

RETAIL EMPLOYEES SUPERANNUATION TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

ABN: 62 653 671 394
Fund Registration Number: R1000016

**RETAIL EMPLOYEES SUPERANNUATION TRUST
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FOR THE YEAR ENDED 30 JUNE 2014**

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Retail Employees Superannuation Trust (ABN: 62 653 671 394)

Report by the RSE Auditor to the trustee and members

Financial statements

I have audited the financial statements of Retail Employees Superannuation Trust for the year ended 30 June 2014 comprising the Statement of Financial Position, Operating Statement and Cash Flow Statement.

Trustee's responsibility for the financial statements

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

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 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.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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Auditor's opinion

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the net assets of Retail Employees Superannuation Trust as at 30 June 2014 and the changes in net assets for the year ended 30 June 2014.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CJ Cummins', written in a cursive style.

CJ Cummins
Partner

Sydney
17 September 2014



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 2014, 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 small dot at the end.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
17 September 2014


**RETAIL EMPLOYEES SUPERANNUATION TRUST
TRUSTEE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2014**

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

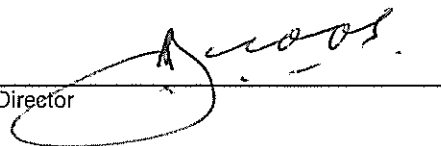
- (i) the accompanying financial statements of Retail Employees Superannuation Trust are properly drawn up so as to present fairly the financial position of the Trust as at 30 June 2014 and the results of its operations and cashflows for the year ended on that date in accordance with applicable Accounting 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 17th day of September 2014



Director J. DE BRUMM



Director

RETAIL EMPLOYEES SUPERANNUATION TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	NOTE	30-Jun-14 \$'000	30-Jun-13 \$'000
ASSETS			
Cash and Cash Equivalents			
Cash	10	92,833	78,091
Trade and Other Receivables			
Contributions Receivable		59,005	55,699
Group Life Profit Share Receivable		27,500	-
Investment Income Receivable		107,731	101,489
Sundry Debtors		5,070	4,287
Net GST Receivable		1,567	2,280
		<u>200,873</u>	<u>163,755</u>
Investments			
Financial Assets			
Unsettled Investment Sales		244,241	112,400
Managers Liquidity	15	1,497,239	1,210,769
Listed Equity Securities	15	17,326,619	14,235,521
Fixed Interest Securities	15	3,242,817	2,765,843
Discount Securities		2,455,976	2,517,801
Direct Property		811,976	795,190
Unlisted Trusts	15	7,655,224	6,644,884
Derivatives	15	658,813	490,192
		<u>33,892,905</u>	<u>28,772,600</u>
Tax Assets			
Deferred Tax Asset	11	14,602	68,026
Other Assets			
Fixed Assets	13	150	224
TOTAL ASSETS		<u>34,201,363</u>	<u>29,082,696</u>
LIABILITIES			
Trade and Other Payables			
Insurance Premiums Payable		41,326	51,782
Benefits Payable		24,275	34,965
Administration Expenses Payable		6,481	6,348
Sundry Creditors		6,289	6,056
Audit Fees Payable		233	116
Financial Liabilities			
Unsettled Investment Purchases		188,007	89,850
Derivatives	16	377,381	880,704
Investment Management Fees Payable		49,199	19,902
Other Investment Accruals	16	531,537	422,180
Tax Liabilities			
Income Tax Payable		71,069	107,974
Deferred Tax Liabilities	11	523,601	258,105
TOTAL LIABILITIES		<u>1,819,398</u>	<u>1,877,982</u>
NET ASSETS AVAILABLE TO PAY BENEFITS		<u>32,381,965</u>	<u>27,204,714</u>
Represented by:			
LIABILITY FOR ACCRUED BENEFITS			
Allocated to Members' Accounts	3	32,087,583	26,974,640
Defined Benefit Plan Account		38,550	35,588
Not Yet Allocated	3a	54,388	58,335
Vested Benefits	3b	32,180,521	27,068,563
Reserves	4	201,444	136,151
		<u>32,381,965</u>	<u>27,204,714</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 2014**

	NOTE	30-Jun-14 \$'000	30-Jun-13 \$'000
INVESTMENT REVENUE			
Dividend Income		715,852	692,375
Interest - Bank		1,660	1,730
Interest Income - Investments		176,596	157,246
Rental Income		69,922	71,188
Movement in Net Market Value	8	3,128,368	3,599,259
Net Investment Revenue		4,092,398	4,521,798
CONTRIBUTIONS REVENUE			
Employer		2,748,500	2,480,339
Member		448,006	234,491
Rollovers		970,308	683,748
Total Contributions Revenue		4,166,814	3,398,578
OTHER REVENUE			
Group Life Insurance Proceeds		145,381	114,304
Group Life Profit Share		19,900	-
Other Income		168	390
		165,449	114,694
TOTAL REVENUE		8,424,661	8,035,070
INVESTMENT EXPENSES			
Direct Investment Expenses		159,649	101,337
Property Expenses		20,292	16,252
Custodian Fees		5,083	3,855
GROUP LIFE INSURANCE EXPENSES		487,837	364,463
GENERAL ADMINISTRATION EXPENSES			
Administration Fees		85,667	85,608
Trustee Company Operating Expenses		52,169	47,690
Depreciation		228	324
Auditor's Remuneration	22	946	368
Superannuation Contributions Surcharge		(3)	(3)
Other Expense		-	117
TOTAL EXPENDITURE		811,868	620,011
Operating Surplus for the Year Before Tax		7,612,793	7,415,059
Less: Income Tax Expense	11	634,783	644,797
BENEFITS ACCRUED AS A RESULT OF OPERATIONS		6,978,010	6,770,262

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 2014

	NOTE	30-Jun-14 \$'000	30-Jun-13 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows:			
Dividends		755,054	671,986
Rental Income		69,922	71,188
Interest		178,256	158,976
Contributions		4,163,508	3,392,366
Group Life Insurance Proceeds		137,781	114,304
Other Revenue		1,388	268
Cash Outflows:			
Administration Expenses		(85,534)	(87,034)
Insurance Premiums		(498,293)	(345,342)
Operating Expenses		(49,434)	(48,993)
Income Tax Paid		(352,766)	(309,074)
Surcharge Tax Paid		-	59
Members' Benefits		(1,811,449)	(1,606,861)
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	9	2,508,433	2,011,843
CASH FLOWS FROM INVESTING AND OTHER ACTIVITIES			
Net Cash Flow from Purchase and Sale of Investments		(2,308,585)	(1,921,145)
Direct Investment Expenses		(185,025)	(121,443)
Purchase of Fixed Assets		(81)	(115)
NET CASH FLOW USED IN INVESTING AND OTHER ACTIVITIES		(2,493,691)	(2,042,703)
NET INCREASE / (DECREASE) IN CASH HELD		14,742	(30,860)
CASH AT THE BEGINNING OF THE PERIOD		78,091	108,951
CASH AT THE END OF THE PERIOD	10	92,833	78,091

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 2014

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 17th September 2014

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.

(i) New and amended standards adopted by the Trust

The trust has changed some of its accounting policies as a result of new and revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013. The affected policies are:

- Determining fair value - AASB 13 *Fair Value measurement*
- Offsetting arrangements - AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*
- AASB 10 *Consolidated Financial Statements*
- AASB 12 *Disclosure of interest's in other entities*

Changes in accounting policy: fair value measurement AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards. Since AAS 25 requires the use of net market value, rather than fair value, changes to fair value measurement has no impact on the Financial Statements.

Changes in accounting policy: Offsetting arrangements AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities requires additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Trust's financial position or performance, however has resulted in additional disclosure in the notes to the Financial Statements.

Changes in Accounting policy: Investments in controlled entities - The object of AASB 10 is to establish principles for the preparation and presentation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The Trust has reviewed its investments in other entities to assess whether the conclusion as to whether the Trust controls an investee or not is different under AASB 10. No differences were identified.

The amendments made by AASB 2013-5 introduce an exception from consolidation requirements for investment entities. The amendments to AASB 10 require controlled investments, excluding entities which provide services to the investment entity, to be accounted for at net market value with changes in the net market value being recognised in the Operating Statement, rather than being consolidated. On adoption of the amendments, the Trust has determined that it meets the definition on an investment entity (see note 2 (m) below). It has therefore changed its accounting policy with respect to controlled investments. This change in accounting policy did not have any impact on the Trust's financial position or performance.

AASB 12 Disclosure of interests in other entities requires entities to disclose significant judgments and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities as well as any made in determining the entity is an investment entity. Entities are also required to provide more disclosures around certain 'structured entities'. Adoption of the standard has impacted the Trust's level of disclosures in certain noted areas, but has not impacted the Trust's financial position or results of operations.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Standards effective after 1 July 2013 that have been early adopted by the Trust
The Trust has also elected to adopt the following standard early:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities is effective for annual periods beginning on or after 1 January 2014, and has been early adopted by the Trust. These amendments clarify the offsetting criteria in AASB 132 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement arrangements may be considered equivalent to net settlement. This amendment did not have any impact on the Trust's financial position or performance.

(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 2014 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, AASB 2009-11 Amendments to Australian Accounting Standards arising from *AASB 9, AASB 2010-7 Amendment to Australia Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures* and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

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. The standard is not applicable until 1 January 2017 but is available for early adoption. The Trustee 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 net market value with gains and losses recognised through the Operating Statement.

(ii) AASB 1056 replaces AAS 25 Financial Reporting by Superannuation Plans and is first applicable to the Trust for the year ended 30 June 2017. No decision has been made whether the Trust will early adopt the new standard.

AASB 1056 will have a number of impacts on the financial statements of the Trust. The key changes will include:

- The Trust will prepare five statements under the new standard rather than the three currently:
 - Statement of financial position;
 - Income statement;
 - Statement of changes in equity/reserves;
 - Statement of cash flows; and
 - Statement of changes in member benefits.
- Funds must recognise member benefits as a liability on the face of the statement of financial position.
- The statement of financial position will need to disclose the surplus or deficit of funds.
- Net assets will reflect the Trust's reserves, including the Operational Risk Reserve.
- Additional disclosures are required, including the main features of the specific contractual or statutory arrangement in place between the superannuation entity and the relevant employer sponsor.
- Increased disclosure in relation to insurance arrangements.

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.

(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.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (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.

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

(f) Income Tax

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

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

Deferred income tax liabilities are recognised for all assessable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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. In the previous year Benefits Payable also included Group Life Insurance Proceeds received on behalf of and payable to members.

(h) Death and Disablement Insurance

Insurance claims received have been classed as "Other Revenue - Group Life Insurance Proceeds". The corresponding benefit paid/payable to members has been included in Benefits Paid, or included in Amounts Allocated to Members' Accounts where unpaid.

(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, 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 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) 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 Financial Statements include consolidation of the accounts of the subsidiary Super Investment Management Pty Limited ABN 86 079 706 657 .

(m) 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 net market 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 net market value with movements in net market value being recognised in the Operating Statement.

(n) 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.

(o) 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.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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.

(q) Valuation of Accrued Benefits

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

(r) 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.

(s) 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.

(t) 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 measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

(u) Comparative Reclassifications

Certain comparative amounts have been reclassified to conform to the presentation in the current year financial statements.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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-14 \$'000	30-Jun-13 \$'000
Liability for accrued benefits at the beginning of the period	27,204,714	21,991,547
Plus: Benefits Accrued as a Result of Operations	6,978,010	6,770,262
Less: Gross Benefits Paid and Payable		
Withdrawals	(194,976)	(237,450)
Rollovers	(1,169,921)	(993,513)
Retirements	(115,368)	(94,990)
Deaths	(85,420)	(31,513)
Permanent Disablements	(27,310)	(24,890)
Contribution Splitting	-	-
Pensions	(207,763)	(174,739)
Total Gross Benefits Paid and Payable	<u>(1,800,758)</u>	<u>(1,557,095)</u>
Liability for accrued benefits at the end of the period	<u>32,381,966</u>	<u>27,204,714</u>

NOTE 3a. NOT YET ALLOCATED

	30-Jun-14 \$'000	30-Jun-13 \$'000
Amounts not yet allocated to member's accounts consist of:		
Contributions not yet allocated	35,234	19,272
Investment earnings not yet allocated	19,154	39,063
	<u>54,388</u>	<u>58,335</u>

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.

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-14 \$'000	30-Jun-13 \$'000
Vested Benefits at the End of the Period - Accumulation Members	<u>32,141,971</u>	<u>27,032,975</u>
Vested Benefits at the End of the Period - Defined Benefit Members	<u>38,550</u>	<u>35,588</u>
Total Vested Benefits at the End of the Period	<u>32,180,521</u>	<u>27,068,563</u>

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4. RESERVES

	30-Jun-14 \$'000	30-Jun-13 \$'000
Reserves are split into the following components:		
Operational Risk Financial Requirement Reserve (previously Contingency Reserve)	88,947	71,121
Capital Reserve	27,519	28,514
Group Life Insurance Reserve	44,372	4,761
Administration Reserve	40,606	31,755
	201,444	136,151

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 2014. The figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions.

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

		Accrued benefit	Next Actuarial Review
Accrued benefits - Tetra Pak	1 July 2012	9,289,408	1 July 2015
Accrued benefits - SDA	1 July 2012	8,199,526	1 July 2015
Accrued benefits - RIDBC	1 July 2012	1,685,541	1 July 2015
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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8. MOVEMENT IN NET MARKET VALUES

	30-Jun-14 \$'000	30-Jun-13 \$'000
Investments Held at End of Year		
Cash & Short Term Deposits	(1,951)	957
Other Interest Bearing Securities	(133,476)	59,982
Australian Equities	704,758	1,001,824
International Equities	344,098	1,469,963
Direct Property	12,279	30,952
Other (Unlisted Trusts, Derivatives)	858,311	383,074
	<u>1,784,018</u>	<u>2,946,752</u>
Investments Realised During the Year		
Cash & Short Term Deposits	64,511	75,711
Other Interest Bearing Securities	142,549	61,575
Australian Equities	267,961	50,515
International Equities	1,266,099	211,593
Direct Property	-	1,681
Other (Unlisted Trusts, Derivatives)	(396,769)	251,432
	<u>1,344,350</u>	<u>652,507</u>
	<u>3,128,368</u>	<u>3,599,259</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-14 \$'000	30-Jun-13 \$'000
Benefits Accrued as a Result of Operations	6,978,010	6,770,262
Cash Flows in Operating Profit Attributable to Non Operating Activities		
Movement in Net Market Value-(Gain)/Loss	(3,128,368)	(3,599,259)
Direct Investment Charges	185,024	121,443
Non Cash Flows in Operating Profit		
Depreciation of Fixed Assets	155	186
Changes in Assets and Liabilities		
(Increase)/Decrease in Contributions Receivable	(3,306)	(6,211)
(Increase)/Decrease in Group Life Insurance Proceeds Receivable	(27,500)	-
(Increase)/Decrease in Accrued Investment Income	40,779	(20,390)
(Increase)/Decrease in Sundry Debtors	(88)	(2,829)
Increase/(Decrease) in Insurance Premiums Payable	(10,456)	19,121
Increase/(Decrease) in Administration Expenses Payable	288	(1,240)
Increase/(Decrease) in Sundry Creditors	5,882	(2,324)
Increase/(Decrease) in Benefits Payable	(10,690)	(49,767)
Increase/(Decrease) in Income Tax Payable	(39,459)	23,753
Increase/(Decrease) in Deferred Tax Assets/Liabilities	318,921	316,193
Cash Items Not Included in Result of Operations		
Benefits Paid	(1,800,759)	(1,557,095)
Net Cash Flows from Operating Activities	<u>2,508,433</u>	<u>2,011,843</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>92,833</u>	<u>78,091</u>
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RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

Major components of income tax expense are:

	30-Jun-14 \$'000	30-Jun-13 \$'000
Operating Statement		
Current income tax charge		
Current income tax charge	302,516	327,721
Adjustments in respect of current income tax of previous years	13,347	882
Deferred income tax		
Relating to origination and reversal of temporary differences	318,920	316,194
Income tax expense reported in operating statement	<u>634,783</u>	<u>644,797</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>7,612,793</u>	<u>7,415,059</u>
Income Tax at 15%	1,141,919	1,112,259
Imputation and Foreign Tax Credits	20,184	19,452
Decrease in Income Tax Expense due to Permanent Differences		
Non-Assessable Group Life Proceeds	(21,807)	(17,146)
Non-Assessable Member Contributions	(64,905)	(33,281)
Non-Assessable Transfers from Other Funds	(144,154)	(101,993)
Non-Deductible Superannuation Contribution Surcharge	-	(1)
Non-Deductible No TFN Contributions Tax	3,457	903
Non-Deductible Expenses	41	30
Anti-Detriment Provision	(2,976)	(2,081)
Imputation and Foreign Tax Credits	(134,559)	(129,678)
Non-Assessable Investment Income	(152,758)	(183,942)
Exempt Pension Income	(23,006)	(20,607)
Tax Expense for Current Year	<u>621,436</u>	<u>643,915</u>
Under/(over) provision for prior years	13,347	882
Total Income Tax Expense	<u>634,783</u>	<u>644,797</u>

Deferred income tax

Deferred income at 30 June relates to the following:

Deferred income tax liabilities

Net Capital Gains on investments subject to CGT	485,794	222,588
Contributions Receivable	8,733	8,245
Investment Income Receivable	353	821
Unrealised Revenue Gains	28,721	26,451
Gross deferred income tax liabilities	<u>523,601</u>	<u>258,105</u>

Deferred income tax assets

Accrued expenses	6,199	8,004
Investment Income Receivable (incl deferred tax credits)	8,403	60,022
Gross deferred income tax assets	<u>14,602</u>	<u>68,026</u>

The effective rate of income tax paid by the Trust for 2014 was 8.3% (2013: 8.7%).

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12. MEMBERSHIP AND PARTICIPATING EMPLOYERS

	30-Jun-14 No.	30-Jun-13 No.
Active Members	1,273,878	1,262,646
Inactive Members	718,070	707,954
Total Membership	<u>1,991,948</u>	<u>1,970,600</u>
Participating Employers	<u>163,578</u>	<u>152,782</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-14 \$'000	30-Jun-13 \$'000
Motor Vehicles		
Cost	1,056	843
Accumulated Depreciation	<u>(1,056)</u>	<u>(843)</u>
	-	-
Office Equipment and Furniture		
Cost	1,160	1,152
Accumulated Depreciation	<u>(1,160)</u>	<u>(1,152)</u>
	-	-
Capitalisation - Refurbishment		
Cost	368	368
Accumulated Amortisation	<u>(218)</u>	<u>(144)</u>
	<u>150</u>	<u>224</u>
Net Written Down Value	<u>150</u>	<u>224</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 \$184,033,000 (2013: \$238,500,000)

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

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 15. FINANCIAL ASSETS HELD AT NET MARKET VALUE

	30-Jun-14 \$'000	30-Jun-13 \$'000
Managers Liquidity		
Cash	981,065	672,079
Margin Accounts	94,207	83,111
Term Deposits	421,967	455,579
	<u>1,497,239</u>	<u>1,210,769</u>
Listed Equity Securities		
Australian Equity Securities	7,750,353	6,456,936
International Equity Securities	9,576,266	7,778,585
	<u>17,326,619</u>	<u>14,235,521</u>
Fixed Interest Securities		
Australian Fixed Interest Securities	1,431,277	1,250,048
International Fixed Interest Securities	1,811,540	1,515,795
	<u>3,242,817</u>	<u>2,765,843</u>
Unlisted Trusts		
Unlisted Trusts - Equities	33,723	51,629
Unlisted Trusts - Equity Strategies	662,600	946,848
Unlisted Trusts - Fixed Interest	1,942,698	1,811,864
Unlisted Trusts - Property	1,767,838	1,441,340
Unlisted Trusts - Infrastructure	1,387,144	1,023,156
Unlisted Trusts - Absolute Return Strategies	1,642,220	1,162,863
Unlisted Trusts - Other	219,000	207,184
	<u>7,655,224</u>	<u>6,644,884</u>
Derivatives		
Fixed Interest Futures	2,746	7,939
Share Price Index Futures	1,384	2,488
Bank Bill Futures	12	-
Exchange Traded Options	191,563	160,677
Forward Foreign Exchange	463,108	319,088
	<u>658,813</u>	<u>490,192</u>

NOTE 16. FINANCIAL LIABILITIES HELD AT NET MARKET VALUE

Derivatives		
Fixed Interest Futures	242	5,907
Share Price Index Futures	558	4,480
Bank Bill Futures	-	34
Exchange Traded Options	168,342	165,829
Forward Foreign Exchange	208,239	704,454
	<u>377,381</u>	<u>880,704</u>
Other Investment Accruals		
At the end of the year the Trust had unsettled purchase transactions that were entered into by its wholly owned subsidiary - Super Investment Management Pty Limited as follows:		
Repurchase Agreements	531,537	422,180
	<u>531,537</u>	<u>422,180</u>

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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.

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

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 \$4,204,667,000 (2013: an increase of \$3,742,529,000). An equal change in the opposite direction would have decreased the net assets available to pay benefits by \$4,204,667,000 (2013: a decrease of \$3,742,529,000). The impact on the net investment revenue would have been an increase or decrease of \$4,204,667,000 (2013: \$3,742,529,000). 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	
	2014	2013
Australian Equities	20%	21%
International Equities	20%	22%
Direct Property	11%	11%
Infrastructure	9%	10%
Equity Strategies	11%	13%
Absolute Return	8%	8%

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

30-Jun-14	US Dollar A\$'000	Japanese Yen A\$'000	GB Pound A\$'000	Euro A\$'000	Swiss Franc A\$'000	Other A\$'000	Total \$'000
Assets	7,348,073	418,763	1,008,391	1,803,207	391,568	2,583,921	13,553,923
Liabilities	(89,990)	(5,850)	(17,038)	(44,488)	-	(8,639)	(166,006)
Foreign Exchange Contracts **	(4,154,427)	(605,616)	(417,285)	(895,401)	(298,607)	(913,302)	(7,284,638)
Net Exposure	3,103,657	(192,703)	574,068	863,317	92,961	1,661,980	6,103,279

30-Jun-13	US Dollar A\$'000	Japanese Yen A\$'000	GB Pound A\$'000	Euro A\$'000	Swiss Franc A\$'000	Other A\$'000	Total \$'000
Assets	6,365,593	420,757	889,855	1,495,787	343,294	1,665,550	11,180,836
Liabilities	(65,339)	(2,911)	(602)	(1,588)	(954)	(5,111)	(76,505)
Foreign Exchange Contracts **	(3,412,234)	(223,282)	(201,412)	(325,528)	(184,078)	(305,865)	(4,652,399)
Net Exposure	2,888,020	194,564	687,841	1,168,671	158,262	1,354,574	6,451,932

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

Sensitivity analysis

A 11% strengthening (2013: 12%) of the Australian dollar against the following currencies at the reporting date would have increased/(decreased) the net assets available to pay benefits and the net investment revenue by the amounts shown in the table below. The analysis assumes that all other variables, in particular interest rates, remain constant. The impact mainly arises from the reasonably possible change in foreign currency rates. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, in consultation with its investment adviser, having regard to the average absolute divergence between the unhedged and hedged MSCI World Index ex Australia annual returns over a 10 year period. The amounts include both monetary and non monetary items because it is not feasible to allocate the FFX hedging against specific assets.

	US Dollar A\$'000	Japanese Yen A\$'000	GB Pound A\$'000	Euro A\$'000	Swiss Franc A\$'000
30-Jun-14	(307,570)	19,097	(56,890)	(85,554)	(9,212)
30-Jun-13	(309,431)	(20,846)	(73,697)	(125,215)	(16,957)

A 11% weakening (2013: 12%) of the Australian dollar against the above currencies at the reporting date would have the equal but opposite effect to the amounts shown above on the basis that all other variables remain constant.

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 2014, the Trust's investment strategy is to hold approximately 17% 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 2014 was as follows:

30-Jun-14	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets				
Unsettled Investment Sales			244,241	244,241
Managers Liquidity	1,075,271	421,967		1,497,239
Equity Securities			17,326,619	17,326,619
Fixed Interest Securities	1,324,641	1,918,176		3,242,817
Discount Securities	2,455,976			2,455,976
Direct Property			811,976	811,976
Unlisted Trusts			7,655,224	7,655,224
Derivatives			658,813	658,813
Financial Liabilities				
Unsettled Investment Purchases			(188,007)	(188,007)
Derivatives			(377,381)	(377,381)
Investment Management Fees Payable			(49,199)	(49,199)
Other Investment Accruals			(531,537)	(531,537)
Total	4,855,889	2,340,144	25,550,749	32,746,781
Net increase/decrease in exposure from interest rate futures (notional principal)	(404,617)	404,617		-
Net exposure	4,451,271	2,744,761	25,550,749	32,746,781

30-Jun-13	Floating Interest rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets				
Unsettled Investment Sales			112,400	112,400
Managers Liquidity	755,190	455,579		1,210,769
Equity Securities			14,235,521	14,235,521
Fixed Interest Securities	1,200,527	1,565,316		2,765,843
Discount Securities	2,517,801			2,517,801
Direct Property			795,190	795,190
Unlisted Trusts			6,644,884	6,644,884
Derivatives			490,192	490,192
Financial Liabilities				
Unsettled Investment Purchases			(89,850)	(89,850)
Derivatives			(880,704)	(880,704)
Investment Management Fees Payable			(19,902)	(19,902)
Other Investment Accruals			(422,180)	(422,180)
Total	4,473,518	2,020,895	20,865,551	27,359,964
Net increase/decrease in exposure from interest rate futures (notional principal)	18,788	(18,788)		-
Net exposure	4,492,306	2,002,107	20,865,551	27,359,964

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

An increase of 71 basis points (2013: 65 basis points) in interest rates would have decreased the net assets available to pay benefits and the net investment revenue by \$47,725,000 (2013: a decrease of \$35,656,000). 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 \$47,725,000 (2013: an increase of \$35,656,000).

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	30-Jun-14	30-Jun-13
	\$'000	\$'000
Rating		
AAA	953,520	841,747
AA	438,591	324,008
A	38,487	70,359
BBB	679	13,934
Total	<u>1,431,277</u>	<u>1,250,048</u>
 International Fixed Interest Securities		
Rating		
AAA	297,158	101,766
AA	210,439	134,460
A	267,066	301,235
BBB	282,647	262,637
Below BBB	754,230	715,697
Total	<u>1,811,540</u>	<u>1,515,795</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
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17. FINANCIAL RISK MANAGEMENT (Continued)**(c) Liquidity Risk (Continued)**

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

30-Jun-14	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
Financial Liabilities					
Unsettled Investment Purchases	188,007	188,007			
Net Settled Derivatives	169,143	75	169,068	-	-
Investment Management Fees Payable	49,199	49,199			
Other Investment Accruals	531,537	531,537			
Total Net Settled Financial Liabilities	937,885	768,817	169,068	-	-

30-Jun-13	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
Financial Liabilities					
Unsettled Investment Purchases	89,850	89,850			
Net Settled Derivatives	176,250	763	175,487	-	-
Investment Management Fees Payable	19,902	19,902			
Other Investment Accruals	422,180	422,180			
Total Net Settled Financial Liabilities	708,182	532,695	175,487	-	-

In addition, the total liability for accrued benefits of \$32,381,966,000 (2013 \$27,204,714,000) has a contractual maturity of less than 1 month.

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

30-Jun-14	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
Foreign currency forward contracts					
Inflows	18,287,876	1,577,748	11,210,086	5,500,041	-
(Outflows)	(18,032,947)	(1,577,974)	(11,094,277)	(5,360,695)	-

30-Jun-13	Contract / Notional \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	>12 months \$'000
Foreign currency forward contracts					
Inflows	13,208,477	4,018,865	7,218,513	1,971,099	-
(Outflows)	(13,597,282)	(4,084,898)	(7,468,012)	(2,044,372)	-

(d) Net Fair Values of Financial Assets and Liabilities

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

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

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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

30-Jun-14	Amount per financial statements \$'000	Related amount not offset \$'000	Net amount \$'000
Financial assets			
Forward Foreign Exchange	463,108	(201,603)	261,505
Financial liabilities			
Forward Foreign Exchange	208,239	(201,603)	6,636

30-Jun-13	Amount per financial statements \$'000	Related amount not offset \$'000	Net amount \$'000
Financial assets			
Forward Foreign Exchange	319,088	(165,140)	153,948
Financial liabilities			
Forward Foreign Exchange	704,454	(165,140)	539,314

(f) 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 2014 and 30 June 2013

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

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

30-Jun-14	Total \$'000	Level 1 '000	Level 2 '000	Level 3 '000
- Unsettled Investment Sales	244,241	244,241	-	-
- Managers Liquidity	1,497,239	1,497,239	-	-
- Listed Equity Securities	17,326,619	17,326,619	-	-
- Fixed Interest Securities	3,242,817	1,644,139	281,953	1,316,725
- Discount Securities	2,455,976	2,455,976	-	-
- Direct Property	811,976	-	-	811,976
- Unlisted Trusts	7,655,224	-	4,281,242	3,373,982
- Derivatives	658,813	195,705	463,108	-
Total Financial Asset	33,892,905	23,363,918	5,026,303	5,502,684
- Unsettled Investment Purchases	188,007	188,007	-	-
- Derivatives	377,381	169,143	208,239	-
- Investment Management Fees Payable	49,199	49,199	-	-
- Other Investment Accruals	531,537	531,537	-	-
Total Financial Liability	1,146,124	937,885	208,239	-
Net Financial Fair Value	32,746,781	22,426,033	4,818,064	5,502,684

30-Jun-13	Total \$'000	Level 1 '000	Level 2 '000	Level 3 '000
- Unsettled Investment Sales	112,400	112,400	-	-
- Managers Liquidity	1,210,769	1,210,769	-	-
- Listed Equity Securities	14,235,521	14,235,521	-	-
- Fixed Interest Securities	2,765,843	1,206,836	371,098	1,187,909
- Discount Securities	2,517,801	2,517,801	-	-
- Direct Property	795,190	-	-	795,190
- Unlisted Trusts	6,644,884	-	3,973,204	2,671,680
- Derivatives	490,192	171,104	319,088	-
Total Financial Asset	28,772,600	19,454,431	4,663,390	4,654,779
- Unsettled Investment Purchases	89,850	89,850	-	-
- Derivatives	880,704	176,250	704,454	-
- Investment Management Fees Payable	19,902	19,902	-	-
- Other Investment Accruals	422,180	422,180	-	-
Total Financial Liability	1,412,636	708,182	704,454	-
Net Financial Fair Value	27,359,964	18,746,249	3,958,936	4,654,779

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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

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

30-Jun-14	Total \$'000	Fixed Interest Securities	Direct Property \$'000	Unlisted Trust \$'000
Opening Net Market Value	4,654,779	1,187,909	795,190	2,671,680
Gains/(Losses) recognised in profit/loss	114,340	(6,660)	12,279	108,721
Add: Purchases in current year	1,362,220	668,959	4,507	688,754
Less: Sale Proceeds in Current year	(628,655)	(533,483)	-	(95,172)
Closing Net Market Value	5,502,683	1,316,725	811,976	3,373,982

30-Jun-13	Total \$'000	Fixed Interest Securities	Direct Property \$'000	Unlisted Trust \$'000
Opening Net Market Value	3,937,166	909,696	671,375	2,356,095
Gains/(Losses) recognised in profit/loss	297,951	208,996	(2,116)	91,071
Add: Purchases in current year	1,151,726	602,792	185,986	362,948
Less: Sale Proceeds in Current year	(732,065)	(533,575)	(60,055)	(138,435)
Closing Net Market Value	4,654,779	1,187,909	795,190	2,671,680

(g) Valuation inputs and relationship to net market 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 table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements

30-Jun-14 Description	Net Market Value \$'000	Unobservable Inputs	Range of Inputs - (weighted average)	Relationship to Net Market Value
Direct Property	811,976	Cap rate	6.63% - 7.25% (6.9%)	a change in the cap rate by +/- 25 basis points would change the value by \$33 million
		Discount rate	8.25% - 8.75% (8.5%)	a change in the disc rate by +/- 25 basis points would change the value by \$15 million
Directly Held Infrastructure	742,681	Discount rate	9.0%-14.0% (10.1%)	a change in the disc rate by +/- 30 basis points would change the value by \$15 million

RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(h) 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 15.

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 in note 17.

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.

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 \$'000	Net Market Value	
		Assets \$'000	Liabilities \$'000
30-Jun-14			
Fixed Interest Futures	454,988	2,746	242
Share Price Index Futures	1,577,953	1,384	558
Bank Bill Futures	325,149	12	-
Exchange Traded Options	487,462	191,563	168,342
Forward Foreign Exchange	16,997,048	463,108	208,239
	19,842,601	658,813	377,381

	Contract/ Notional \$'000	Net Market Value	
		Assets \$'000	Liabilities \$'000
30-Jun-13			
Fixed Interest Futures	1,210,674	7,939	5,907
Share Price Index Futures	692,909	2,488	4,480
Bank Bill Futures	198,574	-	34
Exchange Traded Options	419,004	160,677	165,829
Forward Foreign Exchange	12,967,380	319,088	704,454
	15,488,541	490,192	880,704

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 19. SEGMENT INFORMATION

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

NOTE 20. STOCK LENDING

The Trust has entered into stock lending arrangements with its 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 \$404,297,000 (2013: \$589,349,000).

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 2014 or on the results and cash flows of the Trust for the year ended on that date.

NOTE 22. AUDITOR'S REMUNERATION

	30-Jun-14 \$'000	30-Jun-13 \$'000
Amounts received or due and receivable by the external auditor:		
- an audit of the financial statements of the entity	185	153
- other professional services	758	202
- under accrual of Audit fee payable from prior year	3	13
	<u>946</u>	<u>368</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.

Employer Representatives

Mr Clifford Allison (resigned 3/3/2014)
Mr John Edstein (appointed 4/10/2013)
Mr Rohan Kenneth Stretton Jeffs
Mr Steven Priestley (appointed 4/3/2014)
Mr Duncan Ewan Shaw

Employee Representatives

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

Independent Director

Mr Kenneth Marshman (appointed 17/12/2013)

The Trustee Company commenced paying Directors a fee from 1 December 2013. The amount payable to the Trustee Company in respect of compensation to Directors is set out in the table below:

	2014 \$'000	2013 \$'000
Short-Term Benefits	457	-
Post Employment	42	-
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-
	<u>499</u>	<u>-</u>

A related entity of Mr John Edstein received payments totalling \$107,910 for consulting services provided to the Trustee Company during the period that he was a Director of the Trustee Company.

**RETAIL EMPLOYEES SUPERANNUATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 23. 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 2014 was \$509,645 (2013: \$456,396).

Compensation of Key REST Management Personnel

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

2014	2013
Mr Damian Hill	Mr Damian Hill
Mr Paul Sayer	Mr Paul Sayer
Mr Ashley Boland	Mr Ashley Boland
Mr Chris Stevens	Mr Chris Stevens
Ms Mary Atley	Ms Mary Atley (from 12/09/2012)
Ms Joanne Townsend	Ms Joanne Townsend (from 11/03/2013)
Mr Paul Howard	Mr Paul Howard (from 11/04/2013)
Ms Sandra Coleman (appointed 7/1/2014)	

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:

	2014	2013
	\$'000	\$'000
Short-Term Benefits	2,630	2,306
Post Employment	164	146
Other Long Term Benefits	61	50
Termination Benefits	-	-
Share Based Payment	-	-
	<u>2,855</u>	<u>2,502</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 Rohan Kenneth Stretton Jeffs
Mr Geoffrey John Williams	Mr Duncan Ewan Shaw
Mr Kenneth Marshman (appointed 17/12/2013)	

Retail Employees Superannuation Trust pays all the operating expenses of SIM. These expenses amounted to \$8,892,000 (2013: \$6,649,000).

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

During the year the following related party transactions occurred between REST and REST Infrastructure Pty Ltd:

- (i) REST Infrastructure Pty Ltd paid a fully franked dividend of \$nil (2013:\$26,803,089) to REST
- (ii) REST Infrastructure Pty Ltd repaid an interest free loan of \$30,291,296 (2013: \$24,991,383) to REST.
- (iii) REST made an interest free loan of \$6,107,348 (2013: \$34,175,718) to Infrastructure Pty Ltd

RETAIL EMPLOYEES SUPERANNUATION TRUST
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NOTE 23. RELATED PARTIES (Continued)

The impact on the Trust's operating statement in relation to its investment in REST Infrastructure Pty Ltd was a decrease in net market value of \$4,016,000 (2013: increase of \$29,116,000)

The Trust's investment in REST Infrastructure Pty Ltd is structured as follows:	30-Jun-14 \$'000	30-Jun-13 \$'000
Equity	99,250	99,250
Interest free loan	122,297	146,481
	<u>221,547</u>	<u>245,731</u>
Revaluation	176,353	180,369
Net market value	<u>397,900</u>	<u>426,100</u>

REST Equity Holdings Pty Ltd

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

The following persons held the position of Director of REST Equity Holdings Pty Ltd during part or all of the year:

Mr Paul Sayer
 Mr Chris Stevens
 Mr Paul Howard

During the year the following related party transactions occurred between REST and REST Equity Holdings Pty Ltd:

(i) REST invested \$138,705,707 as equity in REST Equity Holdings Pty Ltd

The impact on the Trust's operating statement in relation to its investment in REST Equity Holdings Pty Ltd was a movement in net market value of \$5,128,000 (2013: \$nil)

The Trust's investment in REST Equity Holdings Pty Ltd is structured as follows:	30-Jun-14 \$'000	30-Jun-13 \$'000
Equity	138,706	-
		-
Revaluation	5,128	-
Net market value	<u>143,834</u>	<u>-</u>

REST Debt Holdings Trust

REST Nominees No.1 Pty Ltd as Trustee for REST Debt Holdings Trust is a wholly owned subsidiary of Retail Employees Superannuation Trust. The following persons held the position of Director of REST Nominees No. 1 Pty Ltd during part or all of the year:

Mr Paul Sayer
 Mr Chris Stevens
 Mr Paul Howard

During the year the following related party transactions occurred between REST and REST Debt Holdings Trust:

(i) REST invested \$169,016,690 as units in REST Debt Holdings Trust

(ii) REST Debt Holding Trust paid a distribution of \$4,929,688 to REST

The impact on the Trust's operating statement in relation to its investment in REST Debt Holdings Trust was a movement in net market value of \$12,928,000 (2013: \$nil)

The Trust's investment in REST Debt Holdings Trust is structured as follows:	30-Jun-14 \$'000	30-Jun-13 \$'000
Units	169,017	-
Revaluation	12,928	-
Net market value	<u>181,945</u>	<u>-</u>

NOTE 24. AUDITOR'S INDEPENDENCE DECLARATION

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