

## STATEPLUS RETIREMENT FUND

The StatePlus Retirement Fund (ABN 86 664 654 341) comprises the following sub-funds:

- State Super Personal Retirement Plan
- State Super Allocated Pension Fund
- State Super Term Allocated Pension Fund
- State Super Tailored Super Plan
- State Super Flexible Income Plan

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

## The Retirement Fund Information

### Trustee

State Super Financial Services Australia Limited

ABN 86 003 742 756

Phone (02) 9333 9555

### Directors of the Trustee

N. Cochrane (Chairman)

S. Carter

M. Lennon

J. Warburton

T. Carr

R. Ramwell

M. Rice

### Chief Executive Officer

G. Arnott

### Registered Office

Level 21

83 Clarence Street

Sydney, NSW, 2000

Phone (02) 9333 9555

### Bankers

Westpac Banking Corporation

### Custodian

JP Morgan Chase Bank

State Street

### Auditor

Deloitte Touche Tohmatsu

### Internet Address

[www.stateplus.com.au](http://www.stateplus.com.au)

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

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# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

## TRUSTEE'S STATEMENT

The financial statements of the StatePlus Retirement Fund (the 'Retirement Fund') for the year ended 30 June 2018 have been prepared by State Super Financial Services Australia Limited, the Trustee of the Retirement Fund.

The Directors of State Super Financial Services Australia Limited declare that:

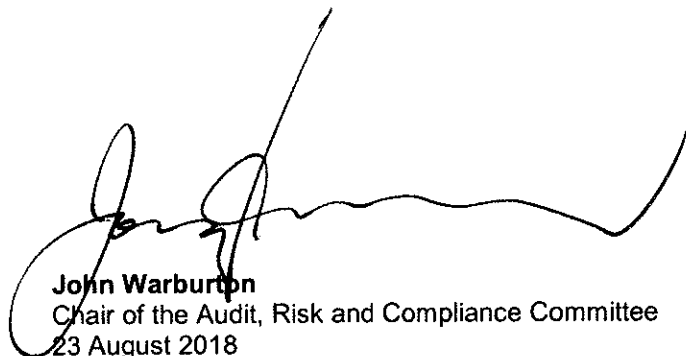
- (a) The accompanying financial statements of the Retirement Fund have been properly drawn up so as to present fairly the financial position of the Retirement Fund as at 30 June 2018, the income statement for the year ended 30 June 2018 and the statements of changes in member benefits, changes in equity/reserves and cash flows for the year ended on that date; and
- (b) The financial statements are drawn up in accordance with Accounting Standards in Australia.

Signed in accordance with a resolution of the Board of Directors of State Super Financial Services Australia Limited (ABN 86 003 742 756).

On behalf of the Board



**Neil Cochrane**  
Chairman  
23 August 2018



**John Warburton**  
Chair of the Audit, Risk and Compliance Committee  
23 August 2018

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$'000	2017 \$'000
<b>INVESTMENT REVENUE</b>			
Interest and other income		8,041	18,268
Miscellaneous income		96	98
Distributions received		608,628	951,637
Realised gains on disposal of investments		106,541	69,449
Change in fair value of investments		207,634	(70,798)
<b>NET INVESTMENT REVENUE</b>		<b>930,940</b>	<b>968,654</b>
<b>EXPENSES</b>			
Trustee fee	5	(159,062)	(154,496)
Other expense	5	(1,274)	(1,409)
<b>TOTAL EXPENSES</b>		<b>(160,336)</b>	<b>(155,905)</b>
<b>OPERATING RESULTS</b>		<b>770,604</b>	<b>812,749</b>
Net benefits allocated to defined contribution member benefits		(808,426)	(865,079)
<b>OPERATING RESULTS BEFORE INCOME TAX EXPENSE</b>		<b>(37,822)</b>	<b>(52,330)</b>
Income tax benefit	8(a)	40,119	54,796
<b>OPERATING RESULT AFTER INCOME TAX</b>		<b>2,297</b>	<b>2,466</b>

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

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	NOTE	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
Cash at bank and at call	12(a)	-	7,254
Investments in unit trusts	9	17,694,847	16,941,480
Investments in unlisted notes	9	143,143	272,876
Current tax asset	8(b)	20,238	47,720
Sundry debtors		3,858	2,665
Contributions receivable		-	463,358
<b>TOTAL ASSETS</b>		<b>17,862,086</b>	<b>17,735,353</b>
<b>LESS LIABILITIES</b>			
Creditors and accruals		238	34,698
Deferred tax liabilities	8(c)	15,923	20,863
Benefits payable		-	451,373
<b>TOTAL LIABILITIES</b>		<b>16,161</b>	<b>506,934</b>
<b>NET ASSETS AVAILABLE FOR MEMBERS BENEFITS</b>		<b>17,845,925</b>	<b>17,228,419</b>
Defined contribution member liabilities	4	17,800,229	17,185,202
<b>TOTAL MEMBERS LIABILITIES</b>		<b>17,800,229</b>	<b>17,185,202</b>
<b>NET ASSETS</b>		<b>45,696</b>	<b>43,217</b>
<b>EQUITY</b>			
Operational risk reserves	10	45,696	43,217
<b>TOTAL EQUITY</b>		<b>45,696</b>	<b>43,217</b>

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

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Defined contribution member benefits		
	NOTE	2018 \$'000	2017 \$'000
<b>Opening balance</b>		<b>17,185,202</b>	16,194,485
Employer contributions		66,231	69,228
Member contributions		851,533	687,595
Transfers from other superannuation entities		1,183,061	1,278,313
Superannuation co-contributions		751	733
Income tax on contributions		(14,912)	(17,561)
<b>Net after tax contributions</b>		<b>2,086,664</b>	2,018,308
Benefits to members	11	(2,279,881)	(1,892,402)
Reserve transferred to/(from) members:			
- Operational risk reserves		(182)	(268)
Net benefits allocated, comprising:			
- Net investment income		968,762	1,020,984
- Net administration fees		(160,336)	(155,905)
<b>Closing balance</b>		<b>17,800,229</b>	17,185,202

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

### STATEMENT OF CHANGES IN EQUITY/RESERVES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTE	Operational risk reserve \$'000	Total equity \$'000
Opening balance as at 1 July 2016		40,483	40,483
Transfer (to)/from DC member account		268	268
Operating result		2,466	2,466
Closing balance as at 30 June 2017	10	43,217	43,217
<b>Opening balance as at 1 July 2017</b>		<b>43,217</b>	<b>43,217</b>
Transfer (to)/from DC member account		182	182
Operating result		2,297	2,297
<b>Closing balance as at 30 June 2018</b>	10	<b>45,696</b>	<b>45,696</b>



# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		8,041	18,268
Miscellaneous Income		3,906	(2,127)
Trustee fees paid		(190,156)	(161,216)
Reduced input tax credit received		10,461	9,800
Income tax received		59,351	52,007
APRA levy fees paid		(1,274)	(1,409)
<b>Net cash (used in) operating activities</b>	12(b)	<b>(109,671)</b>	<b>(84,677)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of investments		(2,799,524)	(3,164,686)
Receipts from sale of investments		3,084,427	3,120,813
<b>Net cash (used in) investing activities</b>		<b>284,903</b>	<b>(43,873)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Employer contributions received		73,845	33,702
Member contributions received*		6,196,524	7,400,111
Net transfers from other superannuation funds		1,183,061	1,278,313
Superannuation co-contributions		751	733
Benefits paid*		(7,636,667)	(8,580,376)
<b>Net cash generated by financing activities</b>		<b>(182,486)</b>	<b>132,483</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,254)</b>	<b>3,933</b>
Cash and cash equivalents at the beginning of the financial year		7,254	3,321
<b>Cash and cash equivalents at the end of the financial year</b>	12(a)	<b>-</b>	<b>7,254</b>

\* Members' contributions received and Benefits paid disclosed above are inclusive of transfers between investment options as these reflect the actual cash flows. Accordingly \$4,443,620 (2017: \$7,149,936) are included above.

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

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 1. THE RETIREMENT FUND

The StatePlus Retirement Fund (formerly known as State Super Retirement Fund) ('the Retirement Fund') was established 23 November 1993.

The Retirement Fund is an APRA regulated fund and continues to be treated as a complying superannuation fund for the purposes of the Income Tax Assessment Act 1997.

The Retirement Fund has two divisions - the Accumulation Division and the Pension Division. The Accumulation Division comprises the State Super Personal Retirement Plan ('PRP', commenced 30 June 2005) and the State Super Tailored Super Plan ('TSP', commenced 2 April 2013). The Pension Division comprises the State Super Allocated Pension Fund ('APF', commenced 30 June 2005), the State Super Term Allocated Pension Fund ('TAP', closed for applications 20 September 2007) and Flexible Income Plan ('FIP', commenced 2 April 2013).

Each scheme has a separate investment strategy and the assets of each scheme are managed by external specialist investment managers through a series of discrete investment trusts that State Super Financial Services Australia Limited (ABN 86 003 742 756) is the Trustee. The Retirement Fund's Product Disclosure Statement sets out details of the investment process.

Both divisions offer ten investment options – Cash, Fixed Interest, Capital Stable, Moderate, Balanced, Growth, Growth Plus, Australian Equities, International Equities and Fixed Term. On 20 January 2015 a new investment option - Fixed Term was introduced to PRP and TSP. Fixed Term was introduced to APF on 20 February 2013 and a Fixed Term option was introduced to FIP after it established on 2 April 2013.

Effective 1 April 2018, the custodian for the StatePlus Retirement Fund changed from J.P. Morgan to State Street. This is expected to result in enhanced controls and operational efficiencies but is not expected to impact profitability.

There were no other significant changes in the nature of the Fund's activities during the year.

## 2. SUMMARY OF ACCOUNTING POLICIES

### Basis of Preparation

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed.

For the purposes of preparing the financial statements the Fund is a for-profit entity.

#### Use of judgements and estimates

In the application of Accounting Standards, the Trustee is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the Trustee in the application of Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Adoption of new and revised Accounting Standards

The Funds have adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for annual reporting periods beginning on 1 July 2017.

The adoption of these new and revised Standards and Interpretations has made no financial impact on the financial statements of the Fund.

The following new and revised Standards and Interpretations have been adopted in these financial statements:

- AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'
- AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'

### Accounting Standards issued but not yet effective

At the date of authorisation of the financial statements, the following Standards and Interpretations which expected to be relevant to the Retirement Fund were issued but not yet effective.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial instruments', and the relevant amending standards <sup>1</sup>	1 January 2018	30 June 2019

<sup>1</sup> The AASB has issued the following versions of AASB 9:

- AASB 9 'Financial Instruments' (December 2009) and the relevant amending standard;
- AASB 9 'Financial Instruments' (December 2010) and the relevant amending standards;
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments
- AASB 9 'Financial instruments' (December 2014) and the relevant amending standards

These Standards and Interpretations will be first applied in the financial statements of the Fund that relates to the annual reporting period beginning after the effective date of each pronouncement. The Directors anticipate that the adoption of these standards will not have a significant financial effect on the Retirement Fund.

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018 and the comparative information presented in these financial statements for the year ended 30 June 2017.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

#### (a) Basis of Accounting

The financial statements have been prepared on an accruals basis. Balances are recorded at historical cost with the exception of investments which are valued at fair values.

#### (b) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent in which it is probable that economic benefits will flow to the Fund and the amount of revenue can be reliably measured. The following recognition criteria relates to the different items of revenue the Fund receives:

##### Investment Revenue

##### Interest Income

Interest income is earned from deposits at call and discounts on negotiable securities and is recognised on an accruals basis.

##### Distribution Income

Distribution income is recognised on an accruals basis on the date the unit value is quoted ex-distribution.

#### (c) Members' Contributions and Members' Benefits Paid

Members' contributions and member's benefits paid are exclusive of amounts transferred between investment options within a division of the Retirement Fund. They are recognised and recorded in the period in which they are processed. Inter-entity contributions and benefits have been netted-off.

Disclosure in the Statement of Cash Flows reflects the actual cash flows.

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Significant accounting policies (Continued)

#### (d) Income Tax

##### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that follow from the manner in which the Retirement Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is an intention to settle current tax assets and liabilities on a net basis. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

##### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

As all of the assets of the Retirement Fund Pension Division constitute 'segregated current pension assets' within the meaning of Section 273A of the Income Tax Assessment Act ('the Tax Act'), income earned on these assets will not be assessable to the Retirement Fund. The principles of tax effect accounting do not apply to the results of this division.

The assets of the Retirement Fund Accumulation Division are subject to income tax at the concessional maximum rate of 15% (2017: 15%) in respect of:

- (i) The investment earnings less expenses of the Retirement Plan;
- (ii) Taxable capital gains in respect of asset disposals; and
- (iii) The post-June 1983 component of unfunded contributions received, as defined under Section 274(1) of the Income Tax Assessment Act (that is contributions on which no tax has been paid). These contributions comprise the untaxed element of the post-June 1983 component of eligible termination payments and are used to purchase units in the Retirement Fund as well as to provide for contributions tax at the prescribed rate.

The principles of tax effect accounting apply to the results of the Accumulation Division.

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### Significant accounting policies (Continued)

#### (e) Cash Flows

For the purpose of the Statement of Cash Flows, cash includes deposits held at call with banks and investments in money market instruments, which are readily convertible to cash and which are subject to insignificant risk of changes in value.

#### (f) Accounting for financial assets at fair value through profit or loss

Investment transactions are recorded on a trade date basis. The investments are stated at fair value, with any unrealised gains or losses on re-measurement recognised in profit or loss. On disposal, proceeds are set against the carrying value and the resulting realised gain or loss is included in the Income Statement.

The fair values of investments are determined as follows:

Unlisted unit trusts are recorded at fund managers' valuation (ie. unit price).

For the Fixed Term options investments, these are stated at the trustee's valuation based on the advice of the fund's investment managers at reporting date.

#### (g) Payables

Accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services. Payables are measured at their nominal values.

#### (h) Goods and Services Tax

Goods and Services Tax ('GST') is usually incurred on the costs of various services provided to and paid by each Fund. The current rate of GST is 10%. In accordance with GST legislation each Fund is eligible to claim a Reduced Input Tax Credit ('RITC') at the rate 70% (2017: 62%) of the GST incurred on these services.

In the Income Statement, fees and expenses have been recognised inclusive of the GST paid less the RITC claimed from the Australian Taxation Office ('ATO'). In the Statement of Financial Position, creditors and accruals are shown inclusive of GST payable, while the amount of the RITC recoverable from the ATO is included in sundry debtors. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

#### (i) Superannuation contributions (surcharge) tax

The Trustee recognises amounts paid or payable in respect of the surcharge tax as an expense of the Fund. The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Trustee and are properly payable by the Fund. All amounts paid are allocated back against the member accounts to which the surcharge relates.

#### (j) Comparative Figures

Where necessary, comparative figures have been reclassified so as to be comparable with the figures presented in the current financial year.

#### (k) Rounding of Amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars.

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 3. KEY MANAGEMENT PERSONNEL

State Super Financial Services Australia Limited (ABN 86 003 742 756) is the Trustee of the Retirement Fund. The directors of the Trustee during all or part of the year were:

N. Cochrane (Chairman)  
S. Carter  
M. Lennon  
J. Warburton  
T. Carr  
R. Ramwell  
M. Rice

The names of other key management personnel of the Trustee during all or part of the year were:

### Executives

J.T. Andriessen – Chief Client Officer (ceased 3 November 2017)  
G. Arnott - Chief Executive Officer  
G. Ashdown - General Manager, Business Finance (appointed 5 March 2018)  
D.Coyne - General Manager, Product, Solutions & Implementation (appointed 27 November 2017)  
T. Murphy – General Manager, People, Learning & Culture  
J. Panaretos – General Manager, Business Development  
M. Sasson – General Manager, Risk & Compliance  
S. Woods – General Manager, Business Technology Services (ceased 16 March 2018)  
A. Vogt - General Manager, Financial Planning

Key management personnel costs are provided for by State Super Financial Services Australia Limited. Payments made from the Retirement Fund to State Super Financial Services Australia Limited do not include any amounts directly attributable to the compensation of key management personnel.

## 4. DEFINED CONTRIBUTION MEMBER LIABILITIES

Defined contribution members bear the investment risk relating to the underlying assets and unit prices used to measure defined contribution member liabilities. Unit prices are updated on a daily basis for movements in investment markets. The Fund's management of the investment market risks is as disclosed within note 14.

Defined contribution members' liabilities are fully vested as at 30 June 2018 and 30 June 2017.

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 5. TRUSTEE FEE

During the year, the Trustee received a Trustee fee from the Cash, Fixed Interest, Capital Stable, Moderate, Balanced, Growth, Growth Plus, Australian Equities, and International Equities, and Fixed Term Funds, of the Accumulation and Pension Divisions. The Trustee fee received did not exceed the maximum fee (exclusive of GST) the Trustee is entitled to charge under the Trust Deed. Details of the fees received by the Trustee during the year were:

	2018 \$'000	2017 \$'000
Trustee fee (excl. GST)	154,494	149,749
Add GST	15,449	14,975
Less RITC	(10,881)	(10,228)
Total Trustee fee	159,062	154,496
APRA Levies paid	1,274	1,409
Total Expense	160,336	155,905

In addition to the above stated fee received by the Trustee, a fee is paid to the external investment managers of each Fund; these fees are paid from the assets of the underlying Feeder Funds or Sector Trusts, and are reflected in the unit price.

### 6. REIMBURSEMENT OF OPERATING EXPENSES

Under the Trust Deed, certain administrative, legal, and other expenses directly related to the operations of the Retirement Fund which have been incurred and paid by the Trustee on behalf of the Retirement Fund, are subject to reimbursement from the Retirement Fund. For the year ended 30 June 2018, the Trustee was reimbursed nil (2017: \$nil) for expenses incurred by it on behalf of the Retirement Fund.

### 7. REMUNERATION OF AUDITORS

The Retirement Fund's auditor is Deloitte Touche Tohmatsu. The following fees (shown exclusive of GST) were paid by the Trustee and not from the Retirement Fund.

	2018 \$	2017 \$
<b>Auditor's Remuneration</b>		
Auditing or reviewing the Financial Statements	83,281	90,855
Auditing or reviewing of the APRA reporting and other areas of risk	96,011	93,215
Total Auditor's Remuneration	179,292	184,070

There were no other non-audit services provided during the financial year by Deloitte Touche Tohmatsu.



# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 8. INCOME TAX EXPENSE

Income tax in the Income Statement represents the tax on the benefits accrued as a result of operations before income tax, adjusted for permanent differences.

The tax effect of temporary differences, which occur where items are allowed for income tax purposes in a period different from that in which they are recognised in the accounts, is included in the provisions for deferred income tax or future income tax benefit as applicable at current taxation rates.

### (a) Income tax recognised in profit or loss

	2018 \$'000	2017 \$'000
<b>Tax expense comprises:</b>		
Current tax (benefit)/expense	(35,167)	(65,299)
Deferred tax expense/(benefit)	(4,940)	10,524
Prior years (unders)/overs	(12)	(21)
<b>Total income tax (benefit)/expense</b>	<b>(40,119)</b>	<b>(54,796)</b>
The prima facie income tax expense on the benefits accrued as a result of operations before income tax reconciles to the income tax expense in the financial statements as follows:		
	2018 \$'000	2017 \$'000
Operations before income tax	(37,822)	(52,330)
Income tax expense calculated at 15% (2016:15%)	(5,673)	(7,849)
Benefits allocated to DC members during the year	121,264	129,762
Change in fair value of investments	(36,085)	(96)
Exempt pension income	(10,375)	(81,542)
Non-deductible expenses	(3,848)	(6,954)
Non-assessable investment income	(4,033)	(9,639)
Franking credits and foreign tax credits	(40,927)	(69,002)
Tax deferred amounts	(58,629)	(3,494)
Anti-detriment adjustment	(1,801)	(5,961)
Prior years (under)/over provision	(12)	(21)
<b>Total income (benefit)/tax expense</b>	<b>(40,119)</b>	<b>(54,796)</b>

The tax rate used in the above reconciliation is the superannuation tax rate of 15% payable by Australian superannuation funds on taxable profits under Australian tax law. There has been no change in the superannuation tax rate when compared with the previous reporting period.

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 8. INCOME TAX EXPENSE (Continued)

**Income Tax Expense (continued)**

	<b>2018</b> <b>\$'000</b>	<b>2017</b> <b>\$'000</b>
<b>(b) Current tax assets and liabilities</b>		
<b>Current tax assets:</b>		
Tax refund receivable	20,238	47,720
<b>(c) Deferred tax balances</b>		
<b>Deferred tax (liability)/asset comprise:</b>		
Temporary differences	(15,923)	(20,863)
Taxable and deductible temporary differences arise from the following:		
	<b>2018</b>	
	<b>Opening balance</b>	<b>Charged to Income</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Gross deferred tax liability/(asset)</b>		
Unrealised taxable capital gains/(capital losses)	20,863	(4,940)
	<b>2017</b>	
	<b>Opening balance</b>	<b>Charged to Income</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Gross deferred tax liability/(asset)</b>		
Unrealised taxable capital gains/(capital losses)	10,339	10,524

### 9. INVESTMENTS

#### Investments in unit trusts

The proportion of investments made by each Feeder Fund in the Sector Trusts is dependent on the investment objective of the respective Fund.

The fair value of the assets held is shown below:

	2018 \$'000	2017 \$'000
Units in unlisted unit trusts	17,694,847	16,941,480
Units in unlisted notes	143,143	272,876

### 10. OPERATIONAL RISK FINANCIAL RESERVES

The Operational Risk Financial Reserve (ORFR) has been established as an APRA requirement for registrable superannuation entities to maintain adequate financial resources to address losses arising from operational risks that may affect registrable superannuation entities within its business operations. In accordance with the relevant Trust Deed and within the parameters of the Superannuation Industry (Supervision) Act 1993 and Regulations, while referencing the APRA Prudential Standards, State Super Financial Services (SSFS) is accumulating an ORFR within the Retirement Fund by way of 'deductions' from fund assets. The reserve remains within the Retirement Fund. Amounts are determined and reserved in accordance with the State Super Financial Services Australia Limited (SSFSAL) Operational Risk Financial Requirement Policy, which has been provided to APRA. The target ORFR is 0.25% of the Retirement Fund's funds under management.

The Retirement fund has an ORFR of approximately 0.25% as at 30 June 2018 (0.25%: 2017)

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 11. BENEFITS PAID AND PAYABLE

	2018 \$'000	2017 \$'000
Lump sum payment	223,334	851,057
Pension payment	1,331,542	866,015
Transfers to other funds	725,005	175,330
Total Benefit paid and payable	2,279,881	1,892,402

## 12. CASH FLOW INFORMATION

	2018 \$'000	2017 \$'000
(a) Cash and cash equivalents	-	7,254
<b>(b) Reconciliation of Net Cash Inflows provided by Operating Activities to Benefits Accrued as a Result of Operations After Income Tax</b>		
Result of operations after tax	2,297	2,466
Net change in DC member accounts	808,426	865,079
(Increase)/decrease in net market value of investments	(314,175)	1,349
Distributions from unit trusts reinvested	(608,628)	(951,637)
<b>Change in operating assets and liabilities</b>		
Other expense	1,274	1,409
Decrease/(Increase) in reduced input tax credit receivable	(420)	(428)
(Increase)/decrease in sundry debtors	(773)	102
(Increase)/decrease in contribution receivable	463,358	(384,547)
Decrease/(Increase) in tax assets and tax provisions	24,803	543
Increase/(decrease) in sundry creditors	(34,460)	(4,478)
Increase/(decrease) in benefits payable	(451,373)	385,465
<b>Net Inflows of Cash from Operating Activities</b>	<b>(109,671)</b>	<b>(84,677)</b>
<b>(c) Non-Cash Investing Activities</b>		
Distributions reinvested in unit trusts	608,628	951,637

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 13. RELATED PARTY DISCLOSURES

#### Trustee

State Super Financial Services Australia Limited (SSFSAL)(ABN 86 003 742 756) is the Trustee of the Retirement Fund. The ultimate controlling entity of SSFSAL is FSS Trustee Corporation as trustee for the First State Superannuation Scheme.

Administration of the Retirement Fund is conducted by State Super Financial Services Australia Limited.

The principal place of business and registered office of State Super Financial Services Australia Limited is:-

Level 21  
83 Clarence Street  
Sydney NSW 2000  
Tel: (02) 9333 9555

#### Key Management Personnel

The details of key management personnel are disclosed in Note 3 to the financial statements.

#### Other Related Party

The StatePlus Investment Fund and StatePlus Fixed Term Pension Plan are related parties as their Responsible Entity State Super Financial Services Australia Limited is also the Trustee of the Retirement Fund.

#### Other Related Party Transactions

The membership terms and conditions, contributions and benefit entitlements for any key management personnel who are also a member of the Retirement Fund are determined in accordance with the Trust Deed and on the same basis available to other members of the Retirement Fund.

As at 30 June 2018, the Trustee did not hold any units in the Retirement Fund (2017: \$ nil). No units were held by nominees or associates of the Trustee.

The net assets of the State Super Personal Retirement Plan (Cash, Capital Stable, Balanced and Growth funds) were transferred to the Retirement Fund under a successor fund transfer arrangement on 30 June 2005.

The Trustee of the Retirement Fund entered into a deed of indemnity whereby it will indemnify the State Super Personal Retirement Plan's Trustee and each of its directors against any State Super Personal Retirement Plan liabilities arising after the transfer date.

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 14. FINANCIAL INSTRUMENTS

#### (a) Financial Instrument Management

To give effect to the investment objectives of the Funds of the Retirement Fund, the Trustee has established similarly named Feeder Funds, into which the respective Funds predominantly invest. The Feeder Funds invest in one or more Sector Trusts, each taking on the name of the asset class in which it invests.

The Trustee for the Retirement Fund, Feeder Funds and Sector Trusts is State Super Financial Services Australia Limited.

The allocation of investments made by each Feeder Fund and Sector Trusts is dependent on the investment objectives of the funds. These are generally reviewed annually and may be reviewed on an ad hoc basis if required. The Trustee mitigates the risk that the longer term strategic asset allocation of the funds may not achieve its investment objectives by research using the Trustee's expertise and that of specialist asset consultants.

The Trustee researches possible new specialist managers to manage the investments of each Sector Trust. Prior to an appointment the Trustee conducts research and due diligence on each specialist investment manager. The Trustee conducts formal reviews of each appointed specialist investment managers performance.

Generally on an annual basis, the Trustee reviews the existing Sector Trusts including the number and type of investment managers, possible new asset classes or possible termination of asset classes. The Trustee receives advice from specialist asset consultants on the nature and type of Sector Trusts including the possible opening or closure of Sector Trusts.

The performance of each investment manager is calculated monthly, reviewed continuously throughout the financial year and compared to benchmarks such as predetermined market based investment benchmarks. Daily, the Custodian monitors and reports (on an exceptions basis) on each specialist investment manager's compliance with their investment mandate.

The investment performance of each Fund is calculated and disclosed on the Trustee's website on a monthly basis.

JPMorgan Chase N.A. acts as the master custodian on behalf of the Trustee and provides services such as physical custody and safe keeping of assets, settlement of investment trades, and collection of dividends. JPMorgan Chase N.A. also provides other services such as accounting, monitoring and reporting functions for each Fund and the Feeder Funds and Sector Trusts.

Effective 1 April 2018, the custodian for the StatePlus Investment Fund changed from JP Morgan Chase N.A to State Street Australia Limited.

#### (b) Capital Risk Management

The Operational Risk Financial Reserve (ORFR) maintains adequate financial resources to address losses arising from operational risks that may affect registrable superannuation entities within its business operations. This is maintained per Note 10.

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 14. FINANCIAL INSTRUMENTS (Continued)

### (c) Categories of Financial Instruments

The Feeder Funds and Sector Trusts are unit trusts. The Funds' investments in Feeder Funds are valued using unit prices as determined by the trustees of the fund which reflect the fair value of the underlying assets. Changes in fair value are recognised through the Income Statement.

The Retirement Fund has investments in the following categories of financial assets and liabilities:

	2018 \$'000	2017 \$'000
<b>Financial Assets</b>		
Units in unlisted unit trusts **	17,694,847	16,941,480
Unlisted Notes	143,143	272,876
Cash and cash equivalents	0	7,254
Receivables *	3,858	466,023
<b>Financial Liabilities</b>		
Payables	238	486,071

\*All receivables are current and there are no amounts past due or impaired.

\*\*The Retirement Fund participates in securities lending through the Sector Funds via the agency securities lending programme of its custodian whereby the Fund has a principal relationship with the borrower. All loans of securities are subject to collateral backing and the full program is indemnified by JPMorgan Chase N.A until 31 March 2018 and State Street from 1 April 2018.

### (d) Financial Risk Management Objectives

The Retirement Fund has an exposure to the Feeder Funds and Sector Trusts. As a result, the Retirement Fund is exposed to a variety of financial risks. These risks include credit risk, liquidity and cash flow risk and market risk (including interest rate risk, foreign currency risk and price risk). The Retirement Fund's risk management and investment policies, as approved by the Trustee, seek to minimise the potential adverse effects of these risks on the Retirement Fund's financial performance.

### (e) Credit Risk

Credit risk is the risk that the counterparty will fail to perform contractual obligations, either in whole or in part, under contract resulting in a financial loss.

Concentrations of credit risk are minimised primarily by:

- The Retirement Fund investing in units in the Feeder Funds and the Feeder Funds investing in units in the Sector Trusts.
- Ensuring that Sector Trust transactions are undertaken with a large number of counterparties.
- Where appropriate Sector Trusts undertake transactions on recognised exchanges and with a variety of counterparties.
- The appointment of investment managers with appropriate credit assessment skills, setting and monitoring limits in investment manager mandates.

The Retirement Fund does not have a concentration of credit risk to underlying counterparties. The maximum credit risk to which the Retirement Fund is exposed to is equal to the Fund's carrying value of the units in the Feeder Funds and the cash balances.

There has been no change in the strategy to manage credit risk from the prior year.

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 14. FINANCIAL INSTRUMENTS (Continued)

#### (f) Liquidity and Cash Flow Risk

Liquidity and cash flow risk is the risk that the Retirement Fund will experience difficulty either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments.

Ultimate responsibility for liquidity risk management rests with the Trustee. The Trustee has built a risk framework for the management of each Fund's liquidity management requirements. In particular, the liquidity of the Retirement Fund is managed in accordance with each Fund's investment strategy. The Funds' net cash flows are continually monitored. The liquidity risk associated with the need to satisfy unit holders' requests for redemptions are mitigated by new contributions and maintaining adequate liquidity to satisfy usual levels of demand. The Retirement Fund's overall strategy to manage liquidity risk remains unchanged from 2017.

The following tables summarises the maturity profile of the Retirement Fund's financial liabilities based on the earliest date on which the Retirement Fund can be required to pay. The tables include both interest and principal cash flows.

	Less than 3 months	Total
2018	\$'000	\$'000
Defined contribution member liabilities	17,800,229	17,800,229
<b>Other</b>		
Accounts payable	238	238
Benefits payable	-	-
<b>Total</b>	<b>17,800,467</b>	<b>17,800,467</b>

	Less than 3 months	Total
2017	\$'000	\$'000
Defined contribution member liabilities	17,185,202	17,185,202
<b>Other</b>		
Accounts payable	34,698	34,698
Benefits payable	451,373	451,373
<b>Total</b>	<b>17,671,273</b>	<b>17,671,273</b>

#### (g) Market Risk

Market risk arises from factors such as economic, technological, political or legal conditions which can adversely affect investment markets. In turn, this can cause market prices to fluctuate and affect the value of investment portfolios.

Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The policies and procedures put in place to mitigate the Retirement Fund's exposure to market risk are detailed in the Trustee's investment policies and Risk Management Strategy and Plan. There has been no change in the Retirement Fund's exposure to market risk or the manner in which it manages or measures risk.

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 14. FINANCIAL INSTRUMENTS (Continued)

#### (g) Market Risk (Continued)

The Funds, predominantly invest into similarly named Feeder Funds. The Feeder Funds in turn, invest in one or more Sector Trusts, each taking on the name of the asset class in which it invests.

Concentrations of market risk are minimised primarily by:

- Research of strategic asset allocation of each Fund.
- Use of, and advice from, specialist asset consultants.
- Research, hiring and monitoring of professional specialist investment managers.
- Sector Trusts using a diversified mix of specialist investment managers who the Trustee believes are the most appropriate for each asset class.
- Where appropriate, Sector Trusts undertaking transactions on recognised exchanges and with a variety of counterparties.

This risk is managed by ensuring that all activities are transacted in accordance with investment mandates, overall investment strategy and within approved limits.

#### (h) Foreign Exchange Risk

Foreign currency contracts are used primarily to manage the foreign exchange risk implicit in the value of Sector Trust portfolio securities denominated in foreign currency, and to secure a particular exchange rate for a planned purchase or sale of securities. The terms and conditions of these contracts rarely exceed twelve months.

The Retirement Fund through its investment in units in Feeder Funds has a risk associated with movements in the value of financial assets and or liabilities denominated in foreign currencies.

Foreign currency risk is mitigated by hiring specialist foreign currency managers ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

Movements in foreign currencies are reflected in the value of units invested in Feeder Funds and in the value of units invested by Feeder Funds in Sector Trusts.

#### (i) Interest Rate Risk

Interest rate risk is the risk the value of financial assets will fluctuate due to changes in market interest rates.

Interest rate risk is managed through the allocation of investment made by each Feeder Fund in Sector Trusts that have an exposure to market interest rates.

The Retirement Fund through its investment in units in Feeder Funds and direct holdings in cash has a risk associated with movements in interest rates. Movements in market interest rates are reflected in the value of units of the Funds, value of units invested in Feeder Funds and in the value of units invested by Feeder Funds in Sector Trusts.

Interest rate risk is mitigated by hiring professional, specialist investment managers ensuring all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.



## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 14. FINANCIAL INSTRUMENTS (Continued)

#### (j) Other Market Price Risk

Market price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or other factors affecting instruments traded in the market.

The Retirement Fund through its investments in units in Feeder Funds has a risk associated with movements in market prices. Movements in market prices are reflected in the value of units invested in Feeder Funds and in the value of units invested by Feeder Funds in Sector Trusts.

		Less than 3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total \$'000
<b>2018</b>						
<b>Non Interest Bearing</b>						
Cash at bank		-	-	-	-	-
Units in unlisted unit trusts		17,694,847	-	-	-	17,694,847
Units in unlisted notes		143,143	-	-	-	143,143
Sundry debtors		3,858	-	-	-	3,858
<b>Total</b>		<b>17,841,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,841,848</b>

	Weighted Average Interest	Less than 3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total \$'000
<b>2017</b>						
<b>Non Interest Bearing</b>						
Cash at bank		7,254	-	-	-	7,254
Units in unlisted unit trusts		16,941,480	-	-	-	16,941,480
Units in unlisted notes		272,876	-	-	-	272,876
Sundry debtors		466,023	-	-	-	466,023
<b>Total</b>		<b>17,687,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,687,633</b>

Other market price risk is mitigated by hiring professional, specialist investment managers ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

#### (k) Fair Value Measurements Recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 14. FINANCIAL INSTRUMENTS (Continued)

#### (k) Fair Value Measurements Recognised in the Statement of Financial Position (Continued)

Financial Assets at Fair Value Through Profit and Loss	2018	2018	2017	2017
	Level 2 \$'000	Total \$'000	Level 2 \$'000	Total \$'000
Units in unlisted unit trusts	17,694,847	17,694,847	16,941,480	16,941,480
Units in unlisted notes	143,143	143,143	272,876	272,876
<b>Total Financial Assets at Fair Value Through Profit and Loss</b>	<b>17,837,990</b>	<b>17,837,990</b>	<b>17,214,356</b>	<b>17,214,356</b>

There were no transfers between any of the three levels in the period.

The Fund's investment in the Feeder Funds which are unlisted unit trusts is valued using unit prices which approximate the fair value of the underlying assets.

The Fund's investments in unlisted notes are stated at the trustee's valuation based on the advice of the fund's investment managers at reporting date.

#### (l) Sensitivity Analysis

The following table summarises the sensitivity of the Retirement Fund's Income Statement and Statement of Financial Position attributable to members to foreign exchange risk, interest rate risk and other market price risk through its investment in the Feeder Funds and Sector Trusts.

The sensitivity analyses below have been determined based on the exposure to change in the value of units at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

The Trustee has sought and received advice from specialist asset consultants on possible changes in unit prices due to possible changes in market risk.

For accounting purposes the changes in the investment return of the funds used to prepare the sensitivity analyses set out below equate to a measure of the long term assumption for the expected standard deviation of an asset class or financial variable. Management believes that using standard deviation as a risk measure is appropriate for measuring each category of market risk that the individual funds are exposed to. Based on the advice from specialist asset consultants, management is satisfied with the use of a single overall risk variable for the sensitivity analysis as set out below. The long term assumptions used in the calculation of standard deviation are intended to be forward looking, and have been set using a combination of actual historical returns, economic theory and current market conditions. This methodology is consistent with the approach adopted and used in the sensitivity analyses for 2017.

However, actual movements in the unit prices may be greater than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of economies, market and securities in which the sector trusts invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

The members' investment risks are the function of the investment options that they invest in. The sensitivity analysis has been disaggregated based on investment option.

# STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 14. FINANCIAL INSTRUMENTS (Continued)

### (I) Sensitivity Analysis (Continued)

2018	Cash Fund	Cap Stable Fund	Balanced Fund	Growth Fund	Australian Equities Fund	International Equities Fund	Fixed Interest Fund	Moderate Fund	Growth Plus Fund	Fixed Term Fund
Net Assets attributable to unit holders	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	600,638	4,130,844	5,715,690	2,536,972	175,928	217,007	75,155	4,205,548	44,805	143,537
Change in variable rate	1.10%	2.80%	7.50%	11.20%	17.80%	14.10%	3.10%	4.90%	13.50%	1.30%
+ % Effect	6,807	115,664	428,677	284,141	31,315	30,598	2,330	206,072	6,022	1,866
- % Effect	(6,807)	(115,664)	(428,677)	(284,141)	(31,315)	(30,598)	(2,330)	(206,072)	(6,022)	(1,866)
2017	Cash Fund	Cap Stable Fund	Balanced Fund	Growth Fund	Australian Equities Fund	International Equities Fund	Fixed Interest Fund	Moderate Fund	Growth Plus Fund	Fixed Term Fund
Net Assets attributable to unit holders	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	672,796	4,044,717	5,314,443	2,332,883	161,280	184,681	131,096	4,069,892	43,269	273,361
Change in variable rate	1.10%	2.80%	7.50%	11.20%	17.80%	14.10%	3.10%	4.90%	13.50%	1.30%
+ % Effect	7,401	113,252	398,583	261,283	28,708	26,040	4,064	199,425	5,841	3,554
- % Effect	(7,401)	(113,252)	(398,583)	(261,283)	(28,708)	(26,040)	(4,064)	(199,425)	(5,841)	(3,554)

## STATEPLUS RETIREMENT FUND — FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 15. SUPERANNUATION SURCHARGE

Under the Superannuation Contributions Tax (Assessment and Collection) Act 1997, the holder of surchargeable contributions for the financial year is liable to pay the superannuation contributions surcharge. The surcharge is levied on surchargeable contributions depending on the individual member's adjusted taxable income. The Fund has recognised the surcharge as a liability when the assessment (including advance instalment) is received from the Australian Taxation Office. No assessed surcharge remains unpaid at year end. The surcharge is no longer levied on surchargeable contributions made after 1 July 2005; however assessments relating to the period prior to this date continue to be received. No additional superannuation contributions surcharge liability has been recognised at year end as the Trustee considers that it cannot be reliably measured. There is insufficient information to provide a reliable indication of the future surcharge expense at year end due to lack of various inputs such as past assessment history, member taxable income and the turnover of members, which vary from year to year.

### 16. CONTINGENT LIABILITIES AND ASSETS

The Retirement Fund did not have any contingent assets or contingent liabilities as at 30 June 2018 (2017: \$ nil).

### 17. SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Retirement Fund, the results of those operations, or the state of affairs of the Retirement Fund in future financial years.

## StatePlus Retirement Fund (ABN 86 664 654 341)

### Report by the RSE Auditor to the trustees and members

#### Opinion

We have audited the financial statements of StatePlus Retirement Fund for the year ended 30 June 2018 comprising the Income Statement, Statement of Financial Position, Statement of Changes in Members benefits, Statement of Changes in Equity/Reserves, Statement of Cash Flows and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material aspects, in accordance with Australian Accounting Standards the financial position of StatePlus Retirement Fund as at 30 June 2018 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2018.

#### Basis for opinion

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

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting 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 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 cease operations, or has no realistic alternative but to do so.

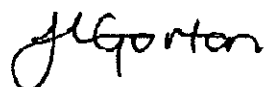
## Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, we exercised professional judgement and maintained professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 we identified during our audit.

Deloitte Touche Tohmatsu  
DELOITTE TOUCHE TOHMATSU



Joanne Gorton  
Partner  
Chartered Accountant  
Sydney, 23 August 2018

# STATEPLUS RETIREMENT FUND — ABRIDGED ACCOUNTS

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>ASSETS</b>		
Cash at bank and at call	-	3,321
Investments in unit trusts	17,694,847	15,773,316
Investments in unlisted notes	143,143	445,909
Current tax asset	20,238	37,739
Sundry debtors	3,858	2,339
Contributions receivable	-	78,811
<b>TOTAL ASSETS</b>	<b>17,862,086</b>	<b>16,341,435</b>
<b>LESS LIABILITIES</b>		
Creditors and accruals	238	30,220
Deferred tax liabilities	15,923	10,339
Sundry debtors	-	65,908
<b>TOTAL LIABILITIES</b>	<b>16,161</b>	<b>106,467</b>
<b>NET ASSETS AVAILABLE FOR MEMBERS BENEFITS</b>	<b>17,845,925</b>	<b>16,234,968</b>
Defined contribution member liabilities	17,800,229	16,194,485
<b>TOTAL MEMBERS LIABILITIES</b>	<b>45,696</b>	<b>40,483</b>
<b>EQUITY</b>		
Operational Risk Financial Reserves	45,696	40,483
<b>TOTAL LIABILITIES FOR MEMBERS' BENEFITS</b>	<b>45,696</b>	<b>40,483</b>

\*This statement is solely for the use in the Abridged Financial Statements.

# STATEPLUS RETIREMENT FUND — ABRIDGED ACCOUNTS

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>INVESTMENT REVENUE</b>		
Interest and other Income	8,041	18,268
Miscellaneous income	96	98
Distribution received	608,628	951,637
Realised gains/(losses) on disposal of investments	106,541	69,449
Change in net market value of investments	207,634	(70,798)
<b>NET INVESTMENT REVENUE</b>	<b>930,940</b>	<b>968,654</b>
<b>EXPENSES</b>		
Trustee fee	(159,062)	(154,496)
Other expense	(1,274)	(1,409)
<b>TOTAL EXPENSES</b>	<b>(160,336)</b>	<b>(155,905)</b>
<b>OPERATING RESULTS</b>	<b>770,604</b>	<b>812,749</b>
Net benefits allocated to defined contribution member benefits	(808,426)	(865,079)
<b>OPERATING RESULTS BEFORE INCOME TAX EXPENSE</b>	<b>(37,822)</b>	<b>(52,330)</b>
Income tax (expense)/benefit	40,119	54,796
<b>OPERATING RESULT AFTER INCOME TAX</b>	<b>2,297</b>	<b>2,466</b>

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## STATEPLUS RETIREMENT FUND — ABRIDGED ACCOUNTS

### STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Defined contribution member	
	2018 \$'000	2017 \$'000
<b>Opening balance</b>	<b>17,185,202</b>	<b>16,194,485</b>
Employer contributions	66,231	69,228
Member contributions	851,533	687,595
Transfers from other superannuation entities	1,183,061	1,278,313
Superannuation co-contributions	751	733
Income tax on contributions	(14,912)	(17,561)
	-	-
<b>Net after tax contributions</b>	<b>2,086,664</b>	<b>2,018,308</b>
	-	-
Benefits to members	(2,279,881)	(1,892,402)
	-	-
Reserve transferred to/(from) members:	-	-
- Operational risk reserves	(182)	(268)
	-	-
Net benefits allocated, comprising:	-	-
- Net investment income	968,762	1,020,984
- Net administration fees	(160,336)	(155,905)
	-	-
<b>Closing balance</b>	<b>17,800,229</b>	<b>17,185,202</b>

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