysis. Further the Fund's asset consultant provides additional expert advice as required.

**(i) Currency risk**

Currency risk arises on financial instruments that are denominated in a foreign currency that is in a currency other than that in which they are measured. The Fund does not currently have any investments denominated in a foreign currency. However, the managed investments of the Fund have allocations to internationally domiciled assets classes which are exposed to currency fluctuations.

*Sensitivity analysis - currency risk*

There is no significant currency risk in this Fund. The Fund does not currently have any investments denominated in a foreign currency.

**(ii) Interest rate risk**

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

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Investment risk (continued)**

**Market risk (continued)**

**(ii) Interest rate risk (continued)**

The majority of the Fund's financial instruments are interest-bearing with cash and cash equivalents being directly subject to interest rate risk. The Fund's investment balances that have a significant direct or indirect exposure to interest rate risk is set out below:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	10,806,181	7,929,272
Variable interest rate financial instruments	35,504,098	38,744,274
<b>Total variable rate instruments</b>	<b>46,310,279</b>	<b>46,673,546</b>

The following table demonstrates the sensitivity of the Fund's net assets available to pay benefits, where interest rates vary by 25bps (30 June 2020: 25bps). This table has been provided to illustrate the sensitivity of the Fund's investment portfolio to interest rate fluctuations. This analysis assumes that all other variables remain constant.

*Cashflow sensitivity analysis - variable rate instruments*

	<b>Change in fair value of assets</b>		<b>Effect on net assets available to pay benefits</b>	
	<b>\$</b>		<b>\$</b>	
	<b>25bps Decrease</b>	<b>25bps Increase</b>	<b>25bps Decrease</b>	<b>25bps Increase</b>
<b>2021</b>				
Cash and cash equivalents	(27,015)	27,015	(27,015)	27,015
Variable interest rate financial instruments	(88,760)	88,760	(88,760)	88,760
	<b>(115,775)</b>	<b>115,775</b>	<b>(115,775)</b>	<b>115,775</b>
<b>2020</b>				
Cash and cash equivalents	(19,823)	19,823	(19,823)	19,823
Variable interest rate financial instruments	(96,861)	96,861	(96,861)	96,861
	<b>(116,684)</b>	<b>116,684</b>	<b>(116,684)</b>	<b>116,684</b>



**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Investment risk (continued)**

**Market risk (continued)**

(iii) 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 fair value with changes recognised in the Income Statement, all changes in market conditions will directly affect changes in fair value.

The Fund's assets are invested in cash, fixed interest instruments and units in unlisted unit trusts. The Fund's exposure to other market price risk is therefore limited to the market price movement of these investments.

The Trustee has determined that these investments are appropriate for the Fund and are in accordance with the Fund's investment strategy.

The table below illustrates the impact of other market price risk to the Fund should each asset class fluctuate by a 10% increase or decrease from the investment objective. This analysis assumes that all other variables remain constant.

	Carrying amount \$	Change in fair value of assets \$		Effect on net assets available to pay benefits \$	
		10% Decrease	10 % Increase	10% Decrease	10% Increase
<b>2021</b>					
Unlisted unit trusts	40,223,155	(4,022,316)	4,022,316	(4,022,316)	4,022,316
	40,223,155	(4,022,316)	4,022,316	(4,022,316)	4,022,316
<b>2020</b>					
Unlisted unit trusts	30,998,990	(3,099,899)	3,099,899	(3,099,899)	3,099,899
	30,998,990	(3,099,899)	3,099,899	(3,099,899)	3,099,899

**CUBS SUPERANNUATION FUND**  
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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Investment risk (continued)**

**Credit Risk**

Credit risk refers to the risk that the counterparty to the financial instrument will default on its contractual obligations resulting in a financial loss to the Fund.

The carrying amounts of financial assets best represent the maximum credit risk exposure at reporting date. No collateral is held as security or other credit enhancement exists for all financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Fund's financial assets exposed to credit risk amounted to the following:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	10,806,181	7,929,272
Unlisted unit trusts	4,022,316	3,037,901
Fixed interest instruments	35,504,098	38,744,274
Trust distribution receivable	1,418,630	784,012
Other receivables	279,573	126,307
<b>Total</b>	<b>52,030,798</b>	<b>50,621,766</b>

**Liquidity Risk**

Liquidity risk is the risk that the Fund will not be able to meet its obligations when they fall due. The risk is controlled through the Fund's investment in financial instruments which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating conditions. The Fund's overall liquidity risks are monitored by the Trustee at least annually and in accordance with policies and procedures in place.

The following table summarises the maturity profile of the Fund's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay.

**CUBS SUPERANNUATION FUND**  
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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Investment risk (continued)**

**Liquidity Risk (continued)**

*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 unlikely that all liabilities to members would fall due at the same time.

	<b>Carrying Amount \$</b>	<b>Less than 1 month \$</b>	<b>1-3 Months \$</b>	<b>Over 3 Months \$</b>
<b>30 June 2021</b>				
Accounts payable	891,721	891,721	-	-
Current tax liabilities	318,891	-	318,891	-
Member liabilities	86,199,654	86,199,654	-	-
	<b>87,410,266</b>	<b>87,091,375</b>	<b>318,891</b>	<b>-</b>
<b>30 June 2020</b>				
Accounts payable	183,117	183,117	-	-
Due to brokers	306,362	306,362	-	-
Current tax liabilities	113,004	-	113,004	-
Member liabilities	79,561,713	79,561,713	-	-
	<b>80,164,196</b>	<b>80,051,192</b>	<b>113,004</b>	<b>-</b>

Member benefits have been included, if applicable, in the "less than one month" column, as this is the amount that members could call upon at year-end. This is the earliest date on which the Fund can be required to pay members' benefits; however, the Trustee does not anticipate that members will call upon amounts accrued to them during this time.

**15. FAIR VALUE MEASUREMENTS**

**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. Table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

**CUBS SUPERANNUATION FUND**  
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**15. FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair value hierarchy (continued)**

- Level 1 fair value measurements are those instruments valued based on quoted prices unadjusted in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
  
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices). The Fund values fixed interest securities held by the Fund using broker quotes and units in unit trusts using the redemption price at reporting date as advised by the investment managers. Unit values denominated in foreign currency are then translated to Australian dollars at the current exchange rates.
  
- Level 3 fair value measurements are those instruments valued based on inputs where 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. The Fund classifies suspended and delisted securities that have not been actively traded at least in the last 3 months as Level 3 investments, and these securities are priced in the accounting system based on the last available price.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2021</b>				
<i>Financial assets</i>				
Fixed interest instruments	35,504,098	-	-	35,504,098
Units in unlisted unit trusts	-	40,223,155	-	40,223,155
<b>Total</b>	35,504,098	40,223,155	-	75,727,253

**CUBS SUPERANNUATION FUND**  
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**15. FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair value hierarchy (continued)**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2020</b>				
<i>Financial assets</i>				
Fixed interest instruments	38,744,274	-	-	38,744,274
Units in unlisted unit trusts	-	30,998,990	-	30,998,990
<b>Total</b>	<b>38,744,274</b>	<b>30,998,990</b>	<b>-</b>	<b>69,743,264</b>

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. At 30 June 2021 and 30 June 2020 there were no transfers between levels.

**16. STRUCTURED ENTITIES**

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

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

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

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

	Fair value as at 30 June 2021 \$	Fair value as at 30 June 2020 \$
Australian equity	14,440,113	11,128,637
International equity	21,760,726	16,832,452
Australian fixed income	1,206,695	898,971
International fixed income	2,815,621	2,138,930
	<b>40,223,155</b>	<b>30,998,990</b>

The fair value of financial assets amounting to \$40,223,155 (2020: \$30,998,990) is included in investments held at fair value in the statement of financial position.

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**16. STRUCTURED ENTITIES (CONTINUED)**

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

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

**17. EXTERNAL AUDITOR'S REMUNERATION**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Deloitte Touche Tohmatsu</b>		
Audit of Risk Management Strategy & Compliance with Prudential Standards	2,479	2,613
Audit and review of financial statements and APRA return	80,864	32,604
Tax compliance services	22,206	10,450
<b>Total Auditor's Remuneration</b>	<b>105,549</b>	<b>45,667</b>

Included in the total auditors' remuneration above, \$2,479 (2020: \$2,613) as disclosed in Related Party Note 13 (e) was reimbursed to the Trustee in relation to the audit and review of the risk management framework.

**18. INSURANCE ARRANGEMENTS**

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

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

**CUBS SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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## **19. CORONAVIRUS (COVID-19) PANDEMIC**

### **Background**

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. Since that time, the pandemic has had a significant impact on the community, the economy, investment markets, and the operations of businesses across the country and world.

On 22 March 2020 the federal government announced a temporary measure due to the effects of coronavirus on the economy. This new rule allowed individuals to access up to \$10,000 of their superannuation in financial year 2019/20 and a further \$10,000 in financial year 2020/21. This measure ended on 31 December 2020.

For the year ended 30 June 2021 the Fund paid out \$754,640 (2020: \$823,083) in benefits to members seeking early access to their super.

The Trustee has considered the impact of the government's response to COVID-19 and other market volatility in preparing its financial statements. The financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business and whilst the situation remains uncertain, the Trustee remains confident that the Fund will be able to continue as a going concern and has sufficient liquidity to meet its debts as and when they fall due.

The key areas of impact were as follows:

### **Investments**

The global pandemic has impacted global economic activity and, to varying degrees, financial markets around the world. As a result, assessing fair value as at reporting date involves increased uncertainties around the underlying assumptions for valuations given the very wide range of potential paths forward for both economies, policy responses and asset fundamentals. Additionally, very low, if any, transaction volumes make evidential valuation difficult.

At the previous reporting date, reduced transaction volume was driven by the unfolding crisis, and therefore the quality of estimates of the value of assets was impacted. Whilst liquidity has returned to markets, the price of certain assets has been heavily influenced by government intervention. For example, for most of the reporting period the Reserve Bank of Australia has taken steps to maintain the target of 10 basis points for the cash rate and the yield on 3-year Australian Government bonds, the latter through on market purchase of these bonds. As a result, our assessment of fair value is partly dependent on governments maintaining their stated policies to manage investment market conditions.

All of the Fund's investments are valued based upon observable market prices as of 30 June 2021.

### **Risk management**

The Trustee's robust risk management framework continues to be applied across the Funds operations and the Trustee continues to monitor the impact of government's response to COVID-19 on the Fund's risk profile. Non-financial risks emerging from global movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Trustee's risk management framework.

**CUBS SUPERANNUATION FUND**  
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**19. CORONAVIRUS (COVID-19) PANDEMIC (CONTINUED)**

**Risk management (continued)**

The management of liquidity risk is a key element of the investment process. The risk is controlled through the Fund's investment in financial instruments which are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating conditions as well as additional cash requirements to fund the benefits to members seeking early access to their super.

**20. EVENTS SUBSEQUENT TO REPORTING DATE**

On 27 September 2021, the Trustee Board decided that it is in the best interests of members to wind up the Fund. Members who do not transfer their account balance to another superannuation fund before the end of the notice period will be transferred to the Australian Taxation Office as a trustee voluntary payment. Once all members have been transferred out, the Fund will be wound up.

There has not arisen, in the interval between the end of the financial year and the date of this financial report, any other item, transaction or event of an unusual nature likely to affect significantly the operations of the Fund, the result of the operations, or the state of affairs of the Fund.



**CUBS SUPERANNUATION FUND**  
**TRUSTEE'S DECLARATION TO THE MEMBERS**

**In the opinion of the directors of the Trustee of CUBS Superannuation Fund:**

1. The accompanying Financial Statements and notes set out on pages 1 to 30 are in accordance with:
  - Australian Accounting Standards and other mandatory professional reporting requirements, and
  - present fairly the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date.
2. The Fund has been conducted in accordance with its constituent Trustee 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.
3. As disclosed in note 2(a) to the Financial Statements, the Fund will be wound up once all members have been transferred out of the Fund. However, the assets exceed the liabilities and there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of Equity Trustees Superannuation Limited (ABN 50 055 641 757) as Trustee for CUBS Superannuation Fund.



.....  
Director

Melbourne  
26 October 2021

## 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 2021 as set out on pages 1 to 31 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 2021 and the results of its operations, cash flows, changes in equity and changes in members' benefits for the year ended 30 June 2021.

#### 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 for the Audit of the Financial Statements* 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 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) and has determined that the basis of preparation described in Note 2 to the financial statements which includes the non-going concern basis of accounting, is appropriate to meet the requirements of the SIS Act and the SIS Regulations and is appropriate to meet the needs of the intended users of the financial statements.

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 cease operations, or has no realistic alternative but to do so. As disclosed in Note 2, the financial report has been prepared on a non-going concern basis because the trustee has resolved to wind up the fund.

## 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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 non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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.



DELOITTE TOUCHE TOHMATSU



James Oliver

Partner

Chartered Accountants

Melbourne, 26 October 2021