

**CARE Super**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

## CARE Super

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**CARE Super**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2010**

	NOTE	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Cash at Bank		1,263,065	5,697,462
Cash & Floating Rate Instruments	3	257,609,556	392,700,171
<b>Trade and Other Receivables</b>			
Contributions Receivable		24,888,469	26,066,512
<b>Investments</b>			
<b>Financial Assets</b>			
Australian Equities		1,051,032,969	894,586,837
International Equities		810,553,732	670,141,177
Other Investments		777,154,572	550,472,688
Fixed Interest Securities		588,272,638	424,055,416
Property Trusts		438,545,297	405,086,162
Derivative Assets	3	2,595,419,190	1,963,511,368
<b>Other Assets</b>			
Fixed Assets		477,861	473,627
<b>Tax Assets</b>			
Deferred Tax Assets	10	33,472,027	59,835,298
<b>TOTAL ASSETS</b>		<u>6,578,689,376</u>	<u>5,392,626,718</u>
<b>LIABILITIES</b>			
<b>Trade and Other Payables</b>			
Group Life Insurance Premium Payable		3,232,109	1,522,063
Provision for Employee Benefits		468,670	328,674
Benefits Payable		7,470,582	4,910,458
Accounts Payable		1,028,190	992,532
Sundry Creditors		102,997	141,757
GST Payable		124,782	29,077
<b>Investments</b>			
<b>Financial Liabilities</b>			
Derivative Liabilities	3	2,601,348,251	1,943,744,299
<b>Tax Liabilities</b>			
Superannuation Contribution Surcharge		26,305	34,541
Current Tax Liabilities		7,195,885	3,699,728
Deferred Tax Liabilities	10	6,454,624	7,782,723
<b>TOTAL LIABILITIES</b>		<u>2,627,452,395</u>	<u>1,963,185,852</u>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>		<u>3,951,236,981</u>	<u>3,429,440,866</u>
<b>Represented by:</b>			
<b>LIABILITY FOR ACCRUED BENEFITS</b>			
	4,5,6		
Allocated to members' accounts		3,925,263,207	3,409,322,772
Administration, Group Life and Operational Reserve		25,873,774	20,018,094
Regulatory Reserve		100,000	100,000
		<u>3,951,236,981</u>	<u>3,429,440,866</u>

**CARE Super  
OPERATING STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2010**

	NOTE	2010 \$	2009 \$
<b>INVESTMENT REVENUE</b>			
Interest		11,732,990	5,053,645
Distributions		106,563,093	147,268,992
Other Investment Income		4,933,518	3,885,653
Changes in Net Market Value	7	227,280,619	(551,364,838)
		<u>350,510,221</u>	<u>(395,156,548)</u>
<b>CONTRIBUTIONS REVENUE</b>			
Employer Contributions	8	357,198,835	362,293,883
Member Contributions		57,867,102	51,694,344
Transfers In		155,690,286	89,468,904
		<u>570,756,223</u>	<u>503,457,131</u>
<b>OTHER REVENUE</b>			
Proceeds from Group Life Policies		16,874,415	6,426,312
Other Income		44,942	67,935
		<u>938,185,801</u>	<u>114,794,830</u>
<b>TOTAL REVENUE</b>			
<b>INVESTMENT EXPENSES</b>			
Direct Investment Expenses		9,469,326	7,157,091
<b>GROUP LIFE INSURANCE EXPENSES</b>			
		26,552,861	20,057,247
<b>GENERAL ADMINISTRATION EXPENSES</b>			
Administrator Expenses		7,860,254	7,998,226
Auditor's Remuneration	9	93,597	173,135
Operating Expenses		12,205,229	12,663,944
Anti-Detriment Payments		335,890	147,504
Superannuation Contribution Surcharge		9,503	51,887
		<u>56,526,660</u>	<u>48,249,034</u>
<b>TOTAL EXPENSES</b>			
<b>BENEFITS ACCRUED BEFORE INCOME TAX</b>			
		881,659,141	66,545,796
<b>INCOME TAX EXPENSE/(BENEFIT)</b>			
	10	82,844,341	(18,388,962)
		<u>798,814,800</u>	<u>84,934,758</u>
<b>BENEFITS ACCRUED AFTER INCOME TAX</b>			

**CARE Super  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2010**

	NOTE	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Contributions Received:			
Employer		358,284,778	362,407,775
Members		57,867,102	52,663,974
Transfers In		155,690,286	89,468,904
Interest Received - Bank Account		213,681	270,844
Proceeds from Group Life Policies Received		16,874,415	13,118,475
Other Revenue Received		76,171	100,900
Members' Benefits Paid		(274,405,222)	(222,170,135)
Direct Investment Expenses Paid		(1,689,915)	(1,415,935)
Group Life Insurance Premiums Paid		(24,842,816)	(20,052,134)
Superannuation Contribution Surcharge Paid		(17,739)	(53,803)
Other General Administration Expenses Paid		(21,704,168)	(23,667,160)
Income Tax Paid		0	713,520
<b>NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>	11(a)	266,346,573	251,385,225
<b>CASH FLOWS FROM INVESTING AND OTHER ACTIVITIES</b>			
(Purchase)/Sale of Fixed Assets		(89,911)	168
Net (Purchase)/Sale of Investments		(271,300,000)	(253,603,845)
Net Sale of Investments		608,941	316,871
<b>NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>		(270,780,970)	(253,286,806)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS - CASH AT BANK</b>		(4,434,397)	(1,901,581)
<b>CASH AND CASH EQUIVALENTS - CASH AT BANK AT BEGINNING OF YEAR</b>		5,697,462	7,599,043
<b>CASH AND CASH EQUIVALENTS - CASH AT BANK AT END OF THE YEAR</b>	11(b)	1,263,065	5,697,462

**CARE Super**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards including AAS 25 "Financial Reporting by Superannuation Plans" ("AAS25") as amended by AASB 2005-13 "Amendments to Australian Accounting Standards", other accounting standards to the extent applicable, the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed.

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments and derivatives, which are measured at net market value.

**(b) Statement of Compliance**

The financial statements comply with AAS 25. Since AAS 25 is the principal standard that applies to the financial statements, other standards, including Australia Accounting Standards issued by the AASB are also applied where necessary except to the extent that they differ from AAS 25.

International Financial Reporting Standards ("IFRS") form the basis of the Australian Accounting Standards adopted by the AASB. The financial statements of the Fund do not comply with IFRS.

**New accounting standards and interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the annual reporting period ended 30 June 2010. The impact of these standards and interpretations has been assessed and to the extent applicable to the Fund are outlined below. Standards and the Interpretations that are not expected to have a material effect on the Fund have not yet been included.

- \* Standard AASB 2009-12 " Amendments to Australian Accounting Standards [ AASBs 5,8,108,110,112,119, 133,137,139,1023 & 1031 and Interpretations 2,4,16,1039 & 1052]  
This amendment is applied from 1 January 2011.
- \* Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.  
This interpretation applies from 1 July 2010.
- \* Standard AASB 2009 - 5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [ AASB 5,8,101,107,117,118,136 & 139]
- \* Standard AASB 2009 - 11 Amendments to Australian Accounting Standards arising from AASB 9 [ AASB 1,3, 4,5,7,101,102,108,112,118,121,127,128,131,132,136,1023 & 1038 and interpretation 10 & 12]

**CARE Super**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

The preparation of the Fund's financial statements requires management to make judgements of estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities where they are not available from independent sources. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities is the valuation of investments and derivatives.

The key assumptions are set out in Note 1(d)

All amounts are presented in thousands of Australian Dollars unless otherwise stated.

**(d) Investments and Derivatives**

Investments and Derivatives of CareSuper (the "Fund") are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments and derivatives are measured at net market value. Gains or losses on investments and derivatives are recognised in the Operating Statement.

Net market value of investments and derivatives have been determined as follows:

- shares in listed entities, government and other fixed interest securities:  
at last sale price quoted by the Stock Exchange at close of business on the balance date;
- pooled superannuation trusts and unit trusts:  
at redemption price at balance date as quoted by the investment manager; and
- derivative financial instruments:  
derivative financial instruments including forward exchange contracts and fixed interest futures are recorded at market rates at close of business on the balance date.

Estimated costs of realisation have been deducted in determining net market value. As disposal costs are generally immaterial, unless otherwise stated net market value is considered a reasonable approximation of fair value.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund commits to purchase the asset.

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Revenue Recognition**

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

*Changes in net market values*

Changes in the net market value of investments and derivatives are calculated as the difference between the net market value at sale, or at balance date, and the net market value at the previous valuation point and recognised in the operating statement.

*Contributions, Transfers In and Group Life Proceeds*

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

*Interest*

Interest revenue on cash and other financial assets carried at net market value is recorded according to the terms of the contract and when the Fund's right to receive the interest is established.

*Distributions*

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

**(f) Income Tax**

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

Income tax on the Operating Statement for the year comprises current and deferred tax. Income tax is reflected in the Operating Statement.

Current tax expense is the expected tax payable on the taxable income for the year using the concessional tax rate of 15% for the Fund income and any adjustment to the tax payable in respect of previous years. Assessable income referable to pension liabilities may be exempt from tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

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

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

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

**CARE Super**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Income Tax (continued)**

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(g) Goods and Services Tax (GST)**

Revenues, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from the taxation authority is included as part of receivables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Fund transfers substantially all the risks and rewards of ownership of the asset.
- the Fund has neither transferred or retained substantially all the risks and rewards of the assets, but has transferred control of the assets

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

**(i) Foreign Currency**

Both the functional and presentation currency of CARE Super is Australian dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the operating result in the period in which they arise.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Benefits Payable**

Benefits payable are valued at net market value which comprises the entitlements of members who ceased employment prior to the year end but had not been paid at that time. Benefits payable are settled within 30 days.

**(k) Receivables and Other Payables**

Receivables are carried at nominal amounts due which approximate net market value. Receivables are normally settled within 30 days. An allowance for uncollectible amounts is only made where there is objective evidence that the debt will not be collected. In the past a receivable for Proceeds from Group Life Policies has been brought to account. A change in policy has resulted in this practice not being followed for 2009 and future years.

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

**(l) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to cash, and subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(m) Accrued Benefits**

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries. This has been calculated as the difference between the carrying amount of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

**(n) Superannuation Contributions Surcharge**

Superannuation Contribution Surcharge is levied on surchargeable contributions for a relevant year on the basis of the individual member's adjusted taxable income for that year. The liability for the Superannuation Contribution Surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured. The superannuation surcharge liability recognised by the Fund has been charged to the relevant members' accounts

The Superannuation Laws Amendment (abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

**(o) Leased Assets**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the Operating Statement on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

**(p) Reserves**

The Fund retains a reserve comprising net income not distributed at balance date. The Reserve is intended to cover administration, operation and capital expenditure requirements. Its target range is 30 to 70 basis points. In addition there is \$100,000 that is required to be maintained by the Fund in accordance with its RSE Licence obligations.

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(q) No-TFN Contributions Tax**

Where members do not provide their tax file number to CARE Super, CARE Super may be required to pay a no-TFN contributions tax at a rate of 31.5% which is in addition to the concessional tax rate of 15% which applies to CARE Super's taxable income.

The no-TFN contributions tax liability recognised by CARE Super will be charged to the relevant members' accounts. Where a tax offset is obtained by CARE Super in relation to members' no-TFN contributions tax, the tax offset will be included in the relevant members' accounts.

**(r) Excess Contributions Tax**

The Australian Taxation Office may issue release authorities to members of the Fund relating to any relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year. Where a member receives an excess contributions tax release authority, the member:

- may give the release authority relating to the member's concessional contributions to a fund for payment; and
- must give the relapse authority relating to the member's non-concessional contributions to a fund for payment.

Release authorities may be issued by the Australian Taxation Office from 1 July 2007 in relation to transitional non-concessional contributions received by the Fund between 9 May 2006 and 30 June 2007. Release authorities in relation to concessional and/or non-concessional contributions received from 1 July 2007 may be issued from the Australian Taxation Office from 1 July 2008.

The liability for the excess contributions tax will be recognised when the relevant release authorities are received from the members, as the Trustee considers this is when it can be reliably measured.

The excess contributions tax liability recognised by the Fund will be charged to the relevant members' accounts.

**CARE Super**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

**2. OPERATION OF THE FUND**

CARE Super is an accumulation style fund and was established by Trust Deed dated 18th December 1986. Under the terms of the Fund's declaration of trust CARE Super Pty Ltd (A.B.N. 91 006 670 060) is appointed trustee. The members' accounts are credited or debited each year with contributions and their proportionate share of the net investment income, expenses, and income tax expense of the Fund.

In accordance with the amendments to the Superannuation Industry (Superannuation) Act 1993 the Fund was registered with the Australian Prudential Regulation Authority on 18 December 1986. (Registration number 125703943)

**3. INVESTMENTS AND DERIVATIVES**

The investments and derivatives of the Fund (including Cash & Short Term Deposits) are managed on behalf of the Trustee by selected investment managers. The Custodian holding the shares and fixed interest securities is National Nominees Ltd.

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Cash & Floating Rate Instruments comprise:		
AMP Managed Treasury	106,432,392	305,117,563
AMP Floating Rate Income Fund	31,782,812	28,391,992
AMP Capital Guaranteed Fund	78,741,804	59,190,616
Term Deposits	40,652,548	0
	<u>257,609,556</u>	<u>392,700,171</u>
Australian Equities comprise:		
AMP Sustainable Future Australian Share Fund	9,418,230	8,414,542
Wallara Asset Management Australian Equity Fund	0	3,942
Challenger Australian Share Fund	0	933,758
Goldman Sachs JB Were Australian Equities	0	620
GMO Australian Equities Trusts	466,962	214,523,301
Paradice Australian Equities	237,014,078	196,598,887
Renaissance Australian Equities - Small Caps	41,265,375	32,185,299
452 Capital Australian Equity Fund	192,839,100	172,147,343
ASX 200 - MIC	19,182,934	15,380,108
Acadian Australian Equities Long Short Fund	87,934,669	84,053,553
Vanguard Australian Shares Overlay	12,849,454	11,944,022
Solaris Core Australian Equity	125,702,356	89,825,109
Transition	7,075	68,576,353
IFM Enhanced Index Equity Fund	324,352,736	0
	<u>1,051,032,969</u>	<u>894,586,837</u>
International Equities comprise:		
CAN - Capital International Global Equity Trust	113,821,935	110,289,960
CFS Global Emerging Markets	107,915,020	90,989,570
Baillie Gifford - Long Term Global Growth	72,945,660	66,433,091
Dexia Sustainable Global Equity Fund	7,027,593	5,793,586
MFS Global Equity	157,184,906	135,063,211
Orbis Global Equity	97,954,640	93,465,224
Vanguard Overseas Shares Overlay	10,711,195	18,522,114
Acadian WS Global Equity Long Short Fund	45,845,852	42,345,429
T Rowe Price Global Equity Fund	76,200,377	48,854,495
Wellington Global Contrarian Equities	42,276,714	38,436,757
Pzena Global Value Fund	78,669,840	19,947,740
	<u>810,553,732</u>	<u>670,141,177</u>

**CARE Super**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

**3. INVESTMENTS AND DERIVATIVES (continued)**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Property:		
Dexus Wholesale Property Fund	189,295,113	165,193,053
Industry Superannuation Property Trust	174,600,926	168,385,721
IG Property Trust	1,812,806	2,361,766
Charter Hall Core Plus Off Fund	66,152,754	67,608,122
ISPT Development & Opportunities Fund 2	6,683,698	1,537,500
	<u>438,545,297</u>	<u>405,086,162</u>
Other Investments comprise:		
AMP Business Development Fund	1,738,149	3,017,193
Fauchier Partners Absolute Return Trust	52,481,001	47,879,755
Industry Super Holdings	15,685,057	9,155,540
IFM International Private Equity 1	3,666,693	3,787,533
IFM International Private Equity 2	7,307,032	6,044,673
Industry Funds Management - III	12,871,493	9,387,228
Utilities Trust of Australia	37,707,433	36,331,318
IFM Australian Infrastructure Fund	56,926,972	41,842,738
Macq Invest - GIF 2	23,393,294	24,604,495
Aurora Offshore Fund Limited II	98,342,076	85,082,808
Holowesko Global Fund	112,530,950	83,352,983
Warakirri International Hedged Equity Fund	1,128,682	47,079,263
Wilshire Private Markets Fund V	4,203,495	4,680,246
Wilshire Private Markets Fund VI	8,974,826	8,157,925
Wilshire Private Markets Fund VIII	4,373,321	2,984,503
Wilshire Private Markets VII	8,959,933	7,923,623
AMP Investments Infrastructure Equity Fund	43,173,331	41,738,767
Rare Infrastructure Value Fund	26,577,499	23,125,475
Vanguard Currency Overlay	2,760	5,753
IFM Australia Private Equity IV	6,926,565	4,681,772
Wilshire Private Markets Asia 2	1,064,137	302,924
AMP Strategic Infrastructure Trust of Europe	38,896,749	36,963,530
Crown Europe Middle Market 2	13,109,407	9,602,223
Partners Group Secondary 2008	12,107,797	9,398,582
Industry Funds Services	3,787,958	3,341,838
IFM Renewable Energy	10,555,331	0
Putnam Distressed Mortgage Stg	97,389,979	0
Stone Tower Offshore Credit Fund	73,272,653	0
	<u>777,154,572</u>	<u>550,472,688</u>
Fixed Interest Securities comprise:		
Alliance Alternative Fixed Income Fund	55,079,689	48,338,100
LeggMason Brandywine Global Fixed Income Trust	79,444,998	20,812,945
Bridgewater Global Fixed Income	222,185,836	187,012,770
Super Members Business Loans	15,340,645	14,388,697
Vanguard Australian Fixed Interest	85,787,292	50,305,152
Vanguard International Fixed Interest	70,970,548	45,790,096
Principal Global Strategic Income Fund	25,796,540	21,180,263
Vanguard Fixed Interest Overlay	3,566,635	6,153,193
Super Members Home Loan	30,100,454	30,074,200
	<u>588,272,638</u>	<u>424,055,416</u>
Derivative Assets		
Australian Share Price Index Futures	218,439	244,432
International Share Price Index Futures	208,677	533,654
Forward Foreign Exchange Contracts	2,574,266,632	1,951,586,949
Interest Rate Swaps	20,725,442	11,146,333
	<u>2,595,419,190</u>	<u>1,963,511,368</u>
Total Investments and Derivative Assets	<u>6,518,587,954</u>	<u>5,300,553,821</u>

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**3. INVESTMENTS AND DERIVATIVES (continued)**

	<b>2010</b>	<b>2009</b>
	\$	\$
Amounts expected to be realised within the 12 months and after 12 months have been estimated based on past experience and current expectations.		
Expected to be realised within 12 months	257,609,556	392,700,171
Expected to be realised after 12 months	6,260,978,398	4,907,853,650
	<u>6,518,587,954</u>	<u>5,300,553,821</u>
Financial Liabilities comprise:		
Derivative Liabilities		
Australian Fixed Interest Futures	8,714,964	893,011
International Share Price Index Futures	1,885,603	16,591
Forward Foreign Exchange Contracts	2,570,258,423	1,931,541,043
Interest Rate Swaps	20,489,261	11,141,654
	<u>2,601,348,251</u>	<u>1,943,592,299</u>

The Fund's financial assets and liabilities included in the Statement of Financial Position are carried at their fair value or at amounts that approximate their fair values. Except for unlisted equities and directly held property, fair values of investments are measured by using published price quotations in an active market.

Derivatives are used to reduce risk or gain exposure to other types of investments when appropriate. The Fund employs an asset allocation and currency overlay to facilitate appropriate exposure to certain asset classes and to protect the Fund's overseas assets against currency movements. This is achieved through the use of derivatives. Derivatives are not used to gear the portfolio or to cause the overall exposure of any asset class to breach the long term investment strategy ranges.

**4. LIABILITY FOR ACCRUED BENEFITS**

	<b>2010</b>	<b>2009</b>
	\$	\$
Changes in liability for accrued benefits:		
Liability for Accrued Benefits at beginning of the year	3,429,440,866	3,549,963,721
Plus: Benefits Accrued after Income Tax	798,814,800	84,934,758
Less: Benefits Paid and Payable	(277,018,685)	(205,457,613)
Liability for Accrued Benefits at end of the year	<u>3,951,236,981</u>	<u>3,429,440,866</u>
The amount not yet allocated comprises:		
<b>Administration, Group Life &amp; Operational Reserve</b>		
Balance at beginning of year	20,118,094	25,941,398
Plus: net investment earnings	341,040,894	(402,313,639)
Plus: fees allocated to members	21,798,770	19,766,785
Less: amounts allocated to members	(301,534,066)	326,884,808
Less: general and income tax expenses	(55,449,918)	49,838,742
Balance at end of year	<u>25,973,774</u>	<u>20,118,094</u>

**CARE Super  
NOTES TO THE ACCOUNTS  
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**5. VESTED BENEFITS**

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their fund membership as at balance date.

	2010 \$	2009 \$
Allocated to Member's Accounts	3,789,997,968	3,308,682,499
Allocated Pensions	120,339,622	82,571,258
Not Yet Allocated to Members Accounts		
Unallocated Contributions	791,231	445,391
Contributions Receivable ( net of contributions tax, administration and other accrued deductions)	21,604,967	22,534,082
Net Benefits Payable	(7,470,581)	(4,910,457)
Vested Benefits	<u>3,925,263,207</u>	<u>3,409,322,773</u>

**6. GUARANTEED BENEFITS**

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

**7. CHANGES IN NET MARKET VALUES OF INVESTMENTS AND DERIVATIVES**

	2010 \$	2009 \$
Investments and Derivatives held at balance date:		
Cash & Floating Rate Instruments	2,367,268	(1,584,164)
Australian Equities	(9,821,700)	(97,368,347)
International Equities	47,925,315	(81,672,039)
Other Investments	45,219,766	(59,614,678)
Property Trusts	(9,983,629)	(79,159,640)
Fixed Interest Securities	34,614,522	7,166,519
	<u>110,321,542</u>	<u>(312,232,349)</u>
Investments realised during the year:		
Cash & Floating Rate Instruments	468,729	(1,485,008)
Australian Equities	75,211,938	(126,203,371)
International Equities	21,951,829	(25,794,266)
Other Investments	5,861,436	(74,460,257)
Property Trusts	22,398	0
Fixed Interest Securities	13,442,747	(11,189,587)
	<u>116,959,077</u>	<u>(239,132,489)</u>
	<u>227,280,619</u>	<u>(551,364,838)</u>

**8. FUNDING ARRANGEMENTS**

The Fund provides for payment of contributions by employers at agreed rates. Employees are also able to make voluntary contributions. Insurance coverage is provided for members of the Fund.

**9. AUDITORS' REMUNERATION**

	2010 \$	2009 \$
Amounts received or due and receivable for:		
- an audit of the financial statements of the entity	64,471	75,747
- crediting rate and other audit work	29,126	97,388
	<u>93,597</u>	<u>173,135</u>

**CARE Super  
NOTES TO THE ACCOUNTS  
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	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>10. INCOME TAX</b>		
Major components of income tax expense for the years ended 30 June 2008 and 2009 are:		
<b>Operating Statement</b>		
<b>Current income tax expense</b>		
Current income tax charge	57,108,075	37,043,850
Adjustments in respect of current income tax of previous years	832,093	(494,918)
<b>Deferred income tax expense</b>		
Relating to origination and reversal of temporary differences		
Deferred Tax Assets	9,383,353	(57,662,513)
Deferred Tax Liabilities	15,520,820	2,724,619
Income tax expense reported in operating statement	<u>82,844,341</u>	<u>(18,388,962)</u>
A reconciliation between income tax expense and the accounting profit before income tax multiplied by the applicable tax rate is as follows:		
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Benefits accrued before income tax	881,659,141	66,545,796
At the tax rate of 15%	132,248,871	9,981,869
Adjustments in respect of current income tax of previous years	832,095	(494,916)
Non-Assessable Investment Income	(4,516,817)	7,238,013
Non-Assessable Contributions	(30,884,415)	(18,181,242)
Non-Assessable Group Life Insurance Proceeds	(2,531,162)	(963,947)
Other	(284,082)	(117,596)
Imputation and Other Credits Net	(12,020,148)	(15,851,143)
Income Tax Expense	<u>82,844,341</u>	<u>(18,388,962)</u>
Income tax expense reported in operating statement	<u>82,844,341</u>	<u>(18,388,962)</u>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Deferred income tax</b>		
Deferred income tax at 30 June relates to the following:		
<b>Deferred income tax liabilities</b>		
Contributions Receivable	3,733,270	3,909,977
Investment Income Receivable	1,902,220	873,586
FFX Contracts & Liquidity	600,843	2,999,160
Accrued Interest	218,291	0
Gross deferred income tax liabilities	<u>6,454,624</u>	<u>7,782,723</u>
<b>Deferred income tax assets</b>		
Accrued Interest	(1,163,525)	(218,291)
Accrued Group Life	484,816	228,310
Accrued Audit Fees	9,488	10,354
Accrued Employee Provisions	70,301	49,301
Accrued APRA Fees	39,985	34,494
Unrealised losses in investments subject to CGT	34,030,962	59,731,130
Gross deferred income tax assets	<u>33,472,027</u>	<u>59,835,298</u>

**CARE Super  
NOTES TO THE ACCOUNTS  
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**11. STATEMENT OF CASH FLOWS**

**a) Reconciliation from benefits accrued after income tax to net cash flows (used in)/from operations**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Benefits Accrued After Income Tax	798,814,802	84,934,759
<b><i>Cash Flows in Operating Profit Attributable to Non Operating Activities</i></b>		
Dividends	(106,563,093)	(147,268,992)
Interest	(11,519,309)	(4,782,801)
Other Investment Income	(4,933,518)	(3,885,653)
Changes in Net Market Values	(227,280,620)	551,364,838
Other Revenue	31,228	32,964
Investment Expenses	7,779,411	5,741,156
FBT Instalments	93,168	104,406
Income Tax Paid	54,313,011	53,456,701
RITCs claimed	(1,659,403)	(1,010,974)
<b><i>Non Cash Flows in Operating Profit</i></b>		
Depreciation of Fixed Assets	85,677	95,409
Changes in Provision for Employee Benefits	139,995	36,746
<b><i>Changes in Operating Assets and Liabilities</i></b>		
(Increase)/Decrease in Contributions Receivable	1,178,043	954,173
(Increase)/Decrease in Proceeds from Group Life Policies Receivable	0	6,692,163
(Increase)/Decrease in Sundry Debtors	190,793	(154,598)
(Increase)/Decrease in Deferred Tax Assets	26,363,271	(57,662,513)
Increase/(Decrease) in Group Life Insurance Premiums Payable	1,710,045	5,112
Increase/(Decrease) in Audit Fees Payable	(5,775)	8,025
Increase/(Decrease) in Operating Expenses Payable	18,910	52,901
Increase/(Decrease) in Administration Expenses Payable	22,524	(1,454,835)
Increase/(Decrease) in Sundry Creditors	(195,424)	(233,997)
Increase/(Decrease) in Income Tax Payable	3,496,157	(16,194,249)
Increase/(Decrease) in Deferred Income Tax Liability	(1,328,099)	2,724,618
<b><i>Cash Items Not Included in Result of Operations</i></b>		
Benefits Paid	(274,405,221)	(222,170,134)
Net Cash flows from Operating Activities	<u>266,346,573</u>	<u>251,385,225</u>

**b) Reconciliation of Cash**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Cash balance comprises:		
Cash at Bank - Westpac Bank Account	1,263,065	5,697,462
Cash & Short Term Deposits - Custodian	257,609,556	392,700,171
Closing cash balance	<u>258,872,621</u>	<u>398,397,633</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash & short term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Fund, and earn interest at the respective short term deposit rates.

**c) Non cash investing activities**

During the year, all distributions which were received, were reinvested by way of acquiring units in unit trusts on normal commercial terms and conditions.

**CARE Super  
NOTES TO THE ACCOUNTS  
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**12. RELATED PARTIES**

**(a) Trustee and Key Management Personnel**

The Trustee of the Fund is CARE Super Pty Ltd, the directors of which are:

**Employer Representatives**

Barry Watchorn  
John Burge  
Graeme Grant  
Angela Emslie

**Member Representatives**

Michael O'Sullivan (Chairman)  
Michael Want  
Sue Anne Burnley  
Catherine Wood

**Independent Director**

Gabriel Szondy

**Key Management Personnel**

Julie Lander (CEO)  
Bernard Weekes (GM)  
Peter Theodorakopoulos (GM)  
Greg Nolan (GM)  
Eddy Wrigglesworth (CM)

The Trustee applied for a licence from the Australian Prudential Regulation Authority. The RSE licence was granted on 16 February 2006 (licence no L0000956).

**(b) Compensation of Management Personnel**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Short term benefits	843,078	803,632
Post employment	133,033	124,775
	976,111	928,407

Transactions between directors and the superannuation fund were transacted under normal terms and conditions with expenses incurred by the directors on the Fund's behalf fully reimbursed.

**(c) Related party transactions**

***Trustee***

CARE Super Pty Ltd invoiced CARE Super the amount of \$616,228 (2009: \$614,095) during the 2010 year for expenses incurred on behalf of the trustee company.

***Trustee Directors***

Certain directors are members of the Fund. Their membership terms and conditions are the same as those available to other members of the Fund.

***Industry Superannuation Property Trust Pty Ltd and IGIPT Pty Ltd***

CARE Super Pty Ltd holds investments in the Industry Superannuation Property Trusts and the ISPT Grosvenor International Property Trust. Refer to Note 3. Investments, for details of the value of the ownership interests relating to these entities. The Industry Superannuation Property Trusts are property trust vehicles wherein the Fund together with other industry superannuation funds can make direct property investments through Trust No 1 & No 2 or the Development and Opportunities Fund. Mr John Burge is a Director of Industry Superannuation Property Trust Pty Ltd, the trustee of the Industry Superannuation Property Trust No 1 & No 2 and ISPT Development and Opportunities Fund 2 and IGIPT Pty Ltd the Trustee of ISPT Grosvenor International Property Trust.

***Members' Equity Bank***

Mr Graeme Grant is a director of Members' Equity Bank

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

**12. RELATED PARTIES (cont)**

***Terms and conditions of transactions with related parties***

Outstanding balances at year end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

For the year ended 30 June 2010, the Fund has not raised any provision for uncollectible amounts relating to amounts owed by related parties as the payment history has been excellent (2009: \$nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates in. When assessed as required the Fund raises such a provision.

**13. INSURANCE**

The Fund provides death and disability benefits to members. These benefits are greater than the members' vested benefit. The Trustee has taken out insurance to cover the part of the benefit in excess of the vested benefit.

**14. SEGMENT INFORMATION**

The Fund operates solely in one reportable business segment, being the provision of benefits to members. The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. Revenue is derived from interest, distributions, other investment income, gains on the sale of investments, unrealised changes in the value of investments and contributions revenue.

**15. COMMITMENTS AND CONTINGENT LIABILITIES**

**(a) Operating Lease Commitments**

	2010 \$	2009 \$
Not later than one year	486,818	441,078
Later than one year but not later than five years	823,249	1,219,866
	<u>1,310,067</u>	<u>1,660,944</u>

**(b) Commitments yet to be called**

CareSuper has \$160 million in private equity and property commitments yet to be called.

**16. SIGNIFICANT EVENTS AFTER BALANCE DATE**

Since 30 June 2010, there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

**CARE Super**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. FINANCIAL RISK MANAGEMENT**

**(a) Strategy in using financial instruments**

The Fund's principal financial instruments, comprise individual mandates and units in managed trusts which invest in equity securities, insurance policies, fixed interest securities, property, infrastructure, private equity, hedge funds, cash and short term deposits. The main purpose of these financial instruments is to generate a return on investment.

The Fund also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations.

The Fund also enters into derivative transactions, principally in equity & fixed interest futures and foreign exchange contracts. The main purpose is to manage financial risks associated with the Fund's investment transactions, and as a means of effecting a change in the asset mix. Investments in derivatives are not used to gear the Fund's investment portfolio, and are limited to the asset allocation limits for the underlying investment class.

The main risks arising from the Fund's financial instruments are interest rate risk, credit risk, market price risk and foreign currency risk. The Trustee reviews and agrees policies for managing each of these risks and they are summarised below. The Fund also monitors the market price risk arising from all financial instruments.

The Fund's accounting policies in relation to derivatives are set out in note 1.

The Trustee is responsible for identifying and controlling the risks that arise from these financial instruments. The Trustee reviews and agrees policies for managing each of these risks as summarised below. The Fund also monitors the market price risk arising from all financial instruments. The risk framework is documented in the Fund's Risk Management Plan and Strategy which is reviewed regularly by management and the Board of directors.

AASB 7.31, 33 Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is monitored by the Trustee. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

This information is prepared and reported to the Trustee on a regular basis.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or when a number of counterparties are engaged in similar business activities, have activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels in accordance with the Fund mandate and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

**(b) Market price risk**

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

**(c) Liquidity and cash flow interest rate risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cash flow interest rate risk is the risk that future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

To control liquidity and cash flow interest rate risk, the majority of the Fund's assets are invested in financial instruments, which under normal market conditions are readily convertible to cash. These investments include listed equities, cash and fixed interest investments.

**CARE Super**  
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**FOR THE PERIOD ENDED 30 JUNE 2010**

***(d) Other price risk***

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund is exposed to the price risk relating to changes in the net market value of the respective investment options held by the Fund, namely unit trusts, equity prices, fixed interest and discount securities as well as infrastructure and direct property valuations. Any changes in the net market value of these investments are due to movements in the price of the underlying assets that the fund invests in and the volatility of the those assets

The Trustee, through JANA Investment Advisors Pty Ltd (JANA) as the appointed specialist advisers, moderates this risk through diversification and the careful selection of investment managers who trade in securities and other financial instruments within specified limits. The Fund's overall market positions are monitored on a monthly basis by the Board. In addition, the Board reviews each asset class and manager in detail each quarter to ensure that performance is within expectations and ranges of the specific mandate.

The asset allocation ranges for each investment sector have been determined by the Trustee in consultation with JANA. These ranges have been set to ensure the appropriate overall fund risk/return ratio is maintained and to ensure satisfactory diversification across sectors. Investments in each sector are spread over more than one security manager. In this way the Fund is not overly exposed to one manager, asset class or underlying economic event. This approach is designed to produce a moderate out performance over time. The asset allocation of the Balanced Fund is monitored monthly and rebalanced to the target on a monthly basis. All other options are balanced back to benchmark on a weekly basis.

**CARE Super**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

**17. FINANCIAL RISK MANAGEMENT continued**

***Sensitivity analysis for price movements***

The volatility of expected returns for the purpose of this analysis has been based on historical analysis and input from JANA in collaboration with the Trustee. The following table represents the returns that would be considered reasonably possible based on the underlying asset classes as at 30 June 2009 and 30 June 2010. The rates shown in the below table are those suggested by JANA.

	<b>Carrying Amount</b>	<b>Movement in underlying sectors</b>	<b>Increase/ (Decrease) in benefits accrued as a result of operations</b>	<b>Increase/ (Decrease) in members liabilities for accrued benefits</b>
<b>2010</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>
Futures	14	20.00%	-305	(208)
Listed Equities	917,504	21.00%	192,676	(192,676)
Listed Property Trusts	42,169	12.00%	5,060	(5,060)
Listed Unit Trusts	20,249	20.00%	4,050	(4,050)
Listed Investment Companies	98,342	20.00%	19,668	(19,668)
Other investments	78,742	20.00%	15,748	(15,748)
Outstanding settlements	26,632	20.00%	5,326	(5,326)
Preference shares redeemable	1,284	20.00%	257	(257)
Unlisted equities	472,992	20.00%	94,598	(94,598)
Unlisted Trusts	1,957,633	20.00%	391,527	(391,527)
Accrued Expenses	1,750	20.00%	350	(350)
<b>Total Financial Assets</b>	<b>3,617,311</b>		<b>728,956</b>	<b>(729,469)</b>
Futures	-9,558	20.00%	220,848	150,418
Outstanding settlements	-4,259	20.00%	-852	852
<b>Total Financial Liabilities</b>	<b>-13,817</b>		<b>219,996</b>	<b>151,270</b>
<b>Net Financial Assets/Liabilities</b>	<b>3,603,494</b>		<b>948,952</b>	<b>(578,199)</b>

  

	<b>Carrying Amount</b>	<b>Movement in underlying sectors</b>	<b>Increase/ (Decrease) in benefits accrued as a result of operations</b>	<b>Increase/ (Decrease) in members liabilities for accrued benefits</b>
<b>2009</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>
Convertible Notes	116	20.00%	23	(23)
Futures	424	20.00%	84,827	56,410
Listed Equities	766,102	20.00%	153,220	(153,220)
Listed Property Trusts	26,098	12.00%	3,132	(3,132)
Listed Unit Trusts	107,130	20.00%	21,426	(21,426)
Other investments	59,191	20.00%	11,838	(11,838)
Outstanding settlements	32,877	20.00%	6,575	(6,575)
Preference shares redeemable	2,272	20.00%	454	(454)
Unlisted equities	12,497	20.00%	2,499	(2,499)
Unlisted Trusts	2,178,488	20.00%	435,698	(435,698)
Warrants	2	20.00%	0	(0)
<b>Total Financial Assets</b>	<b>3,185,197</b>		<b>719,694</b>	<b>(578,457)</b>
Futures	-925	20.00%	79,227	53,127
Outstanding settlements	-12,281	20.00%	(2,456)	2,456
<b>Total Financial Liabilities</b>	<b>-13,206</b>		<b>76,771</b>	<b>55,583</b>
<b>Net Financial Assets/Liabilities</b>	<b>3,171,991</b>		<b>796,465</b>	<b>(522,874)</b>

**CARE Super**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. FINANCIAL RISK MANAGEMENT continued**

**(e) Interest rate risk**

Interest rate risk represents the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relate primarily to investments held in discount securities and interest bearing securities.

The Fund's policy is to invest in fixed interest as a diversifying strategy as well as moderate the volatility of the expected returns of the Fund.

The risks within the fixed interest Investments lie in the duration and credit limits held by the investment managers. Managers are subject to strict guidelines with regard to both parameters and they are monitored regularly by the Board in conjunction with JANA.

The following table sets out the carrying amount, by maturity, of the Fund's financial instruments that are exposed to interest rate risk.

2010	Floating Rate	Fixed Interest Rate - Time to Maturity				Total
		1 Year or Less	1 - 5 Years	Over 5 Years	Non Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
Cash at Bank	1,263					1,263
Cash & Short Term Deposits	40,387	89,665				130,052
Convertible Notes			10,292			10,292
Fixed Interest Securities			21,635	48,433		70,068
Floating Rate Notes	539					539
Mortgage Backed Securities	99,683					99,683
Asset Backed Securities	26,063					26,063
Futures	413				14	427
Swaps	20,725					20,725
O'seas Statements-receivables					26,632	26,632
<b>Total Financial Assets</b>	189,073	89,665	31,927	48,433	26,646	385,744
Futures	(1,042)				-9,558	-10,600
Swaps	(20,489)					-20,489
Cash and Deposits		(20,013)				-20,013
O'seas Statements-payables					(4,259)	-4,259
<b>Total Financial Liabilities</b>	(21,531)	(20,013)	0	0	-13,817	-55,361
<b>Net Financial Assets/Liabilities</b>	167,542	69,652	31,927	48,433	12,829	330,383

2009	Floating Rate	Fixed Interest Rate - Time to Maturity				Total
		1 Year or Less	1 - 5 Years	Over 5 Years	Non Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
Cash at Bank	5,697					5,697
Cash & Short Term Deposits	72,916	38,723				111,639
Fixed Interest Securities			18,987	17,844		36,831
Mortgage Backed Securities	30,074					30,074
Futures	353				425	778
Swaps	11,146					11,146
O'seas Statements-receivables					32,877	32,877
<b>Total Financial Assets</b>	120,186	38,723	18,987	17,844	33,302	229,042
Futures	(136)				(926)	(1,062)
Swaps	(11,142)					(11,142)
Cash and Deposits		(112)				(112)
O'seas Statements-payables					(12,281)	(12,281)
<b>Total Financial Liabilities</b>	(11,278)	(112)	0	0	(13,207)	(24,597)
<b>Net Financial Assets/Liabilities</b>	108,908	38,611	18,987	17,844	20,095	204,445

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The other financial instruments of the Fund that are not included in the above tables are non-interest bearing and therefore not subject to interest rate risk.

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**17. FINANCIAL RISK MANAGEMENT** continued

*(e) Interest rate risk - continued*

**Sensitivity analysis for items exposed to interest rate risk**

The following table represents the returns that would be considered reasonably possible based on expected movements in interest rates as at 30 June 2009 and 30 June 2010.

The basis points movement reflect those suggested by JANA.

	<b>Carrying Amount</b>	<b>Movement in underlying sectors</b>	<b>Increase/ (Decrease) in benefits accrued as a result of operations</b>	<b>Increase/ (Decrease) in members liabilities for accrued benefits</b>
<b>2010</b>	<b>\$'000</b>	<b>75 bps</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>				
Cash and Deposits	104,761	75bps	785	(785)
Convertible Notes	10,292	75bps	(77)	77
Fixed Interest Bonds	70,068	75bps	(4,111)	4,117
Floating Rate Notes	539	75bps	(27)	27
Asset Based Securities	26,063	75bps	(11)	16
Futures	413	75bps	41,663	44,874
Mortgage Backed Securities	99,683	75bps	(8)	29
Swaps	20,725	75bps	(135)	135
<b>Total Financial Assets</b>	<b>332,544</b>		<b>38,079</b>	<b>48,490</b>
Cash and Deposits	(13)	75bps	0	0
Futures	(1,042)	75bps	(68,669)	(73,539)
Swaps	(20,489)	75bps	134	(134)
<b>Total Financial Liabilities</b>	<b>(21,544)</b>		<b>(68,535)</b>	<b>(73,673)</b>
<b>Net Financial Assets/Liabilities</b>	<b>311,000</b>		<b>(30,456)</b>	<b>(25,183)</b>
<b>2009</b>	<b>\$'000</b>	<b>75 bps</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>				
Cash and Deposits	117,448	75bps	884	(884)
Fixed Interest Bonds	36,831	75bps	(1,652)	1,655
Futures	353	75bps	2,994	4,348
Mortgage Backed Securities	30,074	75bps	1	10
Swaps	11,146	75bps	1,672	(1,672)
<b>Total Financial Assets</b>	<b>195,852</b>		<b>3,899</b>	<b>3,457</b>
Cash and Deposits	(112)	75bps	1	(1)
Futures	(136)	75bps	12,306	12,525
Swaps	(11,141)	75bps	(1,671)	1,672
<b>Total Financial Liabilities</b>	<b>(11,389)</b>		<b>10,636</b>	<b>14,196</b>
<b>Net Financial Assets/Liabilities</b>	<b>184,463</b>		<b>(6,737)</b>	<b>(10,739)</b>

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**(f) Foreign Currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has exposure to foreign currency risk implicit in the value of portfolio securities denominated in a foreign currency. These exposures are managed by a combination of the hedging policies of the underlying managers, and a currency overlay established by the Board, in conjunction with JANA, to limit the exposure to international currency movements of 15% of the Balanced Fund.

2010	USD	EURO	Yen	AUD	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross investment amount	(661,284)	(70,865)	(27,468)	799,661	(36,036)	4,008
	(661,284)	(70,865)	(27,468)	799,661	(36,036)	4,008

\* Notional exposure value

2009	USD	EURO	Yen	AUD	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross investment amount	(505,547)	(68,167)	(39,498)	670,735	(37,477)	20,046
	(505,547)	(68,167)	(39,498)	670,735	(37,477)	20,046

\* Notional exposure value

Net market value of foreign exchange contracts	2010 \$'000	2009 \$'000
Foreign exchange contract assets	2,574,267	1,951,587
Foreign exchange contract liabilities	(2,570,259)	(1,931,541)

The foreign exchange contracts are taken out on a rolling three month basis. The average exchange rates on these contacts are as follows:

	2010	2009
A\$/US\$	0.83	0.88
A\$/Euro	0.63	0.59
A\$/Yen	76.37	89.87

**Sensitivity analysis**

The table below indicates the currencies to which the Fund had significant exposure at 30 June 2010 on its monetary assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian Dollar on the Statement of Changes in Net Assets, with all other variables held constant.

Currency	2010			
	Increase in currency rate	Effect on Net Assets/ Investment Returns \$'000	Decrease in currency rate	Effect on Net Assets/ Investment Returns \$'000
USD	10.00%	4,800	10.00%	(5,867)
EUR	10.00%	1,242	5.00%	(719)
YEN	10.00%	1,502	5.00%	(870)
AUD	0.00%	0	0.00%	0
OTHER	10.00%	7,126	5.00%	(4,125)

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**(f) Foreign Currency risk- continued**

Currency	2009			
	Increase in currency rate	Effect on Net Assets/ Investment Returns \$'000	Decrease in currency rate	Effect on Net Assets/ Investment Returns \$'000
USD	10.00%	5,855	10.00%	(7,157)
EUR	10.00%	1,823	5.00%	(1,785)
YEN	10.00%	1,460	5.00%	(1,784)
AUD	0.00%	0	0.00%	0
OTHER	10.00%	1,322	5.00%	(1,616)

**(g) Credit risk**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these investments.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a large number of counterparties.

There are no significant concentrations of credit risk within the Fund.

**(h) Liquidity and cash flow interest rate risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cash flow interest rate risk is the risk that future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

To control liquidity and cash flow interest rate risk, the Fund invests in financial instruments, which under normal market conditions are readily convertible to cash.

**CARE Super**  
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**(i) Fair values**

AAS requires investments to be measured using net market value. The following table shows financial instruments recorded at the net market value, analysed between those whose net market value is based on quoted market prices (Level 1), those involving valuation techniques where all model inputs are observable in the market (Level 2) and those where the valuation technique involves the use of non market observable inputs (Level 3) that are significant to the determination of net market value.

Net market value is considered a reasonable approximation of fair value, and for the purposes of the "fair value hierarchy", estimated costs of disposal have been disregarded for Level 1 financial assets. Listed Australian equities, listed international equities and fixed interest futures have been disclosed within level 1 in the fair value hierarchy, as the Trustee considers this is the most appropriate treatment that reflects how listed equities and fixed interest futures are valued.

**Fair Value Hierarchy**

**Year Ended 30 June 2010**

<b>Types of Assets/Liabilities</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Cash & Deposits	64,108	40,653	0	104,761
Convertible Notes	0	10,292	0	10,292
Accrued Expenses	1,750	0	0	1,750
Futures	427	0	0	427
Listed Equities	917,204	249	51	917,504
Listed Property Trusts	42,169	0	0	42,169
Listed Unit Trusts	20,249	0	0	20,249
Other Investments	0	78,742	0	78,742
Outstanding Settlements	26,632	0	0	26,632
Preference Shares Redeemable	1,284	0	0	1,284
FFX Contracts	0	2,574,267	0	2,574,267
Fixed Interest Bonds	0	70,068	0	70,068
Listed Investment Companies	0	98,342	0	98,342
Swaps	0	20,725	0	20,725
Unlisted Equities	0	472,992	0	472,992
Unlisted Managed Investment Schemes	0	1,956,505	1,129	1,957,634
Asset Backed Securities	0	26,063	0	26,063
Floating Rate Notes	0	539	0	539
Mortgage Backed Securities	0	69,582	30,100	99,682
<b>Total Assets</b>	<b>1,073,823</b>	<b>5,419,019</b>	<b>31,280</b>	<b>6,524,122</b>
<b>Liabilities</b>				
Cash and Deposits	13	0	0	13
Futures	10,601	0	0	10,601
Outstanding Settlements	4,259	0	0	4,259
FFX Contracts	0	2,570,258	0	2,570,258
Swaps	0	20,489	0	20,489
<b>Total Liabilities</b>	<b>14,873</b>	<b>2,590,747</b>	<b>0</b>	<b>2,605,620</b>

**Level 3 Reconciliations**

**Year Ended 30 June 2010**

	<b>Listed Equities \$'000</b>	<b>Mortgage Backed Securities \$'000</b>	<b>Unlisted Mgd Investment Schemes \$'000</b>	<b>Total \$'000</b>
<b>Opening Balance</b>	15	30,074	162,699	192,788
Transfers into/out of level 3	51	0	(157,882)	(157,831)
Purchases/Sales	(15)	(1,479)	(3,688)	(5,182)
Gains/(losses)	0	1,505	0	1,505
<b>Closing Balance</b>	<b>51</b>	<b>30,100</b>	<b>1,129</b>	<b>31,280</b>

**CARE Super**  
**STATEMENT BY TRUSTEE**

In the opinion of the Trustee of CARE Super:

1. the accompanying financial statements of CARE Super are properly prepared so as to present fairly the financial position of the Fund as at 30 June 2010 and the results of its operations and cashflows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
2. the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations and Guidelines during the year.

Signed in accordance with a resolution of the Board of Directors of CARE Super Pty Ltd (A.B.N. 91 006 670 060).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Melbourne, Victoria.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director