

RETAIL EMPLOYEES SUPERANNUATION TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

ABN: 62 653 671 394
Fund Registration Number: R1000016

**RETAIL EMPLOYEES SUPERANNUATION TRUST
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FOR THE YEAR ENDED 30 JUNE 2019**

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Independent Auditor's report on financial statements

Independent Auditor's report approved form for an RSE which is a reporting entity¹

Report by the RSE Auditor² to the trustee and members of Retail Employees Superannuation Trust (ABN: 62653671394)

Opinion

I have audited the financial statements of Retail Employees Superannuation Trust ("the Trust") for the year ended 30 June 2019 comprising the Statement of Financial Position, Income Statement, Statement of Cash Flow, Statement of Changes in Members Benefits, Statements of Changes in Reserves, summary of significant accounting policies and other explanatory notes.

In my 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 2019 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2019.

Basis for Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustee for the financial statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards³ 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.

¹ APRA-regulated RSEs aside from Small APRA Funds (SAFs), as per Australian Accounting Standard AASB 1056 Preface and paragraph BC 35

² RSE Auditor as defined in Section 10 of the SIS Act.

³ The Australian Accounting Standards issued by the Australian Accounting Standards Board.

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In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so⁴.

Auditor's responsibilities for the audit of the financial statements

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

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

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

⁴ Auditing Standard ASA 570 *Going Concern*, paragraph 2



- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

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A handwritten signature in black ink, appearing to read "SJ Smith".

SJ Smith
Partner

Sydney
25 September 2019



Auditor's Independence Declaration

As lead auditor for the audit of Retail Employees Superannuation Trust (ABN: 65 653671 394) for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *APRA Prudential Standards SPS 510 Governance* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'SJ Smith', written over a light blue horizontal line.

SJ Smith
Partner
PricewaterhouseCoopers

Sydney
25 September 2019

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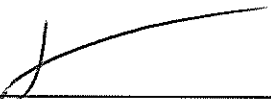
**RETAIL EMPLOYEES SUPERANNUATION TRUST
TRUSTEE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2019**

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 2019 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 2019.

Signed in accordance with a resolution of the Board of Directors of Retail Employees Superannuation Pty Limited (ABN 39 001 987 739).

Signed at Sydney this 25th day of September 2019



Director



Director

RETAIL EMPLOYEES SUPERANNUATION TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	30-Jun-19 \$'000	30-Jun-18 \$'000
ASSETS			
Cash and Cash Equivalents		23,089	23,262
Receivables		63,488	59,606
Investment Income Receivable		321,754	243,934
Financial Assets			
Unsettled Investment Sales	11	101,426	1,564,626
Managers Liquidity	11	2,488,989	1,740,740
Listed Equity Securities	11	27,179,591	25,398,601
Interest Bearing Securities	11	6,412,035	5,344,784
Discount Securities		2,107,624	2,814,749
Direct Property		821,391	989,413
Unlisted Trusts	11	17,769,439	15,279,698
Derivatives	11	362,106	265,331
		<u>57,242,601</u>	<u>53,397,941</u>
Tax Assets			
Income Tax Receivable		123,739	-
Deferred Tax Asset	9	21,566	67,329
		<u>145,305</u>	<u>67,329</u>
Other Assets			
Fixed Assets		2,070	1,833
TOTAL ASSETS		<u>57,798,307</u>	<u>53,793,905</u>
LIABILITIES			
Trade and Other Payables			
Insurance Premiums Payable		67,341	84,312
Administration Expenses Payable		7,884	10,083
Sundry Creditors		15,168	13,778
Audit Fees Payable		247	165
Financial Liabilities			
Unsettled Investment Purchases		251,190	321,599
Derivatives	12	322,626	503,289
Investment Management Fees Payable		63,034	91,426
Other Investment Accruals	12	157,534	319,832
Tax Liabilities			
Income Tax Payable		-	106,248
Deferred Tax Liabilities	9	874,822	774,634
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS		<u>1,759,846</u>	<u>2,225,366</u>
NET ASSETS AVAILABLE FOR MEMBER BENEFITS		<u>56,038,461</u>	<u>51,568,539</u>
MEMBER BENEFITS			
Allocated to Members		55,680,315	51,121,007
Defined Benefit Plan Asset		20,532	22,551
Unallocated Contributions		4,829	7,422
Total Member Liabilities		<u>55,705,676</u>	<u>51,150,980</u>
TOTAL NET ASSETS		<u>332,785</u>	<u>417,559</u>
EQUITY			
Administration Reserve		50,059	42,392
Operational Risk Reserve		140,271	128,834
Other Reserves	3	113,778	131,488
Unallocated Surplus		28,677	114,845
TOTAL EQUITY		<u>332,785</u>	<u>417,559</u>

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 2019

	NOTE	30-Jun-19 \$'000	30-Jun-18 \$'000
SUPERANNUATION ACTIVITIES			
Interest		393,559	290,923
Dividend Revenue		1,533,698	1,000,532
Distributions from Unit Trusts		333,884	545,763
Rental Income		60,399	67,774
Changes in assets measured at fair value	7	992,638	2,727,943
Investment Rebates		3,947	4,428
Stock Lending Income		5,612	4,322
Income on Reserves		-	129
Other Income		13,275	7,480
TOTAL SUPERANNUATION ACTIVITIES INCOME		3,337,012	4,649,294
INVESTMENT EXPENSES			
Investment Management Fees		164,172	182,037
Property Expenses		19,143	19,285
Custodian Fees		7,112	6,670
Other Investment Expenses		51,525	56,696
GENERAL ADMINISTRATION EXPENSES			
Administration Expenses		95,685	95,709
Trust Operating Expenses		91,747	83,737
Auditor's Remuneration		2,056	1,431
Advertising and Marketing		10,660	11,374
Expense on Reserves		4,882	-
TOTAL EXPENSES		446,982	456,939
NET RESULT FROM SUPERANNUATION ACTIVITIES		2,890,030	4,192,355
PROFIT FROM OPERATING ACTIVITIES			
Less: Net Benefits allocated to Members' accounts		(2,926,089)	(3,831,130)
(SHORTFALL) / SURPLUS BEFORE INCOME TAX		(36,059)	361,225
INCOME TAX EXPENSE	9	48,715	312,489
(SHORTFALL) / SURPLUS AFTER INCOME TAX		(84,774)	48,736

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	30-Jun-19 \$'000	30-Jun-18 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		387,695	286,861
Dividends		1,459,525	964,369
Distributions from unit trusts		333,884	545,763
Rental Income		60,399	67,774
Insurance proceeds		302,744	300,874
Other general administration expenses		(198,295)	(182,701)
Other income		18,006	10,782
Insurance premiums		(866,526)	(823,818)
Income tax paid		(132,751)	(216,735)
Net cash inflows from operating activities		<u>1,364,681</u>	<u>953,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flow from purchase and sale of investments		(3,288,417)	(2,984,576)
Sale/(purchase) of fixed assets		(371)	427
Investment expenses (net of rebates)		(235,807)	(221,908)
Net cash outflows from investing activities		<u>(3,524,595)</u>	<u>(3,206,057)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Employer contributions		4,362,105	3,994,894
Member contributions		406,389	378,167
Transfers from other superannuation plans received		1,283,084	1,108,600
Government co-contributions received		10,036	10,410
Low Income Super Contributions received		131,451	141,870
Benefits paid to members		(3,523,453)	(2,931,307)
Income tax paid on contributions received		(509,873)	(456,905)
Net cash inflows from financing activities		<u>2,159,739</u>	<u>2,245,729</u>
NET DECREASE IN CASH		(175)	(7,159)
CASH AT THE BEGINNING OF THE FINANCIAL PERIOD		23,262	30,421
CASH AT THE END OF THE FINANCIAL PERIOD		<u><u>23,087</u></u>	<u><u>23,262</u></u>

The above Cash Flow 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 2019

	NOTE	30-Jun-19 \$'000	30-Jun-18 \$'000
OPENING BALANCE OF MEMBER BENEFITS		51,150,980	45,605,683
Contributions:			
Employer		4,362,105	3,994,894
Member		406,390	378,167
Rollovers		1,283,084	1,108,600
Government Co-Contributions		10,036	10,410
Low Income Super Contributions		131,451	141,870
Income tax on contributions		(509,873)	(456,905)
Net after tax contributions		5,683,193	5,177,036
Benefits to Members/Beneficiaries		(3,523,453)	(2,931,307)
Insurance premiums charged to Members' accounts		(849,556)	(829,789)
Income protection benefit to members		(118,701)	(99,915)
Insurance group life premium rebate / (payment)		-	14,153
Transfer (to) / from Reserves		-	(14,153)
Income protection benefit from insurer		118,701	99,915
Death and disability insurance benefits credited to Members' accounts		318,422	298,226
Net Benefits allocated to Members' accounts, comprising:			
Net investment income		3,112,874	4,003,273
Administration fees		(186,784)	(172,142)
CLOSING BALANCE OF MEMBER BENEFITS		55,705,676	51,150,980

RETAIL EMPLOYEES SUPERANNUATION TRUST
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2019

	Administration Reserve	Operational Risk Reserve	Other Reserves	Unallocated Surplus/ (Shortfall)	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
OPENING BALANCE AS AT 1 JULY 2018	42,392	128,834	131,488	114,845	417,559
Net transfers to/from reserves	7,667	11,437	(17,710)	(1,394)	-
Unallocated surplus/(shortfall)				(84,774)	(84,774)
CLOSING BALANCE AS AT 30 JUNE 2019	50,059	140,271	113,778	28,677	332,785

	Administration Reserve	Operational Risk Reserve	Other Reserves	Unallocated Surplus/ (Shortfall)	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
OPENING BALANCE AS AT 1 JULY 2017	34,669	114,071	133,615	72,315	354,670
Net transfers to/from reserves	7,723	14,763	(2,127)	(6,206)	14,153
Unallocated surplus/(shortfall)				48,736	48,736
CLOSING BALANCE AS AT 30 JUNE 2018	42,392	128,834	131,488	114,845	417,559

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1. GENERAL INFORMATION

Retail Employees Superannuation Trust ("The Trust") operates as a superannuation fund domiciled in Australia. The head office is located at 321 Kent Street, Sydney, NSW 2000. The Trust 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. It provides superannuation products predominantly to members in the retail sector. The types of superannuation products provided are both defined benefit and accumulation.

The Directors of The Trustee authorised the issue of the Financial Statements on the 25 September 2019. 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 drawn up in accordance with Australian Accounting Standards including AASB 1056 : "Superannuation Entities", the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed.

The Financial Statements have been prepared in accordance with the historical cost convention, except for the valuation of investments which are measured at fair value.

(b) Statement of Compliance

The Financial Statements are prepared on the basis of the revised 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) New and amended standards adopted by the Fund

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. This standard applies to annual reporting periods beginning on or after 1 July 2018. The adoption did not have a significant impact on the recognition and measurement of the Trust's financial instruments as they are carried at fair value with gains and losses recognised through the Income Statement in line with the requirements of AASB 9.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Fund. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Valuation of Investments and Derivatives

Investments and derivatives of the Trust are recorded at fair value and changes in the fair value of assets are recognised in the Income Statement in the periods in which they occur. 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 fair value per unit at the reporting date.
- (iii) Property is revalued at least annually by reference to an independent valuation, in accordance with the Trustee's policy on revaluations.
- (iv) The Trust has exposure in the normal course of business arising from transactions in interest rate, share indices and currency futures. The Trust also has exposure arising from transactions in share options, interest rate, equity and cross-currency swaps.
- (v) Derivative financial instruments including forward exchange contracts and fixed interest rate futures are recorded at market rates at close of business on the balance date.

(e) Cash and Cash Equivalents

Cash and Cash Equivalents in 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 investment portfolio and is treated as a financial asset, classified as Managers Liquidity. This includes short term deposits and margin accounts.

For the purpose of the Cash Flow Statement, Cash consists of Cash and Cash Equivalents as defined above.

(f) Revenue Recognition

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

Changes in Fair Values

Changes in the fair value of investments are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point and are recognised in the Income Statement.

Interest

Revenue is recognised as interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends and Distributions

Revenue is recognised when the right to receive payment is established.

Rental Income and Expense Rental income

Rental income is the gross rent earned on direct property investments, and property expenses are shown separately as part of investment expenses.

(g) Income 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.

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(h) Death and Disablement Insurance

Insurance claims received have been classed as "Death and disability insurance benefits credited to Members' accounts" and the corresponding benefit paid/payable to members has been included in 'Benefits to Member/Beneficiaries' in the Statement of Changes in Member Benefits

(i) Fixed Assets

Motor vehicles, office equipment and furniture are depreciated over their estimated useful life. The cost of office refurbishment has been capitalised and is being amortised over the life of the lease.

(j) Employee Entitlements

The Trust has calculated annual and long service leave entitlements on a present value basis of employees' entitlements not settled as at the end of the reporting period. Expenses which are consequential to the employment of the employees but which are not employee entitlements, for example, on-costs associated with annual and long service leave liability, have also been recognised as liabilities where the entitlements to which they relate have been recognised as liabilities and expenses in accordance with AASB 119 - Employee Benefits.

(k) Investment Entity

The Trust has multiple investments which are controlled by it. However, the Trust has determined that it is an investment entity under the definition in AASB 10 as it meets the following criteria:

- (a) the Trust has obtained funds from members for the purpose of providing them with superannuation services.
- (b) the Trust's business purpose, which is communicated directly to members, is investing solely for returns from capital appreciation and investment income; and
- (c) the performance of investments made by the Trust are measured and evaluated on a fair value basis.

The Trust also meets all of the typical characteristics of an investment entity. As a consequence, the Trust does not consolidate these investments, but accounts for them at fair value with movements in fair value being recognised in the Income Statement.

(l) Goods and Services Tax

Revenues, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated inclusive of GST. The net amount of GST receivable from the taxation authority is included as part of receivables in the Statement of Financial Position. Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(m) Derecognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when:

- (a) the rights to receive cash flows from the asset have expired; or
- (b) the Trust transfers substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(n) 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.

(o) Valuation of Accrued Benefits

The amount of accrued benefits has been actuarially determined. The key assumptions are discussed in note 4.

(p) Receivables and Payables

Receivables are carried at nominal amounts due, which approximates fair value. Receivables are normally settled within 30 days. An allowance for uncollectible amounts is only made where there is objective evidence that the debt will not be collected.

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.

(q) Member Benefits and Member Liabilities

Total Member Benefits is the Trust's present obligation to pay benefits to members and beneficiaries. This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the liabilities, income tax liabilities and reserves at balance date. 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. Investment earnings are allocated to members accounts via the unit pricing process as soon as the valuation information is available. 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.

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.

(r) Foreign Currency

Both the functional and presentation currency of the Trust is Australian dollars (\$). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. 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 period or in a previous financial report, are recognised in the operating result in the period 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.

s) Comparative information

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

NOTE 3. OTHER RESERVES

	30-Jun-19 \$'000	30-Jun-18 \$'000
Other Reserves are split into the following components:		
Capital Reserve	21,177	16,975
Group Life Insurance Reserve	45,224	73,485
PDF Reserve	47,377	41,028
	<u>113,778</u>	<u>131,488</u>

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4. DEFINED BENEFIT PLAN ACCOUNT

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 2019. 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 \$	Next Actuarial Review
Accrued benefits - SDA	1 July 2018	14,997,996	1 July 2021
Accrued benefits - RIDBC	1 July 2018	430,573	1 July 2021
Accrued benefits - Akzo Nobel	30 June 2017	7,289,000	30 June 2020

NOTE 5. GUARANTEED BENEFITS

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

NOTE 6. FUNDING ARRANGEMENTS

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.

The funding policy adopted in respect of the Defined Benefit Plan component 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.

NOTE 7. MOVEMENT IN FAIR VALUES

	30-Jun-19 \$'000	30-Jun-18 \$'000
Cash & short term deposits	78,733	67,677
Other interest bearing securities	126,113	89,726
Australian equities	(148,341)	1,281,391
International equities	1,070,090	1,351,612
Direct property	84,795	67,525
Other (Unlisted Trusts, Derivatives)	(218,752)	(129,988)
	<u>992,638</u>	<u>2,727,943</u>

NOTE 8. NOTE TO CASH FLOW STATEMENT

**RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES TO NET PROFIT
AFTER INCOME TAX**

	30-Jun-19 \$'000	30-Jun-18 \$'000
<i>(Shortfall) / Surplus after Income Tax</i>	(84,774)	48,736
Adjustments for:		
(Increase) / decrease in assets measured in fair value	(762,366)	(2,472,124)
Depreciation and impairment	134	108
(Increase) / decrease in insurance	(531,134)	(517,409)
(Increase) / decrease in receivables	(77,079)	(43,735)
Increase / (decrease) in payables	(22,152)	8,211
Increase / (decrease) in income tax payable	(84,035)	98,252
Allocation to members' accounts	2,926,089	3,831,130
Net Cash Flows from Operating Activities	<u>1,364,683</u>	<u>953,169</u>

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9. INCOME TAX**Income Tax Expense**

Major components of income tax expense are:

	30-Jun-19 \$'000	30-Jun-18 \$'000
Current income tax		
Current income tax (benefit) / expense	(110,905)	346,773
Adjustments in respect of current income tax of previous years	13,668	8,755
Deferred income tax		
Increase/(decrease) in deferred tax	145,952	(43,039)
Income tax expense reported in the income statement	<u>48,715</u>	<u>312,489</u>

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

(Shortfall)/Surplus Before Income Tax	<u>(36,059)</u>	<u>361,225</u>
Income Tax at 15%	(5,409)	54,184

Increase in Income Tax Expense due to Permanent and Temporary Differences

Surcharge tax liability	-	(20)
Derecognition of temporary differences	27,367	25,196
Net benefit allocated to member accounts	438,913	574,670
Exempt pension income	(23,844)	(23,066)
Net imputation and foreign tax credits	(386,764)	(169,549)
Non Assessable Investment Income	(14,653)	(157,542)
Non Assessable other income	-	(761)
Expenses not deductible	(564)	622
Under / (over) provisions for prior years	13,669	8,756
Income Tax Expense	<u>48,715</u>	<u>312,489</u>

Deferred income tax

Deferred income at 30 June 2019 relates to the following:

	30-Jun-19 \$'000	30-Jun-18 \$'000
Deferred income tax liabilities		
Net Capital Gains on investments subject to CGT	855,656	761,777
Investment Income Receivable	113	69
Unrealised Revenue Gains	19,053	12,789
Gross deferred income tax liabilities	<u>874,822</u>	<u>774,634</u>
Deferred income tax assets		
Accrued expenses	14,230	16,153
Unrealised FX losses	3,498	42,829
Investment Income Receivable (incl deferred tax credits)	3,838	8,347
Gross deferred income tax assets	<u>21,566</u>	<u>67,329</u>

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10. COMMITMENTS

The Trust has outstanding capital commitments in respect of investments in unlisted securities that have not been called upon. The amount of commitments contracted for at the reporting date but not recognised as liabilities is \$1,510,802,887 (2018: \$1,339,051,386)

NOTE 11. FINANCIAL ASSETS HELD AT FAIR VALUE

	30-Jun-19 \$'000	30-Jun-18 \$'000
Managers Liquidity		
Cash	1,764,260	1,214,327
Margin Accounts	183,416	129,851
Term Deposits	541,313	396,561
	<u>2,488,989</u>	<u>1,740,740</u>
Listed Equity Securities		
Australian Equity Securities	12,175,131	11,506,789
International Equity Securities	15,004,460	13,891,811
	<u>27,179,591</u>	<u>25,398,601</u>
Interest Bearing Securities		
Australian Interest Bearing Securities	2,206,210	1,704,977
International Interest Bearing Securities	4,205,825	3,639,807
	<u>6,412,035</u>	<u>5,344,784</u>
Unlisted Trusts		
Unlisted Trusts - Equities	203,468	48,128
Unlisted Trusts - Equity Strategies	1,301,009	1,219,089
Unlisted Trusts - Private Equities	293,513	220,709
Unlisted Trusts - Fixed Interest	5,018,984	3,007,677
Unlisted Trusts - Property	4,795,837	4,478,607
Unlisted Trusts - Infrastructure	3,486,897	2,713,740
Unlisted Trusts - Absolute Return Strategies	2,313,166	3,270,278
Unlisted Trusts - Other	356,565	321,469
	<u>17,769,439</u>	<u>15,279,698</u>
Derivatives		
Fixed Interest Futures	980	3,158
Share Price Index Futures	437	8,964
Bank Bill Futures	20	39
Low Exercise Price Option	248,981	172,560
Forward Foreign Exchange	100,265	41,994
Warrants	10,994	35,384
Credit Default Swap Option	429	3,232
	<u>362,106</u>	<u>265,331</u>

Unsettled Investment Sales

In 2018, an amount of \$1,350 million was included in unsettled investment sales that related to the sale of an unlisted investment on the 29 June 2018.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12. FINANCIAL LIABILITIES HELD AT FAIR VALUE

	30-Jun-19 \$'000	30-Jun-18 \$'000
Derivatives		
Fixed Interest Futures	992	492
Share Price Index Futures	50,206	34,387
Low Exercise Price Option	155,656	113,938
Forward Foreign Exchange	115,639	354,471
Bank Bill Futures	133	-
	<u>322,626</u>	<u>503,289</u>
Other Investment Accruals		
Repurchase Agreements	155,981	315,072
Investment income reinvestment	1,553	4,760
	<u>157,534</u>	<u>319,832</u>

NOTE 13. FINANCIAL RISK MANAGEMENT

The investments of the Trust (other than cash held for liquidity purposes), comprising discretely managed portfolios and units in collective investment vehicles such as various unit trusts and other managed investments, are held on behalf of the Trustee by its global custodian. Each investment manager is required to invest the assets managed by it in accordance with the terms of a written mandate. The Trustee has determined that appointment of these managers is appropriate for the Trust and is in accordance with the Trust's investment strategy.

For the Core Strategy Option, the Trustee determines the asset allocation to different asset classes within specific ranges. The Trustee receives advice from its investment adviser in making its assessment. The asset allocation is reviewed monthly. The other investment options have set asset allocations which are reviewed annually.

The Trust's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Trust manages this investment risk as part of its overall risk management framework. The Trust's investment managers may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Trust's exposure to particular investment classes or markets within pre-determined ranges. Derivative financial instruments are included in the relevant asset category in the Statement of Financial Position.

Financial risk management is carried out by the Trustee through the Investment Committee with advice from an external investment adviser and internal management. The Trustee obtains regular reports from each investment manager on the nature of the investments made on its behalf and the associated risks.

The Trust 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. The Trust's investment adviser uses a range of qualitative and quantitative measures when assessing the individual managers' and overall Trust's investment arrangements.

(a) Market Risk**(i) Price Risk**

The Trust is exposed to equity securities and derivative securities price risk. This arises from investments held by the Trust for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. The securities are classified on the Statement of Financial Position at fair value. All securities investments present a risk of loss of capital. The maximum risk is determined by the fair value of the financial instruments.

The Trustee mitigates this price risk through diversification. Diversification is achieved through investment manager selection with a range of investment styles and different investment mandates. The majority of the Trust's equity investments are publicly traded and included in the major ASX indices or the MSCI World Index.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. Investment manager mandate compliance and performance reports against benchmark are reported on a regular basis to the Investment Committee.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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(a) Market Risk (Continued)*Sensitivity analysis*

The percentage increases in the relevant asset classes as set out in the table below at the reporting date would have increased the net assets available to pay benefits by \$7,027,524,000 (2018: an increase of \$5,456,988,000). An equal change in the opposite direction would have decreased the net assets available to pay benefits by \$7,027,524,000 (2018: a decrease of \$5,456,988,000). The impact on the net investment revenue would have been an increase or decrease of \$7,027,524,000 (2018: \$5,456,988,000). 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, in consultation with its investment adviser, having regard to the average absolute annual returns of the relevant index in local terms over a 10 year period.

Asset Class	Percentage	
	2019	2018
Australian Equities	14%	16%
International Equities	16%	19%
Direct Property	9%	9%
Infrastructure	11%	10%
Equity Strategies	16%	19%
Absolute Return	6%	7%

(ii) Foreign Exchange Risk

The Trust holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis. The Trust's investment policy states that the benchmark allocation for foreign currency exposure is 18%. The minimum of the allowable range is 10%. The maximum of the allowable range is equal to the top of the range for the overseas asset classes. However, the actual level of foreign currency exposure within the Core Strategy will not be greater than the Target Asset Allocation to that asset class at any particular point in time. This is implemented via a currency overlay manager, who monitors the foreign currency exposure on a weekly basis, and 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. Compliance with the Trust's policy is reported to the Investment Committee on a regular basis.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)**(a) Market Risk (Continued)**

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

30-Jun-19	US Dollar A\$'000	Japanese Yen A\$'000	GB Pound A\$'000	Euro A\$'000	HK Dollar A\$'000	Other A\$'000	Total \$'000
Assets	12,457,074	638,898	1,523,197	2,410,269	839,301	3,170,859	21,039,598
Liabilities	(241,183)	(16,857)	(6,952)	(52,830)	-	(33,906)	(351,728)
Foreign Exchange Contracts **	(10,455,207)	(164,824)	(418,377)	(1,005,535)	(171,671)	(389,478)	(12,605,092)
Net Exposure	1,760,685	457,217	1,097,868	1,351,903	667,630	2,747,475	8,082,778

30-Jun-18	US Dollar A\$'000	Japanese Yen A\$'000	GB Pound A\$'000	Euro A\$'000	HK Dollar A\$'000	Other A\$'000	Total \$'000
Assets	12,821,904	589,024	1,262,526	2,056,402	836,279	3,014,134	20,580,271
Liabilities	(265,368)	(11,371)	(7,727)	(57,058)	(1,397)	(17,426)	(360,348)
Foreign Exchange Contracts **	(9,659,951)	(343,764)	(288,791)	(1,132,810)	(13,576)	(649,253)	(12,088,144)
Net Exposure	2,896,586	233,890	966,008	866,533	821,307	2,347,455	8,131,779

** Foreign Exchange Contracts are the value of the exchange exposure (rather than the market value of the hedge instrument).

Sensitivity analysis

A 9% strengthening (2018: 10%) 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\$'000	Japanese Yen A\$'000	GB Pound A\$'000	Euro A\$'000	HK Dollar A\$'000
30-Jun-19	(145,378)	(37,752)	(90,650)	(111,625)	(55,125)
30-Jun-18	(263,326)	(21,263)	(87,819)	(78,776)	(74,664)

A 9% weakening (2018: 10%) 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.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)**(a) Market Risk (Continued)****(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. The risk is measured using sensitivity analysis.

As at 30 June 2019, the Trust's investment strategy is to hold approximately 12% (2018: 13%) invested in fixed interest securities, either via mandates or through unlisted trusts. The Trustee monitors its fixed interest exposure on a monthly basis. 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 2019 was as follows:

	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
30-Jun-19				
Financial Assets				
Unsettled Investment Sales	-	-	101,426	101,426
Managers Liquidity	1,947,675	541,313	-	2,488,988
Equity Securities	-	-	27,179,591	27,179,591
Interest Bearing Securities	2,912,011	3,500,024	-	6,412,035
Discount Securities	2,107,624	-	-	2,107,624
Direct Property	-	-	821,391	821,391
Unlisted Trusts	-	-	17,769,439	17,769,439
Derivatives	-	-	362,106	362,106
Financial Liabilities				
Unsettled Investment Purchases	-	-	(251,190)	(251,190)
Derivatives	-	-	(322,626)	(322,626)
Investment Management Fees Payable	-	-	(63,034)	(63,034)
Other Investment Accruals	-	-	(157,534)	(157,534)
Total	6,967,310	4,041,337	45,439,569	56,448,216
Net increase/decrease in exposure from interest rate futures (notional principal)	(4,527)	4,527	-	-
Net exposure	6,962,783	4,045,864	45,439,569	56,448,216

	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
30-Jun-18				
Financial Assets				
Unsettled Investment Sales	-	-	1,564,626	1,564,626
Managers Liquidity	1,344,178	396,561	-	1,740,740
Equity Securities	-	-	25,398,601	25,398,601
Interest Bearing Securities	2,698,503	2,646,281	-	5,344,784
Discount Securities	2,814,749	-	-	2,814,749
Direct Property	-	-	989,413	989,413
Unlisted Trusts	-	-	15,279,698	15,279,698
Derivatives	-	-	265,331	265,331
Financial Liabilities				
Unsettled Investment Purchases	-	-	(321,599)	(321,599)
Derivatives	-	-	(503,289)	(503,289)
Investment Management Fees Payable	-	-	(91,426)	(91,426)
Other Investment Accruals	-	-	(319,832)	(319,832)
Total	6,857,430	3,042,842	42,261,522	52,161,795
Net increase/decrease in exposure from interest rate futures (notional principal)	(348,696)	348,696	-	-
Net exposure	6,508,735	3,391,538	42,261,522	52,161,795

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)**(a) Market Risk (Continued)****(iii) Interest Rate Risk (Continued)***Sensitivity analysis*

An increase of 68 basis points (2018: 75 basis points) in interest rates would have decreased the net assets available to pay benefits and the net investment revenue by \$141,964,000 (2018: a decrease of \$105,853,000). A move by the same amount in the opposite direction would have increased the net assets available to pay benefits and the net investment revenue by \$141,964,000 (2018: an increase of \$105,853,000).

The impact mainly arises from the reasonably possible change in interest rates on the fair value of fixed interest securities. 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 annual absolute movement in the yields of 10 year Australian and US Government bonds over a 10 year period.

(b) Credit Risk

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, amounts due from brokers and managers liquidity. None of these assets are impaired nor past due but not impaired. The Trust manages its exposure to this other credit risk by undertaking transactions predominantly with counterparties with a minimum credit rating of AAA.

The Trust primarily invests in debt securities which are rated by a well known rating agency. The Trust manages its exposure to credit risk by setting minimum grade ratings by investment type and a minimum overall weighted average credit rating in its investment mandates. Compliance with mandates is reported to the Investment Committee on a monthly basis.

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 predominantly with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a range of counterparties.

The Trust does not have any significant exposure to any individual counterparty or industry. Its assets are invested by individual investment managers and in specific investment trusts and investment linked insurance policies.

The fair value of financial assets included in the Statement of Financial Position represent the Trust's exposure to credit risk in relation to those assets. An analysis of debt securities by rating is set out in the table below.

Australian Interest Bearing Securities

	30-Jun-19 \$'000	30-Jun-18 \$'000
Rating		
AAA	1,350,067	1,314,370
AA	494,765	317,561
A	32,456	10,013
BBB	58,259	-
Below BBB	270,663	63,035
Total	<u>2,206,210</u>	<u>1,704,979</u>

International Interest Bearing Securities

	30-Jun-19 \$'000	30-Jun-18 \$'000
Rating		
AAA	602,169	406,145
AA	33,568	39,676
A	384,928	269,765
BBB	460,951	366,897
Below BBB	2,724,208	2,557,323
Total	<u>4,205,824</u>	<u>3,639,806</u>

(c) Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulty in raising cash to meet commitments associated with member benefits. 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, the Trust invests the large majority of its assets in financial instruments, which under normal market conditions are readily convertible to cash.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)**(c) Liquidity Risk (Continued)**

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

	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
30-Jun-19					
Financial Liabilities					
Unsettled Investment Purchases	251,190	251,190	-	-	-
Net Settled Derivatives	206,854	-	206,854	-	-
Investment Management Fees Payable	63,034	63,034	-	-	-
Other Investment Accruals	157,534	157,534	-	-	-
Total Net Settled Financial Liabilities	678,612	471,758	206,854	-	-

	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
30-Jun-18					
Financial Liabilities					
Unsettled Investment Purchases	321,599	321,599	-	-	-
Net Settled Derivatives	148,818	-	148,818	-	-
Investment Management Fees Payable	91,426	91,426	-	-	-
Other Investment Accruals	319,832	319,832	-	-	-
Total Net Settled Financial Liabilities	881,675	732,857	148,818	-	-

In addition, Total Member Liabilities of \$55,705,676,000 (2018: \$51,150,980,000) 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.

	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
30-Jun-19					
Foreign currency forward contracts					
Inflows	16,751,338	5,471,072	6,594,464	4,675,330	10,471
(Outflows)	(16,762,517)	(5,528,070)	(6,598,683)	(4,625,986)	(9,778)

	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
30-Jun-18					
Foreign currency forward contracts					
Inflows	14,161,800	4,192,075	7,727,406	2,016,279	226,040
(Outflows)	(14,445,885)	(4,266,143)	(7,909,436)	(2,045,249)	(225,057)

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)

(d) Offsetting financial assets and financial liabilities

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 on a net basis or realise the asset and settle the liability simultaneously.

The Trust enters into derivative transactions under International Swaps and Derivative Association (ISDA) master netting arrangements. The market convention under such arrangements is for the amounts owed by each counterparty on a single day for all transactions in the same currency to be settled on a net basis. In certain circumstances such as when a credit default occurs, all outstanding transactions under the agreement are terminated, and the overall net position owing/receivable to the counterparty is settled.

The ISDA agreements do not meet the criteria for offsetting in the Statement of Financial Position because the Trust does not presently have a legally enforceable right of set-off, since it is enforceable only on the occurrence of future events. The impact of financial instruments subject to these agreements is shown in the table below:

30-Jun-19	Amount per financial statements \$'000	Related amount not offset \$'000	Net amount \$'000
Financial assets			
Forward Foreign Exchange	100,265	(38,982)	61,283
Financial liabilities			
Forward Foreign Exchange	115,639	(38,982)	76,657

30-Jun-18	Amount per financial statements \$'000	Related amount not offset \$'000	Net amount \$'000
Financial assets			
Forward Foreign Exchange	41,994	(5,039)	36,955
Financial liabilities			
Forward Foreign Exchange	354,471	(5,039)	349,432

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

The level in the fair value hierarchy 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 in its entirety. For this purpose, the significance of an input is assessed against the 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 a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by The Trust. The Trust considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The tables below set out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, low exercise price derivatives, government and semi government bonds. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include, corporate bonds and certain unlisted unit trusts, forward foreign exchange contracts and swaps. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include direct property, Australian and international mortgage backed securities, and unlisted investments in infrastructure and property unit trusts. As observable prices are not available for these securities, the Trust has used valuation techniques to derive fair value.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)**(e) Fair value hierarchy (Continued)****Fair Value Hierarchy**

30-Jun-19	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
- Unsettled Investment Sales	101,426	101,426	-	-
- Managers Liquidity	2,488,989	2,488,989	-	-
- Listed Equity Securities	27,179,592	27,178,897	-	695
- Interest Bearing Securities	6,412,035	1,825,874	1,686,418	2,899,743
- Discount Securities	2,107,624	-	2,107,624	-
- Direct Property	821,391	-	-	821,391
- Unlisted Trusts	17,769,439	-	8,836,626	8,932,813
- Derivatives	362,106	261,412	100,693	-
Total Financial Asset	57,242,602	31,856,598	12,731,361	12,654,642
- Unsettled Investment Purchases	251,190	251,190	-	-
- Derivatives	322,626	206,987	115,639	-
- Investment Management Fees Payable	63,034	63,034	-	-
- Other Investment Accruals	157,534	157,534	-	-
Total Financial Liability	794,384	678,745	115,639	-
Net Financial Fair Value	56,448,218	31,177,853	12,615,722	12,654,642

30-Jun-18	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
- Unsettled Investment Sales	1,564,626	1,564,626	-	-
- Managers Liquidity	1,740,740	1,740,740	-	-
- Listed Equity Securities	25,398,601	25,397,446	-	1,155
- Interest Bearing Securities	5,344,784	1,392,694	1,276,551	2,675,539
- Discount Securities	2,814,749	-	2,814,749	-
- Direct Property	989,413	-	-	989,413
- Unlisted Trusts	15,279,698	-	7,545,172	7,734,526
- Derivatives	265,331	220,105	45,226	-
Total Financial Asset	53,397,942	30,315,611	11,681,698	11,400,633
- Unsettled Investment Purchases	321,599	321,599	-	-
- Derivatives	503,289	148,818	354,471	-
- Investment Management Fees Payable	91,426	91,426	-	-
- Other Investment Accruals	319,832	319,832	-	-
Total Financial Liability	1,236,146	881,675	354,471	-
Net Financial Fair Value	52,161,796	29,433,936	11,327,227	11,400,633

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)**(e) Fair value hierarchy (Continued)**

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

	Total \$'000	Interest Bearing Securities \$'000	Direct Property \$'000	Unlisted Trust \$'000	Listed Equity Securities \$'000
30-Jun-19					
Opening Fair Value	11,400,633	2,675,539	989,413	7,734,526	1,155
Gains/(Losses) recognised in profit/loss	509,298	916	84,795	424,840	(1,252)
Add: Purchases in current year	2,140,491	1,189,687	26,802	922,992	1,011
Less: Sale Proceeds in Current year	(1,395,781)	(966,400)	(279,618)	(149,544)	(219)
Closing Fair Value	12,654,641	2,899,743	821,391	8,932,813	695

	Total \$'000	Interest Bearing Securities \$'000	Direct Property \$'000	Unlisted Trust \$'000	Listed Equity Securities \$'000
30-Jun-18					
Opening Fair Value	9,381,839	2,290,380	906,189	6,182,706	2,565
Gains/(Losses) recognised in profit/loss	425,597	69,179	67,525	296,645	(7,753)
Add: Purchases in current year	2,344,468	1,006,607	27,577	1,303,742	6,543
Less: Sale Proceeds in Current year	(751,272)	(690,627)	(11,879)	(48,567)	(199)
Closing Fair Value	11,400,633	2,675,539	989,413	7,734,526	1,155

(f) Valuation inputs and relationship to fair value

The Fund's level 3 financial assets are a combination of directly held and indirectly held assets made via unlisted trusts which in turn invest in a variety of underlying investments. The fair value of the Fund's level 3 financial assets all follow accepted accounting standards and industry guidelines. The fair value for each type of financial asset listed in the tables above are determined by:

- Listed equities: the last traded price as listed on the relevant securities exchange.
- 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.
- 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.

Direct properties are revalued at least annually by an independent valuer. Both the capitalisation method and discounted cash flow method is used to value the properties. Key assumptions include earnings estimates, the capitalisation rate and the discount rate. Also the results of recent actual sales of comparable assets are considered.

Infrastructure assets held directly by Rest or directly held via unlisted unit trusts are revalued at least annually by an independent valuer using the discounted cash flow method as the primary valuation method. Key assumptions include earnings estimates and the discount rate.

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

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)**(f) Valuation inputs and relationship to fair value (Continued)**

30-Jun-19 Description	Fair Value \$'000	Unobservable Inputs	Range of Inputs - (weighted average)	Relationship to Fair Value
Property	1,927,000	Cap rate	4.75% - 5.25% (4.99%)	a change in the cap rate by +/- 25 basis points would change the value by \$97 million
		Discount rate	6.5% (6.5%)	a change in the disc rate by +/- 25 basis points would change the value by \$32 million
Infrastructure	1,287,000	Discount rate	7.75% - 10.3% (8.81%)	a change in the disc rate by +/- 43 basis points would change the value by \$76 million

30-Jun-18 Description	Fair Value \$'000	Unobservable Inputs	Range of Inputs - (weighted average)	Relationship to Fair Value
Property	1,723,500	Cap rate	5.00% - 6.38% (5.12%)	a change in the cap rate by +/- 25 basis points would change the value by \$85 million
		Discount rate	6.75% - 7.00% (6.68%)	a change in the disc rate by +/- 25 basis points would change the value by \$37 million
Infrastructure	877,771	Discount rate	7.60% - 9.50% (8.29%)	a change in the disc rate by +/- 43 basis points would change the value by \$51 million

(g) 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 11.

The Trust has exposure to unconsolidated structured entities through its investments. The Trust typically has no other involvement with the structured entity other than the securities it holds as part of its investments and its maximum exposure to loss is restricted to the carrying value of the investment.

The Trust's risk management policies focus on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The financial risks associated with the investments are referred to throughout note 13.

During the year the Trust did not provide any financial support to unconsolidated structured entities and has no intention of providing financial or other support. The Trust's investment strategy entails investments in other funds on a regular basis and the Trust intends to continue investments in other funds.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14. 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 a specified interest rate, financial instrument type, 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 13.

	Contract/ Notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
30-Jun-19			
Fixed Interest Futures	275,449	980	992
Share Price Index Futures	4,252,245	437	50,206
Bank Bill Futures	456,918	20	133
Low Exercise Price Option	312	248,981	155,656
Forward Foreign Exchange	16,728,289	100,265	115,639
Warrants	47	10,994	-
Credit Default Swap Option	600,538	429	-
	22,313,798	362,104	322,627

	Contract/ Notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
30-Jun-18			
Fixed Interest Futures	450,201	3,158	492
Share Price Index Futures	3,098,856	8,964	34,387
Bank Bill Futures	319,480	39	-
Low Exercise Price Option	180	172,560	113,938
Forward Foreign Exchange	13,966,519	41,994	354,471
Warrants	90	35,384	-
Credit Default Swap Option	631,071	3,232	-
	18,466,397	265,331	503,289

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15. SEGMENT INFORMATION

The Trust operates solely in one reportable business segment, being the provision of benefits to members. The Trust also operates from one reportable geographic segment, being Australia, from where its activities are managed. Whilst the Trust operates from Australia only, the Trust has investment exposures in different countries and across different industries. Revenue is derived from interest, dividends, property rentals, gains on sales of investments, unrealised changes in value of investments, and contributions revenue.

NOTE 16. 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. The Trust maintains collateral of at least 106% (2018: 103%) 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 \$977,200,000 (2018: \$451,962,000).

NOTE 17. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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 2019 or on the results and cash flows of the Trust for the year ended on that date.

NOTE 18. AUDITOR'S REMUNERATION

	2019 \$'000	2018 \$'000
Amounts received or due and receivable by the external auditor:		
- an audit of the financial statements of the entity	349	286
- other professional services*	1,572	1,120
- under/(over) accrual of audit fee payable from prior year	135	25
	2,056	1,431

* Other professional services primarily relate to tax and advisory services, and investment due diligence costs.

NOTE 19. RELATED PARTIES**Retail Employees Superannuation Pty Limited**

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 \$3,917,260 (2018: \$2,724,676). This is on a cost recovery basis for expenses borne by the Trustee on behalf of the Trust. These expenses include Directors fees, trustee liability insurance, director expenses and professional fees.

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

Mr Ian John Blandthorn
 Mr Joseph de Bruyn
 Mr John Vincent Edstein
 Ms Sally Louise Evans
 Ms Julia Fox
 Mr Kenneth Stuart Marshman
 Mr Steven John Priestley
 Mr Michael Ward Tehan
 Mr Rohan Kenneth Stretton Jeffs (term ended 31 March 2019)
 Mr Vaughn Nigel Richtor (appointed 26 June 2019)

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19. RELATED PARTIES (Continued)

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

	2019 \$'000	2018 \$'000
Short-Term Benefits	971	952
Post Employment	92	90
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-
	<u>1,063</u>	<u>1,043</u>

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 2019 was \$766,805 (2018: \$504,081).

Compensation of key REST Management Personnel

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

2019	2018
Mr Brendan Casey	Mr Chris Stevens
Ms Vicki Doyle	Mr Paul Howard
Mr Trevor Evans	Ms Sandra Coleman
Mr Philip Budge (resigned 15 August 2019)	Mr Trevor Evans
Ms Sandra Coleman (resigned 1 January 2019)	Mr Andrew Howard
Mr Craig Hobart (resigned 1 January 2019)	Mr Philip Budge
Mr Andrew Howard (resigned 8 August 2018)	Ms Elizabeth Parkin
Mr Paul Howard (resigned 1 January 2019)	Mr Craig Hobart
Ms Elizabeth Parkin (resigned 1 January 2019)	Mr Brendan Casey
Mr Chris Stevens (resigned 1 January 2019)	Ms Vicki Doyle (appointed 28 May 2018)
Mr Brendan Daly (appointed 23 April 2019)	Mr Damian Hill (resigned 31 January 2018)
Mr Jeremy Hubbard (appointed 27 May 2019)	Ms Mary Atley (resigned 18 May 2018)
Ms Gemma Kyle (appointed 4 December 2018)	Mr John Nolan
Mr Tyrone O'Neill (appointed 23 April 2019)	
Ms Deborah Potts (appointed 26 November 2018)	
Mr John Nolan	

Mr John Nolan is a key management personnel in his role as a non-voting member of the Investment Committee. His remuneration relating to this role is included in the table below. He also received \$120,000 including superannuation in relation to consulting services provided to the Trust.

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:

	2019 \$'000	2018 \$'000
Short-Term Benefits	2,958	4,129
Post Employment	178	265
Other Long Term Benefits	(126)	(210)
Termination Benefits	1,513	-
Share Based Payment	-	-
	<u>4,523</u>	<u>4,184</u>

Super Investment Management Pty Limited (SIM)

SIM is a wholly owned subsidiary of Retail Employees Superannuation Trust. The following persons held the position of Director of SIM during part or all of the year.

Mr Ian John Blandthorn
Mr Joseph de Bruyn
Mr Kenneth Stuart Marshman
Mr Steven John Priestley
Mr Rohan Kenneth Stretton Jeffs (term ended 31 March 2019)

Retail Employees Superannuation Trust pays all the operating expenses of SIM. These expenses amounted to \$18,503,000 (2018: \$14,878,000).

The Directors did not receive any compensation in relation to their duties as Directors of SIM.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19. RELATED PARTIES (Continued)

The table below details the related parties with which the following persons held in the position of Director of REST Nominees No.1 Pty Ltd and REST Nominees No.3 Pty Ltd as Trustee of the Special Purpose Vehicle Trusts during part or all of the year.

Mr Neil Matthews
Mr William Grant
Mr George Zielinski

The Directors did not receive any compensation in relation to their duties as Directors of REST Nominees No.1 Pty Ltd and REST Nominees No.3 Pty Ltd.

Name of Entity	Fair Value of Investments		Movement in Fair Value		Net Units Invested		Distributions Paid / Payable		Interest Held	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 %	2018 %
REST AMPCI Debt Holding Trust	194,864	180,345	(2,210)	(15,293)	16,730	18,515	29,821	21,120	100%	100%
REST International Infrastructure Investments Holding Trust*	453,774	238,311	845	(11,470)	214,617	27,217	48,561	35,313	100%	100%
REST Direct Property Holding Trust	893,792	824,410	69,333	58,025	49	301,143	32,283	31,656	100%	100%
REST US Property Investments Holding Trust	785,536	682,609	43,729	80,348	59,198	151,374	41,717	25,478	100%	100%
REST Finance Trust	500,506	431,061	7,406	5,393	62,039	20,516	19,380	16,791	100%	100%
REST Hayfin Holding Trust [#]	-	263,379	-	5,088	-	63,736	-	10,821	100%	100%
REST Endeavour Holding Trust	525,221	588,899	(67,257)	34,498	3,579	(2,441)	32,283	24,259	100%	100%
REST Private Equity Trust	293,513	228,305	29,873	25,373	35,335	202,932	4,907	216	100%	100%
REST Alternative Investments Holding Trust	1,218,435	1,167,374	51,061	(63,119)	-	1,230,493	-	-	100%	100%
REST Equities Strategies Trust	555,733	496,830	53,929	(3,453)	4,974	500,283	198	4,974	100%	100%
REST Credit Strategies Holding Trust [^]	2,942,556	-	9,971	-	2,932,585	-	-	-	100%	-

* On 5 June 2019, REST US Infrastructure Investments Holding Trust changed name to REST International Infrastructure Investments Holding Trust.

[#] From 29 June 2019, REST Hayfin Holding Trust was transferred to REST Credit Strategies Holding Trust.

[^] REST Credit Strategies Holding Trust commenced trading on 26 September 2018. The Trustee is REST Nominees No.3 Pty Ltd.

REST Infrastructure Pty Ltd

REST Infrastructure Pty Ltd is a wholly owned subsidiary of Retail Employees Superannuation Trust. The table below details the related parties with which the following persons held in the position of Director during part or all of the year.

Mr William Grant
Mr George Zielinski

The Directors did not receive any compensation in relation to their duties as Directors of REST Infrastructure Pty Ltd.

Name of Entity	Fair Value of Investments		Movement in Fair Value		Fully Paid Franked Dividend to Rest		Repaid interest free loan to Rest		REST interest free loan	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
REST Infrastructure Pty Ltd	535,400	452,900	82,500	17,597	9,756	9,425	11,028	12,305	9,756	9,425

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19. RELATED PARTIES (Continued)**REST AMPCI Equity Holdings Pty Ltd**

REST AMPCI Equity Holdings Pty Ltd is a wholly owned subsidiary of Retail Employees Superannuation Trust. The table below details the related parties with which the following persons held in the position of Director during part or all of the year.

Mr Paul Howard (resigned 1 January 2019)
 Mr Chris Stevens (resigned 1 January 2019)
 Mr Grant Hallock (appointed 1 January 2019)

The Directors did not receive any compensation in relation to their duties as Directors of REST AMPCI Equity Holdings Pty Ltd.

Name of Entity	Fair Value of Investments		Movement in Fair Value		Equity		Dividends Paid / Payable		Interest Held	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 %	2018 %
REST AMPCI Equity Holdings Pty Ltd	273,466	225,213	48,253	8,999	-	-	-	-	100%	100%

Sponsoring Organisations

The consolidated version of the trust deed expresses the following organisations as sponsors:

Shop Distributive and Allied Employees Association (SDA)

National Retail Association Limited (NRA)

Australian Retailers Association (ARA)

The Trust paid the SDA \$1,500 (2018: \$1,710) in relation to attendance at a pink ribbon charity event where all proceeds went to the charity.

As part of the Trust's marketing and promotion activity, it invests in sponsorship of events and promotions run by 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 member support, strengthening the Rest brand and raising awareness.

Payment to Sponsors	2019 \$	2018 \$
ARA	24,200	41,800
NRA	134,624	50,474
	<u>158,824</u>	<u>92,274</u>

NOTE 20. CONTINGENT LIABILITIESRegulatory Matters

During the period, Rest has received notices and requests for information from regulators as part of both industry and Rest specific reviews and inquiries. These reviews and inquiries, which may be conducted by a regulator, may result in litigation or penalties. An assessment of the likely cost to the Trust of potential litigation or penalties is made on a case-by-case basis for the purpose of the financial statements. No provisions have been raised for current matters as the likelihood of any litigation or penalty is considered low or they cannot be reliably measured or both.

Litigation

There are ongoing court proceedings, claims and possible claims against the Trust. Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of the Trust's likely loss has been made on a case by case basis for the purpose of the financial statements but cannot always be reliably estimated. No provisions have been raised for current matters as they cannot be reliably measured.

The Trust has no other contingent liabilities at 30 June 2019 and no further contingent liabilities of a material amount have since come to the knowledge of the Directors of the Trustee.

NOTE 21. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration is set out on page 4.