

legalsuper

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

ABN: 60 346 078 879

legalsuper
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Directors' Report
For the year ended 30 June 2024

The Directors of Legal Super Pty Ltd (the Trustee), as trustee for legalsuper (the Fund), present their report on the Fund for the financial year ended 30 June 2024 (the financial year). In order to comply with the provisions of the Corporations Act 2001, the Directors of the Trustee report as follows:

Principal Activities

legalsuper is operated for the purpose of providing superannuation and retirement benefits.

Review and results of operations

Over the course of the financial the year, the Fund continued to focus on providing wealth management and support services to Australia's legal community to empower its members to build wealth for their life in retirement.

Positive investment returns and cashflows resulted in an increase in Fund assets of \$574,336,767 in the financial year to \$6,128,431,362. Operational expenditure was funded from the Fund's General Reserve. Year on year total expenses decreased from \$40,296,483 to \$36,009,171. Member benefits increased \$518,755,751 over the period to \$5,962,328,128.

During the financial year, the Fund changed custodians from BNP Paribas Securities Services (BNP Paribas), a wholly owned subsidiary of the BNP Paribas Group, to Northern Trust Corporation. The transition was completed as at 30 September 2023.

The Trustee executive team was reshaped somewhat to include highly experienced financial services professionals drawn from investment and retail banking, and superannuation sectors.

Changes in state of affairs

As noted, the Fund completed the transition of custodian services from BNP Paribas to Northern Trust Company as at 30 September 2023.

Other than the custodian change, there were no significant change in the state of affairs of the Fund during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Future developments

There are no likely developments as at the date of this report.

Environmental regulation

The operations of the Fund are currently not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. The Fund is implementing a program to record and report climate related financial disclosures in accordance with proposed legislative and regulatory requirements that are anticipated to come into effect from 1 July 2026.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are disclosed in the table below.

Deloitte and related network firms*	2024	2023
	\$	\$
Other assurance and agreed-upon procedures under other legislation or contractual arrangements:		
- Tax Compliance Services	14,984	42,000
- Consulting services	183,010	75,262
- Actuarial Services	10,462	9,371
Total superannuation activities income	208,456	126,633

*The external auditor of legalsuper is Deloitte Touche Tohmatsu

Other auditors and related network firms*	2024	2023
	\$	\$
Other assurance and agreed-upon procedures under other legislation or contractual arrangements:		
- Tax Compliance Services	303,960	101,764
- Consulting services	107,036	87,126
Total superannuation activities income	410,996	188,890

*The internal auditor of legalsuper is PricewaterhouseCoopers

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Directors' Report
For the year ended 30 June 2024

The Directors of the Fund are satisfied that the provision of non-audit services provided during the financial year by the auditor (or by another person or firm on the Auditor's behalf) is compatible with the standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed above do not compromise the external auditor's independence, for the following reasons:

- All non-assurance services provided by the external auditor have been approved by the Audit, Risk and Governance Committee as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board (APES 110)
- All the services comply with the general principles relating to auditor independence as set out in APES 110, including not assuming management responsibilities or reviewing or auditing the auditor's own work, and ensuring threats to independence are either eliminated or reduced to an acceptable level.

The above Directors' statements are in accordance with the advice received from the Audit, Risk and Governance Committee.

Audit Services

Amounts received or due and receivable by Deloitte, for:	2024	2023
	\$	\$
	<hr/>	<hr/>
- audit of the financial statements and other statutory assurance services	220,200	176,225
	<hr/>	<hr/>
Amounts received or due and receivable by PricewaterhouseCoopers, for:	2024	2023
	\$	\$
	<hr/>	<hr/>
- internal audit services	235,172	165,414
	<hr/>	<hr/>
Total of audit service	455,372	341,639
	<hr/>	<hr/>

Auditor's independence declaration

The auditor's independence declaration is included on page 8.

Rounding off of amounts

Amounts in the Directors' report have been rounded to the nearest whole dollars in accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, unless otherwise indicated.

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Remuneration Report
For the year ended 30 June 2024

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of the key management personnel of legalsuper for the financial year.

The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, including any Director (whether executive or otherwise) of the Trustee of the Fund. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel
- Remuneration of key management personnel
- Remuneration Policy
- Key terms of employment contracts.

Key management personnel

The Directors of the Trustee and other key management personnel of the trustee during the financial year were:

Directors of the Trustee

Name	Role
Kirsten Mander	Independent Chair
Imogen Sturni	Member Director
James Peters AM, KC	Member Director
Kamal Farouque	Member Director
Daniel Papps	Member Director
Mary Macken	Member Director
Adam Awty	Employer Director
Andrew Boog	Employer Director
Richard Fleming	Employer Director
Richard Flitcroft	Employer Director

Other key management personnel

Name	Role
Luke Symons	Chief Executive Officer
Michael Gogorosis	Chief Financial Officer (from 27 November 2023)
Paul Murray	Chief Investment Officer (from 12 March 2024)
Louise Eyres	Chief Marketing Officer (from 15 May 2024)
Colin Adamson	Chief Commercial Officer (from 12 January 2024)
Kaye Wheatley Brown	Executive Manager, Legal, Risk & Compliance
John Robinson	Executive Manager Business Enablement & Risk (from 07 December 2023)
Trevin Erichsen	Chief Operating Officer (until 16 August 2023)
Norman Zhang	Chief Investment Officer (until 07 December 2023)
Carrie Norman	Chief Member Officer (until 12 December 2023)
Jessica Lancashire	Executive Manager of People & Culture (until 11 January 2024)

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Remuneration Report (continued)
For the year ended 30 June 2024

Remuneration of key management personnel

2024	Short-term employee benefits				Post-employment benefits	Long-term employee benefits	Termination benefits	Total
	Salary & fees	Cash Bonus	Non-monetary	Other	Superannuation	Long service leave		
	\$	\$	\$	\$	\$	\$	\$	
Directors of the Trustee								
Kirsten Mander	110,592	-	-	-	12,166	-	-	122,758
Imogen Sturni (i)	44,236	-	-	-	4,866	-	-	49,102
James Peters AM, KC	49,766	-	-	-	5,475	-	-	55,241
Kamal Farouque	49,766	-	-	-	5,475	-	-	55,241
Daniel Papps (ii)	44,236	-	-	-	4,866	-	-	49,102
Mary Macken (iii)	44,236	-	-	-	4,866	-	-	49,102
Adam Awty	55,296	-	-	-	6,083	-	-	61,379
Andrew Boog	44,236	-	-	-	4,866	-	-	49,102
Richard Fleming	60,825	-	-	-	6,691	-	-	67,516
Richard Flitcroft	55,296	-	-	-	6,083	-	-	61,379
	<u>558,485</u>	-	-	-	<u>61,437</u>	-	-	<u>619,922</u>
Other key management personnel								
Luke Symons	541,177	-	-	-	59,529	-	-	600,706
Michael Gogorosis (iv)	160,650	-	-	-	17,642	-	-	178,292
Paul Murray (v)	113,236	-	-	-	12,456	-	-	125,692
Louise Eyres (vi)	25,468	-	-	-	2,801	-	-	28,269
Colin Adamson (vii)	149,769	-	-	-	16,475	-	-	166,244
Kaye Wheatley Brown	273,924	-	-	-	30,106	7,296	-	311,326
John Robinson (viii)	214,718	-	-	-	23,619	-	-	238,337
Trevin Erichsen (ix)	63,835	-	-	-	4,549	-	62,026	130,410
Norman Zhang (x)	209,624	-	-	-	17,976	-	-	227,600
Carrie Norman (xi)	177,242	-	-	-	22,756	-	103,436	303,434
Jessica Lancashire (xii)	97,280	-	-	-	10,111	-	-	107,391
	<u>2,026,923</u>	-	-	-	<u>218,020</u>	<u>7,296</u>	<u>165,462</u>	<u>2,417,701</u>
Total	<u>2,585,408</u>	-	-	-	<u>279,457</u>	<u>7,296</u>	<u>165,462</u>	<u>3,037,623</u>

- (i) \$44,236 attributable to the services of Ms. Imogen Sturni during the current financial year were made to Australian Service Union.
(ii) \$44,236 attributable to the services of Mr. Daniel Papps during the current financial year were made to United Services Union.
(iii) \$4,173 attributable to the services of Ms. Mary Macken during the current financial year were made to United Services Union.
(iv) Amounts in the table are from 27 November 2023 when Mr Michael Gogorosis was appointed, until 30 June 2024.
(v) Amounts in the table are from 12 March 2024 when Mr Paul Murray was appointed, until 30 June 2024.
(vi) Amounts in the table are from 15 May 2024 when Ms. Louise Eyres was appointed, until 30 June 2024.
(vii) Amounts in the table are from 12 January 2024 when Mr. Colin Adamson was appointed, until 30 June 2024.
(viii) Amounts in the table are from 07 December 2023 when Mr. John Robinson was appointed, until 30 June 2024.
(ix) Amounts in the table are for the period 1 July 2023 until 16 August 2023 when Mr Trevin Erichsen ceased employment
(x) Amounts in the table are for the period 1 July 2023 until 07 December 2023 when Mr Norman Zhang resigned.
(xi) Amounts in the table are for the period 1 July 2023 until 12 December 2023 when Mrs. Carrie Norman ceased employment.
(xii) Amounts in the table are for the period 1 July 2023 until 11 January 2024 when Mrs. Jessica Lancashire resigned.

Remuneration policy

The Board has established a Remuneration & Nomination committee made up of three Directors and chaired by the Independent Chair of the Board. The committee supports the Board in fulfilling its remuneration responsibilities by making recommendations and reports on the remuneration framework and policy, including compliance, risk and issues, as well as Key Management Personnel remuneration. The committee recommends, and the board approves the remuneration policy and structure at least annually (last reviewed April 2024) to ensure it remains aligned to business needs and meets our remuneration principles including compliance with CPS 511.

The policy will also be reviewed by the committee if there is a material change to the size, business mix and complexity of the operations of the Fund. From time to time, the committee also engages external remuneration consultants to assist with this review.

In particular, the board aims to maintain a remuneration framework that:

- aligns with the Trustee's business plan, strategic objectives and risk management framework;
- promotes effective management of both financial and non-financial risks, sustainable performance and the Trustee's and the Fund's long-term soundness;
- promotes performing its duties and exercising its powers in the best financial interests of beneficiaries;
- supports the prevention and mitigation of conduct risk; and
- attracts and retain qualified and experienced professionals by adopting remuneration structures that offer appropriate reward and recognition.

The Fund does not provide any variable remuneration to key management personnel linked to their performance.

Element	Purpose	Performance metrics	Potential value	Changes in FY 2024
Salaries	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	Reviewed in line with market positioning

legalsuper
Remuneration Report (continued)
For the year ended 30 June 2024

Directors' remuneration

Directors receive directors fees which include a component for their board role and a component for chairing or participating on Board committees. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The chair does not receive additional fees for participating in or chairing committees.

Director's fees are increased by CPI annually as approved by the shareholders and nominating bodies and the Chair's fees by the Board, in each case supported by benchmarking.

All Directors enter into a service agreement with the Trustee in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

Other key management personnel

Executives receive their salaries as cash with their salary levels reviewed annually or on promotion. Salaries are benchmarked against market data for comparable roles in other superannuation funds. The Fund aims to position executives around the median, with flexibility to take into account capability, experience, value to the Fund and performance of the individual. Superannuation is included in the salaries for all executives.


Key terms of employment contract

During the financial year, the following new contracts for services were negotiated between the Fund and members of the KMP when commencing a new role:

Component	Michael Gogorosis	Paul Murray	Louise Eyres	Colin Adamson	John Robinson
Base salaries	\$300,000	\$387,387	\$220,721	\$330,000	\$261,261
Contract duration	Permanent Full-time	Permanent Full-time	Permanent Part-time	Permanent Full-time	Permanent Full-time
Notice Period	3 months	6 months	3 months	6 months	6 weeks
Variable remuneration	None	None	None	None	None

This Directors' report, inclusive of the Remuneration report, is signed in accordance with a resolution of directors of the Trustee made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors of the Trustee


Kirsten Mander
Sep 20, 2024 11:31 AM AEST

Kirsten Mander
Chair - Board


Richard Flitcroft
Sep 20, 2024 10:54 AM AEST

Richard Flitcroft
Chair - Audit, Risk and Governance Committee

Dated this _____ 20th day of _____ September 2024

Melbourne, Victoria

20 September 2024

The Board of Directors
Legal Super Pty Ltd (the Trustee)
legalsuper
Level 9, 627 Chapel Street
SOUTH YARRA VIC 3141

Dear Board Members

Auditor's Independence Declaration to the trustee of legalsuper

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Legal Super Pty Ltd as trustee of legalsuper.

As lead audit partner for the audit of the financial report of legalsuper for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Fiona O'Keefe
Partner
Chartered Accountants

Independent Auditor's Report to the Members of legalsuper (ABN 60 346 078 879)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of legalsuper (the "RSE"), which comprises the statement of financial position as at 30 June 2024, the income statement, the statement of changes in member benefits, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of legalsuper is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of legalsuper's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 Report* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical 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 report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the RSE Licensee ("the Directors"), would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The Directors' are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are 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 Directors either intends to liquidate the RSE or cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report 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 this financial report.

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

We communicate with the Directors 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 identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in **[pages 5 to 7]** of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of legalsuper, for the year ended 30 June 2024, complies with section 300C of the *Corporations Act 2001*.

Responsibilities

The Directors are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300C of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Fiona O'Keefe
Partner
Chartered Accountants

Melbourne, 20 September 2024

legalsuper
Statement of Financial Position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Cash and cash equivalents	16	18,250,317	11,388,764
Receivables	5	356,649	360,991
Investments			
Cash and short term deposits	4	240,525,599	643,843,732
Australian fixed interest securities	4	583,362,045	208,807,760
International fixed interest securities	4	247,252,194	183,573,975
Australian equities	4	1,808,008,909	1,538,782,619
International equities	4	1,701,910,652	1,577,497,695
Alternative assets	4	1,065,107,528	877,760,976
Property	4	460,851,853	509,190,472
Property, plant and equipment	6	257,681	346,507
Right-of-use assets	7(i)	1,347,813	1,612,957
Deferred tax assets	12	1,200,122	928,147
Total assets		<u>6,128,431,362</u>	<u>5,554,094,595</u>
Liabilities			
Lease liabilities	7(ii)	(1,385,084)	(1,633,970)
Payables	8	(8,208,432)	(7,627,779)
Income tax payable		(12,444,032)	(8,322,852)
Deferred tax liabilities	12	(105,429,479)	(75,597,253)
Total liabilities excluding member benefits		<u>(127,467,027)</u>	<u>(93,181,854)</u>
Net assets available for member benefits		<u>6,000,964,335</u>	<u>5,460,912,741</u>
Member benefits			
Allocated to members		(5,958,512,843)	(5,440,114,030)
Unallocated to members		(3,815,285)	(3,458,347)
Total member benefits	3	<u>(5,962,328,128)</u>	<u>(5,443,572,377)</u>
Net assets		<u><u>38,636,207</u></u>	<u><u>17,340,364</u></u>
Equity			
General reserve	11	(25,072,053)	(5,160,041)
Operational risk reserve	11	(13,564,154)	(12,180,323)
Total equity		<u><u>(38,636,207)</u></u>	<u><u>(17,340,364)</u></u>

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

legalsuper
Income Statement
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Superannuation activities			
Interest		19,647,993	7,765,901
Distributions and dividends		209,458,031	180,600,629
Changes in assets measured at fair value	9	322,580,774	293,325,261
Other investment income		1,220,023	1,899,981
Other income		94,584	479,406
Total superannuation activities income		553,001,405	484,071,178
Investment expenses	13	(14,637,946)	(19,149,876)
Administration expenses		(5,752,091)	(5,189,431)
Operating expenses	14	(15,619,134)	(15,957,176)
Total expenses		(36,009,171)	(40,296,483)
Net result from superannuation activities		516,992,234	443,774,695
Less: Net benefits allocated to members' accounts		(459,661,618)	(415,026,768)
Profit/(loss) before income tax		57,330,616	28,747,927
Income tax expense/(benefit)	12	36,034,773	26,530,041
Profit/(loss) after income tax		21,295,843	2,217,886

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

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Statement of Changes in Member Benefits
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Opening balance of member benefits		5,443,572,377	4,925,195,052
Contributions:			
Employer		283,666,155	259,116,936
Member		103,591,011	96,688,792
Transfer from other superannuation plans		74,358,991	75,166,002
Government co-contributions		180,973	197,266
Income tax on contributions		(47,568,661)	(41,997,239)
Net after tax contributions		414,228,469	389,171,757
Benefits to members/beneficiaries		(349,553,307)	(279,652,917)
Insurance premiums charged to members' accounts		(22,076,340)	(21,369,418)
Death and disability insurance benefits credited to members' accounts		16,495,311	15,201,135
Benefits allocated to members' accounts, comprising:			
Net investment income		460,528,792	415,796,919
Administration fees		(867,174)	(770,151)
Closing balance of member benefits	3	<u>5,962,328,128</u>	<u>5,443,572,377</u>

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

legalsuper
Statement of Changes in Reserves
For the year ended 30 June 2024

	General reserve	Operational risk reserve	Total equity
	\$	\$	\$
Opening balance as at 1 July 2023	5,160,041	12,180,323	17,340,364
Profit/(loss)	19,912,012	1,383,831	21,295,843
Closing balance as at 30 June 2024	25,072,053	13,564,154	38,636,207

	General reserves	Operational risk reserve	Total equity
	\$	\$	\$
Opening balance as at 1 July 2022	4,138,885	10,983,593	15,122,478
Profit/(loss)	1,021,156	1,196,730	2,217,886
Closing balance as at 30 June 2023	5,160,041	12,180,323	17,340,364

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

legalsuper
Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Interest received		19,647,993	7,765,901
Distributions and dividends		209,458,031	180,600,629
Insurance proceeds		16,574,143	15,670,799
Other general administration expenses		(20,783,695)	(22,530,839)
Other income		1,220,023	1,919,348
Investment expenses		(14,322,125)	(17,972,715)
Insurance premiums		(22,003,075)	(21,159,197)
Income tax paid		(2,353,342)	176,544
Net cash inflows from operating activities	16	<u>187,437,952</u>	<u>144,470,469</u>
Cash flows from investing activities			
(Net purchase) of investments		(244,980,777)	(261,306,271)
(Net purchase) of fixed assets		(270,784)	(427,510)
Net cash outflows from investing activities		<u>(245,251,561)</u>	<u>(261,733,781)</u>
Cash flows from financing activities			
Employer contributions		283,666,155	259,116,936
Member contributions		103,591,011	96,688,792
Transfers from other superannuation plans received		74,358,991	75,166,002
Government co-contributions received		180,973	197,266
Benefits paid to members		(349,553,307)	(279,652,917)
Income tax paid on contributions received		(47,568,661)	(41,997,239)
Net cash inflows from financing activities		<u>64,675,162</u>	<u>109,518,840</u>
Net increase/(decrease) in cash and cash equivalents		6,861,553	(7,744,472)
Cash and cash equivalents at the beginning of the financial period		11,388,764	19,133,236
Cash and cash equivalents at the end of the financial period	16	<u><u>18,250,317</u></u>	<u><u>11,388,764</u></u>

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

legalsuper
Notes to the Financial Statements
For the year ended 30 June 2024

1. Reporting entity

legalsuper is a superannuation fund that was established on 6 March 1989. Since inception it has provided accumulation benefits and from 1 July 2006 it has also provided pension benefits. Under legalsuper's trust deed, Legal Super Pty Ltd (A.B.N. 37 004 455 789) is its trustee. Members' entitlements are comprised of units valued using the unit price for the investment option(s) in which a member is invested.

In accordance with the Superannuation Industry (Superannuation) Act 1993 legalsuper was registered with the Australian Prudential Regulation Authority on 9 June 2006. (Registration number RSEL0002585).

The registered office of the Trustee is located in Australia at level 9, 627 Chapel Street, South Yarra. It does not pay dividends to its shareholders. All net profits generated by legalsuper, subject to any amounts held in reserve, are distributed to members.

legalsuper appointed The Northern Trust Company, Melbourne (A.B.N 62 126 279 918) as its custodian effective 1 October 2023. Prior to this, BNP Paribas Securities Services (A.B.N 87 149 440 291), a wholly owned subsidiary of the BNP Paribas Group, had been legalsuper's custodian since November 2010.

MUFG Retirement Solutions, a division of MUFG Pension & Market Services (MUFG), is legalsuper's fund administrator. It was previously known as Australian Administration Services Pty Ltd (AAS).

2. Summary of material accounting policies and changes in accounting policies and reporting requirements

(a) Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards, Interpretations, and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and Corporations Regulations 2001 and the provisions of the Fund's Trust Deed.

legalsuper is a not-for-profit entity for the purpose of preparing financial statements.

(b) Presentation currency and rounding

These financial statements are presented in Australian Dollars (\$). Amounts in the financial statements have been rounded off to the nearest whole dollars. The amounts disclosed in Note 19 have been rounded off to the nearest thousand dollars.

The financial statements were authorised for issue by the Board of Legal Super Pty Ltd on 20th September 2024.

(c) New accounting standards and interpretations

(i) New and amended Australian Accounting Standards that are effective for the current year

The Fund has adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

New and revised standards and amendments thereof and interpretations effective for the current year that are relevant to the Fund are:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards.
- AASB 2023-Y Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules28.

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

(ii) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of financial statements, the Fund has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting period beginning on or after
AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback	1 January 2024
AASB 2023-X Amendments to Australian Accounting Standards - Supplier Finance Arrangements	1 January 2024

2. Summary of material accounting policies (continued)

(d) Assessment as investment entity

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

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

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

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

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

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

The Fund currently has no subsidiaries.

(e) Financial assets and liabilities

(i) Classification

legalsuper classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9.

Financial assets and liabilities held for trading

These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. All derivatives are classified as held for trading. Derivative financial instruments entered into by legalsuper do not meet the hedge accounting criteria as defined by AASB 9. Consequently hedge accounting is not applied by legalsuper.

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

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of legalsuper.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. legalsuper includes in this category short term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

(ii) Recognition

legalsuper recognises a financial asset or financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that legalsuper commits to purchase or sell the asset.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- legalsuper has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) legalsuper has transferred substantially all the risks and rewards of the asset, or (b) legalsuper has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

legalsuper derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

2. Summary of material accounting policies (continued)

(e) Financial assets and liabilities (continued)

(iv) Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the income statement.

Loans and receivables and financial liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, legalsuper recognises the difference in the income statement, unless specified otherwise.

(v) Subsequent measurement

After initial measurement, legalsuper measures investments and derivatives at fair value through profit or loss. Subsequent changes in the fair value of those investments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'Interest revenue' according to the terms of the contract. Dividend revenue is recorded in 'dividend revenue'.

(f) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by legalsuper.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

legalsuper uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair Values have been determined as follows:

Market quoted investments

The fair value of an investment for which there is a readily available market quotation is determined as the last quoted sale price at the close of business on year end.

Non-market quoted investments

Investments for which market quotations are not readily available are valued at the fair value determined by the Trustee as follows:

- i) Unlisted securities are recorded with reference to recent arm's length transactions, current market value of another instrument substantially the same or discounted cash flows.
- ii) Where discounted cash flow techniques are used, estimated future cash flows are based on Trustee's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms, condition and risk.
- iii) Where other pricing models are used, inputs are based on market data at year end.
- iv) Private equity investments are valued according to the most recent valuation obtained from the underlying manager at fair value adjusted for subsequent investments, redemptions and significant changes in underlying market conditions through to year end.

2. Summary of material accounting policies (continued)

(f) Fair value measurements (continued)

Derivative Financial Instruments

Derivative financial instruments including financial futures and forward exchange contracts, interest rate swaps, exchange traded and other options and forward rate agreements are recorded at a mark to market basis at year end using the most recent verifiable sources of market prices or generally accepted valuation principles.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 4.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Short term deposits are held with banks and/or authorised deposit-taking institutions.

For the purposes of the Statement of Cash Flows, no bank overdrafts existed at 30 June 2024 (2023: nil).

(h) Receivables and payables

Receivables are carried at nominal amounts due which approximate fair value. Receivables are normally settled within 30 days. An allowance for expected credit losses is only made where there is objective evidence that the debt will not be collected. Objective evidence may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to legalsuper prior to year end that are unpaid when legalsuper becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled on 30 day terms.

(i) Property, plant and equipment

Depreciation on property, plant and equipment is calculated using the diminishing value method as follows:

- Building Improvements	7%-10% p.a.
- Furniture and fittings and computers	10%-40% p.a.
- Cost - Low Value Cost Pool	18.75%-37.50% p.a.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to legalsuper and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Changes in fair value

Changes in the fair value of investments and derivatives are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. All changes are recognised in the income statement.

Interest

Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and is recognised in the Income Statement.

Dividends and distributions

Dividend and distribution revenue is recognised when legalsuper's right to receive payment is established. Revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the Income Statement.

2. Summary of material accounting policies (continued)

(k) Income tax

legalsuper is a complying superannuation fund for the purposes of the provisions of the Income Tax Assessment Act 1997. Accordingly, the concessional tax rate of 15% has been applied to legalsuper's taxable income.

Income tax in the income statement for the year comprises current and deferred tax.

- i) Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by year end.
- ii) Deferred tax is provided on all temporary differences at year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at year end.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(l) Lease

The Fund's incremental borrowing rate is the rate that the Fund would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Using the modified retrospective approach, the Fund also recognises a right-of-use asset at the date of initial application. The asset is measured at the initial application date at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

Right-of-use assets are depreciated over the lease term or estimated useful life, whichever is the shorter, using the straight line method.

Payments associated with short-term leases of equipment and offices, all leases of low-value assets and any leases with substitution rights to the underlying asset are recognised on a straight-line basis as an expense in the income statement.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets of less than \$10,000 and comprise of IT equipment and small items of office furniture.

2. Summary of material accounting policies (continued)

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable; or
- When receivables and payables are stated with the amount of GST included.

The net amounts of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

(n) Foreign currency

The functional and presentation currency of the Fund is Australian Dollars, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions in foreign currencies are initially recorded at the functional currency spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at year end.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in a previous financial report, are recognised in the income statement in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(o) Accrued benefits

The liability for accrued benefits is legalsuper's present obligation to pay benefits to members and beneficiaries arising from membership up to 30 June.

(p) Material accounting judgements, estimates and assumptions

The preparation of legalsuper's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The material accounting policies and estimates have been consistently applied in the current and prior financial years unless otherwise stated. The key estimates and assumptions that have the most material effect on the amounts recognised in the financial statements are described in Note 4 Fair value of financial instruments.

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Notes to the Financial Statements
For the year ended 30 June 2024

3. Member benefits

Member balances are valued using a unit price determined by the Trustee based on underlying investment valuations.

Members bear the investment risk relating to the underlying assets and unit prices used to value member balances. Unit prices are updated daily.

At 30 June 2024 \$3,815,285 (2023: \$3,458,347) was not allocated to members at year end. The amount not yet allocated to members' accounts consists of contributions and insurance proceeds received by legalsuper that have not been able to be allocated to members as at year end.

Refer to Note 19 for the Fund's management of the investment risks.

Member benefits vest 100% to members.	2024	2023
	\$	\$
Members benefits at end of the year	<u>5,962,328,128</u>	<u>5,443,572,377</u>
As compared to net assets available for member benefits	<u>6,000,964,335</u>	<u>5,460,912,741</u>

4. Fair value of financial instruments

(a) Classification of financial instruments under the fair value hierarchy

AASB 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	2024			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments				
Cash and short term deposits	240,525,599	-	-	240,525,599
Australian fixed interest securities	-	583,362,045	-	583,362,045
International fixed interest securities	-	247,252,194	-	247,252,194
Australian equities	1,580,123,306	227,885,603	-	1,808,008,909
International equities	1,701,910,652	-	-	1,701,910,652
Alternative assets	-	309,048,606	756,058,922	1,065,107,528
Property	-	428,292,936	32,558,917	460,851,853
Total investments	<u>3,522,559,557</u>	<u>1,795,841,384</u>	<u>788,617,839</u>	<u>6,107,018,780</u>

	2023			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments				
Cash and short term deposits	643,843,732	-	-	643,843,732
Australian fixed interest securities	-	208,807,760	-	208,807,760
International fixed interest securities	-	183,573,975	-	183,573,975
Australian equities	1,343,320,784	195,461,835	-	1,538,782,619
International equities	1,577,497,695	-	-	1,577,497,695
Alternative assets	-	272,923,774	604,837,202	877,760,976
Property	-	509,190,472	-	509,190,472
Total investments	<u>3,564,662,211</u>	<u>1,369,957,816</u>	<u>604,837,202</u>	<u>5,539,457,229</u>

4. Fair value of financial instruments (continued)

(a) Classification of financial instruments under the fair value hierarchy (continued)

Valuation process for Level 3 valuations

Valuations are the responsibility of the Trustee.

For financial instruments classified in Level 3 in the fair value hierarchy some of the inputs to the valuation models are unobservable and therefore subjective in nature. The use of reasonably possible alternative assumptions could produce a different fair value measurement. If the impact of using those alternative assumptions would cause the fair value of Level 3 assets to be higher or lower by 5% of the net assets of legalsuper then the result for the year would have been higher or lower by \$37,802,946 (2023: \$30,241,860).

Significant unobservable inputs in level 3 measuring financial instruments

The below table sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type	Fair value as at	Valuation approach	Key unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
	\$			
Units in unlisted unit trusts				
2024	788,617,839	Some of legalsuper's investments are in units in pooled investment trusts. These pooled investment trusts regularly issue unit prices which legalsuper uses to value its investment in those trusts.	Valuation based on the advice of the Fund's investment managers as at the reporting date.	Increases or decreases in the valuation of the underlying investments owned by the pooled investment trust will increase or decrease fair value. Significant redemptions from the pooled investment trust by its investors may necessitate the sale of investments to provide liquidity. If significant redemptions were to occur for a protracted period, the pooled investment trust may suspend redemptions in the interests of maintaining equity for all investors.
2023	604,837,202			

Collective trusts and mandates

The below table sets out the balance of collective trusts and mandates disclosed at fair value.

	2024	2023
	\$	\$
Collective trusts	2,670,342,762	3,059,601,324
Mandates	3,436,676,018	2,479,855,905
	<u>6,107,018,780</u>	<u>5,539,457,229</u>

4. Fair value of financial instruments (continued)

(b) Level 3 reconciliation

2024	Property \$	Alternative assets \$	Total \$
Opening balance	-	604,837,202	604,837,202
Total realised/unrealised gains and (losses)	577,042	28,382,194	28,959,236
Purchases/applications	-	179,971,291	179,971,291
(Sales)/(redemptions)	-	(87,665,206)	(87,665,206)
Distributions and interest income	-	30,533,441	30,533,441
Transfers into / (out of) level 3	31,981,875	-	31,981,875
Closing balance	32,558,917	756,058,922	788,617,839

2023	Alternative assets \$	Total \$
Opening balance	589,338,981	589,338,981
Total realised/unrealised gains/(losses)	(11,401,828)	(11,401,828)
Purchases/applications	163,109,713	163,109,713
(Sales)/(redemptions)	(142,626,649)	(142,626,649)
Distributions and interest income	6,416,985	6,416,985
Transfers into / (out of) level 3	-	-
Closing balance	604,837,202	604,837,202

(c) Transfers Between Hierarchy Levels

The Trustee has reviewed the methodology used to classify financial instruments between levels 1, 2 and 3 for 2024 and 2023.

5. Receivables

	2024 \$	2023 \$
Recoverable within 12 months		
GST receivable	285,724	294,706
Prepayments	70,925	66,285
	<u>356,649</u>	<u>360,991</u>

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Information regarding credit risk exposure is set out in Note 19.

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6. Property, plant and equipment

	2024	2023
	\$	\$
<u>Building improvements</u>		
Cost	107,387	107,387
Accumulated depreciation	(19,912)	(9,144)
	<u>87,475</u>	<u>98,243</u>
<u>Office equipment and furniture</u>		
Cost	1,069,682	1,059,481
Accumulated depreciation	(904,287)	(818,915)
	<u>165,395</u>	<u>240,566</u>
<u>Cost - Low Value Cost Pool</u>		
Cost	17,702	17,702
Accumulated depreciation and impairment	(12,891)	(10,004)
	<u>4,811</u>	<u>7,698</u>
Net written down value	<u><u>257,681</u></u>	<u><u>346,507</u></u>

7. Leases

(i) Right-of-use assets

	2024	2023
	\$	\$
Cost of right-of-use assets	1,856,005	1,856,005
Accumulated Amortisation	(508,192)	(243,048)
	<u>1,347,813</u>	<u>1,612,957</u>

(ii) Lease liabilities

	2024	2023
	\$	\$
Not later than one year	256,345	248,886
Later than one year and not later than five years	1,128,739	1,072,459
Later than five years	-	312,625
	<u>1,385,084</u>	<u>1,633,970</u>

The Fund leases an office premises from Goldfields House Pty Ltd and the lease term is 7 years commencing on 1 August 2023.

8. Payables

	2024	2023
	\$	\$
Due within 12 months		
Insurance premiums payable	5,488,582	5,415,317
Audit fees payable	114,503	89,348
Investment expenses payable	315,822	-
Operating expenses payable	1,188,649	849,060
Administration expenses payable	406,564	353,117
Provision for employee benefits	486,694	682,979
Sundry creditors	207,618	237,958
	<u>8,208,432</u>	<u>7,627,779</u>

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 19.

legalsuper
Notes to the Financial Statements
For the year ended 30 June 2024

9. Changes in fair value of investments

	2024	2023
	\$	\$
Investments held at year end		
Cash and short term deposits	4,529,591	(6,732,224)
Interest bearing securities	(7,870,613)	(8,024,623)
Australian equities	69,599,316	71,530,149
International equities	217,709,288	216,264,835
Alternative assets	46,878,506	169,301
Property	(37,851,368)	(36,611,049)
Total unrealised gains/(losses)	292,994,720	236,596,389
Investments realised during the year		
Cash and short term deposits	2,460,889	(8,466,212)
Interest bearing securities	7,739,669	(226,097)
Australian equities	35,524,967	49,856,089
International equities	(16,922,229)	15,661,376
Alternative assets	323,462	(716,164)
Property	459,295	619,880
Total realised gains/(losses)	29,586,053	56,728,872
Change in fair value of investments	322,580,773	293,325,261

The amounts recorded as 'realised gains/(losses)' above is the difference between the fair value at sale and the carrying amount at the beginning of the year or when acquired, if acquired during the year.

10. Funding arrangements

During the year ended 30 June 2024, employers contributed the Superannuation Guarantee Charge of 11% (2023: 10.5%) to legalsuper on behalf of members. Member and additional employer contributions are paid to legalsuper at a rate determined by the member and/or employer.

11. Reserves

	2024	2023
	\$	\$
General reserve	25,072,053	5,160,041
Operational risk reserve	13,564,154	12,180,323
	38,636,207	17,340,364

The Board has established a general reserve which may be used in certain circumstances as approved by the Board. Pursuant to APRA Prudential Standard SPS 114: Operational Risk Financial Requirement (ORFR), the Board has approved an Operational Risk Financial Requirement Policy (ORFR Policy). This ORFR Policy has established an Operational risk reserve (ORR) as part of the financial management of legalsuper which is reviewed at least annually. The ORR is subject to a target amount of 0.25% of net assets, subject to a tolerance limit of a 20% or more reduction in that target amount for when the ORR will be replenished. The ORR may be used in certain circumstances to address operational risk events or claims against legalsuper arising from operational risk.

12. Income tax

(a) Major components of income tax expense/(benefit) for the years ended 30 June 2024 and 2023:

	2024	2023
	\$	\$
Income statement		
<i>Current tax expense</i>		
Current tax charge	9,533,944	4,816,978
Adjustments in respect of current income tax of previous years	(3,059,422)	(1,462,159)
<i>Deferred tax</i>		
Relating to origination and reversal of temporary differences	29,560,251	23,175,222
Total tax expense/(benefit) as reported in the Income Statement	36,034,773	26,530,041

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Notes to the Financial Statements
For the year ended 30 June 2024

12. Income tax (continued)

	2024	2023
	<u>\$</u>	<u>\$</u>
(b) Reconciliation between income tax expense/(benefit) and accounting profit before income tax		
Profit/(loss) from operating activities	57,330,616	28,747,927
Income tax at 15%	8,599,592	4,312,189
Derecognition of temporary differences	(1,360,050)	314,043
Net benefit allocated to member accounts	69,079,319	62,369,537
Capital (gains)/losses not (assessable)/deductible	(13,954,828)	(14,482,453)
Exempt pension income	(6,773,884)	(5,851,469)
Net imputation and foreign tax credits	(16,495,954)	(18,669,647)
Under/(over) provision in the previous year	(3,059,422)	(1,462,159)
	<u>36,034,773</u>	<u>26,530,041</u>

(c) Deferred Tax

	Opening balance	2024 (Deducted) / added to income	Closing balance
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Deferred tax assets			
Fund expenses accrued but not paid	928,147	271,975	1,200,122
	<u>928,147</u>	<u>271,975</u>	<u>1,200,122</u>
Deferred tax liabilities			
Income receivable	(629,321)	629,321	-
Unrealised (gains) / losses on investments	(74,967,932)	(30,461,547)	(105,429,479)
	<u>(75,597,253)</u>	<u>(29,832,226)</u>	<u>(105,429,479)</u>
Net deferred tax (liability) / asset	<u>(74,669,106)</u>	<u>(29,560,251)</u>	<u>(104,229,357)</u>

	Opening balance	2023 (Deducted) / added to income	Closing balance
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Deferred tax assets			
Fund expenses accrued but not paid	956,777	(28,630)	928,147
	<u>956,777</u>	<u>(28,630)</u>	<u>928,147</u>
Deferred tax liabilities			
Income receivable	(58,849)	(570,472)	(629,321)
Unrealised (gains) / losses on investments	(52,391,812)	(22,576,120)	(74,967,932)
	<u>(52,450,661)</u>	<u>(23,146,592)</u>	<u>(75,597,253)</u>
Net deferred tax (liability) / asset	<u>(51,493,884)</u>	<u>(23,175,222)</u>	<u>(74,669,106)</u>

legalsuper offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities.

13. Investment expenses

	2024	2023
	<u>\$</u>	<u>\$</u>
Asset consultancy fees	382,546	473,327
Custodian fees	1,992,002	1,737,774
Other investment fees*	852,201	999,901
Investment Management Fees	9,702,162	14,466,267
Investments Management Staff**	1,620,037	1,407,317
Director's remuneration*	88,998	65,290
	<u>14,637,946</u>	<u>19,149,876</u>

* For 2024 Director's remuneration has been separated from Other investment fees. 2023 comparative has been updated accordingly.

**For 2024 Investment Management Staff costs have been classified as Investment expenses in Note 13. For 2023 these costs have been reclassified from Operating expenses in Note 14.

14. Operating expenses

	2024	2023
	<u>\$</u>	<u>\$</u>
Director's remuneration	530,922	506,880
Staff costs and support	7,114,300	7,430,793
Audit, tax and legal fees	2,029,115	2,538,181
Statutory fees	773,534	553,160
Member service & support expenses	2,590,980	2,731,901
Other expenses	2,580,283	2,196,261
	<u>15,619,134</u>	<u>15,957,176</u>

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Notes to the Financial Statements
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15. Auditors' remuneration

	2024	2023
	\$	\$
Amounts received or due and receivable by Deloitte, for:		
- audit of the financial statements and other statutory assurance services	220,200	176,225
- other services	208,456	126,633
	<hr/>	<hr/>
Amounts received or due and receivable by PricewaterhouseCoopers, for:		
- internal audit, taxation and other services	646,168	354,304
	<hr/>	<hr/>
	<u>1,074,824</u>	<u>657,162</u>

16. Cash flow statement reconciliation

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2024	2023
	\$	\$
Cash and cash equivalents	<u>18,250,317</u>	<u>11,388,764</u>

Reconciliation of net cash from operating activities to net profit after income tax

Profit / (loss) after income tax	21,295,843	2,217,886
Adjustments for:		
Distributions reinvested	-	-
(Increase) / decrease in assets measured in fair value	(322,580,773)	(293,325,261)
Depreciation and impairment	375,868	356,715
(Increase) / decrease in insurance	(5,581,029)	(6,168,283)
(Increase) / decrease in receivables	4,341	(17,208)
Increase / (decrease) in payables	580,653	(326,733)
Increase / (decrease) in income tax payable	33,681,431	26,706,585
Allocation to member accounts	459,661,618	415,026,768
	<hr/>	<hr/>
Net cash outflows from operating activities	<u>187,437,952</u>	<u>144,470,469</u>

17. Segment information

legalsuper operates solely in one reportable business segment, being the provision of superannuation benefits to members. legalsuper also operates from one reportable geographic segment, being Australia, from where its activities are managed. Revenue is derived from interest, dividends, gains on the sale of investments and unrealised changes in the value of investments.

18. Related party disclosures

a) Trustee

The Trustee of legalsuper is Legal Super Pty Ltd. The shareholders of Legal Super Pty Ltd are the Law Institute of Victoria and the Law Society of New South Wales, each holding 50% of the issued capital of Legal Super Pty Ltd. No dividends are paid to the shareholders of Legal Super Pty Ltd.

The Board of Legal Super Pty Ltd has ten Directors, including:

- (i) Independent Chair – Kirsten Mander
- (ii) 4 Employer Directors – Adam Awty, Andrew Boog, Richard Fleming, and Richard Flitcroft
- (iii) 5 Member Directors – Imogen Sturni, James Peters AM, KC, Kamal Farouque, Daniel Papps, Mary Macken

The Independent Chair is appointed by the Board of Legal Super Pty Ltd.

All other Directors are nominated by the stakeholders of legalsuper, including:

- (i) 2 Employer Directors by the Law Institute of Victoria;
- (ii) 2 Employer Directors by the Law Society of New South Wales;
- (iii) 2 Member Directors by the New South Wales Local Government, Clerical, Administrative, Energy, Airlines and Utilities Union, trading as the United Services Union;
- (iv) 2 Member Directors by the Australian Municipal, Administrative, Clerical and Services Union, trading as the Australian Services Union (Victorian Private Sector Branch); and
- (v) 1 Member Director by the Victorian Bar Inc.

18. Related party disclosures (continued)

b) Director remuneration

The remuneration of Directors differs to reflect their varying workload. Some Committees meet more often and more time is involved for the Chairs of Committees.

The remuneration of the Independent Chair is determined by the Board. The remuneration of other directors requires the approval of the organisations that nominate directors (i.e. the stakeholders set out above). Remuneration is indexed annually for a cost of living adjustment. Travel, accommodation and other incidental costs associated with performing their responsibilities as directors are either paid directly by legalsuper or paid by a director and reimbursed by legalsuper.

Remuneration paid to the Directors for the last two years is shown below. Remuneration is gross of any tax impacts for the recipient and includes any superannuation contributions paid or salary sacrificed. As indicated in the table, some Directors have instructed the Trustee to pay their remuneration to another organisation.

Director fees paid to each of the Directors were as follows:

Current directors at 30 June 2024

Director name	Committee roles	Remuneration paid to:	2024 \$	2023 \$
Kirsten Mander	Remuneration and Nomination (Chair since 15/12/2017)	Director	122,758	115,287
Richard Flitcroft	Audit, Risk and Governance (Chair since 31/03/2021)	Director	61,379	57,644
Imogen Sturni	Audit, Risk and Governance*	Australian Services Union	49,102	46,114
Richard Fleming	Investment (Chair since 04/03/2018)	Director	67,516	63,407
Andrew Boog	Administration and Insurance** Remuneration and Nomination	Director	49,102	46,114
Adam Awty	Administration and Insurance (Chair since 22/09/2022) Remuneration and Nomination	Director	61,379	56,290
James Peters	Investment	Director	55,241	51,879
Kamal Farouque	Investment	Director	55,241	40,481
Mary Macken	Audit, Risk and Governance	Director United Services Union	44,929 4,173	28,583 4,173
Daniel Papps	Administration and Insurance	United Services Union	49,102	33,488
Retired directors				
Carita Kazakoff	Remuneration and Nomination Administration and Insurance (Chair since 04/03/2018, retired 02/09/2022)	Australian Services Union	-	10,044
Anastasia Polites	Audit, Risk and Governance (retired 29/07/2022)	Director	-	3,843
Nikhil Mishra	Investment (retired 13/10/2022)	Director	-	14,823
Total			<u>619,922</u>	<u>572,170</u>

* Prior to 21 Sep 2023, Imogen Sturni was a member of the Administration and Insurance committee.

** Prior to 21 Sep 2023, Andrew Boog was a member of the Audit, Risk and Governance committee.

18. Related party disclosures (continued)

b) Director remuneration (continued)

During the year legalsuper paid Trustee service fees to Legal Super Pty Ltd of \$994,393 (2023: \$995,613). Trustee service fees paid by the Fund are a reimbursement of expenses incurred for Directors fees, trustee indemnity insurance, training and development and meeting costs.

Legal Super Pty Ltd has in place a trustee liability insurance policy for director and officer liabilities, professional indemnity and crime.

Directors have the benefit of a right of indemnity under the Constitution of the Trustee.

The following Directors are members of legalsuper:

(i) Adam Awty	(vii) Daniel Papps
(ii) James Peters AM, KC	(viii) Mary Macken
(iii) Imogen Sturni	
(iv) Richard Fleming	
(v) Richard Flitcroft	
(vi) Kamal Farouque	

Directors are subject to the same terms and conditions that apply to all other members of legalsuper.

c) Key management personnel

The Board has determined that the following individuals are key management personnel of the Trustee:

Name	Role
Luke Symons	Chief Executive Officer
Michael Gogorosis	Chief Financial Officer (from 27 November 2023)
Paul Murray	Chief Investment Officer (from 12 March 2024)
Louise Eyres	Chief Marketing Officer (from 15 May 2024)
Colin Adamson	Chief Commercial Officer (from 12 January 2024)
Kaye Wheatley Brown	Executive Manager, Legal, Risk & Compliance
John Robinson	Executive Manager Business Enablement & Risk (from 07 December 2023)
Trevin Erichsen	Chief Operating Officer (until 16 August 2023)
Norman Zhang	Chief Investment Officer (until 07 December 2023)
Carrie Norman	Chief Member Officer (until 12 December 2023)
Jessica Lancashire	Executive Manager of People & Culture (until 11 January 2024)

The above individuals were key management personnel of legalsuper and its Trustee during the year. They are employed by the Trustee and paid remuneration that is included in these Financial Statements.

Remuneration paid and payable to the key management personnel for services to legalsuper is as follows:

	2024	2023
	\$	\$
Short-term employee benefits (salaries)	2,026,923	2,155,099
Post-employment benefits (superannuation)	218,020	225,686
Other long-term benefits (payable)	7,296	26,755
Termination payments	165,462	-
Total	2,417,701	2,407,539

d) Other

The Trustee sponsors professional development events in the legal community. This sponsorship also increases awareness of legalsuper's products and services in the legal community.

The aggregate amount paid for these sponsorships was \$160,369 (2023: \$296,372).

The organisations sponsored by legalsuper includes a shareholder of the Trustee, the Law Society of New South Wales.

19. Financial risk management objectives and policies

(a) Financial instruments

legalsuper's principal financial instruments are units in pooled superannuation trusts, equity securities, fixed interest securities, cash and short-term deposits. The main purpose of these financial instruments is to generate a return.

legalsuper also has other financial instruments such as sundry receivables and payables, which arise directly from its operations and are mainly current in nature.

legalsuper has entered into foreign currency hedging contracts to mitigate movements in foreign currency. legalsuper also indirectly invests in derivatives. Investments in derivatives are not used to gear legalsuper's investment portfolio, and are limited to the asset allocation limits for the underlying investment class.

The main risks arising from legalsuper's financial instruments are interest rate risk, credit risk, market risk and currency risk. The Trustee has policies for managing each of these risks and they are summarised below.

legalsuper's accounting policies in relation to derivatives are set out in Note 2.

(b) Market risk

Market risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market.

Market risk is minimised by ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

(i) Other price risk

Other price risk is the risk that the fair value or future cashflows 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 instruments traded in the market. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

legalsuper is exposed to the price risk relating to changes in the fair value of its investments. Changes in the fair value of investments are due to movements in the unit price of the unit trusts that legalsuper invests in or changes in the value or prices of underlying assets or securities.

The Trustee mitigates this risk through careful selection of investment managers that trade in securities and other financial instruments within specified limits. legalsuper's overall market positions are monitored by the Trustee.

The asset allocation ranges for each investment option have been determined by the Trustee. These ranges have been set to ensure the appropriate overall fund risk is maintained and to ensure satisfactory diversification across asset classes. Investments in each non-cash asset class will be spread over more than one investment manager. In this way legalsuper is less exposed to the risk of investment failure of one investment manager.

The volatility of expected returns for the purpose of this analysis has been based on historical analysis and input from the Trustee's asset consultant (Frontier). The following table represents the returns that would be considered reasonably possible based on the underlying asset classes as at year end.

19. Financial risk management objectives and policies (continued)

(i) Other price risk (continued)

Sensitivity analysis

This analysis has been performed on a pre tax basis.

	Carrying amount	Movement in underlying sectors	Increase/ (decrease) in profit (loss) before tax	Increase/ (decrease) in equity
2024	\$'000	%	\$'000	\$'000
Australian fixed interest securities	583,362	4.75%	27,710	27,710
International fixed interest securities	247,252	4.80%	11,868	11,868
Australian equities	1,808,009	25.45%	460,138	460,138
International equities	1,701,911	21.00%	357,401	357,401
Property	460,852	11.60%	53,459	53,459
Alternative assets				
Infrastructure	400,157	14.95%	59,823	59,823
Equity strategies	252,420	29.60%	74,716	74,716
Debt	216,733	7.70%	16,688	16,688

	Carrying amount	Movement in underlying sectors	Increase/ (Decrease) in profit (loss) before tax	Increase/ (decrease) in equity
2023	\$'000	%	\$'000	\$'000
Australian fixed interest securities	208,808	4.75%	9,918	9,918
International fixed interest securities	183,574	4.75%	8,720	8,720
Australian equities	1,538,783	25.45%	391,620	391,620
International equities	1,577,498	21.00%	331,275	331,275
Property	509,190	11.55%	58,811	58,811
Alternative assets				
Infrastructure	388,811	14.95%	58,127	58,127
Equity strategies	216,026	29.65%	64,052	64,052
Debt	208,284	10.50%	21,870	21,870

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cashflow of a financial instrument will fluctuate because of changes in foreign exchange rates. legalsuper has exposure to foreign currency risk by way of securities denominated in a foreign currency. Foreign exchange contracts are used by investment managers within a mandate approved by the Trustee to mitigate the risk of foreign currency movements.

Total net exposure to fluctuations in foreign currency exchange rates at year-end was as follows:

Sensitivity analysis

The movement in exchange rates for the purpose of this analysis has been based on historical analysis and input from the Trustee's asset consultant (Frontier).

	Carrying amount	Movement in exchange rate	Increase/ (decrease) in profit (loss) before tax	Increase/ (decrease) in equity
2024	\$'000	%	\$'000	\$'000
USD	124,760	16.80%	20,960	20,960
EUR	45,213	12.60%	5,697	5,697
JPY	15,881	19.50%	3,097	3,097
GBP	21,108	17.00%	3,588	3,588
Other	52,711	16.80%	8,855	8,855

	Carrying amount	Movement in exchange rate	Increase/ (decrease) in profit (loss) before tax	Increase/ (decrease) in equity
2023	\$'000	%	\$'000	\$'000
USD	324,417	16.80%	54,502	54,502
EUR	71,055	13.00%	9,237	9,237
JPY	28,034	19.40%	5,439	5,439
GBP	(24,847)	17.10%	(4,249)	(4,249)
Other	19,706	16.80%	3,311	3,311

19. Financial risk management objectives and policies (continued)

(ii) Foreign currency risk (continued)

A 16.54% strengthening/weakening of the Australian dollar against the tabled currencies at 30 June 2024 would have \$42,197,000 (2023: \$68,240,000) (decreased)/increased to the net assets available to pay member benefits and the net result from superannuation activities by the amounts as shown above. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. legalsuper's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing securities.

The following table sets out the carrying amount, by maturity, of legalsuper's financial instruments that are exposed to interest rate risk.

2024	Weighted average effective int Rate % p.a.	Floating interest rate \$'000	Fixed Interest Rate - Time to Maturity			
			1 Year or less \$'000	1 - 5 Years \$'000	Over 5 years \$'000	Total \$'000
			Financial assets			
Cash at bank	4.22%	18,250	-	-	-	18,250
Cash & short term deposits	3.59%	-	240,526	-	-	240,526
		18,250	240,526	-	-	258,776

2023	Weighted average effective int Rate % p.a.	Floating interest rate \$'000	Fixed Interest Rate - Time to Maturity			
			1 Year or less \$'000	1 - 5 Years \$'000	Over 5 years \$'000	Total \$'000
			Financial assets			
Cash at bank	2.91%	11,389	-	-	-	11,389
Cash & short term deposits	1.94%	-	643,844	-	-	643,844
		11,389	643,844	-	-	655,233

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

Financial instruments of legalsuper, other than fixed interest rate securities and financial assets mentioned in above tables, are non-interest bearing and therefore are not subject to interest rate risk.

Sensitivity analysis

The following table represents the returns that would be considered reasonably possible based on expected movements in interest rates as at year end.

	2024			2023		
	Carrying amount \$'000	Change in interest rates %	Increase/ (decrease) in profit (loss) before tax \$'000	Carrying amount \$'000	Change in interest rates %	Increase/ (decrease) in profit (loss) before tax \$'000
	Financial assets					
Cash at bank	18,250	1.50%	274	11,389	1.50%	171
Cash & short term deposits	240,526	1.50%	3,608	643,844	1.50%	9,658

(iv) Credit risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause legalsuper to incur a financial loss.

With respect to credit risk arising from the financial assets of legalsuper, other than derivatives, legalsuper's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these investments.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a number of counterparties.

19. Financial risk management objectives and policies (continued)

(iv) Credit risk (continued)

legalsuper's financial assets exposed to credit risk amount to the following:

	2024 \$'000	2023 \$'000
Cash and cash equivalents	18,250	11,389
	18,250	11,389

There are no significant concentrations of credit risk within legalsuper.

(v) Liquidity and cash flow interest rate risk

Liquidity risk is the risk that legalsuper will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cash flow interest rate risk is the risk that future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

To control liquidity and cash flow interest rate risk, legalsuper invests in financial instruments, which under normal market conditions are readily convertible to cash.

2024	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 month \$'000	1-6 months \$'000	> 6 months \$'000
Financial liabilities					
Accounts payable	7,722	7,722	-	7,722	-
Income tax payable	12,444	12,444	-	12,444	-
Provision for employee benefits	487	487	-	-	487
Deferred income tax liability	105,429	105,429	-	-	105,429
Member benefits	5,962,328	5,962,328	5,962,328	-	-
Total financial liabilities	6,088,410	6,088,410	5,962,328	20,166	105,916

2023	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 month \$'000	1-6 months \$'000	> 6 months \$'000
Financial liabilities					
Accounts payable	6,945	6,945	-	6,945	-
Income tax payable	8,323	8,323	-	8,323	-
Provision for employee benefits	683	683	-	-	683
Deferred income tax liability	75,597	75,597	-	-	75,597
Member benefits	5,443,572	5,443,572	5,443,572	-	-
Total financial liabilities	5,535,120	5,535,120	5,443,572	15,268	76,280

Member benefits, as per Note 3, have been included in the less than one month column, as this is the amount that members could call upon as at year-end. This is the earliest date on which legalsuper could be required to pay members vested benefits, however members may not necessarily call upon amounts vested to them during this time.

20. Investment Commitments

	2024 \$	2023 \$
legalsuper has outstanding investment capital commitments. Commitments contracted for year end but not recognised as liabilities are as follows:		
- not later than 1 year	111,564,196	59,418,719
- later than 1 year but not later than 5 years	15,463,695	108,022,624
- later than 5 years	38,709,658	51,229,261
	165,737,549	218,670,604

21. Insurance

The Fund has death and disability insurance arrangements in place with external insurance providers for members.

The following factors indicate that the Fund is not exposed to material insurance risk:

- Members (or their beneficiaries) only receive insurance benefits if the external insurer pays claims
- Insurance premiums are only paid through the Fund for administrative purposes
- Insurance premiums are set by the external insurers

Insurance premiums charged to member accounts and insurance benefits paid to members or their beneficiaries are recognised in the statement of changes in member benefits.

The related cashflows are recognised in the statement of cash flows.

22. Significant events after balance date

There have been no other matters or circumstances which have arisen in the interval between year-end and the date of this report likely to significantly affect legalsuper's operations, the results of its operations, or the state of legalsuper in future years.

