

RETAIL EMPLOYEES SUPERANNUATION TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

ABN: 62 653 671 394

Fund Registration Number: R1000016

**RETAIL EMPLOYEES SUPERANNUATION TRUST
TABLE OF CONTENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Page
Auditor's Report	2 - 3
Auditor's Independence Declaration	4
Statement of the Trustee	5
Statement of Financial Position	6
Operating Statement	7
Cash Flow Statement	8
Notes to the Financial Statements	9 - 26

Retail Employees Superannuation Trust (ABN 62 653 671 394)

Independent report by the Approved Auditor to the Trustee and Members

Financial Statements

I have audited the financial statements of the Retail Employees Superannuation Trust for the year ended 30 June 2010 comprising the Statement of Financial Position, Changes in Net Assets, Operating Statement and Cash Flow Statement.

Trustee's Responsibility for the Financial Statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the SIS Act and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of the Retail Employees Superannuation Trust.

My audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements 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 trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

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

**Independent report by the Approved Auditor to the Trustee and Members
(continued)**

Auditor's Opinion

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) the Statement of Financial Position of the Retail Employees Superannuation Trust as at 30 June 2010, the Operating Statement and Cash Flow Statement for the year ended 30 June 2010.


PricewaterhouseCoopers


David Coogan
Partner

Sydney
16 September 2010

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Auditor's Independence Declaration

As lead auditor for the Audit of the Retail Employees Superannuation Trust (ABN 62 653 671 394) for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the Retail Employees Superannuation Trust during the year.



David Coogan
PricewaterhouseCoopers

16 September 2010
Sydney

**RETAIL EMPLOYEES SUPERANNUATION TRUST
TRUSTEE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2010**

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

- (i) the accompanying financial statements of the Retail Employees Superannuation Trust are properly drawn up so as to present fairly the financial position of the Trust as at 30 June 2010 and the results of its operations and 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 has been conducted in accordance with its constituent Trust Deed dated 2 December 1987, as amended and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations and Guidelines during the year.

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 16th day of September 2010



Director


Director

RETAIL EMPLOYEES SUPERANNUATION TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	NOTE	30-Jun-10 \$'000	30-Jun-09 \$'000
ASSETS			
Cash and Cash Equivalents			
Cash	10	69,828	81,488
Trade and Other Receivables			
Contributions Receivable		40,948	22,361
Group Life Premium Refund Receivable		2,931	2,484
Investment Income Receivable		47,464	33,553
Sundry Debtors		1,772	2,085
Net GST Receivable		1,718	722
		<u>94,833</u>	<u>61,205</u>
Investments			
Financial Assets			
Unsettled Investment Sales		36,776	315,973
Managers Liquidity	15	582,725	514,078
Listed Equity Securities	15	8,210,690	6,613,118
Fixed Interest Securities	15	2,391,742	1,492,649
Discount Securities		1,375,589	1,644,923
Direct Property		352,482	355,201
Unlisted Trusts	15	4,986,145	3,947,954
Derivatives	15	348,265	266,970
		<u>18,284,414</u>	<u>15,150,866</u>
Tax Assets			
Deferred Tax Asset	11	140,539	224,494
Other Assets			
Fixed Assets	13	-	-
TOTAL ASSETS		<u>18,589,614</u>	<u>15,518,053</u>
LIABILITIES			
Trade and Other Payables			
Insurance Premiums Payable		19,311	16,060
Benefits Payable		47,465	17,674
Administration Expenses Payable		4,880	4,898
Sundry Creditors		3,048	2,762
Audit Fees Payable		78	104
Financial Liabilities			
Unsettled Investment Purchases		81,749	257,272
Derivatives	16	383,209	148,874
Investment Management Fees Payable		12,298	9,287
Other Investment Accruals	16	350,255	329,177
Tax Liabilities			
Income Tax Payable		89,079	125,484
Deferred Tax Liabilities	11	16,573	17,025
TOTAL LIABILITIES		<u>1,007,945</u>	<u>928,617</u>
NET ASSETS AVAILABLE TO PAY BENEFITS		<u>17,581,669</u>	<u>14,589,436</u>
Represented by:			
LIABILITY FOR ACCRUED BENEFITS			
Allocated to Members' Accounts	3	17,337,646	14,371,299
Defined Benefit Plan Account		21,043	20,621
Not Yet Allocated	3a	52,512	86,556
Vested Benefits	3b	<u>17,411,201</u>	<u>14,478,476</u>
Reserve	4	170,468	110,960
		<u>17,581,669</u>	<u>14,589,436</u>

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	NOTE	30-Jun-10 \$'000	30-Jun-09 \$'000
INVESTMENT REVENUE			
Dividend Income		520,060	442,640
Interest - Bank		1,622	2,053
Interest Income - Investments		94,977	87,416
Net Rental Income		22,970	19,208
Movement in Net Market Value	8	1,279,032	(1,760,965)
Net Investment Revenue		<u>1,918,661</u>	<u>(1,209,648)</u>
CONTRIBUTIONS REVENUE			
Employer		1,900,127	1,777,295
Member		260,190	236,699
Rollovers		419,127	373,807
Total Contributions Revenue		<u>2,579,444</u>	<u>2,387,801</u>
OTHER REVENUE			
Group Life Insurance Proceeds		84,650	25,133
Group Life Profit Share		30,891	20,092
Other Income		422	(114)
		<u>115,963</u>	<u>45,111</u>
TOTAL REVENUE		<u>4,614,068</u>	<u>1,223,264</u>
INVESTMENT EXPENSES			
Direct Investment Expenses		62,489	51,642
Custodian Fees		4,004	3,372
GROUP LIFE INSURANCE EXPENSES		234,888	147,255
GENERAL ADMINISTRATION EXPENSES			
Administration Fees		59,344	55,416
Trustee Company Operating Expenses		24,573	35,257
Depreciation		285	588
Auditor's Remuneration	22	374	382
Superannuation Contributions Surcharge		-	18
TOTAL EXPENDITURE		<u>385,957</u>	<u>293,930</u>
Operating Surplus for the Year Before Tax		4,228,111	929,334
Less: Income Tax Expense	11	<u>403,401</u>	<u>86,326</u>
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		<u>3,824,710</u>	<u>843,008</u>

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	NOTE	30-Jun-10 \$'000	30-Jun-09 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows:			
Dividends		507,112	442,657
Rental Income		22,970	19,208
Interest		96,600	89,469
Contributions		2,560,857	2,387,249
Group Life Insurance Proceeds		115,541	61,612
Other Revenue		355	119
Cash Outflows:			
Administration Expenses		(59,362)	(54,977)
Insurance Premiums		(232,084)	(137,025)
Operating Expenses		(28,934)	(38,467)
Income Tax Paid		(356,303)	(277,990)
Surcharge Tax Paid		(17)	(116)
Members' Benefits		(802,687)	(818,564)
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	9	1,824,048	1,673,175
CASH FLOWS FROM INVESTING AND OTHER ACTIVITIES			
Net Cash Flow from Purchase and Sale of Investments		(1,773,232)	(1,592,146)
Direct Investment Expenses		(62,191)	(51,642)
Purchase of Fixed Assets		(285)	(321)
NET CASH FLOW USED IN INVESTING AND OTHER ACTIVITIES		(1,835,708)	(1,644,109)
NET (DECREASE) / INCREASE IN CASH HELD		(11,660)	29,066
CASH AT THE BEGINNING OF THE PERIOD		81,488	52,422
CASH AT THE END OF THE PERIOD	10	69,828	81,488

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 1. GENERAL INFORMATION

Retail Employees Superannuation Trust ("The Trust") operates as a superannuation fund domiciled in Australia. The head office is located at 50 Carrington 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 Trust authorised the issue of the Financial Statements on the 16 September 2010

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 AAS 25 : "Financial Reporting by Superannuation Plans (AAS25)", as amended by AASB 2005-13 "Amendments to Australian Accounting Standards (AAS25)", 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 net market 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 AAS25 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 AAS25.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Trustee's assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

(i) AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]. In May 2009 the AASB issued a number of improvements to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 8 Operating Segments, AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 117 Leases, AASB 118 Revenue, AASB 136 Impairment of Assets and AASB 139 Financial Instruments, Recognition and Measurement. The Trust will apply the revised Standards from 1 July 2010. The Trust does not expect that any adjustments will be necessary as a result of applying the revised rules.

(c) Valuation of Investments and Derivatives

Investments and derivatives of the Trust are recorded at net market value and changes in the net market value of assets are recognised in the Operating Statement in the periods in which they occur. Net market value has been determined as follows:

- (i) Shares in listed companies, units in listed trusts, government securities and other fixed interest securities by reference to market quotations at the reporting date;
- (ii) Unlisted unit trusts by reference to the Net Asset Value per unit at the reporting date.
- (iii) Property is revalued at least annually by reference to an independent valuation, in accordance with its 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 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.

Estimated costs of realisation have been deducted in determining net market value. Net market value is considered a reasonable approximation of fair value.

(d) Cash and Cash Equivalents

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

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 Net Market Values

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

Contributions and Transfers In

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.

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.

(f) 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 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 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.

(g) Contributions Received and Benefits Paid

The accrual for contributions has been determined on the basis of cash received subsequent to the year end. The liability for outstanding claims has been determined on the basis of claims paid subsequently to year end. Benefits payable are settled within 30 days.

(h) Death and Disablement Insurance

Insurance claims received have been classed as "Other Revenue - Group Life Insurance Proceeds". The corresponding benefit paid to members has been included in Benefits Paid.

(i) Fixed Assets

Fixed assets are fully depreciated at the time of purchase. New assets were written off as acquired, as shown in Note 13.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Entitlements

The Trust has calculated annual and long service leave entitlements on a present value basis of employees entitlement not settled as at 30 June 2010. 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) Superannuation Contribution Surcharge

Superannuation Contribution Surcharge is levied on surchargeable contributions on the basis of the individual member's adjusted taxable income. The liability for the Superannuation Contribution Surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured.

The superannuation surcharge liability recognised by the Trust has been charged to the relevant members' accounts.

The Superannuation Laws Amendment (abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

(l) Consolidation

The accounts include consolidation of the accounts of the subsidiary Super Investment Management Pty Limited ABN 86 079 706 657 at 30 June 2009 and 2010.

(m) 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.

(n) Derecognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when:

- * the rights to receive cash flows from the asset have expired; or
- * 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 or cancelled or expires.

(o) Significant Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting periods are:

Valuation of Accrued Benefits

The amount of accrued benefits has been actuarially determined. The key assumptions are discussed in note 5.

(p) Receivables and Other Payables

Receivables are carried at nominal amounts due which approximate net market 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

Other 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 net market value. Payables are normally settled on 30 day terms.

(q) Accrued Benefits

The liability for accrued 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 sundry liabilities and income tax liabilities as at balance date.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(r) Foreign Currency**

Both the functional and presentation currency of Retail Employees Superannuation 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. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

NOTE 3. LIABILITY FOR ACCRUED BENEFITS

Accrued benefits represents the Trust's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

	30-Jun-10 \$'000	30-Jun-09 \$'000
Liability for accrued benefits at the beginning of the period	14,589,436	14,536,499
Plus: Benefits Accrued as a Result of Operations	3,824,710	843,008
Less: Gross Benefits Paid and Payable		
Withdrawals	(130,916)	(133,267)
Rollovers	(510,411)	(434,281)
Retirements	(58,682)	(162,299)
Deaths	(82,814)	(22,466)
Permanent Disablements	(18,540)	(7,281)
Pensions	(31,114)	(30,477)
Total Gross Benefits Paid and Payable	<u>(832,477)</u>	<u>(790,071)</u>
Liability for accrued benefits at the end of the period	<u>17,581,669</u>	<u>14,589,436</u>

NOTE 3a. NOT YET ALLOCATED

	30-Jun-10 \$'000	30-Jun-09 \$'000
Amounts not yet allocated to member's accounts consist of:		
Contributions not yet allocated	38,075	80,365
Investment earnings not yet allocated	14,437	6,191
	<u>52,512</u>	<u>86,556</u>

Investment earnings are allocated to members accounts via the unit pricing and crediting rate 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.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 3b. VESTED BENEFITS

Vested Benefits 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.

	30-Jun-10 \$'000	30-Jun-09 \$'000
Vested Benefits at the End of the Period - Accumulation Members	<u>17,390,158</u>	<u>14,457,855</u>
Vested Benefits at the End of the Period - Defined Benefit Members	<u>21,043</u>	<u>20,621</u>
Total Vested Benefits at the End of the Period	<u><u>17,411,201</u></u>	<u><u>14,478,476</u></u>

NOTE 4. RESERVES

	30-Jun-10 \$'000	30-Jun-09 \$'000
Reserves are split into the following components:		
Contingency Reserve	46,071	35,118
Capital Reserve	32,105	19,463
Group Life Insurance Reserve	74,174	48,692
Administration Reserve	18,118	7,687
	<u><u>170,468</u></u>	<u><u>110,960</u></u>

NOTE 5. 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 2010. The figure 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:

		Accrued benefit	Next Actuarial Review
Accrued benefits - Tetra Pak	1 July 2009	8,584,716	1 July 2012
Accrued benefits - SDA	30 June 2009	7,294,820	30 June 2012
Accrued benefits - RIDBC	1 July 2009	3,064,000	1 July 2012
Accrued benefits - AED	2 May 2008	305,210	2 May 2011

NOTE 6. GUARANTEED BENEFITS

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

NOTE 7. 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.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 8. MOVEMENT IN NET MARKET VALUES

	30-Jun-10 \$'000	30-Jun-09 \$'000
Investments Held at End of Year		
Cash & Short Term Deposits	18,787	(14,272)
Other Interest Bearing Securities	53,867	(4,330)
Australian Equities	193,047	(292,650)
International Equities	60,871	(388,093)
Property	(14,483)	(268,668)
Other (Development, Infrastructure)	(69,625)	(231,750)
	<u>242,264</u>	<u>(1,199,763)</u>
Investments Realised During the Year		
Investments Realised During the Year	<u>1,036,768</u>	<u>(561,202)</u>
	<u>1,279,032</u>	<u>(1,760,965)</u>

NOTE 9. NOTE TO CASH FLOW STATEMENT**RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES
TO BENEFITS ACCRUED AS A RESULT OF OPERATIONS.**

	30-Jun-10 \$'000	30-Jun-09 \$'000
Benefits Accrued as a Result of Operations	3,824,710	843,008
Cash Flows in Operating Profit Attributable to Non Operating Activities		
Movement in Net Market Value-(Gain)/Loss	(1,279,032)	1,760,965
Direct Investment Charges	62,191	51,642
Non Cash Flows in Operating Profit		
Depreciation of Fixed Assets	285	321
Changes in Assets and Liabilities		
(Increase)/Decrease in Contributions Receivable	(18,587)	(552)
(Increase)/Decrease in Group Life Insurance Proceeds Receivable	-	16,387
(Increase)/Decrease in Accrued Investment Income	(12,947)	17
(Increase)/Decrease in Sundry Debtors	(29)	(467)
Increase/(Decrease) in Insurance Premiums Payable	2,804	10,229
Increase/(Decrease) in Administration Expenses Payable	267	762
Increase/(Decrease) in Sundry Creditors	(25)	(588)
Increase/(Decrease) in Benefits Payable	29,790	(28,494)
Increase/(Decrease) in Income Tax Payable	(36,405)	(14,976)
Increase/(Decrease) in Deferred Tax Assets/Liabilities	83,503	(175,008)
Cash Items Not Included in Result of Operations		
Benefits Paid	(832,477)	(790,071)
Net Cash Flows from Operating Activities	<u>1,824,048</u>	<u>1,673,175</u>

NOTE 10. CASH

For the purpose of the cash flow statement, cash includes cash on hand and in banks other than that held by the investment custodian. Cash at the end of the year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Cash at Bank	<u>69,828</u>	<u>81,488</u>
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RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 11. INCOME TAX**Income Tax Expense**

Major components of income tax expense are:

Operating Statement	30-Jun-10	30-Jun-09
Current income tax charge	\$'000	\$'000
Current income tax charge	329,647	257,339
Adjustments in respect of current income tax of previous years	(9,749)	3,995
Deferred income tax		
Relating to origination and reversal of temporary differences	83,503	(175,008)
Income tax expense reported in operating statement	<u>403,401</u>	<u>86,326</u>

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

Benefits accrued as a result of operations before income tax	<u>4,228,111</u>	<u>929,334</u>
Income Tax at 15%	634,217	139,400
Imputation and Foreign Tax Credits	11,299	9,782
Decrease in Income Tax Expense due to Permanent Differences		
Non-Assessable Group Life Proceeds	(12,698)	(3,770)
Non-Assessable Member Contributions	(36,885)	(34,006)
Non-Assessable Transfers from Other Funds	(62,429)	(55,771)
Non-Deductible Superannuation Contribution Surcharge	-	3
Non-Deductible No TFN Contributions Tax	6,720	7,923
Non-Deductible Expenses	6	8
Anti-Detriment Provision	(424)	(424)
Imputation and Foreign Tax Credits	(75,324)	(65,216)
Non-Assessable Investment Income	(44,725)	80,854
Exempt Pension Income	(6,807)	3,548
Tax Expense for Current Year	<u>413,150</u>	<u>82,331</u>
Under/(over) provision for prior years	(9,749)	3,995
Total Income Tax Expense	<u>403,401</u>	<u>86,326</u>

Deferred income tax

Deferred income at 30 June relates to the following:

Deferred income tax liabilities

Contributions Receivable	6,142	3,153
Investment Income Receivable	-	36
Other Receivables/Payables	10,431	13,836
Gross deferred income tax liabilities	<u>16,573</u>	<u>17,025</u>

Deferred income tax assets

Accrued expenses	3,025	2,537
Net Capital Losses on investments subject to CGT	131,157	216,751
Investment Income Receivable	6,357	5,206
Gross deferred income tax assets	<u>140,539</u>	<u>224,494</u>

The effective rate of income tax paid by the Trust for 2010 was 9.7% (2009: 9.3%).

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 12. MEMBERSHIP AND PARTICIPATING EMPLOYERS

	30-Jun-10 No.	30-Jun-09 No.
Active Members	1,108,735	1,096,325
Inactive Members	770,188	714,896
Total Membership	<u>1,878,923</u>	<u>1,811,221</u>
Participating Employers	<u>128,724</u>	<u>113,621</u>

Active members are those in receipt of regular contributions from their participating employers. Inactive members no longer receive a contribution from their participating employers.

NOTE 13. FIXED ASSETS

	30-Jun-10 \$'000	30-Jun-09 \$'000
Motor Vehicles		
Cost	1,334	1,058
Accumulated Depreciation	<u>(1,334)</u>	<u>(1,058)</u>
	-	-
Office Equipment and Furniture		
Cost	521	517
Accumulated Depreciation	<u>(521)</u>	<u>(517)</u>
	-	-
Net Written Down Value	<u>-</u>	<u>-</u>

NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES

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 \$249,900,000 (2009 \$447,700,000)

At year end, the Trust had no known contingent liabilities.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 15. FINANCIAL ASSETS HELD AT NET MARKET VALUE

	30-Jun-10 \$'000	30-Jun-09 \$'000
Managers Liquidity		
Cash	397,831	457,583
Margin Accounts	41,953	56,495
Term Deposits	142,941	-
	<u>582,725</u>	<u>514,078</u>
Listed Equity Securities		
Australian Equity Securities	4,533,063	3,787,794
International Equity Securities	3,677,627	2,825,324
	<u>8,210,690</u>	<u>6,613,118</u>
Fixed Interest Securities		
Australian Fixed Interest Securities	1,064,258	846,697
International Fixed Interest Securities	1,327,484	645,952
	<u>2,391,742</u>	<u>1,492,649</u>
Unlisted Trusts		
Unlisted Trusts - Cash	187,235	168,392
Unlisted Trusts - Equities	37,608	25,970
Unlisted Trusts - Equity Strategies	767,691	633,117
Unlisted Trusts - Fixed Interest	1,166,905	643,281
Unlisted Trusts - Property	1,252,042	1,149,530
Unlisted Trusts - Infrastructure	643,478	584,004
Unlisted Trusts - Absolute Return Strategies	842,011	653,467
Unlisted Trusts - Other	89,175	90,193
	<u>4,986,145</u>	<u>3,947,954</u>
Derivatives		
Fixed Interest Futures	1,092	1,138
Share Price Index Futures	5,470	1,113
Bank Bill Futures	-	14
Exchange Traded Options	121,325	129,727
Interest Rate Swaps	485	3
Cross Currency Swaps	3,027	1,863
Forward Foreign Exchange	216,866	133,112
	<u>348,265</u>	<u>266,970</u>

NOTE 16. FINANCIAL LIABILITIES HELD AT NET MARKET VALUE

Derivatives		
Fixed Interest Futures	1,634	834
Share Price Index Futures	7,892	10,596
Bank Bill Futures	6	100
Exchange Traded Options	113,598	95,818
Cross Currency Swaps	-	187
Forward Foreign Exchange	260,079	41,339
	<u>383,209</u>	<u>148,874</u>

Other Investment Accruals

At the end of the year the Trust had unsettled purchase transactions that were entered into by its wholly owned subsidiary - Super Investment Management Pty Limited as follows:

Repurchase Agreements	<u>350,255</u>	<u>329,177</u>
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**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 17. 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 JPMorgan who acted as the 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 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. Such reports include receipt of formal Derivative Risk Statements as required by the Australian Prudential Regulation Authority from each manager.

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 net market value. All securities investments present a risk of loss of capital. The maximum risk is determined by the net market 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.

Sensitivity analysis

A percentage increase 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 \$2,310,980,000 (2009: an increase of \$1,769,570,000). An equal change in the opposite direction would have decreased the net assets available to pay benefits by \$2,310,980,000 (2009: a decrease of \$1,769,570,000). The impact on the net investment revenue would have been an increase or decrease of \$2,310,980,000 (2009: \$1,769,570,000). The impact mainly arises from the reasonably possible change in the net market 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	
	2010	2009
Australian Equities	21%	20%
International Equities	24%	20%
Direct Property	12%	12%
Infrastructure	8%	9%
Equity Strategies	12%	15%
Absolute Return	8%	10%

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 17. FINANCIAL RISK MANAGEMENT (Continued)**(a) Market Risk (Continued)****(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 is to have an overall exposure of between 10% and 20% to foreign currency. 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 net market value. Compliance with the Trust's policy is reported to the Investment Committee on a regular basis.

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

30-Jun-10	US Dollar A\$'000	Japanese Yen A\$'000	GB Pound A\$'000	Euro A\$'000	Swiss Franc A\$'000	Other A\$'000	Total \$'000
Assets	3,617,236	270,870	426,054	679,945	164,445	915,393	6,073,943
Liabilities	(26,733)	(2,430)	(1,762)	(8,776)	(34)	(19,508)	(59,243)
Foreign Exchange Contracts **	(2,701,040)	(275,095)	(125,082)	(509,448)	5,575	(120,386)	(3,725,476)
Net Exposure	889,463	(6,655)	299,210	161,721	169,986	775,499	2,289,224

30-Jun-09	US Dollar A\$'000	Japanese Yen A\$'000	GB Pound A\$'000	Euro A\$'000	Swiss Franc A\$'000	Other A\$'000	Total \$'000
Assets	2,742,042	254,896	292,360	553,183	125,748	563,852	4,532,081
Liabilities	(114,846)	(8,482)	(30,425)	(61,368)	(13)	(34,362)	(249,496)
Foreign Exchange Contracts **	(2,198,848)	(237,073)	(159,544)	(339,314)	5,105	(94,933)	(3,024,607)
Net Exposure	428,348	9,341	102,391	152,501	130,840	434,557	1,257,978

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

Sensitivity analysis

A 13% strengthening (2009: 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	Swiss Franc A\$'000
30-Jun-10	(102,328)	766	(34,422)	(18,605)	(19,556)
30-Jun-09	(38,941)	(849)	(9,308)	(13,864)	(11,895)

A 13% weakening (2009: 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
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 17. 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 2010, the Trust's investment policy is to hold approximately 15% invested in fixed interest securities. 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 2010 was as follows:

30-Jun-10	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets				
Unsettled Investment Sales			36,776	36,776
Managers Liquidity	439,784	142,941		582,725
Equity Securities			8,210,690	8,210,690
Fixed Interest Securities	692,245	1,699,497		2,391,742
Discount Securities	1,375,589			1,375,589
Direct Property			352,482	352,482
Unlisted Trusts			4,986,145	4,986,145
Derivatives			348,265	348,265
Financial Liabilities				
Unsettled Investment Purchases			(81,749)	(81,749)
Derivatives			(383,209)	(383,209)
Investment Management Fees Payable			(12,298)	(12,298)
Other Investment Accruals			(350,255)	(350,255)
Total	2,507,618	1,842,438	13,106,847	17,456,903
Net increase/decrease in exposure from interest rate futures (notional principal)	(26,333)	26,333		-
	2,481,285	1,868,771	13,106,847	17,456,903

30-Jun-09	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets				
Unsettled Investment Sales			315,973	315,973
Managers Liquidity	514,078			514,078
Equity Securities			6,613,118	6,613,118
Fixed Interest Securities	347,269	1,145,380		1,492,649
Discount Securities	1,644,923			1,644,923
Direct Property			355,201	355,201
Unlisted Trusts			3,947,954	3,947,954
Derivatives			266,970	266,970
Financial Liabilities				
Unsettled Investment Purchases			(257,272)	(257,272)
Derivatives			(148,874)	(148,874)
Investment Management Fees Payable			(9,287)	(9,287)
Other Investment Accruals			(329,177)	(329,177)
Total	2,506,270	1,145,380	10,754,606	14,406,256
Net increase/decrease in exposure from interest rate futures (notional principal)	15,758	(15,758)		-
	2,522,028	1,129,622	10,754,606	14,406,256

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 17. FINANCIAL RISK MANAGEMENT (Continued)**(a) Market Risk (Continued)****(iii) Interest Rate Risk (Continued)***Sensitivity analysis*

An increase of 75 basis points (2009: 75 basis points) in interest rates would have decreased the net assets available to pay benefits and the net investment revenue by \$50,260,000 (2009: a decrease of \$24,166,000). 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 \$50,260,000 (2009: an increase of \$24,166,000).

The impact mainly arises from the reasonably possible change in interest rates on the net market 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 Governmentbonds 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, and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

The Trust primarily invests in debt securities which have an investment grade as 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 net market 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 Fixed Interest Securities

	30-Jun-10 \$'000	30-Jun-09 \$'000
Rating		
AAA	868,137	598,265
AA	164,769	217,664
A	31,352	23,573
BBB	-	7,195
Total	1,064,258	846,697

International Fixed Interest Securities

Rating		
AAA	503,714	386,194
AA	136,763	94,582
A	333,217	124,865
BBB	136,183	37,609
Below BBB	217,607	2,702
Total	1,327,484	645,952

(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
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 17. 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.

30-Jun-10	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
Financial Liabilities					
Unsettled Investment Purchases	81,749	81,749			
Net Settled Derivatives	123,130	1,102	122,028	-	-
Investment Management Fees Payable	12,298	12,298			
Other Investment Accruals	350,255	350,255			
Total Net Settled Financial Liabilities	567,432	445,404	122,028	-	-

30-Jun-09	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
Financial Liabilities					
Unsettled Investment Purchases	257,272	257,272	-	-	-
Net Settled Derivatives	107,535	9,979	95,060	2,253	243
Investment Management Fees Payable	9,287	9,287	-	-	-
Other Investment Accruals	329,177	329,177	-	-	-
Total Net Settled Financial Liabilities	703,271	605,715	95,060	2,253	243

In addition, the total liability for accrued benefits of \$17,581,669,000 (2009 \$14,589,436,000) 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.

30-Jun-10	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
Foreign currency forward contracts					
Inflows	10,586,725	3,523,275	6,197,810	865,640	-
(Outflows)	(10,629,644)	(3,502,990)	(6,223,557)	(903,097)	-

30-Jun-09	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
Foreign currency forward contracts					
Inflows	6,009,528	2,386,046	3,341,664	281,818	-
(Outflows)	(5,917,822)	(2,345,104)	(3,289,453)	(283,265)	-

(d) Net Fair Values of Financial Assets and Liabilities

The Trust's financial assets, liabilities and derivative instruments are included in the Statement of Financial Position at amounts that approximate the net fair value.

Refer to Note 2 for the methods and assumptions adopted in determining the net market values of derivatives and investments.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 17. FINANCIAL RISK MANAGEMENT (Continued)**(e) Fair value hierarchy**

The Trust has adopted the amendments to AASB 7, effective 1 July 2009. This requires The Trust to classify 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 table below sets out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

Fair Value Hierarchy

30-Jun-10	Total \$'000	Level 1 '000	Level 2 '000	Level 3 '000
- Unsettled Investment Sales	36,776	36,776	-	-
- Managers Liquidity	582,725	582,725	-	-
- Listed Equity Securities	8,210,690	8,210,690	-	-
- Fixed Interest Securities	2,391,742	1,170,875	1,116,724	104,143
- Discount Securities	1,375,589	1,375,589	-	-
- Direct Property	352,482	-	-	352,482
- Unlisted Trusts	4,986,145	-	3,001,450	1,984,695
- Derivatives	348,265	127,887	220,378	-
Total Financial Asset	18,284,414	11,504,542	4,338,552	2,441,320
- Unsettled Investment Purchases	81,749	81,749	-	-
- Derivatives	383,209	123,130	260,079	-
- Investment Management Fees Payable	12,298	12,298	-	-
- Other Investment Accruals	350,255	350,255	-	-
Total Financial Liability	827,511	567,432	260,079	-
Net Financial Fair Value	17,456,903	10,937,110	4,078,473	2,441,320

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, exchange traded 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 2010

NOTE 17. FINANCIAL RISK MANAGEMENT (Continued)**(e) Fair value hierarchy (Continued)**

The table below sets out the movement in level 3 instruments for the year ended 30 June 2010 by class of financial instrument:

30-Jun-10	Total \$'000	Fixed Interest Securities \$'000	Direct Property \$'000	Unlisted Trust \$'000
Opening Net Market Value	2,257,558	78,629	355,201	1,823,728
Gains/Losses recognised in profit/loss	(29,931)	(2,896)	(2,719)	(24,316)
Add: Purchases in current year	266,318	77,545	-	188,773
Less: Sale Proceeds in Current year	(52,625)	(49,135)	-	(3,490)
Closing Net Market Value	2,441,320	104,143	352,482	1,984,695

NOTE 18. 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 17.

30-Jun-10	Contract/ Notional	Net Market Value	
		Assets \$'000	Liabilities \$'000
Fixed Interest Futures	256,500	1,092	1,634
Share Price Index Futures	242,744	5,470	7,892
Bank Bill Futures	217,985	-	6
Exchange Traded Options	239,638	121,325	113,598
Interest Rate Swaps	42,148	485	-
Cross Currency Swaps	29,937	3,027	-
Forward Foreign Exchange	10,577,295	216,866	260,079
	11,606,247	348,265	383,209

30-Jun-09	Contract/ Notional	Net Market Value	
		Assets \$'000	Liabilities \$'000
Fixed Interest Futures	355,958	1,138	834
Share Price Index Futures	481,517	1,113	10,596
Bank Bill Futures	127,002	14	100
Exchange Traded Options	533,914	129,727	95,818
Interest Rate Swaps	22,760	3	-
Cross Currency Swaps	43,750	1,863	187
Forward Foreign Exchange	6,040,516	133,112	41,339
	7,605,417	266,970	148,874

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 19. 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 20. STOCK LENDING

The Trust has entered into stock lending arrangements with its custodian, JPMorgan 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 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 \$259,965,000 (2009:\$269,997,000).

NOTE 21. EVENTS OCURRING 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 2010 or on the results and cash flows of the Trust for the year ended on that date.

NOTE 22. AUDITOR'S REMUNERATION

	30-Jun-10 \$'000	30-Jun-09 \$'000
Amounts received or due and receivable by the external auditor:		
- an audit of the financial statements of the entity	145	139
- other professional services	213	243
- under accrual of Audit fee payable from prior year	16	-
	<u>374</u>	<u>382</u>

NOTE 23. RELATED PARTIES**Retail Employees Superannuation Pty Limited**

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

Employee Representatives

Mr Ian John Blandthorn
Mr Joseph de Bruyn
Ms Sue-Anne Combe Burnley
Mr Geoffrey John Williams

Employer Representatives

Mr Mark Stephen Ashby (appointed 18/02/10)
Mr Rohan Kenneth Stretton Jeffs
Ms Margaret Hannah Osmond
Mr Steven John Priestley
Mr Duncan Ewan Shaw (resigned 18/02/10)

The Directors did not receive any compensation in relation to their duties as Directors of the Trustee Company.

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.

Compensation of Key REST Management Personnel

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

2010

Mr Damian Hill
Mr Paul Sayer
Mr Stephen Woods (resigned 02/11/09)
Mr Chris Stevens

2009

Mr Damian Hill
Mr Paul Sayer
Mr Stephen Woods
Mr Chris Stevens

	2010 \$'000	2009 \$'000
Short-Term Benefits	1,091	1,050
Post Employment	62	91
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-
	<u>1,153</u>	<u>1,141</u>

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 23. RELATED PARTIES (Continued)**Super Investment Management Pty Limited**

Super Investment Management Pty Limited is a wholly owned subsidiary of Retail Employees Superannuation Trust. The following persons held the position of Director of Super Investment Management Pty Limited during part or all of the year.

Mr Joseph de Bruyn
Mr Geoffrey John Williams

Mr Rohan Kenneth Stretton Jeffs
Ms Margaret Hannah Osmond (appointed 1/3/10)
Mr Duncan Ewan Shaw (resigned 1/3/10)

Retail Employees Superannuation Trust pays all the operating expenses of Super Investment Management Pty Limited. These expenses amounted to \$4,302,000 (2009: \$3,372,000).

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

REST Infrastructure Pty Ltd (Formerly REST Pipelines Pty Ltd)

REST Infrastructure Pty Ltd changed its name from REST Pipelines Pty Ltd on 19 May 2010

REST Infrastructure Pty Ltd is a wholly owned subsidiary of Retail Employees Superannuation Trust.

The following persons held the position of Director of REST Infrastructure Pty Ltd during part or all of the year.

Mr George Zielinski
Mr Richard Alexander Roberts

REST Infrastructure Pty Ltd did not pay any dividend during the year (2009: nil)

The impact on the Trust's operating statement in relation to its investment in REST Infrastructure Pty Ltd was a movement in net market value of \$33,118,000 (2009 \$8,297,000)

The Trust's investment in REST Infrastructure Pty Ltd is structured as follows:	30-Jun-10 \$'000	30-Jun-09 \$'000
Equity	53,000	53,000
Interest free loan	120,985	57,704
	<hr/> 173,985	<hr/> 110,704
Revaluation	41,415	8,297
Net market value	<hr/> 215,400	<hr/> 119,001

NOTE 24. AUDITORS' INDEPENDENCE DECLARATION

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