ZURICH MASTER SUPERANNUATION FUND

ABN 33 632 838 393

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023

ZURICH MASTER SUPERANNUATION FUND
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ZURICH MASTER SUPERANNUATION FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Assets			
Investments			
Investment in life insurance policies	14	**851,967**	855,357
Total assets		**851,967**	855,357
Liabilities		**-**	-
Total liabilities (excluding member benefits)		**-**	-
Net assets available for member benefits		**851,967**	855,357
Member benefits			
Defined contribution member liabilities	5(b)	**849,087**	852,520
Total member liabilities		**849,087**	852,520
Total net assets		**2,880**	2,837
Equity			
Operational risk reserve	6	**2,880**	2,837
Total equity		**2,880**	2,837

The Statement of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

ZURICH MASTER SUPERANNUATION FUND
INCOME STATEMENT
FOR YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$'000	$'000
Superannuation Activities			
Revenue			
Change in fair value of investments		**76,696**	(45,357)
Total revenue		**76,696**	(45,357)
Expenses			
Management fee expenses	10	**(8,593)**	(10,234)
Total expenses		**(8,593)**	(10,234)
Operating result before income tax expense		**68,103**	(55,591)
Income tax expense	7	**(2,398)**	(580)
Operating result after income tax expense		**65,705**	(56,171)
Net benefits allocated to defined contribution member accounts		**(65,662)**	56,185
Transfer to Operational risk reserve	6	**(43)**	(14)
Operating result		**-**	-

The Income Statement should be read in conjunction with the accompanying Notes to the Financial Statements.

ZURICH MASTER SUPERANNUATION FUND
STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Opening balance of Member Benefits as at 1 July		**852,520**	993,795
Contributions:			
Employer contributions		**21,271**	21,419
Member contributions		**11,887**	12,288
Government co-contributions		**104**	100
Transfers from other superannuation entities		**1,073**	3,898
Income tax on contributions	7	**(3,334)**	(3,184)
Net after tax contributions		**31,001**	34,521
Benefits paid to members		**(101,157)**	(117,177)
Insurance premiums charged to members account		**(12,028)**	(12,169)
Death and disability benefits paid to members		**10,691**	9,155
Net change in member defined contribution benefits before income tax comprising:			
Net investment income/(loss) attributable to members		**76,653**	(45,371)
Management fee expenses	10	**(8,593)**	(10,234)
Closing balance of Member Benefits as at 30 June		**849,087**	**852,520**

The Statement of Changes in Member Benefits should be read in conjunction with the accompanying Notes to the Financial Statements.

ZURICH MASTER SUPERANNUATION FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Opening balance as at 1 July		**2,837**	2,823
Net transfers to Operational risk reserve		**43**	14
Closing balance as at 30 June		**2,880**	2,837

The Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

ZURICH MASTER SUPERANNUATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Management fee expenses paid		**(8,593)**	(10,234)
Insurance premiums charged to members		**(12,028)**	(12,169)
Proceeds from life risk insurance policies		**10,691**	9,155
Net cash outflow from operating activities	8	**(9,930)**	(13,248)
Cash flows from investing activities			
Payments for purchases of investments		**(45,025)**	(46,859)
Proceeds from sale of investments		**125,111**	142,763
Net cash inflow from investing activities		**80,086**	95,904
Cash flows from financing activities			
Employer contributions		**21,271**	21,419
Member contributions		**11,887**	12,288
Government co-contributions received		**104**	100
Transfers from other superannuation entities		**1,073**	3,898
Benefits paid to members		**(101,157)**	(117,177)
Tax paid on contributions		**(3,334)**	(3,184)
Net cash outflow from financing activities		**(70,156)**	(82,656)
Net movement in cash		**-**	-
Cash at beginning of the financial year		**-**	-
Cash at end of the financial year		**-**	-

The Fund does not have its own bank account. All transactions of the Fund are non-cash related as all its transactions are administered through life insurance policies held with Zurich Australia Limited. A Statement of Cash Flows has been presented to illustrate the cash flows of Fund transactions through the life insurance policies held with Zurich Australia Limited.

The Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Financial Statements.

ZURICH MASTER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

Zurich Master Superannuation Fund ("the Fund") is domiciled in Australia and was established by a Trust Deed dated 2 November 1972 and is a public offer superannuation fund.

The Fund is a defined contribution fund whereby contributions of the employer and the employees are made in accordance with the terms of the Trust Deed. The members' accounts are credited or debited each year with contributions and their proportionate share of the net investment income, expenses, and income tax expense of the Fund.

In accordance with amendments to the *Superannuation Industry (Supervision) Act 1993*, the Fund is registered with the Australian Prudential Regulation Authority ("APRA") on 28 June 2006 as a registrable Superannuation Entity (RSE) (R1067651).

The Trustee of the Fund for the reporting period is Equity Trustees Superannuation Limited (ABN 50 055 641 757, AFSL No. 229757 RSE L0001458), domiciled in Australia and registered with the APRA.

The address of the Fund's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000.

The administrator of the Fund is Zurich Australia Limited ("ZAL") ABN 92 000 010 195.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Financial Statements are a general purpose financial report which have 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 for issue by the board and directors of Equity Trustees Superannuation Limited on 28 September 2023. For the purposes of the financial statements the Fund is a for-profit entity.

(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 expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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.

2. BASIS OF PREPARATION (CONTINUED)

(b) Use of Estimates and Judgements (continued)

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.

(c) Basis of Measurement

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

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

(d) 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 2022 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

(e) 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 2023 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.

New or revised requirement	Title	Effective Date (annual periods beginning on or after)	30 June 2023 year end applicability
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2023	Optional
AASB 2020-6	Amendments to Australian Accounting Standards – Classification Liabilities as Current or Non-Current - Deferral of Effective Date	1 January 2023	Optional

2. BASIS OF PREPARATION (CONTINUED)

(e) Accounting Standards and Interpretations issued but not yet effective (continued)

Changes to financial reporting requirements

The Fund is a registrable superannuation entity that is subject to amendments made to the *Corporations Act 2001* by the *Treasury Laws Amendment (2002 Measures No.4) Act 2022*. These amendments are effective for financial years beginning on or after 1 July 2023 and bring registrable superannuation entities such as the Fund into the financial reporting provisions of the *Corporations Act 2001*.

Accordingly, for the Fund's income year ending 30 June 2024, the Fund will be required to prepare an annual report, consisting of a financial report (including financial statements, notes and a directors' declaration), a directors' report (including a remuneration report) and an attached auditor's report and auditor's independence declaration. There will be no impacts to the recognition and measurement requirements utilised in the preparation of the financial report of the Fund as a result of these changes.

These reports must also be lodged with ASIC, who now take on an increased regulatory oversight role following the introduction of these amendments.

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 2023 and the comparative information presented in these financial statements for the period ended 30 June 2022.

(a) Cash and Cash Equivalents

Cash and short-term deposits comprise cash at bank and short-term deposits with an original maturity of three months or less.

The Fund itself does not have its own bank account as all operational cash flows of the fund are administered by ZAL.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments

(i) Classification

The Fund's investments are classified as fair value through profit or loss. These include financial assets comprising:

a. Investment in capital guaranteed insurance policies - issued by ZAL and recorded at its capital guaranteed value, which consists of contributions, plus change in fair value, less benefit payments, administration expenses, life premiums, surcharge (if any) and income tax. Change in fair value for the current year has been credited at the declared base rate of 2.0% per annum (2022: 1.0%). The actual net interest credited to the policies are commensurate with the investment returns achieved on assets backing these investments and is derived according to the base rate and the policy terms and conditions and varies between individual plans.

b. Investment in investment linked insurance policies - issued by ZAL and recorded at fair value, based on the unit redemption price and the number of units held at balance date.

(ii) Recognition / Derecognition

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

Investments are derecognised when the right to receive cash flows from the investments has 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.

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

(iv) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the 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.

(c) Benefits Payable

Benefits payable are valued at the amounts due to members at the reporting date. Benefits payable comprise benefits of members who are due a benefit but had not been paid at reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- 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 year).

(e) Contributions 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.

(f) Income Tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act. Accordingly, the concessional tax rate of 15% has been applied on net investment earnings.

The Fund's investment in the insurance policies are managed by ZAL which is responsible for any income tax relating to it. Investment income from this investment is allocated to the Fund net of income tax and is disclosed as such in the Income Statement.

The income tax expense does not include taxes levied on assessable contributions, which are included in the Statement of Changes in Members Benefits. The liability for contributions tax, if any, is transferred to ZAL annually.

(g) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Defined Contribution Member Liabilities

The liability for defined contribution members is the Fund's present obligation to pay benefits accrued to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period. This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

(i) Functional and Presentation Currency

The financial statements are presented in Australian dollars which is the functional and presentation currency of the Fund and have been rounded to the nearest thousand unless otherwise stated.

(j) Comparative Amounts

Certain reclassification may have been made to prior year's financial statements to enhance comparability with the current period's financial statement.

4. FINANCIAL RISK MANAGEMENT

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.

(a) Market Risk

(i) Price Risk

Price risk is the risk of diminution in value of the Fund's investment portfolio arising from adverse movements in financial instruments. The risk is controlled by ensuring that all activities are transacted in accordance with approved strategies and limits. Market risk analysis is conducted on a regular basis and risk management controls ensure that positions are monitored against the portfolio risk limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments as at 30 June 2022 and 30 June 2023.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (continued)

(ii) Foreign Currency Risk

Foreign currency risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk.

The direct investments held by the Fund do not have any direct exposure to foreign exchange risk. This disclosure has not been made on a look through basis for investments held indirectly through underlying investments.

(iii) 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.

The Fund does not have any direct exposure to interest rate risk. This disclosure has not been made on a look through basis for investments held indirectly through underlying investments. Any interest rate risk from these investments is reported as a component of price risk for the purposes of the sensitivity analysis.

(iv) Sensitivity Analysis

The investment assets of the Fund are represented by insurance policies whilst members' benefits are set out in the Fund's Trust Deed.

The following table summarises the sensitivity of the Fund's net assets available to pay benefits to price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to several factors, including historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

In determining the impact of an increase/decrease in net assets available to pay benefits arising from market risk, management have considered prior period and expected future movements of the investment information in order to determine a reasonably possible shift in assumptions.

The capital guaranteed insurance policies are issued by the insurer, ZAL. Whilst the capital guaranteed insurance policies are subject to both increases and decreases in value as a result of price risk, the downside risk is limited as the invested capital is guaranteed by ZAL.

The following summarised sensitivity analysis is not intended to be an accurate indication of the sensitivity of each individual member's balances due to price risk, as the performance of each member's balance may vary significantly dependent of their elected portfolio allocations and exposures to the various underlying investment strategies.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (continued)

(iv) Sensitivity Analysis (continued)

30 June 2023	**Sensitivity Rate**	**Impact on net assets available to pay benefits**	
		Increase	**Decrease**
	%	**$'000**	**$'000**
Life Insurance Policies	**10**	**85,197**	**(85,197)**
		85,197	**(85,197)**

30 June 2022	Sensitivity Rate	Impact on net assets available to pay benefits	
		Increase	Decrease
	%	$'000	$'000
Life Insurance Policies	10	85,536	(85,536)
		85,536	(85,536)

(b) Fair Value of Financial Assets

The aggregate carrying values of financial assets approximate their fair values. The methods used to determine the fair value of financial assets and liabilities are included in the summary of significant accounting policies in note 3.

(c) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund invests all member funds into insurance policies issued by ZAL. Accordingly, there is a counterparty risk as all funds are held by ZAL. However, this risk is mitigated as ZAL is an APRA regulated entity which is required to maintain adequate prudential measures to safeguard policyholder funds. ZAL management monitors the capital adequacy of ZAL in accordance with its Prudential Capital Requirements.

The carrying amounts of financial assets included in the Statement of Financial Position represent the Fund's exposure to credit risk in relation to these assets.

These investments are not rated by any credit rating agency.

The Fund does not have any financial assets that are past due or impaired at year end.

(d) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through the ability to close-out market positions.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

To control liquidity risk, the Fund invests in insurance policies, which under normal conditions are readily convertible to cash.

The table shows expected future policies maturities values.

	2023	2022
	$'000	$'000
At call	**851,967**	855,357
	851,967	855,357

(e) 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 target amount has been met as at the reporting date as set out in note 6.

5. MEMBER LIABILITIES AND FUNDING ARRANGEMENTS

(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 as a result of the membership up to the end of the reporting period.

(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.

5. MEMBER LIABILITIES AND FUNDING ARRANGEMENTS (CONTINUED)

(b) Defined Contribution Member Liabilities (continued)

Defined contribution members' liabilities are fully vested as at 30 June 2023 and 30 June 2022.

	2023	2022
	$'000	$'000
Defined Contribution Member Liabilities	**849,087**	852,520
	849,087	852,520

(c) Funding Arrangements

The funding policy adopted in respect of the Fund is directed at ensuring that benefits accruing to members and beneficiaries are fully funded. The employers and the members contributed to the Fund at variable rates.

6. OPERATIONAL RISK RESERVE

	2023	2022
	$'000	$'000
Balance at beginning of year	**2,837**	2,823
Investment income during the year	**43**	14
Transfer to the reserve during the year	**-**	-
Transfer from the reserve during the year	**-**	-
Balance at end of the year	**2,880**	2,837

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

The Trustee will review the funding methodology of the ORR if it falls below 80% 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 ORR 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 2023, the ORR represented 0.34% (2022: 0.33%) of the Fund's Net Asset Value which was above the ORR target amount and within the upper tolerance limit per the policy.

7. INCOME TAX

Income tax is assessable at 15% of employer contributions with deductions allowable for life risk premiums paid. A reconciliation of income tax expense with revenues and expenses for the year before income tax expense is set out below:

	2023 **$'000**	2022 $'000
Operating result for the year before income tax	**68,103**	(55,591)
Prima Facie income tax at 15% (2022:15%)	**10,215**	(8,339)
Tax Effect of permanent differences:		
Non taxable changes in fair value of investment	**(11,504)**	6,804
Excess of non assessable contributions over premiums	**2,398**	580
Non taxable management fees	**1,289**	1,535
Total adjustments for permanent differences	**(7,817)**	8,919
Income tax expense	**2,398**	580

The Fund deducts from individual member accounts an amount for Contributions Tax. This charge is only made against member accounts receiving assessable contributions and is levied at 15% after allowing for any payments made on that individual account for the cost of providing death and disablement cover. No adjustment is made to individual member accounts that do not have assessable contributions. These deductions are made pursuant to the master policies between the Fund and ZAL, the financial impact of which is disclosed to Fund members in the Product Disclosure Statement and their periodic statements.

The actual tax liability of the Fund is transferred by the Trustee to ZAL under the mechanism authorized by section 295-260 of the Income Tax Assessment Act 1997. However, a difference arises between the aggregate amounts deducted from individual member accounts, and what the actual tax liability of the Fund would have been had the transfer not taken place, as more deductions are available on a pooled basis than on an individual member basis.

During the current year, $3,333,891 (2022: $3,183,483) was deducted from individual member accounts in respect of Contributions Tax. The tax paid by the Fund for 2023 was $2,398,386 (2022: $579,866).

7. INCOME TAX (CONTINUED)

Under the tax administration agreement and the master policies the Trustee has in place with ZAL, the current year difference between contributions tax deducted from individual member accounts and the tax liabilities of the Fund of $935,505 (2022: $2,603,617) was attributed between the Fund and ZAL in line with the allocation outlined in the agreement and the master policies.

These arrangements set out ZAL's entitlement to any excess of the total amounts of tax deducted from member's accounts over ZAL's obligations arising under Section 295-260 of the Income Tax Assessment Act 1997. ZAL guarantees administration fees will not increase until 2025 (except for those that can increase in line with CPI) in exchange for the Fund participating with ZAL in a tax agreement authorized under Section 295-260 of the 1997 Tax Act. Pursuant to these policies ZAL is entitled to 100% of any excess, provided the Fund's ORR requirements are met. ZAL received benefits of $935,505 (2022: $2,603,617) through its administration of the Fund's tax affairs.

8. CASH FLOW RECONCILIATION

Reconciliation of cash flows from operating activities

	2023	2022
	$'000	$'000
Operating result	**-**	-
Adjustments for:		
Change in fair value of investments	**(76,653)**	45,371
Net benefits allocated to defined contribution members	**68,060**	(55,605)
Death and disability proceeds received from insurer	**10,691**	9,155
Insurance premiums paid	**(12,028)**	(12,169)
Net cash outflows from operating activities	**(9,930)**	(13,248)

9. RELATED PARTIES 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 or since the end of the reporting period, as follows:

Name	Title	Appointed/Resigned
Mr Michael O'Brien	Managing Director and Executive Director	
Ms Susan Granville Everingham	Non-Executive Director	
Mr Paul Douglas Rogan	Non-Executive Director	
Ms Catherine Anne Robson	Non-Executive Director	Appointed on 16/08/2022
	Interim Chair	Appointed on 01/09/2022
Mr Steven Thomas Carew	Non-Executive Director	Appointed on 01/03/2023
Mr David Nicholas Coogan	Non-Executive Director	Appointed on 15/06/2023
Mr Jezy (George) Zielinski	Non-Executive Director	Resigned on 20/07/2022
Mr Anthony Jude Lally	Non-Executive Director and Chairman	Resigned on 31/08/2022
Mr Mark Blair	Executive Director	Resigned on 10/02/2023
Mr Ellis Varejes	Non-Executive Director	Resigned on 30/06/2023

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

(c) Other key management personnel

Philip Gentry, Chief Financial Officer of Equity Trustees Limited and Andrew Godfrey, Executive General Manager of Equity Trustees Superannuation Limited are also key management personnel with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the reporting period.

(d) Remuneration to directors of the Trustee

The directors of the Trustee, and other key management personnel do not receive remuneration directly from the Fund.

The Fund has not made, guaranteed, or secured, directly or indirectly, any loans to key management personnel, its directors, or their personally related entities at any time during the reporting period.

9. RELATED PARTIES DISCLOSURES (CONTINUED)

(e) Trustee Fees

	2023	2022
	$	$
Trustee Fees (ex GST) to Equity Trustees Superannuation Limited paid by ZAL outside of the fund	**502,625**	500,187
Total	**502,625**	500,187

There were no transactions between the Fund and the Trustee during the year (2022: $nil).

(f) Expenses incurred by and reimbursed (or to be reimbursed) to the Trustee

Along with Trustee fees already disclosed in note 9(e) there are also Fund related expenses which will be reimbursed to the Trustee by the Fund Administrator, ZAL. The expenses are detailed as below:

	2023	2022
	$	$
APRA levy	**64,828**	68,019
AFCA/ASIC reimbursements	**31,486**	51,605
Annual Member meeting costs and legal fees	**16,266**	19,607
Total	**112,580**	**139,231**

10. MANAGEMENT FEE EXPENSES

During the year, ZAL charged management fee expenses under insurance policies held by the Fund. The fees totaled $8,592,797 (2022: $10,233,886) and are disclosed in the Income Statement. The Fund discloses management fee expenses that include expenses charged at members' level as well as the indirect expenses charged to members embedded in the unit price of the investments in the various asset pools of the investment linked insurance policies.

11. INSURANCE ARRANGEMENTS

The Fund's assets are wholly invested in investment linked and capital guaranteed insurance policies issued by ZAL. The Fund provides death and disability benefits to members and these benefits are greater than the members' vested benefit. The Trustee has therefore taken out insurance with ZAL to cover the part of the benefit in excess of the vested benefit.

12. COMMITMENTS AND CONTINGENT LIABILITIES

There are no commitments or contingent liabilities in respect of the Fund as at 30 June 2023 (2022: $nil).

13. EXTERNAL AUDITOR'S REMUNERATION

	2023	2022
	$	$
Remuneration for audit and review of the financial statements, regulatory reporting, and compliance*:		
Statutory audit fees – EY	**191,300**	175,000
Remuneration for Deloitte audit and review of compliance:		
RMF & Compliance fees	**9,022**	10,568
Total Auditor's Remuneration	**200,322**	185,568

* Auditor's remuneration is paid by Zurich Australia Limited outside the Fund.

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

- 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.

- 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.

14. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value hierarchy (continued)

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

30 June 2023	**Level 1** $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
Financial Assets				
Life Insurance Policies	**-**	**851,967**	**-**	**851,967**
Total	**-**	**851,967**	**-**	**851,967**

30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets				
Life Insurance Policies	-	855,357	-	855,357
Total	-	855,357	-	855,357

15. FUND'S RESPONSE TO MACRO-ECONOMIC EVENTS

In preparing these financial statements the Trustee considers the impact that macro-economic events can have on the Fund's performance. The Trustee's risk management framework is applied across the Fund's operations and the Trustee continues to monitor the impact of any event on the Fund's risk profile.

16. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this financial report any 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.

ZURICH MASTER SUPERANNUATION FUND
TRUSTEE'S DECLARATION TO THE MEMBERS

In the Opinion of the Directors of the Trustee of Zurich Master Superannuation Fund:

1. The accompanying financial statements and notes set out on pages 1 to 21 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 2023 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 2023.

3. 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 Zurich Master Superannuation Fund.

.....
Director

Melbourne
28 September 2023

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Part 1 – Independent Auditor's report on financial statements

For a Reporting Entity

Independent Auditor's report approved form for an RSE that is a reporting entity

Zurich Master Superannuation Fund (ABN: 33 632 838 393)

Report by the RSE Auditor to the trustee

Opinion

I have audited the financial statements of Zurich Master Superannuation Fund (the Fund) for the year ended 30 June 2023 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in equity/reserves.

In my opinion the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of the Fund as at 30 June 2023 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2023.

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* 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the audit. I also:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

David Jewell

David Jewell
Partner
Sydney

28 September 2023

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