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 2016

The Retirement Fund Information

Trustee
State Super Financial Services Australia Limited
ABN 86 003 742 756
Phone (02) 9333 9555

Directors of the Trustee
Legacy Board
P. K. Gupta (Chairman – ceased 31 May 2016)
M. Monaghan (Managing Director - ceased 6 June 2016)
A. Claassens (ceased 14 November 2015)
T. O'Grady (ceased 14 November 2015)
R. Grellman (appointed 21 December 2015; ceased 31 May 2016)
K. Hughes (Company Secretary – ceased 6 June 2016)
N. Milne (appointed 3 March 2016; ceased 31 May 2016)
F. J. Pak-Poy (ceased 31 May 2016)
P. F. Scully (ceased 31 May 2016)
G. Venardos (ceased 25 February 2016)
M. Walsh (ceased 31 May 2016)
C. Yazbeck (Company Secretary – ceased 19 February 2016)
P. Milne (Company Secretary - appointed 25 February 2016; ceased 6 June 2016)

Interim Board
N. Johnson (Chairman – appointed 31 May 2016; ceased 6 June 2016)
M. Monaghan (Managing Director - ceased 6 June 2016)
J. Livanas (appointed 31 May 2016; ceased 6 June 2016)
P. Milne (Company Secretary – appointed 25 February 2016; ceased 6 June 2016)
R. Hedley (appointed 31 May 2016; ceased 6 June 2016)

Current Board
N. Cochrane (Chairman – appointed 6 June 2016)
G. Arnott (Interim CEO - appointed 6 June 2016)
S. Carter (appointed 6 June 2016)
M. Lennon (appointed 6 June 2016)
I. Pendleton (Company Secretary - appointed 6 June 2016)
J. Warburton (appointed 6 June 2016)

Chief Financial Officer and Chief Operating Officer
T. Elliott

Registered Office
Level 21
83 Clarence Street
Sydney, NSW, 2000
Phone (02) 9333 9555

Bankers
Westpac Banking Corporation

Custodian
JP Morgan Chase Bank

Auditor
Deloitte Touche Tohmatsu

Internet Address
www.stateplus.com.au

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TRUSTEE'S STATEMENT

The financial statements of the StatePlus Retirement Fund (the 'Retirement Fund') for the year ended 30 June 2016 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 declares 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 2016, the operating statement for the year ended 30 June 2016 and the Retirement Fund's 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
19 September 2016

Graeme Arnott
Interim CEO
19 September 2016

OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	NOTES	2016 $'000	2015 $'000
INVESTMENT REVENUE			
Interest and other Income		**12,965**	12,700
Miscellaneous income		**102**	243
Distribution received		**676,965**	730,058
Realised gains/(losses) on disposal of investments		**13,963**	47,679
Change in net market value of investments		**(29,243)**	304,103
NET INVESTMENT REVENUE		**674,752**	1,094,783
CONTRIBUTION REVENUE			
Members' contributions		**1,830,594**	2,173,571
TOTAL CONTRIBUTION REVENUE		**1,830,594**	2,173,571
TOTAL REVENUE		**2,505,346**	3,268,354
EXPENSES			
Trustee fee	4	**(154,001)**	(150,417)
Other expense	4	**(1,567)**	(1,902)
TOTAL EXPENSES		**(155,568)**	(152,319)
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX		**2,349,778**	3,116,035
Income tax (expense)/benefit	7(a)	**35,678**	(5,331)
BENEFITS ACCRUED AS A RESULT OF OPERATIONS AFTER INCOME TAX	9	**2,385,456**	3,110,704

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	NOTE	2016 $'000	2015 $'000
INVESTMENTS			
Investments in unit trusts	8(a)	**15,773,316**	14,619,186
Investments in unlisted notes	8(b)	**445,909**	236,368
TOTAL INVESTMENTS		**16,219,225**	14,855,554
OTHER ASSETS			
Cash at bank and at call	11(a)	**3,321**	13,005
Distribution receivable		**-**	417,611
Interest receivable		**-**	39
Current tax asset	7(b)	**37,739**	21,325
Sundry debtors		**81,150**	92,817
TOTAL OTHER ASSETS		**122,210**	544,797
TOTAL ASSETS		**16,341,435**	15,400,351
LESS LIABILITIES			
Creditors and accruals		**96,128**	94,696
Deferred tax liabilities	7(c)	**10,339**	8,094
TOTAL LIABILITIES		**106,467**	102,790
NET ASSETS AVAILABLE TO PAY BENEFITS		**16,234,968**	15,297,561
LIABILITY FOR ACCRUED BENEFITS			
Allocated to members' accounts	9	**16,194,485**	15,258,772
Operational Risk Financial Reserves	10	**40,483**	38,789
TOTAL LIABILITIES FOR MEMBERS' BENEFITS		**16,234,968**	15,297,561

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	NOTE	2016 $'000		2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Members' contributions received *		**7,284,281**		8,661,672
Interest received		**13,005**		12,736
Miscellaneous Income		**(143)**		2,718
Members' benefits paid *		**(6,918,038)**		(7,793,763)
Trustee fees paid		**(161,910)**		(156,417)
Reduced input tax credit received		**9,011**		8,456
Income tax paid		**36,752**		38,821
Other expenses paid		**-**		(3,863)
APRA levy fees paid		**(1,567)**		(1,586)
Net cash generated by operating activities	11(b)	**261,391**		768,774
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of investments		**(2,829,776)**		(3,056,397)
Receipts from sale of investments		**2,558,701**		2,208,420
Net cash (used in) investing activities		**(271,075)**		(847,977)
Net decrease in cash and cash equivalents		**(9,684)**		(79,203)
Cash and cash equivalents at the beginning of the financial year		**13,005**		92,208
Cash and cash equivalents at the end of the financial year	11(a)	**3,321**		13,005

* Members' contributions received and Members' benefits paid disclosed above are inclusive of transfers between investment options as these reflect the actual cash flows. Accordingly $5,460,164 (2015: $6,490,786) are included above.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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.

The Retirement Fund’s name was changed from State Super Retirement Fund to StatePlus Retirement Fund on 31 March 2016.

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

2. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, AAS 25 “Financial Reporting by Superannuation Plans” ('AAS 25') as amended by 2005-13 (December 2005), 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.

Basis of Preparation

The financial statements have been prepared on the basis required by AAS 25, which provides specific measurement requirements for assets, liabilities and for accrued benefits. To the extent that they do not conflict with AAS 25, other Accounting Standards have been applied in the preparation of the financial statements.

The financial statements were authorised for issue by the Directors of the Trustee on 19 September 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

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. These are disclosed in Note 13.

Adoption of new and revised Accounting Standards

In the current year, the Retirement Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2015.

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

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The adoption of these new and revised Standards and Interpretations has made no financial impact on the financial statements of the Retirement Fund but may affect the accounting for future transactions or arrangements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

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[1]	1 January 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiatives: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 1056 Superannuation Entities	1 July 2016	30 June 2017

[1] 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

All the standards have an effective date of annual reporting periods beginning on or after 1 January 2018. Either AASB 9 (December 2009) or AASB 9 (December 2010) can be early adopted if the initial application date is before 1 February 2015. After this date only AASB 9 (December 2014) can be early adopted

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 except for AASB 1056.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Accounting Standards issued but not yet effective

It is anticipated that the adoption of AASB 1056 will result in:

- New format for the presentation of the Financial Statements, including a statement of financial position; an income statement; a statement of changes in equity/reserves; statement of Cash flows and statement of member benefits
- Comparatives change for the new format
- Member balances presented as a liability of the Retirement Fund, where contributions and benefits paid are movements in member balances and not an income or expense item.
- Assets and liabilities measured at Fair value. (There is a change to the policy but has no material impact)
- Additional disclosure requirement:
    - deeming defined contribution member liabilities to be within the scope of AASB 7 'Financial Instruments: Disclosures' in respect of credit risk, market risk and liquidity risk

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 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

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 net market 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 Operating 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% (2015: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 charges 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 Statements of Comprehensive Income.

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 62% (2015: 62%) of the GST incurred on these services.

In the Operating 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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:

Legacy Board
P. K. Gupta (Chairman – ceased 31 May 2016)
M. Monaghan (Managing Director - ceased 6 June 2016)
A. Claassens (ceased 14 November 2015)
T. O'Grady (ceased 14 November 2015)
R. Grellman (appointed 21 December 2015; ceased 31 May 2016)
K. Hughes (Company Secretary – ceased 6 June 2016)
N. Milne (appointed 3 March 2016; ceased 31 May 2016)
F. J. Pak-Poy (ceased 31 May 2016)
P. F. Scully (ceased 31 May 2016)
G. Venardos (ceased 25 February 2016)
M. Walsh (ceased 31 May 2016)
C. Yazbeck (Company Secretary – ceased 19 February 2016)
P. Milne (Company Secretary - appointed 25 February 2016; ceased 6 June 2016)

Interim Board
N. Johnson (Chairman – appointed 31 May 2016; ceased 6 June 2016)
M. Monaghan (Managing Director - ceased 6 June 2016)
J. Livanas (appointed 31 May 2016; ceased 6 June 2016)
P. Milne (Company Secretary – appointed 25 February 2016; ceased 6 June 2016)
R. Hedley (appointed 31 May 2016; ceased 6 June 2016)

Current Board
N. Cochrane (Chairman – appointed 6 June 2016)
G. Arnott (Interim CEO - appointed 6 June 2016)
S. Carter (appointed 6 June 2016)
M. Lennon (appointed 6 June 2016)
I. Pendleton (Company Secretary - appointed 6 June 2016)
J. Warburton (appointed 6 June 2016)

Executive Director
G. Arnott (Interim CEO - appointed 6 June 2016)
M. Monaghan (Managing Director – ceased 6 June 2016)

The names of other key management personnel of the Trustee during all or part of the year were:
Key Executives
J. T. Andriessen (General Manager, Marketing, Product & Advice)
S. Bradley (General Manager, Financial Planning - ceased 17 March 2016)
T. Elliott (Chief Financial Officer & Chief Operating Officer)
D. Graham (Chief Investment Officer)
K. S. Hughes (General Manager, Risk & Compliance)
T. A. Murphy (General Manager, Human Resources)
J. Panaretos (General Manager, Business Development)
S. Woods (General Manager, Transformation)

Other Key Management Personnel
P. Milne (Head of Legal & Company Secretarial - appointed 25 February 2016; ceased 6 June 2016)
I. Pendleton (Company Secretary - appointed 6 June 2016)
C. Yazbeck (Head of Legal & Company Secretarial - ceased 19 February 2016)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

4. 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:

	2016 $'000	2015 $'000
Trustee fee (excl. GST)	**148,379**	144,926
Add GST	**14,837**	14,492
Less RITC	**(9,216)**	(9,001)
APRA Levies paid	**1,567**	1,586
Miscellaneous Expense Paid	**0**	316
Total expense	**155,568**	152,319
Total fees received by the Trustee (excl. GST)	**148,379**	144,926

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.

5. 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 2016, the Trustee was reimbursed nil (2015: $ nil) for expenses incurred by it on behalf of the Retirement Fund.

6. 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.

	2016 $	2015 $
Auditor's Remuneration		
Auditing or reviewing the Financial Statements	**93,700**	72,600
Auditing or reviewing of the APRA reporting and other areas of risk	**98,385**	93,700
Total Auditor's Remuneration	**192,085**	166,300

There were no other non-audit services provided during the financial year by Deloitte Touche Tohmatsu. (2015: the Audit Office of NSW or Deloitte Touche Tohmatsu)

In accordance with the Public Finance and Audit Act 1983 the Audit Office of New South Wales was the auditor until the change in the ownership of the trustee. Deloitte Touche Tohmatsu has been appointed as agent for the Audit Office of New South Wales as auditors of the Retirement Fund. Following the resignation of the Audit Office of New South Wales on 6 June 2016, Deloitte was appointed as auditor.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

7. INCOME TAX EXPENSE

Income tax in the Operating 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

	2016 $'000	2015 $'000
Tax expense comprises:		
Current tax expense/(benefit)	**(37,739)**	(21,325)
Deferred tax expense/(benefit)	**2,245**	7,013
Prior years (unders)/overs	**(184)**	19,643
Total income tax expense/(benefit)	**(35,678)**	5,331

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:

	2016 $'000	2015 $'000
Benefits accrued as a result of operations before income tax	**2,349,778**	3,116,035
Income tax expense calculated at 15% (2015:15%)	**352,467**	467,405
Change in net market value of investments	**6,800**	(38,603)
Non-taxable contributions	**(256,882)**	(307,737)
Exempt pension income	**(80,329)**	(75,819)
Non-deductible expenses	**13,245**	14,066
Non-assessable investment income	**(8,945)**	(26,327)
Franking credits and foreign tax credits	**(55,216)**	(41,137)
Tax deferred amounts	**(3,260)**	(3,001)
Anti-detriment adjustment	**(3,374)**	(3,159)
Prior years (under)/over provision	**(184)**	19,643
Total income tax expense / (benefit)	**(35,678)**	5,331

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

7. INCOME TAX EXPENSE (Continued)

	2016 $'000	2015 $'000
(b) Current tax assets and liabilities		
Current tax assets:		
Tax refund receivable	**37,739**	21,325
(c) Deferred tax balances		
Deferred tax asset/(liability) comprise:		
Temporary differences	**(10,339)**	(8,094)

Taxable and deductible temporary differences arise from the following:

	2016		
	Opening balance $'000	**Charged to Income $'000**	**Closing Balance $'000**
Gross deferred tax (asset) / liability			
Unrealised taxable capital gains / (capital losses)	**8,094**	**2,245**	**10,339**

	2015		
	Opening balance $'000	Charged to Income $'000	Closing Balance $'000
Gross deferred tax (asset) / liability			
Unrealised taxable capital gains / (capital losses)	1,081	7,013	8,094

8. INVESTMENTS

(a) 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.

As at 30 June 2016 the net market value of the assets held in the Feeder Funds is shown below:

	2016 $'000	2015 $'000
Units in unlisted unit trusts	**15,773,316**	14,619,186

(b) Investments in unlisted notes

As at 30 June 2016 the net market value of the assets held in the fixed term notes is shown below:

	2016 $'000	2015 $'000
Units in unlisted notes	**445,909**	236,368

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

9. LIABILITY FOR ACCRUED AND VESTED MEMBERS' BENEFITS

Vested benefits are allocated to the members' account in full. Vested benefits are benefits which are not conditional upon the continued membership in the Retirement Fund (or any other factor other than resignation from the Retirement Fund) and include benefits which members were entitled to receive had they terminated their membership in the Retirement Fund as at the end of the year.

Movements in the value of members' benefits during the year were as follows:

	2016 $'000	2015 $'000
Opening Balance	**15,258,772**	13,440,708
Contributions accrued as a result of operations	**2,385,456**	3,110,704
Benefits to members during the year	**(1,449,743)**	(1,292,640)
Closing Balance	**16,194,485**	15,258,772
Represented By:		
Issued units	**9,640,610**	9,272,474
Retained earnings allocated to members' accounts	**6,553,875**	5,986,298
	16,194,485	15,258,772

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

10. OPERATIONAL RISK FINANCIAL RESERVES

Operational Risk Financial Reserves

	2016 $'000	2015 $'000
Balance at the beginning of the financial year	**38,789**	33,032
Transfer from members' reserves	**165**	3,186
Unrealised Gains/(Losses) on ORFR	**1,529**	2,571
Balance at end of the financial year	**40,483**	38,789

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, 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 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 2016 (0.25%: 2015)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

11. CASH FLOW INFORMATION

	2016 $'000	2015 $'000
(a) Cash and cash equivalents	**3,321**	13,005
(b) Reconciliation of Net Cash Inflows provided by Operating Activities to Benefits Accrued as a Result of Operations After Income Tax		
Net benefits accrued as a result of operations after tax	**2,385,456**	3,110,704
Contribution received from inter-entity funds *	**5,472,694**	6,509,085
(Increase)/decrease in net market value of investments	**15,280**	(351,782)
Members' benefits paid at gross *	**(6,920,495)**	(7,795,967)
Distributions from unit trusts reinvested	**(1,094,576)**	(551,649)
Change in operating assets and liabilities		
Decrease in interest receivable	**39**	17
Decrease/(Increase) in reduced input tax credit receivable	**(205)**	(545)
(Increase) in sundry debtors	**11,872**	16,219
Decrease/(Increase) in tax assets and tax provisions	**(14,169)**	28,738
(Increase)/decrease in distributions receivable	**417,611**	(178,409)
(Decrease)/Increase in sundry creditors	**(11,866)**	(17,637)
Net Inflows of Cash from Operating Activities	**261,641**	768,774
(c) Non-Cash Investing Activities		
Distributions reinvested in unit trusts	**1,094,576**	551,649

* Members' contributions received and Members' benefits paid disclosed above are inclusive of transfers between investment options as these reflect the actual cash flows. Accordingly $5,460,164 (2015: $6,490,786) are included above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

12. RELATED PARTY DISCLOSURES

Trustee

State Super Financial Services Australia Limited (SSFSAL)(ABN 86 003 742 756) is the Trustee of the Retirement Fund. During the period the ultimate controlling entity, SAS Trustee Corporation (STC) undertook a sale process for SSFSAL which has since reached a conclusion with FSSSP Financial Services Pty Limited acquiring 100% of the shares in SSFSAL. Since 6 June 2016, 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 2016, the Trustee did not hold any units in the Retirement Fund (2015: $ nil). No units were held by nominees or associates of the Trustee other than as indicated below:

Units held/controlled by key management personnel of the Trustee as members of the Retirement Fund under normal terms and conditions:

	2016 Units	2015 Units
Accumulation Division		
Growth Fund	**28,504**	28,504

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. 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 net market value of the underlying assets. Net market value approximates fair value of the units. Changes in net market value are recognised through the Operating Statement.

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

	2016 $'000	2015 $'000
Financial Assets		
Units in unlisted unit trusts	**15,773,316**	14,619,186
Unlisted Notes	**445,909**	236,368
Cash and cash equivalents	**3,321**	13,005
Receivables **	**81,150**	510,467
Financial Liabilities		
Payables	**96,128**	94,696

** 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 JPMorgan Chase N.A. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. 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 2015.

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**
2016	**$'000**		**$'000**
Allocated to member's accounts	**16,194,485**		**16,194,485**
Operational Risk Reserve	**40,483**		**40,483**
Other			
Accounts payable	**96,128**		**96,128**
Total	**16,331,096**		**16,331,096**

	Less than 3 months		Total
2015	$'000		$'000
Allocated to member's accounts	15,258,772		15,258,772
Operational Risk Reserve	38,789		38,789
Other			
Accounts payable	94,696		94,696
Total	15,392,257		15,392,257

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. FINANCIAL INSTRUMENTS (Continued)

(i) Interest Rate Risk (Continued)

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.

(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.

2016	**Weighted Average Interest**		**Less than 3 months $'000**	**3 months to 1 year $'000**	**1-5 years $'000**	**5+ years $'000**	**Total $'000**
Variable Interest Rate Instruments	**%**						
Cash at bank	0.36		**3,321**	**-**	**-**	**-**	**3,321**
Non Interest Bearing							
Units in unlisted unit trusts			**15,773,316**	**-**	**-**	**-**	**15,773,316**
Units in unlisted notes			**445,909**	**-**	**-**	**-**	**445,909**
Distribution receivable			**-**	**-**	**-**	**-**	**-**
Other receivable			**81,150**	**-**	**-**	**-**	**81,150**
Total			**16,303,696**	**-**	**-**	**-**	**16,303,696**

2015	Weighted Average Interest		Less than 3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Total $'000
Variable Interest Rate Instruments	%						
Cash at bank	1.70		13,005	-	-	-	13,005
Non Interest Bearing							
Units in unlisted unit trusts			14,619,186	-	-	-	14,619,186
Units in unlisted notes			236,368	-	-	-	236,368
Distribution receivable			417,611	-	-	-	417,611
Other receivable			92,856	-	-	-	92,856
Total			15,379,026	-	-	-	15,379,026

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. FINANCIAL INSTRUMENTS (Continued)

(j) Other Market Price Risk (Continued)

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).

Financial Assets at Fair Value Through Profit and Loss	**2016**	**2016**	2015	2015
	Level 2 $'000	**Total $'000**	Level 2 $'000	Total $'000
Units in unlisted unit trusts	**15,773,316**	**15,773,316**	14,619,186	14,619,186
Units in unlisted notes	**445,909**	**445,909**	236,368	236,368
Total Financial Assets at Fair Value Through Profit and Loss	**16,219,225**	**16,219,225**	14,855,554	14,855,554

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 net market 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. FINANCIAL INSTRUMENTS (Continued)

(I) Sensitivity Analysis

The following table summarises the sensitivity of the Retirement Fund's Operating 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 2015.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. FINANCIAL INSTRUMENTS (Continued)

(I) Sensitivity Analysis (Continued)

2016	**Cash Fund** $'000	**Cap Stable Fund** $'000	**Balanced Fund** $'000	**Growth Fund** $'000	**Australian Equities Fund** $'000	**International Equities Fund** $'000	**Fixed Interest Fund** $'000	**Moderate Fund** $'000	**Growth Plus Fund** $'000	**Fixed Term Fund** $'000
Net Assets attributable to unit holders	**715,941**	**3,841,959**	**4,868,961**	**2,216,487**	**138,327**	**172,456**	**167,450**	**3,618,889**	**48,251**	**446,247**
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	**7,875**	**107,575**	**365,172**	**248,247**	**24,622**	**24,316**	**5,191**	**177,326**	**6,514**	**5,801**
- % Effect	**(7,875)**	**(107,575)**	**(365,172)**	**(248,247)**	**(24,622)**	**(24,316)**	**(5,191)**	**(177,326)**	**(6,514)**	**(5,801)**

2015	Cash Fund $'000	Cap Stable Fund $'000	Balanced Fund $'000	Growth Fund $'000	Australian Equities Fund $'000	International Equities Fund $'000	Fixed Interest Fund $'000	Moderate Fund $'000	Growth Plus Fund $'000	Fixed Term Fund $'000
Net Assets attributable to unit holders	799,304	3,785,700	4,557,188	2,198,183	160,301	175,634	206,946	3,124,796	52,821	236,690
Change in variable rate	1.30%	3.00%	7.70%	11.50%	17.80%	14.60%	3.70%	5.00%	13.70%	1.30%
+ % Effect	10,391	113,571	350,903	252,791	28,534	25,643	7,657	156,240	7,236	3,077
- % Effect	(10,391)	(113,571)	(350,903)	(252,791)	(28,534)	(25,643)	(7,657)	(156,240)	(7,236)	(3,077)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

14. 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.

15. CONTINGENT LIABILITIES AND ASSETS

The Retirement Fund did not have any contingent assets or contingent liabilities as at 30 June 2016 (2015: $ nil).

16. 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.

INDEPENDENT AUDITOR'S REPORT

OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016 $'000	2015 $'000
INVESTMENT REVENUE		
Interest and other Income	**12,965**	12,700
Miscellaneous income	**102**	243
Distribution received	**676,965**	730,058
Realised gains/(losses) on disposal of investments	**13,963**	47,679
Change in net market value of investments	**(29,243)**	304,103
NET INVESTMENT REVENUE	**674,752**	1,094,783
CONTRIBUTION REVENUE		
Members' contributions	**1,830,594**	2,173,571
TOTAL CONTRIBUTION REVENUE	**1,830,594**	2,173,571
TOTAL REVENUE	**2,505,346**	3,268,354
EXPENSES		
Trustee fee	**(154,001)**	(150,417)
Other expense	**(1,567)**	(1,902)
TOTAL EXPENSES	**(155,568)**	(152,319)
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX	**2,349,778**	3,116,035
Income tax (expense)/benefit	**35,678**	(5,331)
BENEFITS ACCRUED AS A RESULT OF OPERATIONS AFTER INCOME TAX	**2,385,456**	3,110,704

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	2016 $'000		2015 $'000
INVESTMENTS			
Investments in unit trusts	**15,773,316**		14,619,186
Investments in unlisted notes	**445,909**		236,368
TOTAL INVESTMENTS	**16,219,225**		14,855,554
OTHER ASSETS			
Cash at bank and at call	**3,321**		13,005
Distribution receivable	**-**		417,611
Interest receivable	**-**		39
Current tax asset	**37,739**		21,325
Sundry debtors	**81,150**		92,817
TOTAL OTHER ASSETS	**122,210**		544,797
TOTAL ASSETS	**16,341,435**		15,400,351
LESS LIABILITIES			
Creditors and accruals	**96,128**		94,696
Deferred tax liabilities	**10,339**		8,094
TOTAL LIABILITIES	**106,467**		102,790
NET ASSETS AVAILABLE TO PAY BENEFITS	**16,234,968**		15,297,561
LIABILITY FOR ACCRUED BENEFITS			
Allocated to members' accounts	**16,194,485**		15,258,772
Operational Risk Financial Reserves	**40,483**		38,789
TOTAL LIABILITIES FOR MEMBERS' BENEFITS	**16,234,968**		15,297,561

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