

**RETAIL EMPLOYEES SUPERANNUATION TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2017**

**ABN: 62 653 671 394**

**Fund Registration Number: R1000016**

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FOR THE YEAR ENDED 30 JUNE 2017**

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## ***Independent Auditor's report on financial statements***

**Independent Auditor's report approved form for a registrable superannuation entity (RSE) which is a reporting entity (as defined in Australian Accounting Standard AASB 1056)**

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

### ***Opinion***

I have audited the financial statements of Retail Employees Superannuation Trust ("the Trust") for the year ended 30 June 2017 comprising the Statement of Financial Position, Income Statement, Statement of Cash Flows, Statement of Changes in Members Benefits, Statement of Changes in Reserves, summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Retail Employees Superannuation Trust as at 30 June 2017 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2017.

### ***Basis for Opinion***

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

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

### ***Trustee's responsibility for the financial statements***

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

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

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### *Auditor's responsibility*

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

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

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





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

A handwritten signature in cursive script, appearing to read "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to read "CJ Cummins".

CJ Cummins  
Partner

Sydney  
27 September 2017



## Auditor's Independence Declaration

As lead auditor for the audit of Retail Employees Superannuation Trust (ABN: 65 653671 394) for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read "CJ Cummins", with a long horizontal flourish extending to the right.

CJ Cummins  
Partner  
PricewaterhouseCoopers

Sydney  
27 September 2017

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
TRUSTEE DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2017**

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 2017 and the results of its income, changes in member benefits, changes in reserves and its cashflows for the year ended on that date in accordance with applicable Accounting Standards and other mandatory professional requirements in Australia; and
- (ii) subject to the matter detailed in Note 20, 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 27th day of September 2017



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director



**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	NOTE	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>ASSETS</b>			
Cash and Cash Equivalents		30,421	42,867
Receivables		54,549	37,552
Investment Income Receivable		205,113	189,588
<b>Financial Assets</b>			
Unsettled Investment Sales		96,385	147,895
Managers Liquidity	11	1,811,468	1,268,928
Listed Equity Securities	11	22,319,526	20,404,993
Fixed Interest Securities	11	4,565,096	3,231,205
Discount Securities		3,265,703	2,914,722
Direct Property		906,189	856,864
Unlisted Trusts	11	14,126,001	11,782,652
Derivatives	11	429,024	547,992
		<u>47,519,392</u>	<u>41,155,251</u>
<b>Tax Assets</b>			
Deferred Tax Asset	9	20,548	21,751
<b>Other Assets</b>			
Fixed Assets		2,368	38
<b>TOTAL ASSETS</b>		<u>47,832,391</u>	<u>41,447,047</u>
<b>LIABILITIES</b>			
<b>Trade and Other Payables</b>			
Insurance Premiums Payable		78,343	57,827
Administration Expenses Payable		9,373	7,119
Sundry Creditors		8,371	10,305
Audit Fees Payable		146	204
<b>Financial Liabilities</b>			
Unsettled Investment Purchases		312,359	232,864
Derivatives	12	188,164	353,359
Investment Management Fees Payable		77,528	54,771
Other Investment Accruals	12	461,905	475,518
<b>Tax Liabilities</b>			
Income Tax Payable		51,035	31,271
Deferred Tax Liabilities	9	684,814	492,626
<b>TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS</b>		<u>1,872,038</u>	<u>1,715,864</u>
<b>NET ASSETS AVAILABLE FOR MEMBER BENEFITS</b>		<u>45,960,353</u>	<u>39,731,183</u>
<b>MEMBER BENEFITS</b>			
Allocated to Members		45,575,167	39,393,921
Defined Benefit Plan Asset		23,641	24,443
Unallocated Surplus/(Shortfall)		6,875	9,910
Total Member Liabilities		<u>45,605,683</u>	<u>39,428,274</u>
<b>TOTAL NET ASSETS</b>		<u>354,670</u>	<u>302,909</u>
<b>EQUITY</b>			
Administration Reserve		34,669	43,174
Operational Risk Reserve		114,071	99,155
Other Reserves	3	133,615	84,190
Unallocated Surplus/(Shortfall)		72,315	76,390
<b>TOTAL EQUITY</b>		<u>354,670</u>	<u>302,909</u>

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>SUPERANNUATION ACTIVITIES</b>			
Interest		221,391	180,457
Dividend Revenue		783,478	701,538
Distributions from Unit Trusts		528,130	230,786
Rental Income		69,946	69,996
Changes in assets measured at fair value	7	3,427,405	(277,499)
Investment Rebates		10,692	6,946
Stock Lending Income		4,814	5,345
Income on Reserves		11,681	31,462
Other Income		7,445	813
<b>TOTAL SUPERANNUATION ACTIVITIES INCOME</b>		<b>5,064,982</b>	<b>949,844</b>
<b>INVESTMENT EXPENSES</b>			
Direct Investment Expenses		214,641	172,897
Property Expenses		18,405	18,227
Custodian Fees		6,019	5,411
<b>GENERAL ADMINISTRATION EXPENSES</b>			
Administration Expenses		94,748	90,353
Trust Operating Expenses		71,022	60,344
Auditor's Remuneration		1,391	894
Advertising and Marketing		11,374	10,480
<b>TOTAL EXPENSES</b>		<b>417,600</b>	<b>358,606</b>
<b>NET RESULT FROM SUPERANNUATION ACTIVITIES</b>		<b>4,647,382</b>	<b>591,237</b>
<b>PROFIT FROM OPERATING ACTIVITIES</b>			
Less: Net Benefits allocated to Members' accounts		(4,252,482)	(545,331)
<b>SURPLUS/(SHORTFALL) BEFORE INCOME TAX</b>		<b>394,900</b>	<b>45,906</b>
<b>INCOME TAX EXPENSE/(BENEFIT)</b>	9	<b>382,623</b>	<b>(43,398)</b>
<b>SURPLUS/(SHORTFALL) AFTER INCOME TAX</b>		<b>12,277</b>	<b>89,305</b>

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		213,611	170,795
Dividends		768,053	684,999
Distributions from unit trusts		528,130	230,786
Rental Income		69,946	69,996
Insurance proceeds		337,665	242,658
Other general administration expenses		(179,816)	(157,169)
Other income		10,734	6,896
Insurance premiums		(775,315)	(657,238)
Income tax paid		(176,384)	(161,354)
<b>Net cash inflows from operating activities</b>		<u>796,624</u>	<u>430,369</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash flow from purchase and sale of investments		(3,083,365)	(2,437,862)
Sale/(purchase) of fixed assets		(2,323)	(227)
Investment expenses (net of rebates)		(154,737)	(187,235)
<b>Net cash outflows from investing activities</b>		<u>(3,240,425)</u>	<u>(2,625,324)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Employer contributions		3,712,965	3,383,377
Member contributions		661,156	482,930
Transfers from other superannuation plans received		1,073,179	1,004,874
Government co-contributions received		11,223	12,761
Benefits paid to members		(2,608,250)	(2,363,715)
Income tax paid on contributions received		(418,918)	(381,417)
<b>Net cash inflows from financing activities</b>		<u>2,431,355</u>	<u>2,138,810</u>
<b>NET INCREASE IN CASH</b>		(12,446)	(56,144)
<b>CASH AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		42,867	99,011
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>		<u><u>30,421</u></u>	<u><u>42,867</u></u>

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



**RETAIL EMPLOYEES SUPERANNUATION TRUST  
STATEMENT OF CHANGES IN MEMBER BENEFITS  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>OPENING BALANCE OF MEMBER BENEFITS</b>		39,428,274	37,198,314
<b>Contributions:</b>			
Employer		3,712,965	3,306,886
Member		528,083	342,859
Rollovers		1,073,179	1,004,874
Government Co-Contributions		11,223	12,761
Low Income Super Contributions		133,073	139,360
Income tax on contributions		(418,918)	(381,417)
<b>Net after tax contributions</b>		5,039,605	4,425,323
Benefits to Members/Beneficiaries		(2,608,250)	(2,328,914)
Insurance premiums charged to Members' accounts		(795,831)	(670,436)
Insurance group life profit share rebate / (payment)		39,484	(12,606)
Transfer (to) / from Reserves		(39,484)	12,606
Death and disability insurance benefits credited to Members' accounts		289,401	258,656
<b>Net Benefits allocated to Members' accounts, comprising:</b>			
Net investment income		4,409,518	693,640
Administration fees		(157,034)	(148,309)
<b>CLOSING BALANCE OF MEMBER BENEFITS</b>		45,605,683	39,428,274

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Administration Reserve	Operational Risk Reserve	Other Reserves	Unallocated Surplus/ (Shortfall)	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPENING BALANCE AS AT 1 JULY 2016</b>	43,174	99,155	84,190	76,390	302,909
Net transfers to/from reserves	(8,505)	14,916	49,425	(16,352)	39,484
Unallocated surplus/(shortfall)				12,277	12,277
<b>CLOSING BALANCE AS AT 30 JUNE 2017</b>	<b>34,669</b>	<b>114,071</b>	<b>133,615</b>	<b>72,315</b>	<b>354,670</b>

  

	Administration Reserve	Operational Risk Reserve	Other Reserves	Unallocated Surplus/ (Shortfall)	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPENING BALANCE AS AT 1 JULY 2015</b>	43,421	97,136	75,218	10,435	226,210
Net transfers to/from reserves	(247)	2,019	8,972	(23,350)	(12,606)
Unallocated surplus/(shortfall)				89,305	89,305
<b>CLOSING BALANCE AS AT 30 JUNE 2016</b>	<b>43,174</b>	<b>99,155</b>	<b>84,190</b>	<b>76,390</b>	<b>302,909</b>

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1. GENERAL INFORMATION**

Retail Employees Superannuation Trust ("The Trust") operates as a superannuation fund domiciled in Australia. The head office is located at 321 Kent Street, Sydney, NSW 2000. The Trust was registered with the Australian Prudential Regulation Authority on the 30th of September 2004. The licence number (RSE) is R1000016. The Trust is a public offer fund. It provides superannuation products predominantly to members in the retail sector. The types of superannuation products provided are both defined benefit and accumulation.

The Directors of The Trustee authorised the issue of the Financial Statements on the 27 September 2017. The directors of the Trustee have the power to amend and re-issue these Financial Statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Preparation**

The Financial Statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards including AASB 1056 : "Superannuation Entities", the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed.

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

**(b) Statement of Compliance**

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

The Trusts's reported financial position and results of operations were affected by the adoption of AASB 1056 Superannuation Entities on 1 July 2016. This resulted in the following changes:

- the presentation format of the financial statements changed from two primary financial statements to five as follows:
  - Statement of financial position;
  - Income statement;
  - Statement of changes in equity/reserves;
  - Statement of cash flows; and
  - Statement of changes in member benefits.
- the measurement of financial assets and liabilities changed from 'net market value' to 'fair value.' This change in measurement did not materially impact the carrying value of financial assets and liabilities reported by the Trust.
- member benefits are recognised as liabilities rather than equity, and
- contributions, rollovers and other inward transfers and benefits paid to members are not income or expenses but are instead presented in the statement of changes in member benefits.

As part of the transition to AASB 1056, the Trustee also had to determine whether the Trust is exposed to material insurance risk in relation to members' insurance benefits. No material risk was identified, therefore insurance premiums are no longer recognised as an expense.

As required by AASB 1056 and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the Trust applied the new accounting standard retrospectively from the start of the comparative period beginning 1 July 2015. As a result, the Trust has restated amounts previously reported under AAS 25 Financial Reporting by Superannuation Plans ('AAS 25') for the year ended 30 June 2016.

**(c) New accounting standards and interpretations****(i) AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2018)**

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The Trustee has decided not to early adopt the new standard and does not expect this to have a significant impact on the recognition and measurement of the Trust's financial instruments as they are carried at fair value with gains and losses recognised through the Income Statement.



**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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

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.

**(d) Valuation of Investments and Derivatives**

Investments and derivatives of the Trust are recorded at fair value and changes in the fair value of assets are recognised in the Income Statement in the periods in which they occur. Fair value has been determined as follows:

- (i) Shares in listed companies, units in listed trusts, government securities and other fixed interest securities by reference to market quotations at the reporting date.
- (ii) Unlisted unit trusts by reference to the Fair Value per unit at the reporting date.
- (iii) Property is revalued at least annually by reference to an independent valuation, in accordance with the Trustee's policy on revaluations.
- (iv) The Trust has exposure in the normal course of business arising from transactions in interest rate, share indices and currency futures. The Trust also has exposure arising from transactions in share options, interest rate, equity and cross-currency swaps.
- (v) Derivative financial instruments including forward exchange contracts and fixed interest rate futures are recorded at market rates at close of business on the balance date.

**(e) Cash and Cash Equivalents**

Cash and Cash Equivalents in the Statement of Financial Position comprises cash at bank with the Administrator for operational activities of the Trust. Other cash held forms part of the Trust's investment portfolio and is treated as a financial asset, classified as Managers Liquidity. This includes short term deposits and margin accounts.

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

**(f) Revenue Recognition**

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

*Changes in Fair Values*

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

*Interest*

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

*Dividends and Distributions*

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

*Rental Income and Expense Rental income*

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

**(g) Income Tax**

The Trust is a complying superannuation fund within the provisions of the Income Tax Assessment Act. Accordingly, the concessional tax rate of 15% has been applied.

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

Deferred income tax liabilities are recognised for all assessable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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

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.

**(h) Death and Disablement Insurance**

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

**(i) Fixed Assets**

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

**(j) Employee Entitlements**

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

**(k) Investment Entity**

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

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

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



**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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

**(l) Goods and Services Tax**

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

**(m) Derecognition of Financial Assets and Financial Liabilities**

A financial asset is derecognised when:

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

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

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

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

**(o) Valuation of Accrued Benefits**

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

**(p) Receivables and Payables**

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

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

**(q) Member Benefits and Member Liabilities**

Total Member Benefits is the Trust's present obligation to pay benefits to members and beneficiaries. This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the liabilities, income tax liabilities and reserves at balance date. Member Liabilities are benefits which are not conditional upon continued membership of the Trust (or any factor other than resignation from the Trust) and include benefits which members were entitled to receive had they terminated their membership as at the balance date. Investment earnings are allocated to members accounts via the unit pricing process as soon as the valuation information is available. However, due to the time lag in receiving certain valuations, there will always be a timing difference between the valuations used for allocation to member accounts and that reflected in the financial statements. This difference is the investment earnings not yet allocated and can be positive or negative.

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

**(r) Foreign Currency**

Both the functional and presentation currency of the Trust is Australian dollars (\$). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the operating result in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items determined.



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**NOTE 3. OTHER RESERVES**

	30-Jun-17 \$'000	30-Jun-16 \$'000
Other Reserves are split into the following components:		
Capital Reserve	19,484	20,698
Group Life Insurance Reserve	74,977	31,810
PDF Reserve	39,154	31,682
	<u>133,615</u>	<u>84,190</u>

**NOTE 4. DEFINED BENEFIT PLAN ACCOUNT**

The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Trust up to 30 June 2017. 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 - SDA	1 July 2015	9,658,557	1 July 2018
Accrued benefits - RIDBC	1 July 2015	528,817	1 July 2018
Accrued benefits - Akzo Nobel	30 June 2014	12,602,000	30 June 2017

**NOTE 5. GUARANTEED BENEFITS**

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

**NOTE 6. FUNDING ARRANGEMENTS**

The Trust is predominantly a defined contribution plan providing superannuation benefits for the members of the Retail Employees Superannuation Trust. The Trust's primary purpose is to provide benefits for its members.

The funding policy adopted in respect of the Defined Benefit Plan component is directed at ensuring that benefits accruing to members and beneficiaries are fully funded as the benefits fall due. As such, in framing employer contribution rates, the Actuary has considered long-term trends in such factors as Trust membership, salary growth and average market value of Trust assets.

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**NOTE 7. MOVEMENT IN FAIR VALUES**

	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>Investments Held at End of Year</b>		
Cash & Short Term Deposits	(1,919)	6,829
Other Interest Bearing Securities	13,229	(75,307)
Australian Equities	808,174	341,421
International Equities	1,356,215	(640,727)
Direct Property	37,778	64,893
Other (Unlisted Trusts, Derivatives)	545,604	246,782
	<u>2,759,082</u>	<u>(56,109)</u>
<b>Investments Realised During the Year</b>		
Cash & Short Term Deposits	72,397	61,482
Other Interest Bearing Securities	24,755	49,485
Australian Equities	42,302	(88,493)
International Equities	513,516	(39,418)
Direct Property	-	26,219
Other (Unlisted Trusts, Derivatives)	15,353	(230,665)
	<u>668,323</u>	<u>(221,390)</u>
	<u>3,427,405</u>	<u>(277,499)</u>

**NOTE 8. NOTE TO CASH FLOW STATEMENT**

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

	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>Surplus / (shortfall) after Income Tax</b>	12,277	89,305
<b>Adjustments for:</b>		
(Increase) / decrease in assets measured in fair value	(3,208,125)	457,427
Depreciation and impairment	(7)	324
(Increase) / decrease in insurance	(466,946)	(424,386)
(Increase) / decrease in receivables	(25,509)	(48,430)
Increase / (decrease) in payables	19,241	17,773
Increase / (decrease) in income tax payable	213,209	(206,975)
Allocation to members' accounts	4,252,484	545,331
<b>Net Cash Flows from Operating Activities</b>	<u>796,624</u>	<u>430,368</u>

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**NOTE 9. INCOME TAX****Income Tax Expense**

Major components of income tax expense are:

	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>Income Statement</b>		
Current income tax expense	177,777	101,563
Adjustments in respect of current income tax of previous years	13,863	310
<b>Deferred income tax</b>		
Decrease/(increase) in deferred tax	190,983	(145,271)
Income tax expense reported in the income statement	<u>382,623</u>	<u>(43,398)</u>

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

Surplus/(Shortfall) Before Income Tax	<u>394,900</u>	<u>45,906</u>
Income Tax at 15%	59,235	6,887

## Decrease in Income Tax Expense due to Permanent and Temporary Differences

Surcharge tax liability	(2)	1
Derecognition of temporary differences	23,015	18,486
Net benefit allocated to member accounts	637,872	81,798
Anti-detriment deduction	(5,027)	(4,497)
Exempt pension income	(39,652)	(10,091)
Net imputation and foreign tax credits	(135,053)	(143,261)
Non Assessable Investment Income	(170,662)	11,619
Non Assessable pdf reserves	(1,690)	(4,722)
Expenses not deductible	724	72
Under / (over) provisions for prior years	13,863	310
Income Tax Expense/(Benefit)	<u>382,623</u>	<u>(43,398)</u>

**Deferred income tax**

Deferred income at 30 June 2017 relates to the following:

	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>Deferred income tax liabilities</b>		
Net Capital Gains on investments subject to CGT	709,517	490,387
Investment Income Receivable	-	27
Unrealised Revenue Gains	(24,703)	2,212
Gross deferred income tax liabilities	<u>684,814</u>	<u>492,626</u>
<b>Deferred income tax assets</b>		
Accrued expenses	12,651	10,523
Investment Income Receivable (incl deferred tax credits)	7,897	11,228
Gross deferred income tax assets	<u>20,548</u>	<u>21,751</u>

The effective rate of income tax (including contributions tax) paid by the Trust for 2017 was 7.50% (2016: 6.9%).



**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 10. 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 \$588,108,668 (2016: \$1,067,429,000)

**NOTE 11. FINANCIAL ASSETS HELD AT FAIR VALUE**

	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>Managers Liquidity</b>		
Cash	1,285,568	961,897
Margin Accounts	121,735	70,442
Term Deposits	404,165	236,589
	<u>1,811,468</u>	<u>1,268,928</u>
<b>Listed Equity Securities</b>		
Australian Equity Securities	9,773,694	8,626,237
International Equity Securities	12,545,832	11,778,756
	<u>22,319,526</u>	<u>20,404,993</u>
<b>Fixed Interest Securities</b>		
Australian Fixed Interest Securities	1,712,236	1,432,324
International Fixed Interest Securities	2,852,860	1,798,881
	<u>4,565,096</u>	<u>3,231,205</u>
<b>Unlisted Trusts</b>		
Unlisted Trusts - Equities	43,207	50,092
Unlisted Trusts - Equity Strategies	650,195	737,142
Unlisted Trusts - Fixed Interest	3,937,798	2,977,030
Unlisted Trusts - Property	3,265,217	2,949,986
Unlisted Trusts - Infrastructure	2,636,168	1,871,412
Unlisted Trusts - Absolute Return Strategies	3,312,095	2,945,982
Unlisted Trusts - Other	281,321	251,008
	<u>14,126,001</u>	<u>11,782,652</u>
<b>Derivatives</b>		
Fixed Interest Futures	-	307
Share Price Index Futures	27,044	1,769
Bank Bill Futures	55	4
Low Exercise Price Option	154,878	270,173
Forward Foreign Exchange	206,241	252,425
Warrants	40,806	23,314
	<u>429,024</u>	<u>547,992</u>



**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 12. FINANCIAL LIABILITIES HELD AT FAIR VALUE**

	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>Derivatives</b>		
Fixed Interest Futures	1,177	1,228
Share Price Index Futures	889	10,050
Bank Bill Futures	-	-
Low Exercise Price Option	113,989	234,201
Forward Foreign Exchange	72,109	107,880
	<u>188,164</u>	<u>353,359</u>
<b>Other Investment Accruals</b>		
Repurchase Agreements	445,418	475,518
Investment income reinvestment	16,487	-
	<u>461,905</u>	<u>475,518</u>

**NOTE 13. FINANCIAL RISK MANAGEMENT**

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

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

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

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

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

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

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

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

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

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

The percentage increases in the relevant asset classes as set out in the table below at the reporting date would have increased the net assets available to pay benefits by \$5,325,581,000 (2016: an increase of \$4,641,968,000). An equal change in the opposite direction would have decreased the net assets available to pay benefits by \$5,325,581,000 (2016: a decrease of \$4,641,968,000). The impact on the net investment revenue would have been an increase or decrease of \$5,325,581,000 (2016: \$4,641,968,000). The impact mainly arises from the reasonably possible change in the fair value of listed equities, direct property, unlisted trusts and equity derivatives. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, in consultation with its investment adviser, having regard to the average absolute annual returns of the relevant index in local terms over a 10 year period.

Asset Class	Percentage	
	2017	2016
Australian Equities	17%	17%
International Equities	19%	18%
Direct Property	10%	10%
Infrastructure	11%	10%
Equity Strategies	10%	10%
Absolute Return	7%	7%

**(ii) Foreign Exchange Risk**

The Trust holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis. The Trust's investment policy states that the benchmark allocation for foreign currency exposure is 18%. The minimum of the allowable range is 10%. The maximum of the allowable range is equal to the top of the range for the overseas asset 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 fair value. Compliance with the Trust's policy is reported to the Investment Committee on a regular basis.



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**NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)****(a) Market Risk (Continued)**

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

<b>30-Jun-17</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>HK Dollar A\$'000</b>	<b>Other A\$'000</b>	<b>Total \$'000</b>
Assets	11,495,437	587,970	993,156	1,477,826	802,108	2,916,979	<b>18,273,476</b>
Liabilities	(199,323)	(8,435)	(7,251)	(45,521)	(8,929)	(17,262)	<b>(286,721)</b>
Foreign Exchange Contracts **	(7,728,462)	(173,042)	(263,437)	(539,810)	(207,309)	(561,802)	<b>(9,473,862)</b>
<b>Net Exposure</b>	<b>3,567,652</b>	<b>406,493</b>	<b>722,468</b>	<b>892,495</b>	<b>585,870</b>	<b>2,337,915</b>	<b>8,512,893</b>

<b>30-Jun-16</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>HK Dollar A\$'000</b>	<b>Other A\$'000</b>	<b>Total \$'000</b>
Assets	9,859,703	550,547	1,159,542	1,604,029	663,873	2,435,493	<b>16,273,187</b>
Liabilities	(188,649)	(20,315)	(5,326)	(19,134)	(2,623)	(6,041)	<b>(242,088)</b>
Foreign Exchange Contracts **	(6,658,969)	(474,149)	(286,860)	(912,816)	(239,910)	(616,720)	<b>(9,189,424)</b>
<b>Net Exposure</b>	<b>3,012,085</b>	<b>56,083</b>	<b>867,356</b>	<b>672,079</b>	<b>421,340</b>	<b>1,812,732</b>	<b>6,841,675</b>

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

*Sensitivity analysis*

A 10% strengthening (2016: 11%) 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>HK Dollar A\$'000</b>
<b>30-Jun-17</b>	(324,332)	(36,954)	(65,679)	(81,136)	(53,261)
<b>30-Jun-16</b>	(298,495)	(5,558)	(85,954)	(66,602)	(41,754)

A 10% weakening (2016: 11%) 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 13. FINANCIAL RISK MANAGEMENT (Continued)****(a) Market Risk (Continued)****(iii) Interest Rate Risk**

The Trust's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cashflows. The risk is measured using sensitivity analysis.

As at 30 June 2017, the Trust's investment strategy is to hold approximately 15% (2016: 15%) 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 2017 was as follows:

	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
<b>30-Jun-17</b>				
<b>Financial Assets</b>				
Unsettled Investment Sales	-	-	96,385	96,385
Managers Liquidity	1,407,303	404,165	-	1,811,468
Equity Securities	-	-	22,319,526	22,319,526
Fixed Interest Securities	2,322,175	2,242,921	-	4,565,096
Discount Securities	3,265,703	-	-	3,265,703
Direct Property	-	-	906,189	906,189
Unlisted Trusts	-	-	14,126,001	14,126,001
Derivatives	-	-	429,024	429,024
<b>Financial Liabilities</b>				
Unsettled Investment Purchases	-	-	(312,359)	(312,359)
Derivatives	-	-	(188,164)	(188,164)
Investment Management Fees Payable	-	-	(77,528)	(77,528)
Other Investment Accruals	-	-	(461,905)	(461,905)
<b>Total</b>	6,995,181	2,647,086	36,837,169	46,479,436
Net increase/decrease in exposure from interest rate futures (notional principal)	(244,264)	244,264	-	-
<b>Net exposure</b>	<b>6,750,917</b>	<b>2,891,350</b>	<b>36,837,169</b>	<b>46,479,436</b>

	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
<b>30-Jun-16</b>				
<b>Financial Assets</b>				
Unsettled Investment Sales	-	-	147,895	147,895
Managers Liquidity	1,032,339	236,589	-	1,268,928
Equity Securities	-	-	20,404,993	20,404,993
Fixed Interest Securities	1,538,080	1,693,125	-	3,231,205
Discount Securities	2,914,722	-	-	2,914,722
Direct Property	-	-	856,864	856,864
Unlisted Trusts	-	-	11,782,652	11,782,652
Derivatives	-	-	547,992	547,992
<b>Financial Liabilities</b>				
Unsettled Investment Purchases	-	-	(232,864)	(232,864)
Derivatives	-	-	(353,359)	(353,359)
Investment Management Fees Payable	-	-	(54,771)	(54,771)
Other Investment Accruals	-	-	(475,518)	(475,518)
<b>Total</b>	5,485,141	1,929,714	32,623,884	40,038,739
Net increase/decrease in exposure from interest rate futures (notional principal)	51,035	(51,035)	-	-
<b>Net exposure</b>	<b>5,536,176</b>	<b>1,878,679</b>	<b>32,623,884</b>	<b>40,038,739</b>



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

An increase of 79 basis points (2016: 78 basis points) in interest rates would have decreased the net assets available to pay benefits and the net investment revenue by \$81,042,000 (2016: a decrease of \$56,452,000). 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 \$81,042,000 (2016: an increase of \$56,452,000).

The impact mainly arises from the reasonably possible change in interest rates on the fair value of fixed interest securities. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, in consultation with its investment adviser, having regard to the average annual absolute movement in the yields of 10 year Australian and US Government bonds over a 10 year period.

**(b) Credit Risk**

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, 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 fair value of financial assets included in the Statement of Financial Position represent the Trust's exposure to credit risk in relation to those assets. An analysis of debt securities by rating is set out in the table below.

**Australian Fixed Interest Securities**

	<b>30-Jun-17 \$'000</b>	<b>30-Jun-16 \$'000</b>
<b>Rating</b>		
AAA	1,213,155	969,645
AA	399,847	366,341
A	23,018	36,235
BBB	20,056	-
Below BBB	56,160	60,103
<b>Total</b>	<u>1,712,236</u>	<u>1,432,324</u>

**International Fixed Interest Securities**

<b>Rating</b>		
AAA	310,617	103,430
AA	112,568	361,922
A	202,429	191,801
BBB	409,289	336,993
Below BBB	1,817,957	804,735
<b>Total</b>	<u>2,852,860</u>	<u>1,798,881</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**  
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**NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)****(c) Liquidity Risk (Continued)**

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

	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
<b>30-Jun-17</b>					
<b>Financial Liabilities</b>					
Unsettled Investment Purchases	312,359	312,359	-	-	-
Net Settled Derivatives	116,055	-	116,055	-	-
Investment Management Fees Payable	77,528	77,528	-	-	-
Other Investment Accruals	461,905	461,905	-	-	-
<b>Total Net Settled Financial Liabilities</b>	<b>967,847</b>	<b>851,792</b>	<b>116,055</b>	<b>-</b>	<b>-</b>

	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
<b>30-Jun-16</b>					
<b>Financial Liabilities</b>					
Unsettled Investment Purchases	232,864	232,864	-	-	-
Net Settled Derivatives	245,479	408	245,071	-	-
Investment Management Fees Payable	54,771	54,771	-	-	-
Other Investment Accruals	475,518	475,518	-	-	-
<b>Total Net Settled Financial Liabilities</b>	<b>1,008,632</b>	<b>763,561</b>	<b>245,071</b>	<b>-</b>	<b>-</b>

In addition, Total Member Liabilities of \$45,605,683,000 (2016 \$39,428,274,000) has a contractual maturity of less than 1 month.

The table below analyses the contractual maturities of the Trust's derivative financial instruments that will be settled on a gross basis, based on the remaining period to the contractual maturity date at the year end.

	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
<b>30-Jun-17</b>					
Foreign currency forward contracts					
Inflows	12,435,802	4,458,154	7,134,929	842,719	-
(Outflows)	(12,301,112)	(4,421,893)	(7,033,417)	(845,802)	-

	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
<b>30-Jun-16</b>					
Foreign currency forward contracts					
Inflows	14,660,123	4,097,187	8,992,879	1,570,057	-
(Outflows)	(14,512,519)	(4,062,159)	(8,891,660)	(1,558,700)	-



**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)****(d) Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Trust has not entered into any offsetting arrangements, or master netting agreement, so there has been no netting off reported in the Statement of Financial Position. Some derivative instruments settle on a net basis through Statement of Financial Position in accordance of this convention, rather than through an offsetting arrangement. Under the terms of the FFX contracts where certain credit events occur (such as default), the net position owing/receivable to a single counterparty will be taken as owing and all the relevant arrangements terminated. As the Trust does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet. However the impact has been shown in the table below:

<b>30-Jun-17</b>	<b>Amount per financial statements \$'000</b>	<b>Related amount not offset \$'000</b>	<b>Net amount \$'000</b>
Financial assets			
Forward Foreign Exchange	206,241	(38,345)	167,896
Financial liabilities			
Forward Foreign Exchange	72,109	(38,345)	33,764

<b>30-Jun-16</b>	<b>Amount per financial statements \$'000</b>	<b>Related amount not offset \$'000</b>	<b>Net amount \$'000</b>
Financial assets			
Forward Foreign Exchange	252,425	(75,000)	177,425
Financial liabilities			
Forward Foreign Exchange	107,880	(75,000)	32,880

**(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 2017 and 30 June 2016

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



**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)****(e) Fair value hierarchy (Continued)**

The discount securities transferred from level 1 to level 2 for \$3,265,703,000 (2016: \$2,914,722,000) relate to negotiated certificates of deposit, promissory notes and commercial paper.

**Fair Value Hierarchy**

	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>30-Jun-17</b>				
- Unsettled Investment Sales	96,385	96,385	-	-
- Managers Liquidity	1,811,468	1,811,468	-	-
- Listed Equity Securities	22,319,526	22,319,526	-	-
- Fixed Interest Securities	4,565,096	1,179,366	1,095,350	2,290,380
- Discount Securities	3,265,703	-	3,265,703	-
- Direct Property	906,189	-	-	906,189
- Unlisted Trusts	14,126,001	-	7,943,295	6,182,706
- Derivatives	429,024	222,783	206,241	-
<b>Total Financial Asset</b>	<b>47,519,392</b>	<b>25,629,528</b>	<b>12,510,589</b>	<b>9,379,275</b>
- Unsettled Investment Purchases	312,359	312,359	-	-
- Derivatives	188,164	116,055	72,109	-
- Investment Management Fees Payable	77,528	77,528	-	-
- Other Investment Accruals	461,905	461,905	-	-
<b>Total Financial Liability</b>	<b>1,039,956</b>	<b>967,847</b>	<b>72,109</b>	<b>-</b>
<b>Net Financial Fair Value</b>	<b>46,479,436</b>	<b>24,661,681</b>	<b>12,438,480</b>	<b>9,379,275</b>

	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>30-Jun-16</b>				
- Unsettled Investment Sales	147,895	147,895	-	-
- Managers Liquidity	1,268,928	1,268,928	-	-
- Listed Equity Securities	20,404,993	20,404,993	-	-
- Fixed Interest Securities	3,231,205	1,253,878	461,292	1,516,035
- Discount Securities	2,914,722	-	2,914,722	-
- Direct Property	856,864	-	-	856,864
- Unlisted Trusts	11,782,652	-	6,710,246	5,072,406
- Derivatives	547,992	295,567	252,425	-
<b>Total Financial Asset</b>	<b>41,155,251</b>	<b>23,371,261</b>	<b>10,338,685</b>	<b>7,445,305</b>
- Unsettled Investment Purchases	232,864	232,864	-	-
- Derivatives	353,359	245,479	107,880	-
- Investment Management Fees Payable	54,771	54,771	-	-
- Other Investment Accruals	475,518	475,518	-	-
<b>Total Financial Liability</b>	<b>1,116,512</b>	<b>1,008,632</b>	<b>107,880</b>	<b>-</b>
<b>Net Financial Fair Value</b>	<b>40,038,739</b>	<b>22,362,629</b>	<b>10,230,805</b>	<b>7,445,305</b>

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 13. FINANCIAL RISK MANAGEMENT (Continued)****(e) Fair value hierarchy (Continued)**

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

<b>30-Jun-17</b>	<b>Total \$'000</b>	<b>Fixed Interest Securities \$'000</b>	<b>Direct Property \$'000</b>	<b>Unlisted Trust \$'000</b>
<b>Opening Fair Value</b>	7,445,305	1,516,035	856,864	5,072,406
Gains/(Losses) recognised in profit/loss	429,117	100,242	37,778	291,097
Add: Purchases in current year	2,351,325	1,375,084	15,485	960,756
Less: Sale Proceeds in Current year	(846,472)	(700,981)	(3,938)	(141,553)
<b>Closing Fair Value</b>	<b>9,379,274</b>	<b>2,290,380</b>	<b>906,189</b>	<b>6,182,706</b>

<b>30-Jun-16</b>	<b>Total \$'000</b>	<b>Fixed Interest Securities \$'000</b>	<b>Direct Property \$'000</b>	<b>Unlisted Trust \$'000</b>
<b>Opening Fair Value</b>	6,822,821	1,615,854	855,588	4,351,379
Gains/(Losses) recognised in profit/loss	445,492	(75,233)	91,112	429,613
Add: Purchases in current year	1,300,956	628,961	6,921	665,074
Less: Sale Proceeds in Current year	(1,123,964)	(653,547)	(96,757)	(373,660)
<b>Closing Fair Value</b>	<b>7,445,305</b>	<b>1,516,035</b>	<b>856,864</b>	<b>5,072,406</b>

**(f) Valuation inputs and relationship to fair value**

Direct properties are revalued at least annually by an independent valuer. Both the capitalisation method and discounted cash flow method is used to value the properties. Key assumptions include the capitalisation rate and the discount rate. Infrastructure assets held directly by REST or through related entities are revalued at least annually by an independent valuer using the discounted cash flow method as the primary valuation method. Key assumptions include the discount rate. Mortgaged backed fixed interest securities are valued using broker quotes, and other unlisted unit trusts are valued at the redemption price calculated by the responsible entity of the trust.

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



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

30-Jun-17 Description	Fair Value \$'000	Unobservable Inputs	Range of Inputs - (weighted average)	Relationship to Fair Value
Direct Property	906,189	Cap rate	5.38% - 6.50% (5.86%)	a change in the cap rate by +/- 25 basis points would change the value by \$39 million
		Discount rate	7.00% - 7.25% (7.06%)	a change in the disc rate by +/- 25 basis points would change the value by \$18 million
Directly Held Infrastructure	837,410	Discount rate	7.75% - 9.80% (8.43%)	a change in the disc rate by +/- 50 basis points would change the value by \$54 million

30-Jun-16 Description	Fair Value \$'000	Unobservable Inputs	Range of Inputs - (weighted average)	Relationship to Fair Value
Direct Property	856,864	Cap rate	5.63% - 6.75% (6.1%)	a change in the cap rate by +/- 25 basis points would change the value by \$40 million
		Discount rate	7.13% - 7.50% (7.3%)	a change in the disc rate by +/- 25 basis points would change the value by \$17 million
Directly Held Infrastructure	861,921	Discount rate	7.6% - 11.0% (9.4%)	a change in the disc rate by +/- 47 basis points would change the value by \$46 million

**(g) Structured entities**

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

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Trust. Such interests include holdings of units in unlisted trusts. The nature and extent of the Trust's interests in structured entities are titled "unlisted unit trusts" and are summarised in note 11.

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

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

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



**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 14. DERIVATIVE FINANCIAL INSTRUMENTS**

In the normal course of business the Trust enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument type, foreign exchange rate, or other variable. The use of derivatives is an essential part of the Trust's investment management. Derivatives are not managed in isolation. They are used for a number of purposes including adjusting asset exposures within the parameters set in the investment strategy and adjusting the duration of fixed interest portfolios. An overview of the risk exposures relating to derivatives is included in note 13.

	Contract/ Notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
<b>30-Jun-17</b>			
Fixed Interest Futures	244,264	-	1,177
Share Price Index Futures	2,639,114	27,044	889
Bank Bill Futures	398,936	55	-
Low Exercise Price Option	254	154,878	113,989
Forward Foreign Exchange	12,417,612	206,241	72,109
Warrants	46	40,806	-
	15,700,226	429,024	188,164

	Contract/ Notional \$'000	Fair Value	
		Assets \$'000	Liabilities \$'000
<b>30-Jun-16</b>			
Fixed Interest Futures	117,921	307	1,228
Share Price Index Futures	1,128,231	1,769	10,050
Bank Bill Futures	58,872	4	-
Low Exercise Price Option	639	270,173	234,201
Forward Foreign Exchange	12,742,975	252,425	107,880
Warrants	12	23,314	-
	14,048,650	547,992	353,359

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 15. SEGMENT INFORMATION**

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

**NOTE 16. STOCK LENDING**

The Trust has entered into stock lending arrangements with its global custodian, under which legal title to some of the Trust's assets may be transferred to another entity. The risks and benefits of ownership of the assets remain with the Trust. The Trust maintains collateral of at least 103% (2016: 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 \$447,070,000 (2016: \$863,317,000).

**NOTE 17. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

No significant events have occurred since balance date which would impact on the financial position of the Trust disclosed in the Statement of Financial Position as at 30 June 2017 or on the results and cash flows of the Trust for the year ended on that date.

**NOTE 18. AUDITOR'S REMUNERATION**

	2017 \$'000	2016 \$'000
Amounts received or due and receivable by the external auditor:		
- an audit of the financial statements of the entity	231	216
- other professional services	1,125	589
- under/(over) accrual of audit fee payable from prior year	35	89
	1,391	894

**NOTE 19. 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.

Mr Ian John Blandthorn  
 Mr Joseph de Bruyn  
 Ms Sue-Anne Combe Burnley  
 Mr Geoffrey John Williams  
 Mr Duncan Ewan Shaw  
 Mr Rohan Kenneth Stretton Jeffs  
 Mr John Vincent Edstein  
 Mr Kenneth Stuart Marshman  
 Mr Steven John Priestley

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

	2017 \$'000	2016 \$'000
Short-Term Benefits	968	923
Post Employment	92	88
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-
	1,060	1,011

Mr John Edstein did not receive any payments (2016: \$96,250) for consulting services provided to the Trustee Company during the period he was a Director of the Trustee Company.

**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 19. RELATED PARTIES (Continued)**

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 (the Company) paid premiums in respect of a contract to indemnify the Directors and Officers of the Company, of Retail Employees Superannuation Trust and its subsidiaries against claims for which they may be liable. The total amount of insurance premiums paid for the year ended 30 June 2017 was \$474,727 (2016: \$469,450).

**Compensation of key REST Management Personnel**

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

**2017**

Mr Damian Hill  
 Mr Chris Stevens  
 Ms Mary Atley  
 Mr Paul Howard  
 Ms Sandra Coleman  
 Mr Trevor Evans  
 Mr Andrew Howard  
 Mr Philip Budge  
 Ms Elizabeth Parkin  
 Mr Craig Hobart (appointed 25 July 2016)  
 Mr Brendan Casey (appointed 1 November 2016)

**2016**

Mr Damian Hill  
 Mr Ashley Boland (resigned 11 April 2016)  
 Mr Chris Stevens  
 Ms Mary Atley  
 Mr Paul Howard  
 Ms Sandra Coleman  
 Mr Trevor Evans  
 Mr Andrew Howard  
 Mr Philip Budge  
 Ms Elizabeth Parkin (appointed 2 November 2015)  
 Mr Ronan Walsh (appointed 7 December 2015  
 and resigned 25 May 2016)

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

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-Term Benefits	3,683	3,285
Post Employment	284	250
Other Long Term Benefits	65	35
Termination Benefits	-	161
Share Based Payment	-	-
	<u>4,032</u>	<u>3,731</u>

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

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

Mr Joseph de Bruyn  
 Mr Geoffrey John Williams  
 Mr Kenneth Stuart Marshman  
 Mr Rohan Kenneth Stretton Jeffs  
 Mr Steven John Priestley

Retail Employees Superannuation Trust pays all the operating expenses of SIM. These expenses amounted to \$13,032,000 (2016: \$11,433,000).

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



**RETAIL EMPLOYEES SUPERANNUATION TRUST**  
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**NOTE 19. RELATED PARTIES (Continued)**

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

Mr Neil Matthews (appointed 16 June 2017)  
Mr William Grant (appointed 16 June 2017)  
Mr George Zielinski (appointed 16 June 2017)  
Mr Christopher Stevens (resigned 16 June 2017)  
Mr Paul Howard (resigned 16 June 2017)  
Mr Damian Hill (resigned 16 June 2017)

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

Name of Entity	Fair Value of Investments		Movement in Fair Value		Net Units Invested		Distributions Paid / Payable		Interest Held	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 %	2016 %
REST AMPCI Debt Holding Trust	177,123	196,817	(30,153)	16,202	10,459	8,544	21,676	21,623	100%	100%
REST US Infrastructure Investments Holding Trust	222,564	81,481	35,418	(6,307)	105,665	77,993	(437)	-	100%	100%
REST Direct Property Holding Trust	465,242	393,409	45,655	49,800	26,178	532	24,560	24,040	100%	100%
REST US Property Investments Holding Trust	450,887	270,366	33,246	(1,369)	147,275	220,782	18,823	3,233	100%	100%
REST Finance Trust	405,152	295,389	2,120	(1,003)	107,643	96,392	16,006	13,265	100%	100%
REST Hayfin Holding Trust	194,555	157,712	384	(3,618)	36,459	161,330	(8,202)	782	100%	100%
REST Endeavour Holding Trust *	556,842	-	-	-	556,955	-	492	-	100%	-

\* REST Endeavour Holding Trust commenced trading on 9 June 2017. The Trustee of REST Endeavour Holding Trust is REST Nominees No.3 Pty Ltd.

**REST Infrastructure Pty Ltd**

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

Mr William Grant  
Mr George Zielinski

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

Name of Entity	Fair Value of Investments		Movement in Fair Value		Fully Paid Franked Dividend to		Repaid interest free loan to REST		REST interest free loan	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
REST Infrastructure Pty Ltd	449,600	448,200	(29,263)	34,681	11,447	13,228	16,189	19,637	46,697	13,228

**RETAIL EMPLOYEES SUPERANNUATION TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 19. RELATED PARTIES (Continued)****REST AMPCI Equity Holdings Pty Ltd**

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

Mr Christopher Stevens  
Mr Paul Howard  
Mr Damian Hill

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

Name of Entity	Fair Value of Investments		Movement in Fair Value		Equity		Dividends Paid / Payable		Interest Held	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 %	2016 %
REST AMPCI Equity Holdings Pty Ltd	216,214	185,535	10,743	41,112	19,936	-	-	-	100%	100%

**NOTE 20. OTHER MATTERS**

During part of the year there was some uncertainty about the validity of certain historical amendments made to the terms of the trust deed for the Trust including amendments related to the determination of member's interests in the Trust. The Trustee sought to confirm the terms of the trust deed in the Supreme Court of South Australia. On 8 August 2016 the judgement was handed down which confirmed the terms of the trust deed prospectively. The Trustee does not believe that the changes have any material effect on how the Trustee has been determining members' interests, on the Trust as a whole, or on the Trustee's administration of the Trust.

**NOTE 21. AUDITOR'S INDEPENDENCE DECLARATION**

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