

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
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FOR THE YEAR ENDED 30 JUNE 2012**

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

### ***Financial statements***

I have audited the financial statements of Retail Employees Superannuation Trust for the year ended 30 June 2012 comprising the Statement of Financial Position, Operating Statement and Statement of Cash Flows.

### ***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 and the requirements of the 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.

### ***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 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.

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***Report by the independent Approved Auditor to the trustee and members of Retail Employees Superannuation Trust (ABN: 62 653 671 394) (Continued)***

***Auditor's Opinion***

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 2012 and the results of its operations and its cash flows for the year ended 30 June 2012.

  
PricewaterhouseCoopers

  
David Coogan  
Partner

Sydney  
14 September 2012



## Auditor's Independence Declaration

As lead auditor for the audit of Retail Employees Superannuation Trust (ABN: 62 653 671 394) for the year ended 30 June 2012, 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.

A handwritten signature in blue ink, appearing to read 'David Coogan'.

David Coogan  
Partner  
PricewaterhouseCoopers

Sydney  
14 September 2012


**RETAIL EMPLOYEES SUPERANNUATION TRUST  
TRUSTEE DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2012**

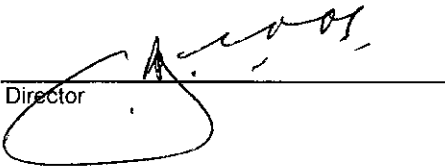
In the opinion of the Directors of Retail Employees Superannuation Pty Limited, being the Trustee of Retail Employees Superannuation Trust:

- (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 2012 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 14th day of September 2012

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	NOTE	30-Jun-12 \$'000	30-Jun-11 \$'000
<b>ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Cash	10	108,951	41,593
<b>Trade and Other Receivables</b>			
Contributions Receivable		49,488	54,695
Group Life Premium Refund Receivable		-	2,484
Investment Income Receivable		81,193	78,689
Sundry Debtors		3,154	1,709
Net GST Receivable		1,168	885
		<u>135,003</u>	<u>138,462</u>
<b>Investments</b>			
<b>Financial Assets</b>			
Unsettled Investment Sales		54,960	89,944
Managers Liquidity	15	871,641	756,399
Listed Equity Securities	15	10,112,839	9,547,194
Fixed Interest Securities	15	2,381,807	2,322,808
Discount Securities		2,312,852	2,067,141
Direct Property		671,375	633,178
Unlisted Trusts	15	5,634,199	5,021,849
Derivatives	15	326,775	755,090
		<u>22,366,448</u>	<u>21,193,603</u>
<b>Tax Assets</b>			
Deferred Tax Asset	11	150,871	106,915
<b>Other Assets</b>			
Fixed Assets	13	294	-
<b>TOTAL ASSETS</b>		<u>22,761,567</u>	<u>21,480,573</u>
<b>LIABILITIES</b>			
<b>Trade and Other Payables</b>			
Insurance Premiums Payable		32,661	22,247
Benefits Payable		84,732	66,385
Administration Expenses Payable		7,774	6,194
Sundry Creditors		3,958	3,628
Audit Fees Payable		130	111
<b>Financial Liabilities</b>			
Unsettled Investment Purchases		40,848	99,739
Derivatives	16	203,241	385,465
Investment Management Fees Payable		14,551	13,104
Other Investment Accruals	16	268,926	257,699
<b>Tax Liabilities</b>			
Income Tax Payable		88,443	126,038
Deferred Tax Liabilities	11	24,756	55,862
<b>TOTAL LIABILITIES</b>		<u>770,020</u>	<u>1,036,472</u>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>		<u>21,991,547</u>	<u>20,444,101</u>
Represented by:			
<b>LIABILITY FOR ACCRUED BENEFITS</b>			
Allocated to Members' Accounts	3	21,728,636	20,269,788
Defined Benefit Plan Account		33,074	21,362
Not Yet Allocated	3a	73,382	(20,807)
Vested Benefits	3b	21,835,092	20,270,343
Reserve	4	156,455	173,758
		<u>21,991,547</u>	<u>20,444,101</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 2012**

	NOTE	30-Jun-12 \$'000	30-Jun-11 \$'000
<b>INVESTMENT REVENUE</b>			
Dividend Income		582,698	627,782
Interest - Bank		2,305	2,484
Interest Income - Investments		143,610	131,348
Net Rental Income		39,746	33,713
Movement in Net Market Value	8	(369,411)	1,015,152
<b>Net Investment Revenue</b>		<u>398,948</u>	<u>1,810,479</u>
<b>CONTRIBUTIONS REVENUE</b>			
Employer		2,322,803	2,104,613
Member		221,562	247,784
Rollovers		560,658	513,838
<b>Total Contributions Revenue</b>		<u>3,105,023</u>	<u>2,866,235</u>
<b>OTHER REVENUE</b>			
Group Life Insurance Proceeds		138,487	103,588
Group Life Profit Share		-	-
Other Income		135	190
		<u>138,622</u>	<u>103,778</u>
<b>TOTAL REVENUE</b>		<u>3,642,593</u>	<u>4,780,492</u>
<b>INVESTMENT EXPENSES</b>			
Direct Investment Expenses		81,423	78,090
Custodian Fees		2,588	4,606
<b>GROUP LIFE INSURANCE EXPENSES</b>		313,641	269,185
<b>GENERAL ADMINISTRATION EXPENSES</b>			
Administration Fees		80,379	68,806
Trustee Company Operating Expenses		33,576	32,175
Depreciation		267	94
Auditor's Remuneration	22	499	454
Superannuation Contributions Surcharge		(35)	(15)
Other Expense		453	-
<b>TOTAL EXPENDITURE</b>		<u>512,791</u>	<u>453,395</u>
Operating Surplus for the Year Before Tax		3,129,802	4,327,097
Less: Income Tax Expense	11	<u>272,656</u>	<u>386,683</u>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>		<u>2,857,146</u>	<u>3,940,414</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 2012**

	NOTE	30-Jun-12 \$'000	30-Jun-11 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows:</b>			
Dividends		580,288	595,593
Rental Income		39,746	33,713
Interest		145,915	133,833
Contributions		3,110,231	2,852,488
Group Life Insurance Proceeds		138,487	103,588
Other Revenue		(561)	194
<b>Cash Outflows:</b>			
Administration Expenses		(78,799)	(67,492)
Insurance Premiums		(300,744)	(265,802)
Operating Expenses		(34,555)	(35,970)
Income Tax Paid		(385,311)	(276,811)
Surcharge Tax Paid		53	6
Members' Benefits		(1,291,353)	(1,059,061)
<b>NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>	9	1,923,397	2,014,279
<b>CASH FLOWS FROM INVESTING AND OTHER ACTIVITIES</b>			
Net Cash Flow from Purchase and Sale of Investments		(1,771,556)	(1,963,969)
Direct Investment Expenses		(84,011)	(78,451)
Purchase of Fixed Assets		(472)	(94)
<b>NET CASH FLOW USED IN INVESTING AND OTHER ACTIVITIES</b>		(1,856,039)	(2,042,514)
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>		67,358	(28,235)
<b>CASH AT THE BEGINNING OF THE PERIOD</b>		41,593	69,828
<b>CASH AT THE END OF THE PERIOD</b>	10	108,951	41,593

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 2012**

**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 Trustee authorised the issue of the Financial Statements on the 14th September 2012

**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 2012 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 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australia Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013\*)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013\* but is available for early adoption. The Trustee has decided not to adopt AASB 9 before its operative date.

The Trustee does not expect this will have a significant impact on The Trust's financial statements as The Trust does not hold any available-for-sale investments.

\* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9.

*(ii) AASB 13 Fair Value measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Trust does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the Trust 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 2012**

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

**(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 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.

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.

**(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.

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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

**(f) Income Tax (Continued)**

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 also include Group Life Insurance Proceeds received on behalf of members.

**(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**

Motor vehicles, office equipment and furniture are fully depreciated at the time of purchase. The cost of office refurbishment has been capitalised and is being amortised over the life of the lease, as shown in Note 13.

**(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 30 June 2012. 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 as at 30 June 2011 and 2012.

**(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.

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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

**(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 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.

**(p) Valuation of Accrued Benefits**

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

**(q) 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.

**(r) 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.

**(s) 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. 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.

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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-12 \$'000	30-Jun-11 \$'000
Liability for accrued benefits at the beginning of the period	20,444,101	17,581,669
Plus: Benefits Accrued as a Result of Operations	2,857,146	3,940,414
Less: Gross Benefits Paid and Payable		
Withdrawals	(207,602)	(162,130)
Rollovers	(736,487)	(606,843)
Retirements	(95,955)	(76,139)
Deaths	(105,835)	(104,496)
Permanent Disablements	(41,400)	(27,965)
Pensions	(122,421)	(100,409)
Total Gross Benefits Paid and Payable	<u>(1,309,700)</u>	<u>(1,077,982)</u>
Liability for accrued benefits at the end of the period	<u>21,991,547</u>	<u>20,444,101</u>

**NOTE 3a. NOT YET ALLOCATED**

	30-Jun-12 \$'000	30-Jun-11 \$'000
Amounts not yet allocated to member's accounts consist of:		
Contributions not yet allocated	21,319	36,160
Investment earnings not yet allocated	52,063	(56,967)
	<u>73,382</u>	<u>(20,807)</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.

The negative balance in the prior year, predominantly related to the revaluation of one of the Trust's property assets based on information that became available after the year end unit prices and crediting rate had been struck.

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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-12 \$'000	30-Jun-11 \$'000
<b>Vested Benefits at the End of the Period - Accumulation Members</b>	21,802,018	20,248,981
<b>Vested Benefits at the End of the Period - Defined Benefit Members</b>	33,074	21,362
<b>Total Vested Benefits at the End of the Period</b>	<u>21,835,092</u>	<u>20,270,343</u>

**NOTE 4. RESERVES**

	30-Jun-12 \$'000	30-Jun-11 \$'000
Reserves are split into the following components:		
Contingency Reserve	48,177	50,475
Capital Reserve	33,591	35,174
Group Life Insurance Reserve	50,465	67,139
Administration Reserve	24,222	20,970
	<u>156,455</u>	<u>173,758</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 2012. 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:

		<b>Accrued benefit</b>	<b>Next Actuarial Review</b>
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	1 May 2011	409,885	1 May 2014
Accrued benefits - Akzo Nobel	30 June 2011	11,214,000	30 June 2014

**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**  
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**NOTE 8. MOVEMENT IN NET MARKET VALUES**

	30-Jun-12 \$'000	30-Jun-11 \$'000
<b>Investments Held at End of Year</b>		
Cash & Short Term Deposits	(733)	9,858
Other Interest Bearing Securities	109,368	24,922
Australian Equities	(472,760)	278,889
International Equities	(239,079)	113,920
Property	92,774	(56,865)
Other (Development, Infrastructure)	271	21,634
	<u>(510,159)</u>	<u>392,358</u>
<b>Investments Realised During the Year</b>		
Investments Realised During the Year	<u>140,748</u>	<u>622,794</u>
	<u>(369,411)</u>	<u>1,015,152</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-12 \$'000	30-Jun-11 \$'000
<b>Benefits Accrued as a Result of Operations</b>	2,857,146	3,940,414
<b>Cash Flows in Operating Profit Attributable to Non Operating Activities</b>		
Movement in Net Market Value-(Gain)/Loss	369,411	(1,015,152)
Direct Investment Charges	84,011	78,451
<b>Non Cash Flows in Operating Profit</b>		
Depreciation of Fixed Assets	178	94
<b>Changes in Assets and Liabilities</b>		
(Increase)/Decrease in Contributions Receivable	5,208	(13,747)
(Increase)/Decrease in Group Life Insurance Proceeds Receivable	-	-
(Increase)/Decrease in Accrued Investment Income	(2,410)	(32,189)
(Increase)/Decrease in Sundry Debtors	(964)	286
Increase/(Decrease) in Insurance Premiums Payable	12,898	3,383
Increase/(Decrease) in Administration Expenses Payable	1,758	1,408
Increase/(Decrease) in Sundry Creditors	(594)	(310)
Increase/(Decrease) in Benefits Payable	18,347	18,920
Increase/(Decrease) in Income Tax Payable	(36,829)	37,788
Increase/(Decrease) in Deferred Tax Assets/Liabilities	(75,064)	72,914
<b>Cash Items Not Included in Result of Operations</b>		
Benefits Paid	(1,309,699)	(1,077,981)
<b>Net Cash Flows from Operating Activities</b>	<u>1,923,397</u>	<u>2,014,279</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>108,951</u>	<u>41,593</u>
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**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 11. INCOME TAX****Income Tax Expense**

Major components of income tax expense are:

	30-Jun-12 \$'000	30-Jun-11 \$'000
<b>Operating Statement</b>		
<b>Current income tax charge</b>		
Current income tax charge	351,959	312,308
Adjustments in respect of current income tax of previous years	(6,123)	1,462
<b>Deferred income tax</b>		
Relating to origination and reversal of temporary differences	(73,180)	72,913
Income tax expense reported in operating statement	<u>272,656</u>	<u>386,683</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>3,129,802</u>	<u>4,327,097</u>
Income Tax at 15%	469,470	649,065
Imputation and Foreign Tax Credits	15,134	21,899
Decrease in Income Tax Expense due to Permanent Differences		
Non-Assessable Group Life Proceeds	(20,773)	(15,538)
Non-Assessable Member Contributions	(31,499)	(35,270)
Non-Assessable Transfers from Other Funds	(83,354)	(76,431)
Non-Deductible Superannuation Contribution Surcharge	(5)	(2)
Non-Deductible No TFN Contributions Tax	4,352	5,890
Non-Deductible Expenses	26	7
Anti-Detriment Provision	(2,411)	(2,862)
Imputation and Foreign Tax Credits	(100,896)	(145,995)
Non-Assessable Investment Income	31,508	(6,344)
Exempt Pension Income	(2,774)	(9,198)
Tax Expense for Current Year	<u>278,779</u>	<u>385,221</u>
Under/(over) provision for prior years	(6,123)	1,462
Total Income Tax Expense	<u>272,656</u>	<u>386,683</u>

**Deferred income tax**

Deferred income at 30 June relates to the following:

**Deferred income tax liabilities**

Contributions Receivable	7,319	8,056
Investment Income Receivable	779	1,450
Unrealised Revenue Gains	16,658	46,357
Gross deferred income tax liabilities	<u>24,756</u>	<u>55,862</u>

**Deferred income tax assets**

Accrued expenses	5,157	3,484
Net Capital Losses on investments subject to CGT	143,350	88,099
Capital Losses transferred in from other Funds	1,882	-
Investment Income Receivable (incl deferred tax credits)	482	15,332
Gross deferred income tax assets	<u>150,871</u>	<u>106,915</u>

The effective rate of income tax paid by the Trust for 2012 was 8.7% (2011: 8.9%).

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 12. MEMBERSHIP AND PARTICIPATING EMPLOYERS**

	30-Jun-12 No.	30-Jun-11 No.
Active Members	1,224,802	1,158,559
Inactive Members	744,240	765,626
Total Membership	<u>1,969,042</u>	<u>1,924,185</u>
Participating Employers	<u>143,679</u>	<u>142,634</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-12 \$'000	30-Jun-11 \$'000
<b>Motor Vehicles</b>		
Cost	766	869
Accumulated Depreciation	<u>(766)</u>	<u>(869)</u>
	-	-
<b>Office Equipment and Furniture</b>		
Cost	1,151	1,151
Accumulated Depreciation	<u>(1,151)</u>	<u>(1,151)</u>
	-	-
<b>Capitalisation - Refurbishment</b>		
Cost	368	-
Accumulated Amortisation	<u>(74)</u>	<u>-</u>
	294	-
<b>Net Written Down Value</b>	<u>294</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 \$268,228,000 (2011: \$120,600,000)

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 15. FINANCIAL ASSETS HELD AT NET MARKET VALUE**

	30-Jun-12 \$'000	30-Jun-11 \$'000
<b>Managers Liquidity</b>		
Cash	533,909	389,669
Margin Accounts	56,011	91,052
Term Deposits	281,721	275,678
	<u>871,641</u>	<u>756,399</u>
<b>Listed Equity Securities</b>		
Australian Equity Securities	5,114,539	5,289,400
International Equity Securities	4,998,300	4,257,794
	<u>10,112,839</u>	<u>9,547,194</u>
<b>Fixed Interest Securities</b>		
Australian Fixed Interest Securities	1,154,959	1,223,678
International Fixed Interest Securities	1,226,848	1,099,130
	<u>2,381,807</u>	<u>2,322,808</u>
<b>Unlisted Trusts</b>		
Unlisted Trusts - Equities	48,718	46,922
Unlisted Trusts - Equity Strategies	727,595	742,370
Unlisted Trusts - Fixed Interest	1,464,379	1,262,195
Unlisted Trusts - Property	1,257,121	1,013,730
Unlisted Trusts - Infrastructure	937,555	824,875
Unlisted Trusts - Absolute Return Strategies	1,037,412	990,041
Unlisted Trusts - Other	161,419	141,716
	<u>5,634,199</u>	<u>5,021,849</u>
<b>Derivatives</b>		
Fixed Interest Futures	1,360	1,216
Share Price Index Futures	15,094	23,720
Bank Bill Futures	-	96
Exchange Traded Options	150,235	142,937
Equity Swaps	-	5,244
Cross Currency Swaps	-	1,160
Forward Foreign Exchange	160,086	580,717
	<u>326,775</u>	<u>755,090</u>

**NOTE 16. FINANCIAL LIABILITIES HELD AT NET MARKET VALUE**

<b>Derivatives</b>		
Fixed Interest Futures	1,941	2,063
Share Price Index Futures	2,080	3,273
Bank Bill Futures	175	-
Exchange Traded Options	131,239	121,960
Forward Foreign Exchange	67,806	258,169
	<u>203,241</u>	<u>385,465</u>
<b>Other Investment Accruals</b>		
At the end of the year the Trust had unsettled purchase transactions and accrued expenses, that were entered into by its wholly owned subsidiary - Super Investment Management Pty Limited as follows:		
Repurchase Agreements	266,336	257,699
Accrued Investment Expenses	2,590	-
	<u>268,926</u>	<u>257,699</u>

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**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 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 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 \$2,785,205,000 (2011: an increase of \$2,618,731,000). An equal change in the opposite direction would have decreased the net assets available to pay benefits by \$2,785,205,000 (2011: a decrease of \$2,618,731,000). The impact on the net investment revenue would have been an increase or decrease of \$2,785,205,000 (2011: \$2,618,731,000). 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	
	2012	2011
Australian Equities	20%	21%
International Equities	23%	23%
Direct Property	12%	12%
Infrastructure	10%	9%
Equity Strategies	13%	13%
Absolute Return	8%	8%

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**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 states that the benchmark allocation for foreign currency exposure is 15%. 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 class. 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 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

<b>30-Jun-12</b>	<b>US Dollar A\$'000</b>	<b>Japanese Yen A\$'000</b>	<b>GB Pound A\$'000</b>	<b>Euro A\$'000</b>	<b>Swiss Franc A\$'000</b>	<b>Other A\$'000</b>	<b>Total \$'000</b>
Assets	4,257,938	293,046	589,313	867,075	211,673	1,149,693	<b>7,368,738</b>
Liabilities	(20,196)	-	(399)	(895)	(2,839)	(524)	<b>(24,853)</b>
Foreign Exchange Contracts **	(2,749,927)	(148,514)	(166,261)	(356,345)	(171,641)	(54,754)	<b>(3,647,442)</b>
<b>Net Exposure</b>	<b>1,487,815</b>	<b>144,532</b>	<b>422,653</b>	<b>509,835</b>	<b>37,193</b>	<b>1,094,415</b>	<b>3,696,443</b>

<b>30-Jun-11</b>	<b>US Dollar A\$'000</b>	<b>Japanese Yen A\$'000</b>	<b>GB Pound A\$'000</b>	<b>Euro A\$'000</b>	<b>Swiss Franc A\$'000</b>	<b>Other A\$'000</b>	<b>Total \$'000</b>
Assets	3,484,814	306,455	501,759	778,419	182,020	1,080,917	<b>6,334,384</b>
Liabilities	(51,706)	(1,081)	(498)	(15,280)	(2,372)	(6,821)	<b>(77,758)</b>
Foreign Exchange Contracts **	(2,351,255)	(121,053)	(129,867)	(376,380)	(48,975)	(63,459)	<b>(3,090,989)</b>
<b>Net Exposure</b>	<b>1,081,853</b>	<b>184,321</b>	<b>371,394</b>	<b>386,759</b>	<b>130,673</b>	<b>1,010,637</b>	<b>3,165,637</b>

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

*Sensitivity analysis*

A 12% strengthening (2011: 13%) 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.

	<b>US Dollar A\$'000</b>	<b>Japanese Yen A\$'000</b>	<b>GB Pound A\$'000</b>	<b>Euro A\$'000</b>	<b>Swiss Franc A\$'000</b>
<b>30-Jun-12</b>	(159,409)	(15,486)	(45,284)	(54,625)	(3,985)
<b>30-Jun-11</b>	(124,461)	(21,205)	(42,727)	(44,494)	(15,033)

A 12% weakening (2011: 13%) 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.

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**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 2012, the Trust's investment policy is to hold approximately 16% 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 2012 was as follows:

<b>30-Jun-12</b>	<b>Floating Interest rate \$'000</b>	<b>Fixed Interest Rate \$'000</b>	<b>Non Interest Bearing \$'000</b>	<b>Total \$'000</b>
<b>Financial Assets</b>				
Unsettled Investment Sales			54,960	54,960
Managers Liquidity	589,920	281,721		871,641
Equity Securities			10,112,839	10,112,839
Fixed Interest Securities	931,319	1,450,488		2,381,807
Discount Securities	2,312,852			2,312,852
Direct Property			671,375	671,375
Unlisted Trusts			5,634,199	5,634,199
Derivatives			326,775	326,775
<b>Financial Liabilities</b>				
Unsettled Investment Purchases			(40,848)	(40,848)
Derivatives			(203,241)	(203,241)
Investment Management Fees Payable			(14,551)	(14,551)
Other Investment Accruals			(268,926)	(268,926)
<b>Total</b>	<b>3,834,091</b>	<b>1,732,209</b>	<b>16,272,582</b>	<b>21,838,882</b>
Net increase/decrease in exposure from interest rate futures (notional principal)	238,974	(238,974)		-
<b>Net exposure</b>	<b>4,073,065</b>	<b>1,493,235</b>	<b>16,272,582</b>	<b>21,838,882</b>

<b>30-Jun-11</b>	<b>Floating Interest rate \$'000</b>	<b>Fixed Interest Rate \$'000</b>	<b>Non Interest Bearing \$'000</b>	<b>Total \$'000</b>
<b>Financial Assets</b>				
Unsettled Investment Sales			89,944	89,944
Managers Liquidity	480,721	275,678		756,399
Equity Securities			9,547,194	9,547,194
Fixed Interest Securities	858,142	1,464,666		2,322,808
Discount Securities	2,067,141			2,067,141
Direct Property			633,178	633,178
Unlisted Trusts			5,021,849	5,021,849
Derivatives			755,090	755,090
<b>Financial Liabilities</b>				
Unsettled Investment Purchases			(99,739)	(99,739)
Derivatives			(385,465)	(385,465)
Investment Management Fees Payable			(13,104)	(13,104)
Other Investment Accruals			(257,699)	(257,699)
<b>Total</b>	<b>3,406,004</b>	<b>1,740,344</b>	<b>15,291,248</b>	<b>20,437,596</b>
Net increase/decrease in exposure from interest rate futures (notional principal)	175,998	(175,998)		-
<b>Net exposure</b>	<b>3,582,002</b>	<b>1,564,346</b>	<b>15,291,248</b>	<b>20,437,596</b>

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

An increase of 72 basis points (2011: 67 basis points) in interest rates would have decreased the net assets available to pay benefits and the net investment revenue by \$45,124,000 (2011: a decrease of \$39,685,000). 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 \$45,124,000 (2011: an increase of \$39,685,000).

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 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, 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 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 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**

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Rating</b>		
AAA	841,123	879,593
AA	251,603	302,571
A	60,586	39,506
BBB	1,647	2,008
<b>Total</b>	<u>1,154,959</u>	<u>1,223,678</u>

**International Fixed Interest Securities**

<b>Rating</b>		
AAA	153,893	291,407
AA	72,051	108,760
A	446,098	307,028
BBB	216,594	106,389
Below BBB	338,212	285,546
<b>Total</b>	<u>1,226,848</u>	<u>1,099,130</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 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.

	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
30-Jun-12					
<b>Financial Liabilities</b>					
Unsettled Investment Purchases	40,848	40,848			
Net Settled Derivatives	135,435	-	135,435	-	-
Investment Management Fees Payable	14,551	14,551			
Other Investment Accruals	268,926	268,926			
<b>Total Net Settled Financial Liabilities</b>	<b>459,760</b>	<b>324,325</b>	<b>135,435</b>	<b>-</b>	<b>-</b>

	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
30-Jun-11					
<b>Financial Liabilities</b>					
Unsettled Investment Purchases	99,739	99,739			
Net Settled Derivatives	127,296	142	127,154	-	-
Investment Management Fees Payable	13,104	13,104			
Other Investment Accruals	257,699	257,699			
<b>Total Net Settled Financial Liabilities</b>	<b>497,838</b>	<b>370,684</b>	<b>127,154</b>	<b>-</b>	<b>-</b>

In addition, the total liability for accrued benefits of \$21,991,547,000 (2011 \$20,444,101,000) 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.

	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
30-Jun-12					
Foreign currency forward contracts					
Inflows	9,483,418	1,012,478	6,018,057	2,452,883	-
(Outflows)	(9,391,080)	(1,005,705)	(5,977,713)	(2,407,662)	-

	Carrying Amount \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
30-Jun-11					
Foreign currency forward contracts					
Inflows	10,898,606	1,688,245	8,393,897	816,464	-
(Outflows)	(10,576,055)	(1,594,064)	(8,200,447)	(781,544)	-

**(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.



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**NOTE 17. FINANCIAL RISK MANAGEMENT (Continued)**

**(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 2012 and 30 June 2011

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.

**Fair Value Hierarchy**

<b>30-Jun-12</b>	<b>Total \$'000</b>	<b>Level 1 '000</b>	<b>Level 2 '000</b>	<b>Level 3 '000</b>
- Unsettled Investment Sales	54,960	54,960	-	-
- Managers Liquidity	871,641	871,641	-	-
- Listed Equity Securities	10,112,839	10,112,839	-	-
- Fixed Interest Securities	2,381,807	1,079,298	377,807	924,702
- Discount Securities	2,312,852	2,312,852	-	-
- Direct Property	671,375	-	-	671,375
- Unlisted Trusts	5,634,199	-	3,278,104	2,356,095
- Derivatives	326,775	166,689	160,086	-
<b>Total Financial Asset</b>	<b>22,366,448</b>	<b>14,598,279</b>	<b>3,815,997</b>	<b>3,952,172</b>
- Unsettled Investment Purchases	40,848	40,848	-	-
- Derivatives	203,241	135,435	67,806	-
- Investment Management Fees Payable	14,551	14,551	-	-
- Other Investment Accruals	268,926	268,926	-	-
<b>Total Financial Liability</b>	<b>527,566</b>	<b>459,760</b>	<b>67,806</b>	<b>-</b>
<b>Net Financial Fair Value</b>	<b>21,838,882</b>	<b>14,138,519</b>	<b>3,748,191</b>	<b>3,952,172</b>

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

<b>30-Jun-11</b>	<b>Total \$'000</b>	<b>Level 1 '000</b>	<b>Level 2 '000</b>	<b>Level 3 '000</b>
- Unsettled Investment Sales	89,944	89,944	-	-
- Managers Liquidity	756,399	756,399	-	-
- Listed Equity Securities	9,547,194	9,547,194	-	-
- Fixed Interest Securities	2,322,808	1,039,213	440,564	843,031
- Discount Securities	2,067,141	2,067,141	-	-
- Direct Property	633,178	-	-	633,178
- Unlisted Trusts	5,021,849	-	3,041,528	1,980,321
- Derivatives	755,090	167,969	594,889	-
<b>Total Financial Asset</b>	<b>21,193,603</b>	<b>13,667,860</b>	<b>4,076,981</b>	<b>3,456,530</b>
- Unsettled Investment Purchases	99,739	99,739	-	-
- Derivatives	385,465	127,296	265,937	-
- Investment Management Fees Payable	13,104	13,104	-	-
- Other Investment Accruals	257,699	257,699	-	-
<b>Total Financial Liability</b>	<b>756,007</b>	<b>497,838</b>	<b>265,937</b>	<b>-</b>
<b>Net Financial Fair Value</b>	<b>20,437,596</b>	<b>13,170,022</b>	<b>3,811,044</b>	<b>3,456,530</b>

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

<b>30-Jun-12</b>	<b>Total \$'000</b>	<b>Fixed Interest Securities</b>	<b>Direct Property \$'000</b>	<b>Unlisted Trust \$'000</b>
<b>Opening Net Market Value</b>	3,456,530	843,031	633,178	1,980,321
Gains/(Losses) recognised in profit/loss	208,324	17,815	38,197	152,312
Add: Purchases in current year	729,292	492,776	-	236,516
Less: Sale Proceeds in Current year	(441,974)	(428,920)	-	(13,054)
<b>Closing Net Market Value</b>	<b>3,952,172</b>	<b>924,702</b>	<b>671,375</b>	<b>2,356,095</b>

<b>30-Jun-11</b>	<b>Total \$'000</b>	<b>Fixed Interest Securities</b>	<b>Direct Property \$'000</b>	<b>Unlisted Trust \$'000</b>
<b>Opening Net Market Value</b>	3,011,670	636,814	352,482	2,022,374
Gains/(Losses) recognised in profit/loss	(61,417)	(44,613)	20,644	(37,448)
Add: Purchases in current year	1,159,647	600,315	260,052	299,280
Less: Sale Proceeds in Current year	(653,369)	(349,484)	-	(303,885)
<b>Closing Net Market Value</b>	<b>3,456,530</b>	<b>843,031</b>	<b>633,178</b>	<b>1,980,321</b>

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**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.

	Contract/ Notional	Net Market Value	
		Assets \$'000	Liabilities \$'000
<b>30-Jun-12</b>			
Fixed Interest Futures	851,678	1,360	1,941
Share Price Index Futures	513,089	15,094	2,080
Bank Bill Futures	139,277	-	175
Exchange Traded Options	395,689	150,235	131,239
Equity Swaps	-	-	-
Cross Currency Swaps	-	-	-
Forward Foreign Exchange	9,508,642	160,086	67,806
	11,408,375	326,775	203,241

	Contract/ Notional	Net Market Value	
		Assets \$'000	Liabilities \$'000
<b>30-Jun-11</b>			
Fixed Interest Futures	797,885	1,216	2,063
Share Price Index Futures	239,291	23,720	3,273
Bank Bill Futures	151,289	96	-
Exchange Traded Options	296,664	142,937	121,960
Interest Rate Swaps	139,999	5,244	-
Cross Currency Swaps	3,927	1,160	-
Forward Foreign Exchange	11,140,580	580,717	258,169
	12,769,635	755,090	385,465

**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.

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
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**NOTE 20. 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 102% 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 \$667,465,000 (2011: \$696,797,000).

**NOTE 21. 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 2012 or on the results and cash flows of the Trust for the year ended on that date.

**NOTE 22. AUDITOR'S REMUNERATION**

	30-Jun-12 \$'000	30-Jun-11 \$'000
Amounts received or due and receivable by the external auditor:		
- an audit of the financial statements of the entity	156	132
- other professional services	320	310
- under accrual of Audit fee payable from prior year	23	12
	<u>499</u>	<u>454</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 Clifford Allison (appointed 22/3/2012)  
Mr Rohan Kenneth Stretton Jeffs  
Ms Margaret Hannah Osmond  
Mr Steven John Priestley (resigned 22/3/2012)  
Mr Duncan Ewan Shaw

*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.

Retail Employees Superannuation Pty Limited paid premiums in respect of a contract to indemnify the Company, Retail Employees Superannuation Trust and its subsidiaries, the Directors and Officers of the Company and related entities, against claims for which they may be liable. The total amount of insurance premiums paid for the year ended 30 June 2012 was \$413,843 (2011: \$298,565).

**Compensation of Key REST Management Personnel**

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

**2012**

Mr Damian Hill  
Mr Paul Sayer  
Mr Ashley Boland  
Mr Chris Stevens

**2011**

Mr Damian Hill  
Mr Paul Sayer  
Mr Ashley Boland (appointed: 23/08/10)  
Mr Chris Stevens

	2012 \$'000	2011 \$'000
Short-Term Benefits	1,326	1,196
Post Employment	87	78
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-
	<u>1,413</u>	<u>1,274</u>

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
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**NOTE 23. RELATED PARTIES (Continued)****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 Joseph de Bruyn  
Mr Geoffrey John Williams

Mr Rohan Kenneth Stretton Jeffs  
Mr Duncan Ewan Shaw

Retail Employees Superannuation Trust pays all the operating expenses of SIM. These expenses amounted to \$5,365,000 (2011: \$4,246,000).

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

**REST Infrastructure Pty Ltd**

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 (2011: 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 \$55,985,000 (2011: \$53,853,000)

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>\$'000</b>	<b>\$'000</b>
The Trust's investment in REST Infrastructure Pty Ltd is structured as follows:		
Equity	99,250	99,250
Interest free loan	137,297	140,982
	<u>236,547</u>	<u>240,232</u>
Revaluation	151,253	95,268
Net market value	<u><u>387,800</u></u>	<u><u>335,500</u></u>

**NOTE 24. AUDITOR'S INDEPENDENCE DECLARATION**

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