

CBH Superannuation Fund

ABN: 84 433 159 328

RSE: R1005165

Financial Statements

For the Year Ended 30 June 2017

CBH Superannuation Fund
Financial Statements
For the year ended 30 June 2017

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CBH Superannuation Fund
Statement of Financial Position
As at 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
Assets			
Cash and cash equivalents		3,601,341	1,176,248
Receivables			
Distributions receivable		5,094,579	2,307,239
Other receivables		145,332	140,603
Investments			
Investments held at fair value	9	256,590,588	233,201,671
Tax assets			
Deferred tax assets	13(e)	19,766	17,059
Total assets		265,451,606	236,842,820
Liabilities			
Other liabilities			
Creditors and other accruals	11	621,611	269,035
Tax liabilities			
Current tax liabilities	13(d)	896,766	1,648,921
Deferred tax liabilities	13(e)	5,563,526	4,681,357
Total liabilities		7,081,903	6,599,313
Net assets available for members benefits		258,369,703	230,243,507
Represented by:			
Member liabilities			
Defined contribution members	6(b)	254,412,372	225,828,570
Defined benefit members	6(c)	244,171	302,123
Total members liabilities		254,656,543	226,130,693
Total net assets		3,713,160	4,112,814
Equity			
Operational risk reserve	8	1,178,317	1,661,423
General Reserve		2,534,843	2,451,391
Total equity		3,713,160	4,112,814

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

CBH Superannuation Fund
Income Statement
For the year ended 30 June 2017

	Note	12 months 30 June 2017 \$	8 months 30 June 2016 \$
Superannuation activities			
Interest		470,600	429,667
Rental income		1,254,253	763,181
Dividends from investments		3,006,236	1,331,774
Distributions from investments		9,142,501	6,094,811
Net changes in fair value of investments	10	8,763,251	(7,904,983)
Management fee rebates		522,598	323,235
Total superannuation activities revenue		23,159,439	1,037,685
Expenses			
General administration expenses	12	690,516	439,602
Investment expenses		282,147	279,848
Total expenses		972,663	719,450
Profit/(Loss) from operating activities		22,186,776	318,235
Allocation to Member Benefits			
Net benefits allocated to defined contribution member accounts		(20,137,687)	(71,640)
Net change in defined benefit member liabilities		18,626	(46)
Total Allocation to members benefits		(20,119,061)	(71,686)
Operating result/(loss) before income tax		2,067,715	246,549
Income tax expense / (benefit)	13(a)(b)	1,718,090	(713,691)
Operating result after income tax		349,625	960,240

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

CBH Superannuation Fund
Statement of Changes in Member Benefits
For the year ended 30 June 2017

	Note	DC Member benefits (\$)	DB Member benefits (\$)	Total (\$)
Opening balance as at 01 November 2015		221,319,952	338,077	221,658,029
Employer contributions		6,537,785	-	6,537,785
Member Contributions		1,363,098	-	1,363,098
Transfers from other superannuation entities		5,556,606	-	5,556,606
Tax on Contributions	13(c)	(1,111,614)	-	(1,111,614)
Net after tax contributions		12,345,875	-	12,345,875
Benefits to members		(7,150,116)	(36,000)	(7,186,116)
Insurance premiums charged to members' accounts		(888,380)	-	(888,380)
Tax benefit from deductible premiums	13(c)	129,599	-	129,599
Net benefits allocated comprising:				
Investment earnings/(losses) applied to members		127,455	-	127,455
Administration fees paid by members		(55,815)	-	(55,815)
Net change in defined benefit member benefits		-	46	46
Closing balance as at 30 June 2016		225,828,570	302,123	226,130,693
Opening balance as at 01 July 2016		225,828,570	302,123	226,130,693
Employer contributions		10,377,917	-	10,377,917
Member Contributions		3,111,887	-	3,111,887
Transfers from other superannuation entities		8,159,828	-	8,159,828
Tax on Contributions	13(c)	(1,513,402)	-	(1,513,402)
Net after tax contributions		20,136,230	-	20,136,230
Benefits to members		(10,784,563)	(39,326)	(10,823,889)
Insurance premiums charged to members' accounts		(1,065,128)	-	(1,065,128)
Tax benefit on insurance premiums	13(c)	159,576	-	159,576
Net benefits allocated comprising:				
Investment earnings/(losses) applied to members		20,230,767	-	20,230,767
Administration fees paid by members		(93,080)	-	(93,080)
Net change in defined benefit member benefits		-	(18,626)	(18,626)
Closing balance as at 30 June 2017		254,412,372	244,171	254,656,543

The statement of changes in members benefits is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

**CBH Superannuation Fund
Statement of Changes in Equity
For the year ended 30 June 2017**

	Note	Operational Risk reserve (\$)	General reserve (\$)	Total Equity (\$)
Opening balance as at 01 November 2015		1,661,423	1,491,151	3,152,574
Transfer (to)/from member accounts		-	-	-
Operating result		-	960,240	960,240
Transfer between reserves		-	-	-
Closing balance as at 30 June 2016	8	1,661,423	2,451,391	4,112,814
Opening balance as at 01 July 2016		1,661,423	2,451,391	4,112,814
Transfer (to)/from member accounts		-	(749,279)	(749,279)
Operating result		-	349,625	349,625
Transfer between reserves		(483,106)	483,106	-
Closing balance as at 30 June 2017	8	1,178,317	2,534,843	3,713,160

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

CBH Superannuation Fund
Statement of Cash Flows
For the year ended 30 June 2017

	Note	12 months 30 June 2017 \$	8 months 30 June 2016 \$
Cash flows from operating activities			
Interest		485,606	548,978
Rental income		1,639,312	687,128
Dividends from investments		2,539,883	1,331,774
Distributions from investments		526,788	437,245
Investment expenses		(282,147)	(279,848)
Other income received		-	120,300
General administration expenses paid		(628,349)	(394,503)
GST paid		(53,740)	(28,330)
Income taxes paid		(1,525,260)	(204,053)
Proceeds from sale of investments		22,490,787	22,911,932
Payments for purchase of investments		(31,015,000)	(47,293,714)
Total cash inflows / (outflows) from operating activities	14(a)	(5,809,305)	(22,163,091)
Cash flows from financing activities			
Employer contributions received		10,377,917	6,537,785
Member contributions received		3,111,887	1,363,098
Net contributions and transfers in		8,159,828	5,556,606
Tax on Contributions and Transfers In		(1,513,402)	(1,111,614)
Net Insurance Costs		(1,077,943)	(899,384)
Benefits paid		(8,676,569)	(7,186,116)
Pension payments		(2,147,320)	-
Total cash Inflows from financing activities		8,234,398	4,260,375
Net increase in cash held		2,425,093	(17,902,716)
Cash and cash equivalents at the beginning of the financial year		1,176,248	19,078,964
Cash and cash equivalents at the end of the financial year		3,601,341	1,176,248

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

CBH Superannuation Fund

Notes to the financial statements

1. Reporting Entity

CBH Superannuation Fund ("Fund") is a Hybrid Fund. The Fund is domiciled in Australia. The address of the Trustee Company's registered office is:

30 Delhi Street
West Perth WA 6005

The Fund is primarily involved in providing retirement benefits to its members. The Fund is constituted by a Trust Deed dated 5 April 1945, as amended from time to time.

The Trustee of the Fund is CBH Superannuation Holdings Pty Ltd.

2. Basis of preparation

(a) Statement of compliance

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

To the extent that they do not conflict with AASB 1056, other Australian Accounting Standards have been applied in the preparation of the financial statements.

The financial statements were approved by the Board of the Trustee, CBH Superannuation Holding Pty Ltd, on the 22nd of September 2017.

(b) Basis of Measurement

The financial statements have been measured on the basis of fair value measurement of assets and liabilities except otherwise stated.

(c) Functional and Presentation Currency

The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

There are no critical accounting estimates and judgements contained in these financial statements other than those used to determine the liability for accrued benefits, which are not brought to account but disclosed by way of note.

(e) New and amended standards adopted during the year

The following new and revised Standards and Interpretations have been adopted in the financial statements. Apart from AASB 1056, their adoption has not had significant financial or disclosure impact on these financial statements but may affect the accounting for future transactions or arrangements.

AASB Amendment / Standard	Title
AASB 1056	Superannuation Entities
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception

CBH Superannuation Fund

Notes to the financial statements

2. Basis of preparation (continued)

(f) Adoption of AASB 1056 Superannuation Entities ("AASB 1056")

The Australian Accounting Standards Board issued AASB 1056 in June 2014. The new standard replaces AAS 25 Financial Reporting by Superannuation Plans ("AAS 25") and is applicable retrospectively from financial period beginning on or after 1 July 2016. The purpose of this new standard is to address deficiencies in AAS 25 and align accounting and financial reporting requirements for superannuation entities with current requirements of Australian Accounting Standards. The Fund has applied the requirements of AASB 1056 for the first time in current year.

In accordance with the transitional provisions of AASB 1056, the Fund has not presented a statement of financial position as at the beginning of comparative period (1 July 2015). The impact of adopting AASB 1056 has been summarised as follows:

- All funds to present 5 primary financial statements (ie. Statement of Financial Position, Income Statement, Statement of Cash Flows, Statement of Changes in Equity/Reserves and Statement of Changes in Members benefits);
- All assets and liabilities (with the exception of members' liabilities, tax balances, goodwill, reinsurance assets and liabilities and employer sponsor receivables) are to be measured at fair value;
- Members' benefits are required to be presented as liabilities in the Statement of Financial Position; and
- The Fund is required to consider the nature of insurance arrangements in place and consider valuation of its reinsurance assets and liabilities where appropriate.

The adoption of AASB 1056 had the following impact on the financial statements of the Fund for the period ended 30 June 2016:

Impact on the Statement of Financial Position	Previously reported 30 June 2016	Transitional restatement	Restated 30 June 2016
Investments	232,546,444	655,227	233,201,671
Current tax liabilities	4,598,775	65,523	4,664,298
Member benefits recognised as liabilities	-	(226,130,693)	(226,130,693)
Impact on the Income Statement			
	Previously reported 30 June 2016	Transitional restatement	Restated 30 June 2016
Operating result before income tax previously reported	5,046,002	655,227	5,701,229
Employer contributions	-	(6,537,785)	(6,537,785)
Member contributions	-	(1,363,098)	(1,363,098)
Transfers in	-	(5,556,606)	(5,556,606)
Insurance premiums charged to members' accounts	-	888,379	888,379
Benefits Paid	-	7,186,116	7,186,116
Profit from operating activities	5,046,002	(4,727,767)	318,235
Benefits allocated to members accounts	-	(71,686)	(71,686)
Profit before income tax	5,046,002	(4,799,453)	246,549
Income tax (expense)/benefit	(202,802)	(65,523)	(268,325)
Income tax transferred to the statement of changes in member benefits	-	982,016	982,016
Profit after income tax	4,843,200	(3,882,960)	960,240

Apart from the above, AASB 1056 also introduces the following changes, where no financial impact has been identified for the financial period presented:

- Requirement to re-measure defined benefit liabilities at each period end;
- Additional disclosure requirements in relation to defined benefit liabilities valuations;
- Consideration to recognise employer sponsor receivable where appropriate; and
- Requirement to disaggregate financial information presentation where members from different categories are exposed to different risks and benefits.

CBH Superannuation Fund

Notes to the financial statements

2. Basis of preparation (continued)

(g) New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Fund are set out below. The Fund does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised requirements on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the requirements on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The adoption of AASB 9 is not expected to have a material impact on the Fund's financial assets or financial liabilities.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 relates to amendments to AASB112 and the recognition of deferred tax assets and applies from 1 January 2017. The Fund does not expect any impact on its financial statements resulting from the application of AASB 2016-1.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative Amendments to AASB 107

AASB 2016-2 relates to amendments to AASB107 and applies from 1 January 2017. The Fund does not expect any impact on its financial statements resulting from the application of AASB 2016-2.

(h) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year information and other disclosures.

In the prior year, the financial year end of the Fund was changed from 31 October to 30 June. Accordingly, the comparative figures for the income statement, statement of changes in equity, statement of changes in members benefits, statement of cash flows and related notes are for 8 months from 1 November 2015 to 30 June 2016

CBH Superannuation Fund

Notes to the financial statements

3. Significant accounting policies

Except for the changes explained in Note 2, the Fund has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Financial Assets and Financial Liabilities

The Fund classifies non-derivative financial assets and financial liabilities at fair value through the Income Statement.

The Fund initially recognises financial assets and liabilities on the trade date when the entity becomes a party to the contractual provisions of the instrument.

Fair values have been determined as follows:

Market quoted investments

The fair value of an investment for which there is a readily available market quotation is determined as the last quoted sale price at the close of business on reporting date.

Units in unlisted managed investment schemes

These are valued at the redemption price at reporting date quoted by the investment managers which are based on the fair value of the underlying investments. Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

Direct Property

Real Property is valued by independent valuation conducted at balance date.

(b) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash in transit comprises investment redemptions or applications which have been processed by one party but have not been received and deposited by the other party at year end.

Cash equivalents are short term, highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Receivables and payables

Receivables and payables (excluding reinsurance assets and insurance liabilities) are carried at nominal amounts which approximate fair value.

(d) Foreign Currency

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the Income Statement.

(e) Revenue Recognition

(i) Interest income

Interest revenue is recognised in the Income Statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(ii) Dividend income

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at reporting date, is reflected in the Statement of Financial Position as a receivable at fair value.

(iii) Distribution income

Distributions from managed investment schemes are recognised on the date as at the date the unit value is quoted ex-distribution and the Fund is entitled to receive the distribution. If not received at reporting date, the distribution receivable is reflected in the Statement of Financial Position as a receivable at fair value.

CBH Superannuation Fund

Notes to the financial statements

3. Significant accounting policies (continued)

(iv) Changes in fair values

Changes in fair value of investments are recognised as income and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value at period end.

(v) Gross rental revenue

Rental revenue from investment property is recognised as income on the date the Fund has established the right to receive the rent.

(f) Contribution revenue and transfers in

Contributions and transfers in are recognised in the Statement of Changes in Member Benefit when the control and the benefit from the revenue have transferred to the Fund and is recognised gross of any taxes.

(g) Income Tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act and accordingly the concessional tax rate of 15% has been applied.

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued 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 is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities, which affect neither taxable income nor accounting profit.

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 reflect the tax consequences that would follow from the manner in which the 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 the Fund intends to settle its current tax assets and liabilities on a net basis.

(h) Goods and Services Tax

GST incurred that is not recoverable from the ATO has been recognised as part of the cost of acquisition of the asset or as part of the expense to which it relates. Receivables and payables are stated with the amount of GST included in the value. The amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

CBH Superannuation Fund

Notes to the financial statements

4. Fair values of financial instruments

(a) Valuation models

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker quotations. For all other financial instruments, the Trustee determines the fair value using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair values are categorised into different values in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

(b) Valuation framework

The Fund has an established control framework with respect to the measurement of fair values. The Trustee reviews valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. Changes in level 2 and 3 fair values are analysed at each reporting date by the Trustee.

When third party information, such as holding and valuation statements are used to measure fair value, the valuation function assesses the documents and evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Australian Accounting Standards.

(c) Fair value hierarchy

30 June 2017

Financial assets

(i) *Listed equities and managed investment schemes*

- Listed equity securities
- Listed managed investment schemes
- Unlisted managed investment schemes

(ii) *Interest bearing securities*

- Debt securities

(iii) *Property investments*

- Direct property

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
- Listed equity securities	62,464,463	-	-	62,464,463
- Listed managed investment schemes	3,684,910	-	-	3,684,910
- Unlisted managed investment schemes	-	160,613,089	1,368,000	161,981,089
- Debt securities	-	13,460,126	-	13,460,126
- Direct property	-	-	15,000,000	15,000,000
	66,149,372	174,073,215	16,368,000	256,590,587

There were no transfers between Levels during the period.

30 June 2016

Financial assets

(i) *Listed equities and managed investment schemes*

- Listed equity securities
- Listed managed investment schemes
- Unlisted managed investment schemes

(ii) *Interest bearing securities*

- Debt securities

(iii) *Property investments*

- Direct property

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
- Listed equity securities	61,834,395	-	-	61,834,395
- Listed managed investment schemes	4,266,998	-	-	4,266,998
- Unlisted managed investment schemes	-	135,906,258	1,368,000	137,274,258
- Debt securities	-	13,576,020	-	13,576,020
- Direct property	-	-	16,250,000	16,250,000
	66,101,393	149,482,278	17,618,000	233,201,671

CBH Superannuation Fund
Notes to the financial statements

4. Fair values of financial instruments (continued)

There were no transfers between Levels during the period.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

Direct property is valued at independent valuation conducted at balance date. The Perth Clinic Investment Trust is valued at a biennial independent valuation.

12 Months to 30 June 2017

	Direct Property \$	Perth Clinic Invest Trust \$
Opening balance	16,250,000	1,368,000
Net remeasurement changes in assets measured at fair value	(1,250,000)	-
Purchases and sales	-	-
Closing balance	<u>15,000,000</u>	<u>1,368,000</u>

Gains or losses included in the Income Statement are presented as follows:

Net remeasurement changes in assets measured at fair value for the period	(1,250,000)	-
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8 Months to 30 June 2016

	Direct Property \$	Perth Clinic Invest Trust \$
Opening balance	17,150,000	1,285,540
Net remeasurement changes in assets measured at fair value	(1,150,000)	75,620
Comparative values restated for realisation	250,000	6,840
Purchases and sales	-	-
Closing balance	<u>16,250,000</u>	<u>1,368,000</u>

Gains or losses included in the Income Statement are presented as follows:

Net remeasurement changes in assets measured at fair value for the period	(900,000)	82,460
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The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

5. Financial risk management

The Fund's assets principally consist of financial instruments which comprise units in listed securities, property and units in unit trusts. It holds these investment assets in accordance with the Trustee's published investment policy statement.

The allocation of assets between the various types of financial instruments is determined by the Trustee who manages the Fund's portfolio of assets to achieve the Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund on at least a quarterly basis.

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the below risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Trustee of the Fund has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Trustee is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks managed by the Fund's investment managers, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund's Trustee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

(a) Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The fair value of financial assets, included in the Statement of Financial Position represents the Fund's maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by the Trustee by quarterly reporting from its investment consultant/manager.

The Fund does not have any assets which are past due or impaired.

(b) Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity position is monitored on a weekly basis. The Fund's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, Fund expenses plus investing activities.

CBH Superannuation Fund
Notes to the financial statements

5. Financial risk management (continued)

(b) Liquidity Risk (continued)

The following tables summarise the expected maturity profile of the Fund's financial liabilities based on the earliest date on which the Fund can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities 30 June 2017	Less than 3 months	3 Months to 1 year	Total Contractual Cash Flows	Carrying Amount (Asset)/ Liabilities
	\$	\$	\$	\$
Creditors & accruals	621,611	-	621,611	621,611
Current tax liabilities	896,766	-	896,766	896,766
Vested benefits	254,656,543	-	254,656,543	254,656,543
	256,174,920	-	256,174,920	256,174,920

Non-derivative financial liabilities 30 June 2016	Less than 3 months	3 Months to 1 year	Total Contractual Cash Flows	Carrying Amount (Asset)/ Liabilities
	\$	\$	\$	\$
Creditors & accruals	269,035	-	269,035	269,035
Current tax liabilities	1,648,921	-	1,648,921	1,648,921
Vested benefits	226,130,693	-	226,130,693	226,130,693
	228,048,649	-	228,048,649	228,048,649

Vested benefits have been included in the less than 3 months column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund invests in Australian domiciled investments where the underlying investments may include overseas equities, fixed interest securities or other assets.

For other assets, the currency risk may be hedged by the manager of the assets.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial assets are non-interest-bearing. The Fund invests in Australian domiciled insurance policies and units in unit trusts where the underlying investments may include interest bearing financial instruments. As a result, the Fund may be subject to indirect exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are invested in an interest bearing bank account.

As the interest rate on the Fund's bank account is a floating rate and varies with market interest rate, any change in interest rates will have no impact on the valuation of the account. The amount of interest the Fund receives after interest rate changes is dependent on the Fund's bank balance in the future. As any increase or decrease in interest likely to be received is immaterial, a sensitivity analysis was not performed in relation to changes in bank account interest.

CBH Superannuation Fund
Notes to the financial statements

5. Financial risk management (continued)

(c) Market Risk (continued)

(iii) Other market price risk

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

As the Fund's financial instruments are valued at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect investment revenue.

Investments of the Fund (other than cash held for liquidity purposes), comprise of direct equities, notes and preference shares, units in unit trusts and direct property. The Fund's exposure to other market price risk is therefore limited to the market price movement in the asset classes of these investments.

Sensitivity analysis

The Trustee has determined that a 5% movement is a reasonably possible change in the price of the investments that comprise each asset class. The following table illustrates the effect on change in fair value and net assets available for member benefits from possible changes in market price risk.

	Carrying Amount	Change for the year in net assets available to pay benefits		Net assets available to pay benefits after change	
	\$	\$	\$	\$	\$
30 June 2017					
		5% decrease	5% increase	5% decrease	5% increase
Listed Australian equities	62,464,463	(3,123,223)	3,123,223	59,341,240	65,587,686
Notes & preference shares	13,460,126	(673,006)	673,006	12,787,120	14,133,132
Australian unlisted unit trusts	67,851,187	(3,392,559)	3,392,559	64,458,628	71,243,746
International unlisted unit trusts	80,101,066	(4,005,053)	4,005,053	76,096,013	84,106,119
Australian listed property trusts	3,684,910	(184,245)	184,245	3,500,665	3,869,155
Direct property	15,000,000	(750,000)	750,000	14,250,000	15,750,000
Cash Pension	14,028,836	(701,442)	701,442	13,327,394	14,730,278
	256,590,588	(12,829,528)	12,829,528	243,761,059	269,420,115

	Carrying Amount	Change for the year in net assets available to pay benefits		Net assets available to pay benefits after change	
	\$	\$	\$	\$	\$
30 June 2016					
		5% decrease	5% increase	5% decrease	5% increase
Listed Australian equities	61,834,395	(3,091,720)	3,091,720	58,742,675	64,926,115
Notes & preference shares	13,576,020	(678,801)	678,801	12,897,219	14,254,821
Australian unlisted unit trusts	51,566,924	(2,578,346)	2,578,346	48,988,578	54,145,270
International unlisted unit trusts	72,060,736	(3,603,037)	3,603,037	68,457,699	75,663,773
Australian listed property trusts	4,266,998	(213,350)	213,350	4,053,648	4,480,348
Direct property	16,250,000	(812,500)	812,500	15,437,500	17,062,500
Cash Pension	13,646,598	(682,330)	682,330	12,964,268	14,328,928
	233,201,671	(11,660,084)	11,660,084	221,541,587	244,861,755

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

CBH Superannuation Fund

Notes to the financial statements

6. Member liabilities and funding arrangements

(a) Overview

The Fund was established under a trust deed dated 5 April 1945.

(b) Defined contribution member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

All members of the Fund, other than those in receipt of lifetime pensions, receive benefits based on the accumulation of contributions with earnings, after deductions for insurance premiums, expenses and tax. Members of the Fund, other than those in receipt of lifetime pensions, bear the investment risk relating to the underlying assets of the Fund.

	12 months 30 June 2017 \$	8 months 30 June 2016 \$
Vested Benefits	254,412,372	225,828,570

(c) Defined benefit member liabilities

The Fund obtains a Statement of Advice from the actuary to assess the defined benefit member liabilities.

The defined benefit member liabilities consist of a single lifetime pension. This sub-fund is closed to new pensioners.

	12 months 30 June 2017 \$	8 months 30 June 2016 \$
Lifetime pension members benefits		
Accrued Benefits	244,171	302,123
Vested Benefits	244,171	302,123

The Fund's defined benefit member liabilities expose it to the following risks:

- investment risk
- inflation risk
- longevity risk
- legislative risk

The costs of these risks are borne by the sponsoring employer. Given the relative size of the member benefits for lifetime pensioners and the age of the pensioners, the above risks are not regarded as being material.

The Fund also has an Operational Risk Reserve with a target of 0.25% of assets which provides further protection to the assets backing the lifetime pensioners.

7. Guaranteed Benefits

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

CBH Superannuation Fund
Notes to the financial statements

8. Reserves

	12 months 30 June 2017	8 months 30 June 2016
	\$	\$
Operational risk financial reserve ("ORFR")	1,178,317	1,661,423

An operational risk reserve account has been established in accordance with the Prudential Standard SPS 114 and is used to maintain adequate financial resources to address losses arising from operational risks that may affect the Fund. The Trustee has determined a target amount of 0.25% (prior to 22 November 2016: 0.32%) of net assets available for members benefits.

The Trustee determined the target amount having regard to the size, business mix and complexity of the Fund's operations. In setting the target amount of the ORFR, the Trustee determined:

- (a) 0.20% (prior to 22 November 2016: 0.27%) is to be held to address the specific operational risks identified in the Trustee's risk management framework having taken into account the Trustee's risk appetite and appropriate risk mitigations and controls.
- (b) an additional 0.05% (prior to 22 November 2016: 0.05%) of net assets be held for those risk losses that have not been specifically identified in the Trustee's risk management framework.

This reserve has been initially funded from the amount held in excess of vested benefits.

9. Investments held at fair value

	12 months 30 June 2017	8 months 30 June 2016
	\$	\$
Unsecured notes and preference shares	13,460,126	13,576,020
Securities in listed companies	62,464,463	61,834,395
Units in BWP Trust	2,949,065	3,602,213
Units in CFS Wholesale Cash Fund	14,028,836	13,646,598
Units in Goodman Group	735,845	664,785
Units in Kapstream Absolute Return Fund	48,834,157	50,198,924
Units in IFP Global Franchise	38,637,594	26,732,195
Units in Magellan Global Fund	27,110,444	21,912,965
Units in Perth Clinic Investment Trust	1,368,000	1,368,000
Units in Zurich Investments Global Growth Fund	14,353,028	23,415,576
Units in Macquarie High Conviction Fund	12,615,530	-
Units in Alliance Bernstein Concentrated Aust. Equities	5,033,500	-
Direct property	15,000,000	16,250,000
Total Investments held at fair value	256,590,588	233,201,671

10. Net changes in fair value of investments

	12 months 30 June 2017	8 months 30 June 2016
	\$	\$
Investments held at reporting date		
Listed Australian equities	6,269,931	1,584,198
Notes & preference shares	(20,284)	110,312
Australian unlisted unit trusts	(165,804)	163,019
International unlisted unit trusts	3,329,798	(8,452,455)
Australian listed property trusts	(560,754)	510,316
Direct property	(1,000,000)	(900,000)
Cash Pension	2,530	-
Total unrealised changes in fair value of investments	7,855,418	(6,984,610)

CBH Superannuation Fund
Notes to the financial statements

10. Net Changes in fair value of investments (continued)

	12 months 30 June 2017	8 months 30 June 2016
	\$	\$
Investments realised during the year		
Listed Australian equities	351,160	(762,446)
Notes & preference shares	-	(14,575)
Australian unlisted unit trusts	172,645	892
International unlisted unit trusts	384,029	(144,244)
Australian listed property trusts	-	-
Direct property	-	-
Cash Pension	-	-
Total realised changes in fair value of investments	907,833	(920,373)
Total realised and unrealised changes in fair value of investments	8,763,251	(7,904,983)

11. Creditors and other accruals

	12 months 30 June 2017	8 months 30 June 2016
	\$	\$
Administration expenses	71,685	70,756
APRA fees	23,209	24,240
Audit fees	77,508	60,453
Investment management	7,189	21,161
GST payable	29,786	22,367
Management expenses	486	37,156
PAYG withholding	9,759	5,321
Tax agent fees	13,200	5,456
Trustee expenses	-	22,125
Provision for rent overpayment	388,789	-
Total Creditors and accruals	621,611	269,035

12. General administration expenses

	12 Months 30 Jun 2017	8 Months 30 Jun 2016
	\$	\$
Actuarial fees	5,239	21,440
Administration fees	164,457	50,391
APRA fees	22,657	15,447
Audit fees	103,257	84,570
Bank charges	942	459
Legal fees	7,000	-
Management expenses	343,638	161,547
Sundry expenses	8,695	16,191
Tax agent fees	14,529	5,577
Trustee expenses	20,102	83,980
Total general administration expenses	690,516	439,602

CBH Superannuation Fund
Notes to the financial statements

13. Taxation

	12 Months 30 Jun 2017 \$	8 Months 30 Jun 2016 \$
(a) Recognised in Income Statement		
Current income tax		
- Current tax expense	923,540	934,556
- Adjustment to current tax for prior period	(84,912)	(176,868)
Deferred income tax		
- Relating to the origination and reversal of temporary differences	879,462	(1,471,379)
Income tax expense/(benefit)	1,718,090	(713,691)
(b) Numerical reconciliation between tax expense and profit before Income tax		
Net profit before tax	22,186,776	(336,992)
Tax applicable at the rate of 15% (2016 15%)	3,328,016	(50,549)
Tax effect of income that is not assessable in determining taxable income		
- Non taxable contributions	-	-
- Investment revenue	(641,142)	291,225
- Exempt pension income	(150,715)	(48,882)
Tax effect of other adjustments		
- Imputation & foreign tax credits	(892,508)	(573,704)
- Building depreciation allowance	(27,354)	(27,324)
- (Over)/Under provision prior periods	(84,912)	(304,457)
- Adjustment to deferred tax liability	186,705	-
Income tax expense/(benefit)	1,718,090	(713,691)
(c) Recognised in the statement of changes in members benefits		
Tax on contribution revenue	1,513,402	1,111,614
Tax benefit on insurance premiums	(159,576)	(129,599)
Income tax expense recognised in the statement of changes in member benefits	1,353,826	982,015
(d) Current tax liabilities/(assets)		
Balance at beginning of year	1,648,921	1,095,286
Income tax payment – prior periods	(1,564,008)	(963,994)
Income tax payment – current periods	(1,474,654)	(189,384)
Current years income tax provision	2,371,419	1,883,881
(Over)/Under provision prior periods	(84,912)	(176,868)
	896,766	1,648,921

CBH Superannuation Fund
Notes to the financial statements

13. Taxation (Continued)

(e) Deferred tax liabilities/(assets)

Type of temporary difference 30 June 2017

Opening Balance	Charged to income	Closing Balance
\$	\$	\$

The amount of deferred tax liability recognised in the Statement of Financial Position:

Deferred tax assets consists of:

Accrued expenses

(17,059)	(2,707)	(19,766)
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Total deferred tax assets

(17,059)	(2,707)	(19,766)
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Deferred tax liabilities consists of:

Accrued income

-	70,929	70,929
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Prepaid insurance premiums

21,090	(21,090)	-
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Unrealised capital gains carried forward

4,660,267	832,330	5,492,597
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Total deferred tax liabilities

4,681,357	882,169	5,563,526
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Type of temporary difference 30 June 2016

Opening Balance	Charged to income	Closing Balance
\$	\$	\$

The amount of deferred tax liability recognised in the Statement of Financial Position:

Deferred tax assets consists of:

Accrued expenses

(16,016)	(1,043)	(17,059)
----------	---------	----------

Total deferred tax assets

(16,016)	(1,043)	(17,059)
----------	---------	----------

Deferred tax liabilities consists of:

Prepaid insurance premiums

-	21,090	21,090
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Unrealised capital gains carried forward

6,151,693	(1,491,426)	4,660,267
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Total deferred tax liabilities

6,151,693	(1,470,336)	4,681,357
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CBH Superannuation Fund
Notes to the financial statements

14. Cash flow information

	12 Months 30 Jun 2017 \$	8 Months 30 Jun 2016 \$
(a) Reconciliation of Net Cash provided by Operating Activities to Net Profit After Tax		
Net profit after tax	349,625	960,240
Changes in fair value of assets	(8,763,251)	7,904,983
Trust distributions	(6,340,898)	(3,614,877)
Fee rebates	(522,598)	(202,935)
Allocated to members benefits	20,119,061	71,686
(Increase)/decrease in investments	(8,714,741)	(24,381,782)
(Increase)/decrease in receivables	(2,416,386)	408,048
Increase/(decrease) in creditors and accruals	352,576	93,087
Increase/(decrease) in current tax liabilities	(752,155)	(1,930,162)
Increase/(decrease) in deferred tax assets/(liabilities)	879,462	(1,471,379)
Net cash flows provided by operating activities	<u>(5,809,305)</u>	<u>(22,163,091)</u>

(b) Non cash investing activities

During the year the following non cash investing activities occurred:

Trust distributions reinvested	6,340,898	3,614,877
Fee rebates reinvested	522,598	202,935

15. Auditor's remuneration

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia, the auditor of the Fund:

	12 Months 30 Jun 2017 \$	8 Months 30 Jun 2016 \$
Audit and other assurance services		
- Audit of financial statement and other audit related services	77,507	54,957
- Internal audit services	25,750	31,110
Total auditor's remuneration	<u>103,257</u>	<u>86,067</u>

CBH Superannuation Fund

Notes to the financial statements

16. Related parties

(a) Trustee and Key Management Personnel

The Trustee of the Fund is CBH Superannuation Holdings Pty Ltd (L0001625) ABN 99 008 684 268. The following people were directors of the Trustee during the financial year for the periods indicated:

Employer Representative

WA Newman
Period: 01/07/16 to 31/12/16

RG Codling
Period: 01/07/16 to 30/06/17

EC Kalajzic
Period: 01/07/16 to 30/06/17

Independent Director

CJ Clausen
Period: 01/07/16 to 30/06/17

SA Long
Period: 01/04/17 to 30/06/17

Member Representative

TW Cunningham
Period: 01/07/16 to 02/12/16

RP Silvestri
Period: 01/07/16 to 31/12/16

SG Gilders
Period: 01/07/16 to 30/06/17

GP Thornton
Period: 03/12/16 to 30/06/17

The key management personnel are the Directors of the trustee company and the Chief Executive Officer (CEO), Chief Investment Officer (CIO) and Risk and Compliance Manager (RCM). For the year ended 30 June 2017, the services were reimbursed by the Fund for an amount of \$278,374 with \$53,832 payable at 30 June 2017.

Prior to 31 October 2015, the services of the CEO and RCM were provided by the employer sponsor at no cost to the Fund. From 1 November 2016 the services were reimbursed by the Fund for an amount of \$161,547 with \$37,156 payable at 30 June 2016.

The investment management expenses including the services of the CIO continue to be paid by the Fund and are included in the direct investment expenses.

(b) Compensation of the Trustee

The Directors of the Trustee received no remuneration from the Fund or employer in connection with the management of the Fund except for the two Independent Directors who were remunerated by the Fund to the value of \$87,378 (2016: \$16,000 was paid to the then Chair by the Sponsoring Employer).

The Directors of the Trustee who are members of the Fund contribute on the same terms and conditions as other members.

(c) Employer Company

The employer contributions disclosed in the Statement of Net Changes include those remitted by Co-operative Bulk Handling Ltd and other Associated Employers of the Fund.

17. Subsequent Events

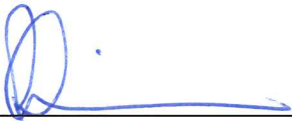
There have been no events subsequent to balance date other than those disclosed in the report which would have a material effect on the Fund's financial statements at 30 June 17.

CBH Superannuation Fund
Statement by Trustee

In the opinion of the Trustee

- (a) the accompanying financial statements and notes set out on pages 2 to 24 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements and
 - (ii) present fairly the Fund's financial position as at 30 June 2017 and its performance for the financial year ended on that date,
- (b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2017, and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors of C.B.H Superannuation Holdings Pty Ltd as Trustee for the CBH Superannuation Fund.



Director



Director

Dated at Perth this 22nd day of September 2017.



Independent Auditor's report on financial statements

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

Report by the RSE Auditor¹ to the trustee and members of C.B.H. Superannuation Fund (ABN: 84 433 159 328)

Opinion

I have audited the financial statements of C.B.H. Superannuation Fund for the year ended 30 June 2017.

- a) comprising the Statement of financial position, Income statement, Statement of changes in member benefits, Statement of changes in equity, Statement of cash flows, summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements:

- a) present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of C.B.H. Superannuation Fund as at 30 June 2017 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2017.

Basis for Opinion

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

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

Trustee's responsibility for the financial statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards² 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

¹ RSE Auditor as defined in Section 10 of the SIS Act

² The Australian Accounting Standards issued by the Australian Accounting Standards Board.



trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

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

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My auditor conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the 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 I identified during my audit.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

22 September 2017



Independent Auditor's report on APRA reporting forms¹ and Limited Assurance report on compliance

(A) APRA reporting forms required under reporting standards (SPS 310, Attachment B)²

Independent auditor's report to the trustee of C.B.H. Superannuation Fund (ABN: 84 433 159 328) on forms required under APRA reporting standards:

<i>SRF 330.2</i>	<i>Statement of Financial Performance;</i>
<i>SRF 533.0</i>	<i>Asset Allocation;</i>
<i>SRF 540.0</i>	<i>Fees;</i>
<i>SRF 702.0</i>	<i>Investment Performance; and</i>
<i>SRF 703.0</i>	<i>Fee Disclosed</i>

Conclusion

Based on my limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to my attention that causes me to believe that the APRA reporting forms of C.B.H. Superannuation Fund for the period ending 30 June 2017 are not prepared, in all material respects, in accordance with the APRA reporting standards.

Basis for Conclusion

I have conducted a limited assurance engagement, in accordance with ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* (ASRE 2405) issued by AUASB, in order to state whether, on the basis of the procedures described, anything has come to my attention that causes me to believe that the relevant forms are not prepared, in all material respects, in accordance with the APRA reporting standards.

ASRE 2405 requires me to comply with the relevant professional and ethical requirements of the Standards issued by the Accounting Professional and Ethical Standards Board.

Trustee's responsibility for forms required by APRA reporting standards

The RSE's trustee is responsible for the preparation and lodgement of the forms (APRA reporting forms) required by reporting standards, made under the *Financial Sector (Collection of Data) Act 2001*, as listed in Attachment B to *Prudential Standard SPS 310 Audit and Related Matters* (APRA reporting standards) and for such internal controls as the trustee determines to be necessary to enable the preparation of the APRA forms free from material misstatement, whether due to fraud or error.

¹ Forms required by reporting standards made under the Financial Sector (Collection of Data) Act 2001, as listed in Attachment B to Prudential Standard SPS 310 Audit and Related Matters.

² For the purposes of SPS 310 (paragraph 19(b)(i) and Attachment B), the limited assurance requirement relating to 'Part 3 (A)' of the approved audit form applies to MySuper investment options only and should be deleted where appropriate.



The APRA reporting forms have been prepared for the purposes of fulfilling the trustee's reporting requirements under the APRA reporting standards.

Auditor's responsibility

My responsibility is to express a conclusion, based on my limited assurance engagement, on the APRA reporting forms:

<i>SRF 330.2</i>	<i>Statement of Financial Performance;</i>
<i>SRF 533.0</i>	<i>Asset Allocation</i>
<i>SRF 540.0</i>	<i>Fees;</i>
<i>SRF 702.0</i>	<i>Investment Performance; and</i>
<i>SRF 703.0</i>	<i>Fee Disclosed</i>

of C.B.H. Superannuation Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2017.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for the relevant forms, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all material matters that might be identified in a reasonable assurance engagement. Accordingly, I do not express a reasonable assurance opinion.

Basis of preparation and restriction on use and distribution

Without modifying my conclusion, I draw to readers' attention that the APRA reporting forms have been prepared for the purpose of fulfilling the trustee's reporting responsibilities of the APRA reporting standards. As a result, they may not be suitable for another purpose. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.



(B) Compliance

Independent Assurance Practitioner's Limited Assurance report to the trustee of C.B.H. Superannuation Fund (ABN: 84 433 159 328)

Conclusion

I have performed a limited assurance engagement under the reporting requirements specified in Australian Prudential Regulation Authority (APRA) Prudential Standard SPS 310 *Audit and Related Matters* (SPS 310), as described in the *Scope* section, paragraphs *Part A* to *Part C*, of this report.

Part A - the trustee's systems, procedures and internal controls are designed to ensure that the trustee has complied with all applicable prudential requirements

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, in all material respects, the trustee did not have in place suitably designed systems, procedures and controls that operated effectively throughout the year of income to address compliance with all applicable Prudential Requirements.

Part B - the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, in all material respects, the trustee did not have in place suitably designed systems, procedures and controls that operated effectively throughout the year of income and provided reliable data to APRA as required under the APRA reporting standards.

Part C – Compliance with the RMF

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, for the period 1 July 2016 to 30 June 2017, the trustee did not comply, in all material respects, with its RMF.

Basis for Conclusion

I conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* and 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

Trustee's responsibility for compliance

The trustee of C.B.H. Superannuation Fund are responsible for:

- a) the trustee's systems, procedures and internal controls that are designed to ensure that the trustee has complied with all applicable prudential requirements, has provided reliable data to APRA as required by the APRA reporting standards, and has operated effectively throughout the year of income;



- b) the trustee's compliance with its risk management framework; and
- c) the trustee's compliance with its operational risk financial requirement (ORFR) strategy.

Independence and Quality Control

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Independent Assurance Practitioner's responsibilities

My responsibility is to perform a limited assurance engagement as required by SPS 310, described in *Scope* paragraphs *Part A* to *Part C* of this report, and to express a limited assurance conclusion based on the procedures I have performed and the evidence I have obtained.

My limited assurance engagement has been conducted in accordance with applicable AUASB Standards on Assurance Engagements³, in order to express a limited assurance conclusion as described in *Scope* paragraphs *Part A* to *Part C* of this report. I have complied with the independence and other relevant ethical requirements relating to a limited assurance engagements.

The procedures I performed were based on my professional judgment and included enquiries of the trustee personnel and observation of material control procedures performed; inspection of documents; walk-throughs of material control procedures and evaluating the effectiveness of material control procedures throughout the year.

My audit of the financial statements and my reasonable and limited assurance engagements on the APRA reporting forms required under SPS 310 are directed towards obtaining sufficient appropriate evidence to form an opinion and conclusion under the appropriate prudential requirements. These procedures were not designed to enable me to conclude on other matters required by the APRA Prudential Standards. I have therefore performed assurance procedures in order to meet my responsibilities in relation to the design and operating effectiveness of material controls and compliance with specific requirements under the prudential requirements.

Inherent Limitations

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with AUASB Standards on Assurance Engagements and consequently does not enable me to obtain assurance that I would become aware of all material matters that might be identified in a reasonable assurance engagement. Accordingly, I do not express a reasonable assurance opinion.

³ ASAE 3100 *Compliance Engagements* and ASAE 3150 *Assurance Engagements on Controls*.



There are inherent limitations in any internal control structure, and fraud, error or noncompliance with laws and regulations may occur and not be detected. As the systems, procedures and controls to ensure compliance with APRA Prudential Requirements⁴ are part of the business operations of the trustee, it is possible that either the inherent limitations of the general internal control structure, or weaknesses in it, can impact on the effective operation of the specific control procedures of the trustee.

Furthermore, projections of any evaluation of internal control procedures or compliance measures to future periods are subject to the risk that control procedures may become inadequate because of changes in conditions, or that the degree of compliance may deteriorate. Consequently, there are inherent limitations on the level of assurance that can be provided.

Accounting records and data relied on for prudential reporting and compliance are not continuously audited and do not necessarily reflect accounting adjustments necessary for end of reporting period financial report preparation, or events occurring after the end of the reporting period.

The conclusions in this report expressed below are to be read in the context of the foregoing comments.

Emphasis of Matter - Basis of preparation of APRA reporting forms and restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

Scope

Part A - the trustee's systems, procedures and internal controls are designed and operate effectively to ensure that the trustee has complied with all applicable prudential requirements

The procedures I performed during the period 1 July 2016 to 30 June 2017 as listed below were considered necessary in relation to the trustee's systems, procedures and controls that address compliance with all applicable Prudential Requirements. Prudential Requirements include requirements imposed by:

- a) APRA Prudential Standards;
- b) APRA reporting standards;
- c) SIS Act and SIS Regulation;

⁴ 'Prudential Requirements' is defined under footnote 12 of [Prudential Standard SPS 220 Risk Management](#).



- d) APRA conditions on the trustee's licence or authorisation;
- e) Directions issued by APRA under the *SIS Act 1993*; and
- f) Other requirements imposed by APRA in writing (if applicable).

Through enquiries, observation and walk-throughs of material control procedures, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.

Part B - the trustee's systems, procedures and internal controls provided reliable data to APRA as required under the APRA reporting standards

The procedures I have performed as listed below were considered necessary in relation to the trustee's systems, procedures and controls, for the period 1 July 2016 to 30 June 2017, to ensure that, in all material respects, reliable data is provided, as required by the APRA reporting standards.

Through enquiries, observation and walk-throughs of material control procedures, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.

Part C – Compliance with the Risk Management Framework (RMF)

The procedures I have performed as listed below were considered necessary in relation to the trustee's compliance, in all material respects, with its RMF, as defined in *Prudential Standard SPS 220 Risk Management* (SPS 220) for the period 1 July 2016 to 30 June 2017.

Through enquiry, observation and inspection of documents, the evidence I obtained is sufficient and appropriate to provide a basis for my conclusion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
22 September 2017



Independent Auditor's report on APRA reporting forms¹ and Reasonable Assurance report on compliance

(A) APRA reporting forms required under reporting standards (SPS 310, Attachment B)

Independent auditor's report to the trustee of C.B.H. Superannuation Fund (ABN: 84 433 159 328) on forms required under APRA reporting standards:

<i>SRF 114.1</i>	<i>Operational Risk Financial Requirement;</i>
<i>SRF 320.0</i>	<i>Statement of Financial Position;</i>
<i>SRF 330.0</i>	<i>Statement of Financial Performance;</i>
<i>SRF 530.0</i>	<i>Investments; and</i>
<i>SRF 531.0</i>	<i>Investment Flows.</i>

Opinion

In my opinion:

- a) the relevant forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, the financial position of C.B.H. Superannuation Fund as at 30 June 2017 and its performance for year then ended, as reflected in the RSE's financial statements signed on 22 September 2017 or accounting records with regard to other information that was not directly derived from the financial statements; and
- b) the trustee of C.B.H. Superannuation has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms.

Basis for Opinion

My reasonable assurance engagement has been conducted in accordance with the Australian Auditing Standards. These Standards require that I comply with relevant ethical requirements relating to reasonable assurance engagements and plan and perform the engagement to obtain reasonable assurance as to whether the relevant forms are free of material misstatement.

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

¹ Forms required by reporting standards made under the Financial Sector (Collection of Data) Act 2001, as listed in Attachment B to Prudential Standard SPS 310 Audit and Related Matters.



Trustee's responsibility for forms required by APRA reporting standards

The RSE's trustee is responsible for the preparation and lodgement of the forms (APRA reporting forms) required by reporting standards made under the *Financial Sector (Collection of Data) Act 2001*, as listed in Attachment B to *Prudential Standard SPS 310 Audit and Related Matters* (APRA reporting standards) and for such internal controls as the trustee determines to be necessary to enable the preparation of the APRA reporting forms free from material misstatement, whether due to fraud or error. The APRA reporting forms have been prepared for the purposes of fulfilling the trustee's reporting requirements under the APRA reporting standards.

Auditor's responsibility

My responsibility is to express an opinion on the APRA reporting forms required by the APRA reporting standards based on my reasonable assurance engagement. I have conducted a reasonable assurance engagement on the following APRA reporting forms:

<i>SRF 114.1</i>	<i>Operational Risk Financial Requirement;</i>
<i>SRF 320.0</i>	<i>Statement of Financial Position;</i>
<i>SRF 330.0</i>	<i>Statement of Financial Performance;</i>
<i>SRF 530.0</i>	<i>Investments; and</i>
<i>SRF 531.0</i>	<i>Investment Flows.</i>

of C.B.H. Superannuation Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2017.

I have conducted a reasonable assurance engagement on the APRA reporting forms in order to express an opinion on them to the trustee of C.B.H. Superannuation Fund.

I have also performed a reasonable assurance engagement on the financial statements of C.B.H. Superannuation Fund for the year ended 30 June 2017. My auditor's opinion on the financial statements was signed on 22 September 2017, and was not modified.

A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence about the amounts and disclosures in the relevant forms. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the amounts and disclosures in the relevant forms, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trustee's preparation and presentation of the amounts and disclosures in the relevant forms in order to design reasonable assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal control.

A reasonable assurance engagement also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the amounts and disclosures in the relevant forms.



For the purpose of ensuring that the relevant forms are materially complete and accurate and are in accordance with the relevant prudential reporting standards, my procedures included testing that the information in the relevant forms is consistent with the financial statements for year ended 30 June 2017. In addition, and for the same purpose, in regard to other information reported in the relevant forms, I examined on a test basis, evidence supporting the amounts and other disclosures in the relevant forms that were not directly derived from the financial statements.

Emphasis of Matter - Basis of preparation of APRA reporting forms and restriction on use and distribution

Without modifying my opinion, I draw to the readers' attention that the APRA reporting forms have been prepared for the purpose of fulfilling the trustee's reporting responsibilities under the APRA reporting standards. As a result, they may not be suitable for another purpose. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.



(B) Compliance

Independent Assurance Practitioner's report² to the trustee of C.B.H. Superannuation Fund (ABN: 84 433 159 328)

Opinion

I have performed a reasonable assurance engagement to provide an opinion in relation to the trustee's compliance with applicable provisions under the *Superannuation Industry (Supervision) Act 1993* (SIS Act), *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations), APRA reporting standards, *Corporations Act 2001* (Corporations Act) and *Corporations Regulations 2001* (Corporations Regulations).

In my opinion the trustee of C.B.H. Superannuation Fund has complied, in all material respects with:

- a) The requirements of the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above for the year ended 30 June 2017.
- b) The requirement to maintain an operational risk reserve at the required target amount in accordance with its ORFR strategy.

Basis for Opinion

I conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* and 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

Trustee's responsibility for compliance

The RSE's trustee is responsible for complying with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, the Corporations Act and Corporations Regulations.

The trustee is responsible, under *Prudential Standard SPS 114 Operational Risk Financial Requirement* (SPS 114), for maintaining financial resources at the required target amount in accordance with its Operational Risk Financial Requirement (ORFR) strategy. The financial resources held to meet the ORFR target amount must be held either as:

- a) an operational risk reserve within an RSE;
- b) operational risk trustee capital held by the RSE licensee; or
- c) a combination of both an operational risk reserve held within an RSE and operational risk trustee capital held by the RSE licensee.

² Conducted under ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ASAE 3100 Compliance Engagements



Independence and Quality Control

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 Quality Control for Firms that *Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Independent Assurance Practitioner's responsibilities

My responsibility is to express an opinion on the trustee's compliance with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, Corporations Act and Corporation Regulations based on the reasonable assurance engagement. My reasonable assurance engagement has been conducted in accordance with applicable AUASB Standards on Assurance Engagements³. These Standards require that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance whether the trustee of C.B.H. Superannuation Fund has, in all material respects:

- a) complied with the relevant requirements of the following provisions (to the extent applicable) of the SIS Act and SIS Regulations:

Sections 29VA, 35A, 65, 66, 67, 95, 97, 98, 99F, 101, 105, 106, 109, 117, 154 and 155(2);

Regulations 3.10, 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 13.14, 13.17, 13.17A;

- b) complied with the APRA reporting standards that are subject to reasonable assurance (to the extent applicable);
- c) complied with the relevant requirements of the following provisions of the Corporations Act and Corporation Regulations (to the extent applicable):

Sections 1012B, 1012F, 1012H(2), 1012I, 1013B, 1013D, 1013K(1), 1013K(2), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017BA, 1017C(2), 1017C(3), 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3), 1017E(4), 1020E(8) and 1020E(9);

Regulations 7.9.07Q–7.9.07W, 7.9.11K, 7.9.11N, 7.9.11O, 7.9.11P, 7.9.11Q, 7.9.32(3), 7.9.48B, 7.9.48C and 7.9.48D; and

- d) complied with the requirement to prepare the respective forms required by the APRA reporting standards;

for the year ended 30 June 2017.

³ ASAE 3100 *Compliance Engagements* and ASAE 3150 *Assurance Engagements on Controls*.



My procedures with respect to SIS Regulation 6.17 included testing whether amounts identified by the trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the SIS Regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations.

My responsibility is also to express an opinion on the trustee's compliance with their ORFR strategy with respect to maintaining an operational risk reserve at the required target amount for the year ended 30 June 2017.

Inherent limitations

Due to the inherent limitations of any evidence gathering procedures and the internal control framework, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above, as a reasonable assurance engagement is not performed continuously throughout the year and the procedures performed in respect of compliance with the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above are undertaken on a test basis.

Emphasis of Matter - Basis of Preparation of APRA reporting forms and restriction on use and distribution

This report has been prepared solely for the trustee in order to meet the APRA reporting requirements of the trustee. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
22 September 2017