

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**ABN: 62 653 671 394  
Fund Registration Number: R1000016**

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# Retail Employees Superannuation Trust (ABN: 62 653 671 394) Report by the RSE Auditor to the trustee and members

## *Opinion*

We have audited the financial statements of Retail Employees Superannuation Trust for the year ended 30 June 2022 comprising the Income Statement, Statement of Financial Position, Statement of Changes in Member Benefits, Statement of Changes in Equity/Reserves, Statement of Cash Flows and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Retail Employees Superannuation Trust as at 30 June 2022 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2022.

## *Basis for Opinion*

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

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

## *Responsibilities of the trustee for the Financial Statements*

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

- Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Frances Borg". The signature is written in a cursive style with a large initial 'F' and a long, sweeping tail on the 'g'.

Frances Borg  
Partner  
Chartered Accountants

Sydney, 26 September 2022

26 September 2022

Board of Directors  
Retail Employees Superannuation Pty Ltd  
Level 5  
321 Kent Street  
Sydney NSW 2000

## Auditor's Independence Declaration to Retail Employees Superannuation Pty Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Board of Directors of Retail Employees Superannuation Pty Ltd.

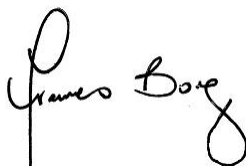
As lead audit partner for the audit of the financial statements of Retail Employees Superannuation Pty Ltd for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Frances Borg  
Partner  
Chartered Accountants

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
TRUSTEE DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2022**

In the opinion of the Directors of Retail Employees Superannuation Pty Limited, being the Trustee of Retail Employees Superannuation Trust:

- (i) the accompanying financial statements of Retail Employees Superannuation Trust are properly drawn up so as to present fairly the financial position of the Trust as at 30 June 2022 and the results of its income, changes in member benefits, changes in reserves and its cashflows for the year ended on that date in accordance with applicable Accounting Standards and other mandatory professional requirements in Australia; and
- (ii) The Trust's financial statements have been prepared in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2022.

Signed in accordance with a resolution of the Board of Directors of Retail Employees Superannuation Pty Limited (ACN 001 987 739).

Signed at Sydney this 26th day of September 2022

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Director



**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Note	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>ASSETS</b>			
Cash and Cash Equivalents		84	67
Receivables		28	13
Investment Income Receivable		331	384
Financial Investments	4(a)	66,495	66,543
Other Assets		6	1
Income Tax Refundable		178	-
<b>TOTAL ASSETS</b>		<b>67,122</b>	<b>67,008</b>
<b>LIABILITIES</b>			
Trade and Other Payables	12	127	106
Financial Liabilities	4(b)	1,070	531
Income Tax Payable		-	472
Deferred Tax Liabilities	16	299	1,016
<b>TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS</b>		<b>1,496</b>	<b>2,125</b>
<b>NET ASSETS AVAILABLE FOR MEMBER BENEFITS</b>		<b>65,626</b>	<b>64,883</b>
<b>MEMBER BENEFITS</b>			
Allocated to Members		65,213	64,521
Defined Benefit		17	18
Unallocated Contributions		5	4
<b>TOTAL MEMBER LIABILITIES</b>		<b>65,235</b>	<b>64,543</b>
<b>TOTAL NET ASSETS</b>		<b>391</b>	<b>340</b>
<b>EQUITY</b>			
Administration Reserve		84	53
Operational Risk Financial Reserve		144	152
Other Reserves	3	125	88
Unallocated Surplus		38	47
<b>TOTAL EQUITY</b>		<b>391</b>	<b>340</b>

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



**RETAIL EMPLOYEES SUPERANNUATION TRUST  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>SUPERANNUATION ACTIVITIES</b>			
Interest		110	217
Dividends and distributions from unit trusts		2,322	1,637
Rental Income		-	46
Net changes in fair value of financial instruments	7	(4,356)	8,633
Stock lending income		3	3
Other income		31	2
Group life rebates		24	-
<b>TOTAL SUPERANNUATION ACTIVITIES INCOME</b>		<b>(1,866)</b>	<b>10,538</b>
<b>INVESTMENT EXPENSES</b>			
Investment management fees		165	149
Property expenses		-	12
Custodian fees		9	6
Other investment expenses		15	39
<b>GENERAL ADMINISTRATION EXPENSES</b>			
Administration expenses		85	83
Trust operating expenses		135	111
Advertising and marketing		16	12
<b>TOTAL EXPENSES</b>		<b>425</b>	<b>412</b>
<b>RESULTS FROM SUPERANNUATION ACTIVITIES BEFORE INCOME TAX EXPENSE</b>		<b>(2,291)</b>	<b>10,126</b>
<b>INCOME TAX (BENEFIT)/EXPENSE</b>	16	<b>(586)</b>	<b>880</b>
<b>RESULTS FROM SUPERANNUATION ACTIVITIES AFTER INCOME TAX EXPENSE</b>		<b>(1,705)</b>	<b>9,246</b>
Less: net benefits allocated to members' accounts		1,756	(9,155)
<b>OPERATING RESULT AFTER INCOME TAX</b>		<b>51</b>	<b>91</b>

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
STATEMENT OF CHANGES IN MEMBER BENEFITS  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>OPENING BALANCE OF MEMBER BENEFITS</b>		64,543	54,485
<b>Contributions:</b>			
Employer		5,758	5,026
Member		703	550
Rollovers		960	985
Government Co-Contributions		10	10
Low Income Super Contributions		114	124
Income tax on contributions		(893)	(747)
<b>Net after tax contributions</b>		6,652	5,948
Benefits to Members/Beneficiaries		(4,031)	(4,886)
Insurance premiums charged to Members' accounts		(421)	(423)
Income protection benefit to members		(165)	(153)
Income protection benefit from insurer		165	153
Death and disability insurance benefits credited to Members' accounts		248	264
<b>Net Benefits allocated to Members' accounts, comprising:</b>			
Net investment income		(1,563)	9,324
Administration fees		(193)	(169)
<b>CLOSING BALANCE OF MEMBER BENEFITS</b>		65,235	64,543

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Administration Reserve <sup>1</sup> \$'M	Operational Risk Financial Reserve <sup>2</sup> \$'M	Other Reserves <sup>3</sup> \$'M	Unallocated Surplus/ (Shortfall) \$'M	Total Reserves \$'M
<b>OPENING BALANCE AS AT 1 JULY 2021</b>	53	152	88	47	340
Net transfers to/from reserves	31	(8)	37	(60)	-
Unallocated surplus	-	-	-	51	51
<b>CLOSING BALANCE AS AT 30 JUNE 2022</b>	84	144	125	38	391

	Administration Reserve <sup>1</sup> \$'M	Operational Risk Financial Reserve <sup>2</sup> \$'M	Other Reserves <sup>3</sup> \$'M	Unallocated Surplus/ (Shortfall) <sup>4</sup> \$'M	Total Reserves \$'M
<b>OPENING BALANCE AS AT 1 JULY 2020</b>	30	139	63	16	248
Net transfers to/from reserves	23	13	25	(60)	1
Unallocated surplus	-	-	-	91	91
<b>CLOSING BALANCE AS AT 30 JUNE 2021</b>	53	152	88	47	340

<sup>1</sup> The administration reserve was established to meet the Trust's operating expense obligations. Included in the administration reserve at 30 June 2022 is an illiquid component comprising of shares in Rest Holdings No 1 Pty Ltd of \$10m (2021: \$nil).

<sup>2</sup> The operational risk financial reserve (ORFR) may be used in certain circumstances to address operational risk events or claims against the Trust arising from operational risk. The Trustee has assessed an ORFR target of 0.25% of funds under management as appropriate for the Trust but has a tolerance limit of 0.20%. The ORFR is currently at 0.22%.

<sup>3</sup> Refer to Note 3 for breakdown. Other reserves comprise:

- Capital Reserve: established to fund strategic initiatives. In June 2022 the Capital and Administration Reserves were combined into a single reserve.

- Group Life Insurance Reserve: established to primarily fund expenses specifically relating to the provision of insurance to members as well as to provide a more stable cost to members by reducing volatility due to factors such as variation in rebates and claw-backs based on claim experience.

- Partnership Development Fund Reserve (PDF): established by AIA in accordance with the contract between Rest and AIA dated 1 July 2013. Those terms ended on 1 December 2019 as a result of the change in insurer from AIA to TAL. During the year, the PDF reserve was transferred to the administration reserve.

<sup>4</sup> Unallocated surplus/(shortfall) reflects timing differences between investment earnings applied to member accounts and the investment earnings reflected in earnings.

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		111	217
Dividends		2,146	1,089
Distributions from unit trusts		233	451
Rental income		-	46
Insurance proceeds		240	266
Other general administration expenses		(227)	(210)
Other income		31	4
Insurance premiums		(421)	(423)
Group life rebates		24	-
Income tax (paid) / received		(781)	(16)
<b>Net cash inflows from operating activities</b>	15	<b>1,356</b>	<b>1,424</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash flow from purchase of investments		(6,326)	(7,521)
Cash flow from sale of investments		2,546	5,229
(Purchase)/Sale of fixed assets		(6)	1
Investment expenses (net of rebates)		(174)	(206)
<b>Net cash outflows from investing activities</b>		<b>(3,960)</b>	<b>(2,497)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Employer contributions		5,758	5,026
Member contributions		703	550
Transfers from other superannuation plans received		960	985
Government co-contributions received		10	10
Low income super contributions received		114	124
Benefits paid to members and beneficiaries		(4,031)	(4,886)
Income tax paid on contributions received		(893)	(747)
<b>Net cash inflows / (outflows) from financing activities</b>		<b>2,621</b>	<b>1,062</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>17</b>	<b>(11)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		<b>67</b>	<b>78</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>		<b>84</b>	<b>67</b>

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1. GENERAL INFORMATION**

Retail Employees Superannuation Trust ("the Trust") (ABN 62 653 671 394) operates as a superannuation fund domiciled in Australia. The head office is located at 321 Kent Street, Sydney, NSW 2000. The Trust was established by a Trust Deed dated on the 2nd of December 1987 and was registered with the Australian Prudential Regulation Authority on the 30th of September 2004. The licence number (RSE) is R1000016. The Trust is a public offer fund. The Trust is predominantly a defined contribution plan providing superannuation benefits for the members of the Retail Employees Superannuation Trust. The Trust's primary purpose is to provide benefits for its members.

For the purposes of the financial statements the Trust is a profit to members entity. The Directors of the Trustee authorised the issue of the financial statements on the 26th of September 2022. The directors of the Trustee have the power to amend and re-issue these Financial Statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial statements are general purpose statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board including AASB 1056 Superannuation Entities ("AASB 1056"), the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed. The Trust exists for the benefit of members, but for the purposes of the financial statements, the Trust is classified as a for profit entity as required by law and under accounting standards.

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

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 balances are expected to be recovered or settled within twelve months, except for financial investments, financial liabilities and member benefits.

The financial statements disclose all matters of which we are aware that are relevant to the Trust's ability to continue as a going concern. We have had regard to the risks and uncertainties associated with the ongoing impacts of the COVID-19 pandemic, the conflict between Russia and Ukraine, the Australian and global economic environment, geo-political and capital market conditions when evaluating the disclosure in the financial statements and, having considered the associated risks and the source of the Trust's revenue, the Directors of the Trustee do not consider there to be any risk of the Trust not being able to meet its liabilities as they fall due over the period of twelve months from the date of signing these financial statements. The Directors of the Trustee are therefore of the view that the going concern basis of preparation remains appropriate.

**(b) Statement of Compliance**

The financial statements are prepared on the basis of the Australian Accounting Standards, which include Australian equivalents of International Financial Reporting Standards ("AIFRS"). Since AASB 1056 is the principal standard that applies to the financial statements, other standards, including AIFRS, are also applied where necessary except to the extent that they differ from AASB 1056.

**(c) Significant Accounting Judgements, Estimates and Assumptions**

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

For the majority of the Trust's financial instruments, quoted market prices are readily available. However, for financial instruments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another substantially similar instrument; discounted cash flow analysis; option pricing models; making use of available and supportable market data and keeping judgemental inputs to a minimum. Where valuation techniques are used to determine fair values, they are also validated and periodically reviewed by the Trust's experienced valuations professionals. Refer to note 5 for details.

**(d) New and amended standards adopted by the Trust**

There are no standards, interpretations or amendments to standards that are effective for the first time in the financial year commencing on 1 July 2021 that have a material impact on amounts recognised in the prior or current periods or that will affect future periods.

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**(e) Accounting Standards and interpretations issued, but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period and have not been early adopted by the Trust. None of these are expected to have a material effect on the financial statements of the Trust.

**(f) Rounding of amounts**

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 dated 24 March 2016, amounts in the financial statements have been rounded off to the nearest million dollars, unless otherwise indicated.

**(g) Financial instruments**

*Classification*

The Trust's financial instruments are classified as fair value through profit or loss in accordance with AASB 1056.

*Recognition/derecognition*

The Trust recognises financial assets and financial liabilities on the settlement date and recognises changes in the fair value of the financial assets or financial liabilities from this date.

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

*Measurement*

At initial recognition, the Trust measures financial assets and financial liabilities at fair value through profit and loss (FVTPL). Transaction costs for financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Income Statement. Subsequent to initial recognition, all financial assets and financial liabilities 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. For further details on how the fair values of financial instruments are determined refer to note 5.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents on the Statement of Financial Position comprises cash at bank with the Administrator for operational activities of the Trust. Other cash held forms part of the Trust's investments and is treated as a financial investment. This includes short term deposits, margin accounts and other short term, highly liquid investments. For the purposes of the Statement of Cash Flows, cash includes cash at bank only.

**(i) Revenue Recognition**

The following recognition criteria must be met before revenue is recognised:

*Net changes in fair value of financial instruments*

Net changes in fair value of financial instruments are recognised as revenue and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

*Interest*

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. If interest is not received at the reporting date, it is reflected as a receivable in the Statement of Financial Position.

*Dividends*

Revenue from dividends is recognised on the date the shares are quoted ex-dividend when the Trust's right to receive payment is established and if not received at balance sheet date, the balance is reflected as a receivable in the Statement of Financial Position.

*Distributions from unit trusts*

Distributions from unit trusts are recognised as investment income on the date when it is deemed that the Trust is presently entitled to the trust income. If distributions are not received at reporting date, it is reflected as a receivable in the Statement of Financial Position.

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**(j) Income Tax**

*Current tax*

The Trust 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 with deductions allowable for administrative and operational expenses. Financial investments held for less than 12 months are taxed at the Trust's rate of 15%. For financial investments held for more than 12 months, the Trust is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments. In the case of retirement income members, investment earnings are tax exempt.

*Deferred tax*

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial purposes.

Deferred income tax liabilities are recognised for all assessable temporary differences except where the deferred income 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. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets, and unused tax losses, 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 income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a 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.

The carrying amount of deferred income tax assets is reviewed at each balance date 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 income tax asset to be utilised.

Deferred income 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 the balance date.

**(k) Investment Entity**

The Trust meets the definition of an investment entity within AASB 10 Consolidated Financial Statements and is therefore required to measure controlled investments at fair value through profit or loss in accordance with AASB 9 Financial Instruments rather than consolidate them. A list of all controlled entities is included under note 16.

**(l) Receivables and Payables**

Receivables are carried at nominal amounts due, which approximates fair value. Receivables are normally settled within 30 days.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust and are carried at nominal amounts which approximate fair value. Payables are normally settled on 30 day terms.

**(m) Member Benefits and Member Liabilities**

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of accrued benefits as at the reporting date, being the benefits that the Trust is presently obliged to transfer to members, or their beneficiaries, in the future as a result of the membership up to the end of the reporting period.

*Defined contribution member liabilities*

Member Liabilities are benefits which are not conditional upon continued membership of the Trust (or any factor other than resignation from the Trust) and include benefits which members were entitled to receive had they terminated their membership as at the balance date. Defined contribution member account balances are measured using unit prices determined by the Trustee based on the underlying investment option values selected by members. However, due to the time lag in receiving certain valuations, there will always be a timing difference between the valuations used for allocation to member accounts and that reflected in the financial statements. This difference is the investment earnings not yet allocated and can be positive or negative.

*Defined benefit member liabilities*

Defined benefit member liabilities are measured as the estimated present value of a portfolio of investments that would be needed as at the reporting date to yield future net cash flows that would be sufficient to meet the accrued benefits at the date when they are expected to fall due. The key assumptions used in the valuation of defined benefit member liabilities are discussed in note 10.

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

Contributions and transfers in are recognised when control of the asset has been attained and are recorded, gross of any tax, in the period to which they relate.

**(n) Foreign currency**

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

**(o) Comparative information**

Where necessary the amounts shown for the previous year have been reclassified to facilitate comparison.

**NOTE 3. OTHER RESERVES**

Other Reserves are split into the following components:

	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Capital Reserve</b>	-	7
<b>Group Life Insurance Reserve</b>	125	60
<b>Partnership Development Fund Reserve</b>	-	21
	125	88

**NOTE 4. FINANCIAL INVESTMENTS HELD AT FAIR VALUE**

**(a) FINANCIAL ASSETS HELD AT FAIR VALUE**

Fair value has been determined as follows:

- i) Shares in listed companies, units in listed trusts, government securities and other interest bearing securities by reference to market quotations at the reporting date.
- ii) Unlisted unit trusts by reference to the latest available redemption price of such units.
- iii) Property and infrastructure is revalued at least annually by reference to an independent valuation, in accordance with the Trustee's policy on revaluations.
- iv) The Trust's derivative financial instruments are valued using quoted market prices where available or valuation techniques (e.g. pricing models).

	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Cash and Cash Equivalents</b>		
Cash	2,304	2,235
Margin Accounts	141	90
Term Deposits	175	120
	2,620	2,445
<b>Listed Equity Securities</b>		
Australian Equity Securities	14,270	16,006
International Equity Securities	19,589	18,291
	33,859	34,297
<b>Interest Bearing Securities</b>		
Australian Interest Bearing Securities	2,860	2,587
International Interest Bearing Securities	1,158	1,251
	4,018	3,838



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<b>Discount Securities</b>	<b>2,575</b>	<b>3,180</b>
<b>Unlisted Trusts</b>		
Unlisted Trusts - Equities	637	653
Unlisted Trusts - Equity Strategies	-	1,787
Unlisted Trusts - Private Equities	1,225	529
Unlisted Trusts - Interest Bearing	6,883	7,877
Unlisted Trusts - Property	6,114	5,296
Unlisted Trusts - Infrastructure	6,413	4,080
Unlisted Trusts - Absolute Return Strategies	759	1,566
Unlisted Trusts - Other	820	573
	22,851	22,361
<b>Derivatives</b>		
Fixed Interest Futures	-	3
Share Price Index Futures	18	16
Low Exercise Price Option	-	133
Forward Foreign Exchange	302	133
Warrants	1	1
	321	286
<b>Subtotal</b>	<b>66,244</b>	<b>66,407</b>
<b>Unsettled Investment Sales</b>	<b>251</b>	<b>136</b>
<b>Total</b>	<b>66,495</b>	<b>66,543</b>

**(b) FINANCIAL LIABILITIES HELD AT FAIR VALUE**

	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Unsettled Investment Purchases</b>	243	106
<b>Derivatives</b>		
Fixed Interest Futures	6	2
Share Price Index Futures	4	14
Low Exercise Price Option	-	84
Forward Foreign Exchange	817	325
	827	425
<b>Total</b>	<b>1,070</b>	<b>531</b>

**NOTE 5. FAIR VALUE MEASUREMENT**

**(a) Fair value hierarchy**

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The levels in the fair value hierarchy to which instruments are being classified, are determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the

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fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is determined to be a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the instrument being classified.

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

30-Jun-22	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M
Cash and Cash Equivalents	2,620	-	2,620	-
Listed Equity Securities	33,859	33,851	-	8
Interest Bearing Securities	4,018	1,471	1,658	889
Discount Securities	2,575	-	2,575	-
Unlisted Trusts	22,851	-	8,279	14,572
Derivatives	321	19	302	-
<b>Total Financial Asset</b>	<b>66,244</b>	<b>35,341</b>	<b>15,434</b>	<b>15,469</b>
Derivatives	827	10	817	-
<b>Total Financial Liability</b>	<b>827</b>	<b>10</b>	<b>817</b>	<b>-</b>
<b>Net Financial Fair Value</b>	<b>65,417</b>	<b>35,331</b>	<b>14,617</b>	<b>15,469</b>

30-Jun-21	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M
Cash and Cash Equivalents	2,445	-	2,445	-
Listed Equity Securities	34,297	34,290	-	7
Interest Bearing Securities	3,838	728	1,964	1,146
Discount Securities	3,180	-	3,180	-
Unlisted Trusts	22,361	-	11,883	10,478
Derivatives	286	153	133	-
<b>Total Financial Asset</b>	<b>66,407</b>	<b>35,171</b>	<b>19,605</b>	<b>11,631</b>
Derivatives	425	100	325	-
<b>Total Financial Liability</b>	<b>425</b>	<b>100</b>	<b>325</b>	<b>-</b>
<b>Net Financial Fair Value</b>	<b>65,982</b>	<b>35,071</b>	<b>19,280</b>	<b>11,631</b>

*Transfers between Levels*

The Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. The following table presents the transfers between levels:

30-Jun-22	Level 1 \$M	Level 2 \$M	Level 3 \$M
<b>Transfers between levels 2 and 3 Unlisted trusts</b>	-	-	-
30-Jun-21	Level 1 \$M	Level 2 \$M	Level 3 \$M
<b>Transfers between levels 2 and 3 - Unlisted trusts</b>	-	(7)	7

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The table below sets out the movement in Level 3 instruments by class of financial instrument:

30-Jun-22	Total \$'M	Interest Bearing Securities \$'M	Direct Property \$'M	Unlisted Trust \$'M	Listed Equity Securities \$'M
<b>Opening Fair Value</b>	11,631	1,146	-	10,478	7
<b>Gains/(Losses) recognised in profit/loss</b>	1,821	(25)	-	1,846	-
<b>Add: Purchases in current year</b>	2,964	154	-	2,809	1
<b>Less: Sale Proceeds in Current year</b>	(947)	(386)	-	(561)	-
<b>Transfers into/(out) from level 3</b>	-	-	-	-	-
<b>Closing Fair Value</b>	15,469	889	-	14,572	8
<b>30-Jun-21</b>	<b>Total \$'M</b>	<b>Interest Bearing Securities \$'M</b>	<b>Direct Property \$'M</b>	<b>Unlisted Trust \$'M</b>	<b>Listed Equity Securities \$'M</b>
<b>Opening Fair Value</b>	12,232	1,813	858	9,560	1
<b>Gains/(Losses) recognised in profit/loss</b>	222	51	2	170	(1)
<b>Add: Purchases in current year</b>	7,051	386	865	5,800	-
<b>Less: Sale Proceeds in Current year</b>	(7,881)	(1,104)	(1,725)	(5,052)	-
<b>Transfers into/(out) from level 3</b>	7	-	-	-	7
<b>Closing Fair Value</b>	11,631	1,146	-	10,478	7

**(b) Valuation process for Level 3 investments**

*Identification and evaluation of level 3 investments*

The Trustee has established a Board Investment Committee ("BIC") which for the period to 30 June 2022, oversees the valuation of the Trust's investment portfolio.

Portfolio reviews are undertaken regularly by the Trust's investment custodian to identify securities that may not be actively traded or have stale security prices.

This process identifies securities which could be regarded as being Level 3 securities.

In addition to securities identified as Level 3 by the Trust's custodian, the BIC maintains a record of investments which are known to have characteristics of Level 3 securities as inputs for the valuation of these investments that are not based on observable market data (that is, unobservable inputs). These include investments which may be either managed by an external investment manager or directly by the Trust's internal investment team.

The BIC meets to review valuations identified as Level 3 at least quarterly and reviews each investment at least annually. During periods of increased market volatility or when the circumstances of a particular investment changes materially the frequency is increased.

A summary of the Trustee's valuation policies and processes for Level 3 investments is set out below:

*Level 3 investments managed by external investment managers*

Level 3 investments managed by external investment managers are investments held in unlisted trusts in a range of asset classes. For those Unlisted Unit Trust's with underlying investments that are not actively traded in a public market, the valuation provided by the external investment manager is considered unobservable and is therefore classified as a Level 3 investment. The Trust, as part of its due diligence, prior to the investment being made and on an ongoing basis, will ensure that the valuation policy and governance resources of the investment and/or external investment manager is reviewed to ensure it

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incorporates the principles consistent with the applicable accounting standards and industry standards, regulatory requirements and is consistent with the Trust's valuation policy.

To the extent possible, there are obligations on the investment and/or external investment manager to co-operate with any independent valuation commissioned by the Trust. The Trust's internal investment team advises the BIC of any circumstances that it considers would warrant any such independent valuation.

The valuation appropriately reflects the underlying external manager's performance fees, foreign exchange overlay, tax provisions or other component if that is not otherwise represented in the asset valuation produced by the underlying manager.

The fair value for each type of financial asset, managed by external investment managers, listed in the tables above are determined as follows:

- Interest bearing securities: that are not quoted in an active market or quoted in an active market but are thinly traded, was valued via a discounted cash flow, which incorporates unobservable inputs such as discount rates, counterparty credit, and probability-adjusted revenues expected to be received under the arrangement.
- Unlisted trusts (where the underlying investments are indirectly held): that are not quoted in an active market, is determined primarily by reference to the latest available redemption price of such units.
- Private equity: consistently with the IPEV Board's *International Private Equity and Venture Capital Valuation Guidelines* using a combination of discounted cash flow, market multiples and cost methodologies.

The process for the adoption of the valuations is communicated to the Trust's custodian either directly by the external fund managers or via the Trust's internal investment operations team.

*Level 3 investments managed directly by the Trust's internal investment team.*

Level 3 investments managed directly by the Trust's internal investment team are investments held in unlisted trusts in a range of asset classes.

Level 3 investments managed directly by the Trust's internal investment team are independently valued at least annually.

The BIC has policies and procedures governing the appointment and rotation of third-party valuers. These include an assessment of the qualifications and experience of the valuers prior to appointment and a requirement to rotate valuers for each investment every 3 years. Valuations performed by third party valuers are reviewed by the BIC to confirm that an appropriate valuation methodology has been used and that key inputs, assumptions and judgements made by the valuer are appropriate.

The fair value for each type of financial asset, managed by the Trust's internal investment team, listed in the tables above are determined by:

- Listed equities: the last traded price as listed on the relevant securities exchange.
- Property: in accordance with the Australia and New Zealand Valuation and Property Standards, using a combination of the capitalisation method, cost method and/or discounted cash flow methods.
- Infrastructure: is determined using a combination of the relative market multiples approach and the discounted cash flow method.
- Interest bearing securities: that are not quoted in an active market or quoted in an active market but are thinly traded, by reference to the latest available price of such securities and consideration of counterparty credit risk.

The Trust's external valuers are instructed to have regard to comparable market transactions and/or earnings multiples of comparable publicly traded companies, to ensure that valuations reflect current market conditions and not just the price derived from commonly accepted valuation techniques. The Trust's internal investment team may also procure independent preparation of key inputs into valuations (e.g. electricity prices or wind studies).

**(c) Valuation inputs for level 3 investments**

The following tables summarise the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

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Description	Fair Value as at 30 June 2022 \$'M	Unobservable Inputs	Range of Inputs - (weighted average)	Relationship of unobservable inputs to Fair Value \$'M
Listed Equity Securities	8	Unit Price	Last available price	a change in the unit price by +/- 16% would change the value by \$1m
Interest Bearing Securities	889	Unit Price	Last available price	a change in the unit price by +/- 9% would change the value by \$80m
Unlisted Trusts - Private Equity (externally managed)	1,225	Unit Price	Last available price	a change in the unit price by +/- 16% would change the value by \$196m
Unlisted Trusts - Property (externally managed)	4,374	Unit Price	Last available price	a change in the unit price by +/- 9% would change the value by \$394m
Unlisted Trusts - Property (internally managed)	1,740	Cap rate	4.42%	a change in the cap rate by +/- 25 basis points would change the value by \$183m
		Discount rate	5.58%	a change in the discount rate by +/- 25 basis points would change the value by \$65m
Unlisted Trusts - Infrastructure (externally managed)	5,578	Unit Price	Last available price	a change in the unit price by +/- 12% would change the value by \$678m
Unlisted Trusts - Infrastructure (internally managed)	835	Discount rate	9.12%	a change in the discount rate by +/- 25 basis points would change the value by \$33m
Unlisted Trusts - Other (externally managed)	820	Unit Price	Last available price	a change in the unit price by +/- 16% would change the value by \$131m

Description	Fair Value as at 30 June 2021 \$'M	Unobservable Inputs	Range of Inputs - (weighted average)	Relationship of unobservable inputs to Fair Value \$'M
Listed Equity Securities	7	Last available price	- <sup>1</sup>	a change in the share price by +/- 15% would change the value by \$1m
Interest Bearing Securities	1,146	Last available price	- <sup>1</sup>	a change in the price by +/- 8% would change the value by \$92m
Unlisted Trusts - Private Equity (externally managed)	529	Unit Price	Diverse <sup>2</sup>	a change in the unit price by +/- 16% would change the value by \$85m
Unlisted Trusts - Property (externally managed)	3,844	Unit Price	Diverse <sup>2</sup>	a change in the unit price by +/- 8% would change the value by \$308m
Unlisted Trusts - Property (internally managed)	1,452	Cap rate	4.91% <sup>-</sup>	a change in the cap rate by +/- 25 basis points would change the value by \$89m
		Discount rate	5.88%	a change in the discount rate by +/- 25 basis points would change the value by \$36m
Unlisted Trusts - Infrastructure (externally managed)	3,253	Unit Price	Diverse <sup>2</sup>	a change in the unit price by +/- 11% would change the value by \$358m

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<b>Unlisted Trusts - Infrastructure (internally managed)</b>	827	Discount rate	8.70% - 10%	a change in the discount rate by +/- 9 basis points would change the value by \$393m
<b>Unlisted Trusts - Other</b>	573	Unit Price	Diverse <sup>2</sup>	a change in the unit price by +/- 11% would change the value by \$63m

<sup>1</sup>The range of inputs is not disclosed as these securities are categorised in Level 3 because the last available price is not current.

<sup>2</sup>The range of inputs related to the Unit Price is not disclosed as the number of the unlisted investments results in a wide range of unrelated inputs.

**NOTE 6. FINANCIAL RISK MANAGEMENT**

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

The Board is charged with and is committed to effectively managing material risks to the achievement of its strategic objectives presented by its environment and operations, to ensure that the Trust operates in the best interests of members. The activities the Trustee undertakes to identify, assess, manage, and monitor risk, collectively comprise Rest's Risk Management Framework (RMF).

The Board has delegated authority for the governance of risk management to the Risk Committee. The Board receives recommendations, advice, and reporting from the Risk Committee and Management, to enable it to monitor the effectiveness of the RMF.

The Board has established a Board Investment Committee (BIC) to support the achievement of the Trust's investment objectives. The BIC assists with monitoring risks relating to investment strategy and financial markets as well as material investment operational risks.

The Trustee uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk. A range of qualitative and quantitative measures are used when assessing the individual managers' and overall Trust's investment arrangements.

**(a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk).

i) Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust is exposed to price risk through listed and unlisted investments, including equity, infrastructure, and real estate investments.

As the Trust's financial instruments are carried at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect net investment income.

The Trustee mitigates this price risk through diversification. Diversification is achieved through investment selection with a range of investment styles and/ or investment mandates. Market risk is minimised through ensuring that all investment activities are undertaken in accordance with expectations, expressed through mandate limits and consistent with investment strategies. Investment performance is reported on a regular basis to the BIC.

The fair value of financial instruments exposed to price risk were as follows:

	30-Jun-22	30-Jun-21
	\$'M	\$'M
<b>Term Deposits</b>	175	120

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<b>Fixed rate securities</b>	3,129	2,691
<b>Discount securities</b>	2,575	3,180
<b>Equity securities</b>	33,859	34,297
<b>Unlisted unit trusts</b>	22,851	22,361
<b>Derivatives assets</b>	321	286
<b>Derivatives liabilities</b>	(827)	(425)
	62,083	62,510

*Sensitivity analysis*

The percentage increase/decrease in the market price in the relevant asset classes as set out in the table below at the reporting date would have the following impacts:

	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Increase/decrease to net assets available to pay benefits</b>	7,323	7,067
<b>Increase/decrease on the net investment revenue</b>	7,323	7,067

<b>Asset Class</b>	<b>2022</b> %	<b>2021</b> %
<b>Absolute Return</b>	7%	7%
<b>Australian Equities</b>	16%	15%
<b>Unlisted Properties</b>	9%	8%
<b>Equity Strategies</b>	16%	16%
<b>Unlisted Infrastructure</b>	12%	11%
<b>International Equities</b>	16%	16%
<b>Private Equities</b>	17%	17%
<b>Fixed interest</b>	5%	5%

The impact mainly arises from the reasonably possible change in the fair value of listed equities, direct property, unlisted trusts and equity derivatives. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, having regard to the average absolute annual returns of the relevant index in local terms over a 10-year period.

ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an asset or a liability will fluctuate due to changes in foreign exchange rates as the Trust holds both monetary and non-monetary assets and liabilities denominated in currencies other than the Australian dollar.

Exchange rate exposures are managed within approved policy parameters and exchange rate exposure is managed in line with the RMF. The risk is measured using sensitivity analysis. The Board sets the benchmark allocation for foreign currency exposure for each option annually, for the Core Strategy it is 20% (2021: 20%). However, the actual level of foreign currency exposure within the Core Strategy will vary as it is actively managed under a framework which may adjust the benchmark currency exposure of the Core as currency markets move. This is implemented via a currency overlay, which takes out forward foreign exchange contracts as appropriate.

For accounting purposes, the Trust does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified on the Statement of Financial Position at fair value.

While the Trust has direct exposure to foreign exchange rate changes on the price of non-Australian dollar-denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which the Trust invests directly, even if those companies' securities are denominated in Australian dollars or invests indirectly through investment in Australian denominated entities that invest in non-Australian denominated securities. For that reason, the table and sensitivity analysis below may not necessarily indicate the total exposure to foreign exchange rate changes.

The table below summarises the Trust's assets and liabilities that are denominated in a currency other than the Australian dollar:

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30-Jun-22	US Dollar A\$'M	Japanese Yen A\$'M	GB Pound A\$'M	Euro A\$'M	HK Dollar A\$'M	Other A\$'M	Total A\$'M
<b>Gross Assets</b>	14,396	835	1,034	1,797	747	2,928	<b>21,737</b>
<b>Gross Liabilities</b>	(97)	(10)	(5)	(39)	(11)	(30)	<b>(192)</b>
<b>Foreign Exchange Contracts **</b>	(11,976)	(501)	(1,214)	(1,503)	(200)	(1,212)	<b>(16,606)</b>
<b>Net Exposure</b>	<b>2,323</b>	<b>324</b>	<b>(185)</b>	<b>255</b>	<b>536</b>	<b>1,686</b>	<b>4,939</b>
30-Jun-21	US Dollar A\$'M	Japanese Yen A\$'M	GB Pound A\$'M	Euro A\$'M	HK Dollar A\$'M	Other A\$'M	Total A\$'M
<b>Gross Assets</b>	12,511	799	1,216	1,820	829	3,259	<b>20,434</b>
<b>Gross Liabilities</b>	(270)	(11)	(13)	(42)	(5)	(37)	<b>(378)</b>
<b>Foreign Exchange Contracts **</b>	(6,924)	(350)	(618)	(1,272)	(77)	(869)	<b>(10,110)</b>
<b>Net Exposure</b>	<b>5,317</b>	<b>438</b>	<b>585</b>	<b>506</b>	<b>747</b>	<b>2,353</b>	<b>9,946</b>

\*\*Foreign Exchange Contracts are the value of the exchange exposure (rather than the market value of the foreign exchange contracts).

*Sensitivity analysis*

A 8% strengthening (2021: 9%) of the Australian dollar against the following currencies at the reporting date would have increased/(decreased) the net assets available to pay benefits and the net investment revenue by the amounts shown in the table below. The analysis assumes that all other variables, in particular interest rates, remain constant. The impact mainly arises from the reasonably possible change in foreign currency rates. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, in consultation with its investment adviser, having regard to the average absolute divergence between the unhedged and hedged MSCI World Index ex Australia annual returns over a 10-year period. The amounts include both monetary and non-monetary items because it is not feasible to allocate the FFX hedging against specific assets.

	US Dollar A\$'M	Japanese Yen A\$'M	GB Pound A\$'M	Euro A\$'M	HK Dollar A\$'M
<b>30-Jun-22</b>	(172)	(24)	14	(19)	(40)
<b>30-Jun-21</b>	(439)	(36)	(48)	(42)	(62)

A 8% weakening (2021: 9%) of the Australian dollar against the above currencies at the reporting date would have the equal but opposite effect to the amounts shown above on the basis that all other variables remain constant.

iii) Interest Rate Risk

The Trust's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cashflows. Floating rate instruments expose the Trust to cash flow risk, whereas fixed interest rate instruments expose the fund to fair value interest rate risk.

The Trustee monitors its exposures using sensitivity analysis. The Trust may also enter into derivative financial instruments to mitigate the risk of future interest rate changes.

The Trust's exposure to interest rate movements on those investments at 30 June 2022 was as follows:



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30-Jun-22	Floating Interest rate \$'M	Fixed Interest rate \$'M	Non Interest Bearing \$'M	Total \$'M
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,445	175	-	2,620
Listed Equity Securities	-	-	33,859	33,859
Interest Bearing Securities	889	3,129	-	4,018
Discount Securities	-	2,575	-	2,575
Derivatives	-	-	321	321
Unlisted Trusts	-	-	22,851	22,851
<b>Financial Liabilities</b>				
Derivatives	-	-	(827)	(827)
<b>Total</b>	3,334	5,879	56,204	65,417
Net increase/decrease in exposure from interest rate futures (notional principal)	(924)	924	-	-
<b>Net exposure</b>	2,410	6,803	56,204	65,417

30-Jun-21	Floating Interest rate \$'M	Fixed Interest rate \$'M	Non Interest Bearing \$'M	Total \$'M
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,325	120	-	2,445
Listed Equity Securities	-	-	34,297	34,297
Interest Bearing Securities	1,147	2,691	-	3,838
Discount Securities	-	3,180	-	3,180
Derivatives	-	-	286	286
Unlisted Trusts	-	-	22,361	22,361
<b>Financial Liabilities</b>				
Derivatives	-	-	(425)	(425)
<b>Total</b>	3,472	5,991	56,519	65,982
Net increase/decrease in exposure from interest rate futures (notional principal)	(1,662)	1,662	-	-
<b>Net exposure</b>	1,810	7,653	56,519	65,982

*Sensitivity analysis*

An increase of 72 basis points (2021: 77 basis points) in interest rates would at the reporting date would have the following impacts:

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	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Increase/decrease to net assets available to pay benefits</b>	24	27
<b>Increase/decrease on the net investment revenue</b>	24	27

The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, having regard to the average annual absolute movement in the yields of 10 year Australian and US Government bonds over a 10 year period.

**(b) Credit Risk**

Credit risk is the risk that a counterparty will default on its contractual obligations to the Trust resulting in financial loss to the Trust. The Trust has counterparty credit procedures in place and the exposure to credit risk is monitored on an ongoing basis. The Trust does not have any significant exposure to any individual counterparty or industry. No individual investment exceeds 5% of net assets at either 30 June 2022 or 30 June 2021.

The fair value of financial assets included in the Statement of Financial Position represents the Trust's maximum exposure to credit risk in relation to those assets.

An analysis of bilateral financial investments with exposure to credit risk (interest bearing securities, margin accounts, term deposits, cash and discounted securities) by rating are set out in the table below:

Rating	30-Jun-22	30-Jun-21
<b>AAA</b>	1,596	854
<b>AA</b>	1,484	2,253
<b>A</b>	4,248	4,306
<b>BBB</b>	534	730
<b>Below BBB</b>	827	883
<b>Not Rated</b>	524	437
<b>Total</b>	9,213	9,463

**(c) Liquidity Risk**

Liquidity risk is the risk that the Trust will encounter difficulty in raising cash to meet commitments associated with member benefits.

The Trust's liquidity risk exposure is managed by regular monitoring of liquidity position and conducting liquidity stress testing across a number different scenarios on an annual basis. These tests assess the impact on the liquidity of the investment portfolio and any consequential impact on asset allocations for a range of stressed market events taking into account potential adverse impacts on cash flows resulting from investment switching by members, rollover and benefit requests, settling foreign currency transactions and funding capital call commitments. The liquidity position of the Trust is conditional on a number of external factors including the liquidity of the investment markets in which the Trust invests and the relevant legislative requirements governing members access to their superannuation benefits. The Trust is obligated to pay member benefits in accordance with the relevant legislative requirements. A proportion of the Trust's investments are also not actively traded on a stock exchange or able to facilitate daily redemption requests because the Trustee believes these investments offer higher risk adjusted returns in the medium to long term. These include but are not limited to investments classified as Level 3 in the Fair Value Hierarchy.

For the prior period ending 30 June 2021, the Trust released \$1.6 billion (included in benefits to members/beneficiaries in the statement of changes in member benefits) to members who have accessed their superannuation under the Early Release Initiative. The Early Release Initiative ended on 31 December 2020.

The Trust invests the large majority of its assets in financial instruments, which under normal market conditions are readily convertible to cash, which helps manage liquidity risk.

The table below analyses the contractual maturities of the Trust's financial liabilities based on the remaining period to the contractual maturity date at the year end.

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30-Jun-22	Fair value \$'M	Less than 1 month \$'M	1-6 months \$'M	6-12 months \$'M	>12 months \$'M
<b>Financial Liabilities</b>					
Unsettled Investment Purchases	243	243	-	-	-
Net Settled Derivatives	10	-	10	-	-
<b>Total Net Settled Financial Liabilities</b>	<b>253</b>	<b>243</b>	<b>10</b>	<b>-</b>	<b>-</b>

30-Jun-21	Fair value \$'M	Less than 1 month \$'M	1-6 months \$'M	6-12 months \$'M	>12 months \$'M
<b>Financial Liabilities</b>					
Unsettled Investment Purchases	106	106	-	-	-
Net Settled Derivatives	100	-	100	-	-
<b>Total Net Settled Financial Liabilities</b>	<b>206</b>	<b>106</b>	<b>100</b>	<b>-</b>	<b>-</b>

In addition, Total Member Liabilities of \$65,235M (2021: \$64,543M) has a contractual maturity of less than 1 month. The table below analyses the contractual maturities of the Trust's derivative financial instruments that will be settled on a gross basis, based on the remaining period to the contractual maturity date at the year end. The fair value of the forward currency contracts at 30 June 2022 is \$827M (2021: \$425M).

30-Jun-22	Contract / Notional \$'M	Less than 1 month \$'M	1-6 months \$'M	6-12 months \$'M	>12 months \$'M
Foreign currency forward contracts					
Inflows	33,321	14,551	18,701	4	65
(Outflows)	(33,835)	(14,845)	(18,922)	(4)	(64)
<b>30-Jun-21</b>	<b>Contract / Notional \$'M</b>	<b>Less than 1 month \$'M</b>	<b>1-6 months \$'M</b>	<b>6-12 months \$'M</b>	<b>&gt;12 months \$'M</b>
Foreign currency forward contracts					
Inflows	18,731	3,180	11,664	3,661	226
(Outflows)	(18,918)	(3,184)	(11,779)	(3,727)	(228)

**(d) Environmental, social and governance risk**

The Rest Sustainability Strategy informs how we invest responsibly, and our corporate responsibilities as an organisation.

Rest has prioritised five United Nations Sustainable Development Goals which the organisation can most contribute to – Gender equality, Affordable and clean energy, Decent work and economic growth, Reduced inequalities, and Climate action.

Rest considers and integrates environmental, social and governance (ESG) factors to reduce risks, improve returns and maximise investment opportunities which supports investment outcomes for members retirement savings. The incorporation of these financially material factors into the investment decision making process is integral to fiduciary duty, in ensuring the Trustee acts in members' best financial interests.

The Rest Board considers a 'three-lens' approach to evaluate how environmental, social and governance investment decisions may be assessed in the context of achieving members' best financial interests. These are:

- Member preferences: member expectations as related to ESG issues.
- Risk, return and opportunity: managing investment risks and leveraging opportunities.
- Community expectations: the level of acceptance and/or approval that stakeholders and communities extend to the Trust.

Each lens provides insight into the financial impact of certain ESG risks on member outcomes.

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Rest has adopted the Principles of Responsible Investment (PRI) definition for Responsible Investment (RI), ‘an approach to investing that incorporates environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns’.

The table below summarises how ESG integration works in practice.

ESG integration	
<i>Investment strategy and asset allocation</i>	<ul style="list-style-type: none"> <li>The Board considers material ESG risks and opportunities in the annual review of investment strategy and strategic asset allocation, or at other times throughout the year, as required (for example in stress testing scenarios).</li> <li>ESG factors are considered and integrated into portfolio construction, and investment manager selection, appointment and monitoring.</li> </ul>
<i>Investment manager selection and appointment</i>	<ul style="list-style-type: none"> <li>Rest considers that Investment managers that identify and effectively manage material ESG risks and opportunities enhance long-term financial performance</li> </ul>
<i>Investment manager monitoring</i>	<ul style="list-style-type: none"> <li>Once an investment manager is appointed or a direct or co-investment asset assigned, Rest undertakes ongoing monitoring, with ESG progress a mandatory input into the annual asset class reviews.</li> </ul>
<i>Investment in direct assets and co-Investments</i>	<ul style="list-style-type: none"> <li>Rest undertakes ESG due diligence on potential direct asset investments and co-investments and conducts ongoing ESG monitoring of these assets.</li> </ul>

Over the course of the year, Rest delivered on its commitment to exclude listed companies that derive 10 percent or more of total annual revenues from thermal coal mining, unless the company has a credible net zero by 2050 objective or has signed up to Science-Based Targets.

Rest advocates for a ‘Just Transition’ for Australian communities and those individuals affected by the shift to a lower carbon economy. A Just Transition means a deliberate effort to plan for and invest in the transition to environmentally and socially sustainable jobs, sectors and economies, especially as related to jobs affected by the transition to the lower carbon economy.

Implementation of the corporate responsibility program helps Rest to generate member benefit associated with Rest’s ambition to be a trusted superannuation fund and mitigate material operational risks which can lead to reputational damage. In operation these are delivered at the functional level of operations, workplace, supply chain, and community. Over the course of the year, Rest quantified and disclosed its operational carbon footprint for the first time, and became a signatory of CitySwitch, which helps office-based businesses to improve their energy and waste efficiency.

**NOTE 7. NET CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS**

	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Realised</b>		
Cash and short term deposits	3	6
Other interest bearing securities	(34)	(333)
Australian equities	1,142	697
International equities	1,522	1,920
Other (Unlisted Trusts, Derivatives)	29	2,968
	2,662	5,258
<b>Unrealised</b>		
Cash and short term deposits	-	(2)
Other interest bearing securities	(232)	279
Australian equities	(2,616)	2,203
International equities	(3,914)	1,799
Other (Unlisted Trusts, Derivatives)	(256)	(1,184)
Property	-	280
	(7,018)	3,375
	(4,356)	8,633

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**NOTE 8. STRUCTURED ENTITIES**

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. Depending on the Trust's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However, the Trust applies the Investment Entity Exemption available under AASB 10 and therefore does not consolidate its controlled entities. In other cases it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Trust. Such interests include holdings of units in unlisted trusts. The nature and extent of the Trust's interests in structured entities are titled "unlisted unit trusts" and are summarised in note 4. Refer to Note 18 for details of each controlled entity's name, place of incorporation and percentage ownership.

**NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS**

In the normal course of business, the Trust enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in something else (e.g., a specified interest rate, foreign exchange rate, or other variable.) The use of derivatives is an essential part of the Trust's investment management. Derivatives are not managed in isolation. They are used for a number of purposes including adjusting asset exposures within the parameters set in the investment strategy and adjusting the duration of fixed interest portfolios. An overview of the risk exposures relating to derivatives is included in note 6.

30-Jun-22	Contract/ Notional (net) \$'M	Fair value	
		Assets \$'M	Liabilities \$'M
Fixed Interest Futures	924	-	6
Share Price Index Futures	1,079	18	4
Low Exercise Price Option	-	-	-
Forward Foreign Exchange	(515)	302	817
Warrants	-	1	-
	1,488	321	827
30-Jun-21	Contract/ Notional (net) \$'M	Fair value	
		Assets \$'M	Liabilities \$'M
Fixed Interest Futures	1,662	3	2
Share Price Index Futures	141	16	14
Low Exercise Price Option	-	133	84
Forward Foreign Exchange	(185)	134	325
Warrants	-	1	-
	1,618	287	425

*Offsetting of derivatives*

Derivative financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle transactions on a net basis, or realise the asset and settle the liability simultaneously.

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing. As the Trust does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Statement of Financial Position but have been presented separately in the above table.

The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the tables below. Also shown in the table is the amount that could, under netting arrangements, be offset at the counterparty level should circumstances allow the Trust a legally enforceable right of set-off.

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30-Jun-22	Amount per financial statements \$'M	Related amount not offset \$'M	Net amount \$'M
<b>Financial assets</b>			
Forward Foreign Exchange	302	(51)	251
<b>Financial liabilities</b>			
Forward Foreign Exchange	817	(51)	766

30-Jun-21	Amount per financial statements \$'M	Related amount not offset \$'M	Net amount \$'M
<b>Financial assets</b>			
Forward Foreign Exchange	134	(58)	76
<b>Financial liabilities</b>			
Forward Foreign Exchange	325	(58)	267

**NOTE 10. DEFINED BENEFIT PLAN ACCOUNT**

The Trust has two defined benefit sub plans (SDA (Victorian Branch) Superannuation Fund (SDA) and Akzo Nobel Coatings Superannuation Fund (Akzo)). The funding policy adopted in respect of the Defined Benefit Plans is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in framing employer contribution rates, the Actuary has considered long-term trends in such factors as Trust membership, salary growth and average market value of Trust assets.

The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Trust up to 30 June 2022. The amount reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

Accrued benefits have been previously valued as part of comprehensive actuarial reviews undertaken at the following dates:

	Last Actuarial Review	Accrued benefit \$'M	Next Actuarial Review
Accrued benefits - SDA Victorian Branch	1 July 2021	11	1 July 2024
Accrued benefits - Akzo Nobel	30 June 2020	6	30 June 2023

**NOTE 11. GUARANTEED BENEFITS**

No guarantees have been made in respect of any part of the liability for accrued benefits.

**NOTE 12. TRADE AND OTHER PAYABLES**

	30-Jun-22 \$'M	30-Jun-21 \$'M
Investment Management Fees Payable	52	52
Insurance Premiums Payable	33	33
Sundry Creditors	28	19
Administration Expenses Payable	14	2
	127	106

**NOTE 13. STOCK LENDING**

The Trust has entered into stock lending arrangements with its global custodian, under which legal title to some of the Trust's assets may be transferred to another entity. The risks and benefits of ownership of the assets remain with the Trust.

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The Trust maintains collateral of at least 107% (2021: 105%) of the value of any scrip lent. The net market value of assets subject to stock lending arrangements at the reporting date, and which are included in the Statement of Financial Position, amounts to \$1,134M (2021: \$559M).

**NOTE 14. INSURANCE**

The Trust provides death, disability and income protection benefits to members. These benefits are greater than the members' vested benefit and as such the Trustee has a group policy in place with TAL to insure death and disability benefits in excess of vested benefits. Consistent with AASB 1056, the Trustee is classified as acting as an agent for these arrangements.

**NOTE 15. RECONCILIATION OF OPERATING RESULT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Operating result after income tax</b>	51	91
<b>Adjustments for:</b>		
(Increase) / decrease in change in fair value of financial instruments	4,544	(8,455)
(Increase) / decrease in insurance	(173)	(158)
(Increase) / decrease in receivables	37	(67)
Increase / (decrease) in payables	20	(5)
Increase / (decrease) in income tax payable	(1,367)	863
Allocation to members' accounts	(1,756)	9,155
<b>Net Cash Flows from Operating Activities</b>	1,356	1,424

**NOTE 16. INCOME TAX**

	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Current income tax</b>		
Current income tax expense	79	413
Adjustments in respect of current income tax of previous years	52	11
Deferred income tax		
Increase / (Decrease) in deferred tax	(717)	456
<b>Income tax (benefit)/expense reported in the income statement</b>	(586)	880
<b>Contribution tax</b>	893	747
<b>Total income tax (benefit)/expense</b>	307	1,627

A reconciliation between income tax expense and the accounting profit before income tax multiplied by the applicable tax rate is as follows:

	30-Jun-22 \$'M	30-Jun-21 \$'M
<b>Results from superannuation activities before income tax expense</b>	(2,291)	10,126
<b>Income Tax at 15%</b>	(344)	1,519

Decrease in income tax expense due to permanent and temporary differences

	30-Jun-22 \$'M	30-Jun-21 \$'M
Tax benefit on insurance premiums	(63)	(37)
Exempt pension income	13	(70)

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Net imputation and foreign tax credits	(431)	(178)
Non Assessable Investment Income	187	(366)
Under provisions for prior years	52	11
Income Tax Expense / (Benefit)	(586)	880

<b>Deferred income tax</b>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
<b>Deferred income at 30 June 2022 relates to the following:</b>	<b>\$'M</b>	<b>\$'M</b>
<b>Deferred income tax liabilities</b>		
Net unrealised Capital Gains on investments subject to CGT	(427)	(1,068)
Gross deferred income tax liabilities	(427)	(1,068)
<b>Deferred income tax assets</b>		
Accrued expenses	10	10
Unrealised FX losses	72	29
Investment Income Receivable incl deferred tax credits	46	13
Deferred income tax assets	128	52
<b>Net deferred tax position</b>	<b>(299)</b>	<b>(1,016)</b>

**NOTE 17. AUDITOR'S REMUNERATION**

During the year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu (2021: PricewaterhouseCoopers Australia (PwC)) as the auditor of the Trust.

Amounts received or due and receivable by the external auditor:

	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<b>\$'000</b>	<b>\$'000</b>
An audit of the financial statements of the entity	443	506
Other non-audit services - 30 June 2021 APRA forms	220	-
Other non-audit services – actuarial, insurance calculators and accounting standards	71	-
Other assurance services - audit of compliance plan	-	12
Other non-audit services - tax advisory services	-	1,111
	899	1,629

**NOTE 18. RELATED PARTIES**

**(a) Trustee**

Retail Employees Superannuation Pty Limited is the Trustee of the Trust. The Trustee has an Australian Financial Services Licence with the AFSL Number being 240003 issued 2 February 2004. The Trustee has Registrable Superannuation Entity Trustee Licence Number L0000055 issued 1 October 2004.

Transactions between the Trust and the Trustee during the year were as follows:

The Trust paid the Trustee \$15,639K (2021: \$4,773K). This includes Trustee Fees of \$11,500K (2021: \$nil) paid from the Administration Reserve to the Trustee to establish its own capital reserve to address changes in legislation that came into effect from 1 January 2022 and Trustee Fees on a cost recovery basis for expenses borne by the Trustee on behalf of the Trust (including Directors fees, trustee liability insurance, director expenses and professional fees). As at 30 June 2022, \$149K (2021: \$201K) was receivable from the Trustee and is included in receivables in the Statement of Financial Position.

The following persons held the position of Director of Retail Employees Superannuation Pty Limited during part or all of the year:

Ms Helen Elizabeth Cooney  
Ms Aliscia Di Mauro  
Ms Sally Louise Evans  
Ms Julia Clare Fox



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Ms Joanne Patricia Lester (appointed 6 April 2022)  
Mr Kenneth Stuart Marshman  
Ms Catriona May Noble (resigned 31 March 2022)  
Mr Steven John Priestley  
Mr Vaughn Nigel Richtor  
Mr Michael Ward Tehan  
Dr Adam Neil Walk

The amount paid/payable to the Trustee in respect of compensation to Directors is set out in the table below:

	30-Jun-22 \$'000	30-Jun-21 \$'000
<b>Short-Term Benefits</b>	1,025	990
<b>Post Employment</b>	103	94
<b>Other Long Term Benefits</b>	-	-
<b>Termination Benefits</b>	-	-
<b>Share Based Payment</b>	-	-
	1,128	1,084

Compensation of \$204K (2021: \$166K) for two directors, each of whom is a fulltime employee of the Shop Distributive and Allied Employees Association (SDA), is paid directly to the SDA.

The Trustee paid premiums in respect of a contract to indemnify the Directors and Officers of the Trustee, of Retail Employees Superannuation Trust and its subsidiaries against claims for which they may be liable. The total amount of insurance premiums paid for the year ended 30 June 2022 was \$1,414K (2021: \$1,189K).

**(b) Compensation of key Rest management personnel**

Key management personnel include the Directors, and the following Responsible Persons and Officers:

**2022**

Mr Brendan Daly  
Ms Vicki Doyle  
Mr Jeremy Hubbard  
Ms Gemma Kyle  
Mr Andrew Lill  
Mr Tyrone O'Neill  
Ms Deborah Potts  
Mr Kulwant Singh-Pangly

**2021**

Mr Brendan Daly  
Ms Vicki Doyle  
Mr Trevor Evans (resigned 10 May 2021)  
Mr Jeremy Hubbard  
Ms Gemma Kyle  
Mr Andrew Lill (appointed 17 August 2020)  
Mr John Nolan (resigned 1 October 2020)  
Mr Tyrone O'Neill  
Ms Deborah Potts  
Mr Kulwant Singh-Pangly (appointed 7 June 2021)

The Directors are compensated by the Trustee Company as detailed above. The compensation payable to key management personnel of the Trust is set out in the table below:

	30-Jun-22 \$'000	30-Jun-21 \$'000
<b>Short-Term Benefits</b>	4,858	4,257
<b>Post Employment</b>	196	174
<b>Other Long Term Benefits</b>	42	65
<b>Termination Benefits</b>	-	-
<b>Share Based Payment</b>	-	-
	5,096	4,496

**(c) Super Investment Management Pty Limited (SIM)**

SIM is a wholly owned subsidiary of Retail Employees Superannuation Trust. The Trust pays all the operating expenses of SIM. These expenses amounted to \$2,980K (2021: \$17,416K). As at 30 June 2022, \$1,703K (2021: \$4,727K) was payable to SIM and is included in trade and other payables in the Statement of Financial Position. The Trust received management

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fees from SIM amounting to \$353K (2021: \$14,088K). As at 30 June 2022, no management fees were receivable from SIM (2021: \$nil).

**(d) Rest Holdings No 1 Pty Ltd**

Rest Holdings No 1 Pty Ltd is a wholly owned subsidiary of Retail Employees Superannuation Trust and incorporated on 9 December 2021. During the year, the Trust subscribed 10,000,000 ordinary shares at \$1.00 (2021: \$nil).

**(e) Controlled entities**

The Fund is an investment entity so does not consolidate these controlled entities which are carried at fair value.

Entity	Country of incorporation	Percentage holding		Distributions		Distributions receivable	
		2022 %	2021 %	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
REST AMPCI Debt Holdings Trust	Australia	100%	100%	24,375	25,064	-	6,308*
REST AMPCI Equity Holdings Pty Limited	Australia	100%	100%	-	-	-	-
REST Credit Strategies Holding Trust	Australia	100%	100%	918,767	395,068	68,215	81,584*
REST Direct Property Holding Trust	Australia	100%	100%	116,496	135,715	81,906	-
REST Endeavour Holding Trust	Australia	100%	100%	16,792	19,163	-	12,123*
REST Equities Strategies Trust	Australia	100%	100%	1,967,700	122,013	-	121,574
REST Finance Trust	Australia	100%	100%	115,533	11,168	517	207
REST Fixed Interest Holding Trust	Australia	100%	100%	2,349,898	33,622	-	33,593*
REST Holdings No 1 Pty Ltd	Australia	100%	N/A	-	-	-	-
REST Infrastructure Investments Holding Trust	Australia	100%	100%	18,300	19,200	-	-
REST Infrastructure No. 2 Trust	Australia	100%	100%	3	-	3	-
REST Infrastructure Pty Limited	Australia	100%	100%	-	-	-	-
REST International Infrastructure Investments Holding Trust	Australia	100%	100%	116,247	137,882	-	-
REST Nominees No. 1 Pty Limited	Australia	100%	100%	-	-	-	-
REST Nominees No. 2 Pty Limited	Australia	100%	100%	-	-	-	-
REST Nominees No. 3 Pty Limited	Australia	100%	100%	-	-	-	-
REST Nominees No. 4 Pty Limited	Australia	100%	100%	-	-	-	-
REST Private Equity Trust	Australia	100%	100%	85,251	40,520	-	21,925*
REST Property Finance Trust	Australia	100%	100%	70	4	70	4
REST US Property Investments Holding Trust	Australia	100%	100%	94,931	60,754	-	-
Super Investment Management Pty Limited	Australia	100%	100%	-	-	-	-

\* The 2021 distributions receivable has been corrected as a result of reconciliations performed during the current period.

**(f) Sponsoring Organisations**

The following organisations are sponsors:

- Shop Distributive and Allied Employees Association (SDA)
- National Retail Association Limited (NRA)
- Australian Retailers Association (ARA)

As part of the Trust's marketing and promotion activity, it invests in sponsorship of some events and promotions run by one (2021: two) of its sponsors. All proposed sponsorships are subject to a business case assessment to ensure that they deliver effective benefits to the Trust that outweigh the cost of the arrangement through growth in employer and fund members, strengthening the Rest brand and raising awareness. In the case of the SDA, the payments relate solely to directors fees which are paid directly to the SDA in respect of two directors who are employed by the SDA. The 30 June 2021 payment to sponsors has been corrected to include payments to SDA.

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Payment to Sponsors	30-Jun-22 \$'000	30-Jun-21 \$'000
ARA	200	47
NRA	-	17
SDA	204	166
	404	230

**NOTE 19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings in the Federal Court against the Trustee in March 2021. ASIC alleges the Trustee made false or misleading representations from 2 March 2015 to 2 May 2018 about the ability of members of the Retail Employees Superannuation Trust (the Trust) to transfer their superannuation out of the Fund. ASIC is seeking declarations, pecuniary penalties, and other orders against Rest. Rest denies that it made false or misleading statements to members and is defending the proceedings. It is currently not possible to determine the ultimate impact of these proceedings on the Trust.

No provisions have been raised for this matter as there is no present obligation and the likelihood of any financial liability is highly uncertain or cannot be reliably measured or both. As at the date of these accounts, no fines or penalties have been imposed.

Apart from the contingent liabilities referred to above, there are no other material contingent liabilities or assets as at 30 June 2022.

**NOTE 20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

Subsequent to the end of the financial year on 6 September 2022, the Trust entered into a Lease Assignment Deed whereby it has taken over a lease for office space, previously held by Super Investment Management Pty Ltd. From the transfer date (6 September 2022), the Trust is bound by the Agreement entered into by Super Investment Management Pty Ltd for the Lease and assumes responsibility for all remaining obligations and liabilities.

Other than has been outlined above, no significant events have occurred since balance date which would impact on the financial position of the Trust disclosed in the Statement of Financial Position as at 30 June 2022 or on the results and cash flows of the Trust for the year ended on that date.