

**CARE Super**

**A.B.N. 98 172 275 725**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

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**CARE Super**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Cash at Bank		8,021,641	1,263,065
Cash & Floating Rate Instruments	3	417,988,464	257,609,556
Trade and Other Receivables			
Contributions Receivable		25,854,781	24,888,469
<b>Investments</b>			
<b>Financial Assets</b>			
Australian Equities		1,272,455,716	1,051,032,969
International Equities		993,317,360	810,553,732
Other Investments		877,047,908	777,154,572
Fixed Interest Securities		472,124,458	588,272,638
Property Trusts		522,386,262	438,545,297
Derivative Assets		2,058,015,166	2,595,419,190
<b>Other Assets</b>			
Fixed Assets		484,254	477,861
Sundry Debtors		562,483	(46,519)
<b>Tax Assets</b>			
Deferred Tax Assets	10	21,052,874	33,472,027
<b>TOTAL ASSETS</b>		<u>6,669,311,367</u>	<u>6,578,642,857</u>
<b>LIABILITIES</b>			
<b>Trade and Other Payables</b>			
Group Life Insurance Premium Payable		2,948,094	3,232,109
Provision for Employee Benefits		606,436	468,670
Benefits Payable		11,964,752	7,470,582
Accounts Payable		1,695,893	1,028,190
Sundry Creditors		9,513	56,478
GST Payable		108,939	124,782
<b>Investments</b>			
<b>Financial Liabilities</b>			
Derivative Liabilities	3	2,049,882,294	2,601,348,251
<b>Tax Liabilities</b>			
Superannuation Contribution Surcharge		41,681	26,304
Current Tax Liabilities		42,788,153	7,195,885
Deferred Tax Liabilities	10	5,819,213	6,454,625
<b>TOTAL LIABILITIES</b>		<u>2,115,864,968</u>	<u>2,627,405,876</u>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>		<u>4,553,446,399</u>	<u>3,951,236,981</u>
<b>Represented by:</b>			
<b>LIABILITY FOR ACCRUED BENEFITS</b>			
	4,5,6		
Allocated to members' accounts		4,518,262,974	3,925,263,207
Administration, Group Life and Operational Reserve		35,083,425	25,873,774
Regulatory Reserve		100,000	100,000
		<u>4,553,446,399</u>	<u>3,951,236,981</u>

**CARE Super  
OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>INVESTMENT REVENUE</b>			
Interest		16,148,134	11,732,990
Distributions		186,849,984	106,563,093
Other Investment Income		5,199,675	4,933,519
Changes in Net Market Value	7	244,018,590	227,280,619
		<u>452,216,383</u>	<u>350,510,221</u>
<b>CONTRIBUTIONS REVENUE</b>			
Employer Contributions	8	379,944,292	357,198,835
Member Contributions		53,222,677	57,867,102
Transfers In		178,491,173	155,690,286
		<u>611,658,142</u>	<u>570,756,223</u>
<b>OTHER REVENUE</b>			
Proceeds from Group Life Policies		36,483,290	16,874,415
Other Income		216,565	44,942
		<u>37,699,855</u>	<u>17,319,362</u>
<b>TOTAL REVENUE</b>		<u>1,100,574,380</u>	<u>938,185,801</u>
<b>INVESTMENT EXPENSES</b>			
Investment Expenses		16,141,973	9,469,326
<b>GROUP LIFE INSURANCE EXPENSES</b>		40,301,094	26,552,861
<b>GENERAL ADMINISTRATION EXPENSES</b>			
Administrator Expenses		8,032,693	7,860,254
Auditor's Remuneration	9	155,711	93,597
Operating Expenses		13,498,163	11,902,022
APRA Levy		333,525	303,208
Financial Assistance Levy		536,318	0
Anti-Detriment Payments		422,406	335,890
Superannuation Contribution Surcharge		(6,001)	9,503
		<u>79,415,882</u>	<u>56,526,661</u>
<b>BENEFITS ACCRUED BEFORE INCOME TAX</b>		1,021,158,498	881,659,140
<b>INCOME TAX EXPENSE/(BENEFIT)</b>	10	82,484,658	82,844,341
		<u>938,673,840</u>	<u>798,814,799</u>
<b>BENEFITS ACCRUED AFTER INCOME TAX</b>		<u>938,673,840</u>	<u>798,814,799</u>

**CARE Super  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Contributions Received:			
Employer		378,956,001	358,284,778
Members		53,222,677	57,867,102
Transfers In		178,491,173	155,690,286
Group Life Insurance Rebate Received		(26,548)	0
Interest Received - Bank Account		327,035	213,681
Proceeds from Group Life Policies Received		36,483,290	16,874,415
Other Revenue Received		279,023	76,171
Members' Benefits Paid		(332,017,219)	(274,405,222)
Direct Investment Expenses Paid		(1,764,958)	(1,689,915)
Group Life Insurance Premiums Paid		(40,585,110)	(24,842,816)
Superannuation Contribution Surcharge Paid		21,377	(17,739)
Other General Administration Expenses Paid		(23,987,737)	(21,704,168)
Income Tax Paid		759,890	0
<b>NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>	11(a)	<b>250,158,894</b>	<b>266,346,573</b>
<b>CASH FLOWS FROM INVESTING AND OTHER ACTIVITIES</b>			
(Purchase)/Sale of Fixed Assets		(98,080)	(89,911)
Net (Purchase)/Sale of Investments		(243,800,000)	(271,300,000)
Net Sale of Investments		497,762	608,941
<b>NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>		<b>(243,400,318)</b>	<b>(270,780,970)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS - CASH AT BANK</b>		6,758,576	(4,434,397)
<b>CASH AND CASH EQUIVALENTS - CASH AT BANK AT BEGINNING OF YEAR</b>		1,263,065	5,697,462
<b>CASH AND CASH EQUIVALENTS - CASH AT BANK AT END OF THE YEAR</b>	11(b)	<b>8,021,641</b>	<b>1,263,065</b>

**CARE Super**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Since AAS25 is the principal standard that applies to the financial statements, other standards, including AIFRS, are also applied where necessary except to the extent that they differ from AAS25. As there have not been any material impacts of adopting the revised standards a reconciliation has not been disclosed.

*Issued accounting standards not adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

**(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)**

AASB 9 Financial Instruments addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Fund has not yet decided when to adopt AASB 9. However, management does not expect this will have a significant impact on the Fund's financial statements as the Fund does not hold any available-for-sale investments.

**(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)**

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Fund will apply the amended standard from 1 July 2011. When the amendments are applied, the Fund would need to disclose any transactions between its subsidiaries and its associates. However, as the Fund does not have any subsidiaries and associates, the amendment will not have any effect on the Fund's financial statements.

**(iii) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)**

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First-time Adoption of Australian Accounting and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Fund's disclosures. The Fund intends to apply the amendment from 1 July 2011.

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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

**(iv) Amendments to AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011)**

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Fund does not expect that any adjustments will be necessary as the result of applying the revised rules

**(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 YEAR ENDED 30 JUNE 2011

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 YEAR ENDED 30 JUNE 2011**

**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 YEAR ENDED 30 JUNE 2011**

**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.

**(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.

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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

**(p) Reserves**

The Fund retains a reserve comprising net income not distributed at balance date. Funds are held in and disbursed from separate reserve sub-accounts as follows: • Administration reserve • Group life reserve, and • Operational reserve. Investment earnings are held in the operational reserve during each financial year. This reserve ensures that, as far as possible, funds are available to provide for any operational error or other unforeseen events that would require members to be compensated beyond the normal declaration of the annual crediting rates, or to meet additional and unanticipated tax obligations.

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.

**(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 YEAR ENDED 30 JUNE 2011**

**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.

	2011 \$	2010 \$
Cash & Floating Rate Instruments comprise:		
AMP Managed Treasury	226,527,261	106,432,392
AMP Floating Rate Income Fund	0	31,782,812
AMP Capital Guaranteed Fund	86,051,919	78,741,804
Term Deposits	105,409,284	40,652,548
	<u>417,988,464</u>	<u>257,609,556</u>
Australian Equities comprise:		
AMP Sustainable Future Australian Share Fund	10,746,967	9,418,230
GMO Australian Equities Trusts	0	466,962
Paradise Australian Equities	259,545,124	237,014,078
Renaissance Australian Equities - Small Caps	48,768,640	41,265,375
452 Capital Australian Equity Fund	186	192,839,100
ASX 200 - MIC	20,833,074	19,182,934
Acadian Australian Equities Long Short Fund	0	87,934,669
Vanguard Australian Shares Overlay	86,688	12,849,454
Solaris Core Australian Equity	139,479,282	125,702,356
Transition	3	7,075
IFM Enhanced Index Equity Fund	380,134,640	324,352,736
Schroders Australian Equities	260,848,999	0
Perennial Australian Equities	152,012,113	0
	<u>1,272,455,716</u>	<u>1,051,032,969</u>
International Equities comprise:		
CAN - Capital International Global Equity Trust	208,249,866	113,821,935
CFS Global Emerging Markets	111,563,041	107,915,020
Baillie Gifford - Long Term Global Growth	81,583,210	72,945,660
Dexia Sustainable Global Equity Fund	9,806,710	7,027,593
MFS Global Equity	218,066,217	157,184,906
Orbis Global Equity	98,719,641	97,954,640
Vanguard Overseas Shares Overlay	90,447	10,711,195
Acadian WS Global Equity Long Short Fund	0	45,845,852
T Rowe Price Global Equity Fund	76,948,465	76,200,377
Wellington Global Contrarian Equities	85,737,645	42,276,714
Pzena Global Value Fund	102,552,118	78,669,840
	<u>993,317,360</u>	<u>810,553,732</u>

CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011

3. INVESTMENTS AND DERIVATIVES (continued)

	2011	2010
	\$	\$
Property:		
Dexus Wholesale Property Fund	211,130,680	189,295,113
Industry Superannuation Property Trust	198,295,473	174,600,926
IG Property Trust	1,500,819	1,812,806
Charter Hall Core Plus Off Fund	92,809,404	66,152,754
ISPT Development & Opportunities Fund 2	18,647,386	6,683,698
Gresham Property Fund No 4	2,500	0
	<u>522,386,262</u>	<u>438,545,297</u>
Other Investments comprise:		
AMP Business Development Fund	532,454	1,738,149
Fauchier Partners Absolute Return Trust	56,444,420	52,481,001
Industry Super Holdings	17,839,146	15,685,057
IFM International Private Equity 1	2,927,975	3,666,693
IFM International Private Equity 2	7,298,346	7,307,032
Industry Funds Management - III	17,590,549	12,871,493
Utilities Trust of Australia	59,485,258	37,707,433
IFM Australian Infrastructure Fund	71,665,152	56,926,972
Macq Invest - GIF 2	23,214,578	23,393,294
Aurora Offshore Fund Limited II	108,230,882	98,342,076
Holowesko Global Fund	113,712,647	112,530,950
Warakirri International Hedged Equity Fund	834,255	1,128,682
Wilshire Private Markets Fund V	3,595,037	4,203,495
Wilshire Private Markets Fund VI	7,326,630	8,974,826
Wilshire Private Markets Fund VIII	5,799,601	4,373,321
Wilshire Private Markets VII	9,823,572	8,959,933
AMP Investments Infrastructure Equity Fund	45,325,394	43,173,331
Rare Infrastructure Value Fund	34,214,993	26,577,499
Vanguard Currency Overlay	14,743	2,760
IFM Australia Private Equity IV	10,911,630	6,926,565
Wilshire Private Markets Asia 2	1,286,867	1,064,137
AMP Strategic Infrastructure Trust of Europe	38,884,140	38,896,749
Crown Europe Middle Market 2	17,713,188	13,109,407
Vanguard Sustainable Overseas Shares Asset Class Currency Hedge	9	0
Partners Group Secondary 2008	24,108,716	12,107,797
Industry Funds Services	3,811,719	3,787,958
IFM Renewable Energy	30,519,282	10,555,331
Putnam Distressed Mortgage Stg	83,640,532	97,389,979
Stone Tower Offshore Credit Fund	66,462,833	73,272,652
SSGA AA Overlay	13,833,360	0
	<u>877,047,908</u>	<u>777,154,572</u>
Fixed Interest Securities comprise:		
Alliance Alternative Fixed Income Fund	59,934,083	55,079,689
LeggMason Brandywine Global Fixed Income Trust	85,333,559	79,444,998
Bridgewater Global Fixed Income	0	222,185,837
Super Members Business Loans	16,250,977	15,340,645
Vanguard Australian Fixed Interest	90,538,848	85,787,292
Vanguard International Fixed Interest	74,935,439	70,970,548
Principal Global Strategic Income Fund	29,867,952	25,796,540
Vanguard Fixed Interest Overlay	216,478	3,566,635
Super Members Home Loan	0	30,100,454
Perennial Fixed Interest	115,047,122	0
	<u>472,124,458</u>	<u>588,272,638</u>
Derivative Assets		
Australian Share Price Index Futures	320,056	218,439
International Share Price Index Futures	2,851,844	208,677
Forward Foreign Exchange Contracts	2,054,843,266	2,574,266,632
Interest Rate Swaps	0	20,725,442
	<u>2,058,015,166</u>	<u>2,595,419,190</u>
Total Investments and Derivative Assets	<u>6,613,335,334</u>	<u>6,518,587,954</u>

**CARE Super  
NOTES TO THE ACCOUNTS  
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**3. INVESTMENTS AND DERIVATIVES (continued)**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</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	2,476,003,630	2,853,028,746
Expected to be realised after 12 months	4,137,331,704	3,665,559,208
	<u>6,613,335,334</u>	<u>6,518,587,954</u>
Financial Liabilities comprise:		
Derivative Liabilities		
Australian Fixed Interest Futures	78,500	8,714,964
International Share Price Index Futures	25,936	1,885,603
Forward Foreign Exchange Contracts	2,049,777,858	2,570,258,423
Interest Rate Swaps	0	20,489,261
	<u>2,049,882,294</u>	<u>2,601,348,251</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>\$</b>	<b>\$</b>
Changes in liability for accrued benefits:		
Liability for Accrued Benefits at beginning of the year	3,951,236,981	3,429,440,866
Plus: Benefits Accrued after Income Tax	938,673,840	798,814,799
Less: Benefits Paid and Payable	(336,464,424)	(277,018,684)
Liability for Accrued Benefits at end of the year	<u>4,553,446,399</u>	<u>3,951,236,981</u>
The amount not yet allocated comprises:		
Administration, Group Life, Operating and Capital Reserve		
Balance at beginning of year	25,973,774	20,118,094
Plus: net investment earnings	436,074,411	341,040,894
Plus: fees allocated to members	22,653,222	21,798,770
Less: amounts allocated to members	(396,144,939)	(301,534,066)
Less: general and income tax expenses	(53,373,043)	(55,449,918)
Balance at end of year	<u>35,183,425</u>	<u>25,973,774</u>

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**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.

	2011 \$	2010 \$
Allocated to Member's Accounts	4,339,839,243	3,789,997,968
Allocated Pensions	167,367,933	120,339,622
Not Yet Allocated to Members Accounts		
Unallocated Contributions	600,014	791,231
Contributions Receivable ( net of contributions tax, administration and other accrued deductions)	22,420,537	21,604,967
Net Benefits Payable	<u>(11,964,753)</u>	<u>(7,470,581)</u>
Vested Benefits	<u>4,518,262,974</u>	<u>3,925,263,207</u>

**6. GUARANTEED BENEFITS**

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

	2011 \$	2010 \$
<b>7. CHANGES IN NET MARKET VALUES OF INVESTMENTS AND DERIVATIVES</b>		
Investments and Derivatives held at balance date:		
Cash & Floating Rate Instruments	137,658	2,367,268
Australian Equities	23,686,005	(9,821,700)
International Equities	4,844,370	47,925,315
Other Investments	14,662,798	45,219,766
Property Trusts	19,142,321	(9,983,629)
Fixed Interest Securities	<u>(5,635,761)</u>	<u>34,614,522</u>
	<u>56,837,391</u>	<u>110,321,542</u>
Investments realised during the year:		
Cash & Floating Rate Instruments	12,555	468,729
Australian Equities	33,825,681	75,211,938
International Equities	59,402,427	21,951,829
Other Investments	84,309,482	5,861,436
Property Trusts	849,502	22,398
Fixed Interest Securities	<u>8,781,552</u>	<u>13,442,747</u>
	<u>187,181,199</u>	<u>116,959,077</u>
	<u>244,018,590</u>	<u>227,280,619</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.

	2011 \$	2010 \$
<b>9. AUDITORS REMUNERATION</b>		
Amounts received or due and receivable for:		
- an audit of the financial statements of the entity	99,336	64,471
- crediting rate and other audit work	56,375	29,126
	<u>155,711</u>	<u>93,597</u>

During the year ended 2011 there was a change of auditor from Ernst & Young to PriceWaterhouseCoopers.

CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
<b>10. INCOME TAX</b>		
Major components of income tax expense for the years ended 30 June 2010 and 2011 are:		
<b>Operating Statement</b>		
<b>Current income tax expense</b>		
Current income tax charge	71,353,645	57,108,075
Adjustments in respect of current income tax of previous years	(652,727)	832,093
<b>Deferred income tax expense</b>		
Relating to origination and reversal of temporary differences		
Deferred Tax Assets	(635,413)	9,383,353
Deferred Tax Liabilities	12,419,153	15,520,820
Income tax expense reported in operating statement	<u>82,484,658</u>	<u>82,844,341</u>
A reconciliation between income tax expense and the accounting profit before income tax multiplied by the applicable tax rate is as follows:		
	2011	2010
	\$	\$
Benefits accrued before income tax	1,021,158,498	881,659,141
At the tax rate of 15%	153,173,775	132,248,870
Adjustments in respect of current income tax of previous years	(652,725)	832,095
Non-Assessable Investment Income	(6,822,482)	(4,516,817)
Non-Assessable Contributions	(33,345,774)	(30,884,415)
Non-Assessable Group Life Insurance Proceeds	(5,472,494)	(2,531,162)
Other	(359,945)	(284,082)
Imputation and Other Credits Net	(24,035,697)	(12,020,148)
Income Tax Expense	<u>82,484,658</u>	<u>82,844,341</u>
Income tax expense reported in operating statement	<u>82,484,658</u>	<u>82,844,341</u>
	2011	2010
	\$	\$
<b>Deferred income tax liabilities</b>		
Contributions Receivable	3,878,217	3,733,270
Investment Income Receivable	1,128,757	1,902,220
FFX Contracts & Liquidity	762,038	600,843
Accrued Interest	50,201	218,292
Gross deferred income tax liabilities	<u>5,819,213</u>	<u>6,454,625</u>
<b>Deferred income tax assets</b>		
Accrued Interest	1,381,816	(1,163,525)
Accrued Group Life	442,214	484,816
Accrued Audit Fees	12,128	9,488
Accrued Employee Provisions	90,965	70,301
Accrued APRA Fees & FAL Levy	130,078	39,985
Unrealised losses in investments subject to CGT	18,995,673	34,030,962
Gross deferred income tax assets	<u>21,052,874</u>	<u>33,472,027</u>

CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011

11. STATEMENT OF CASH FLOWS

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

	2011	2010
	\$	\$
Benefits Accrued After Income Tax	938,673,842	798,814,802
<b>Cash Flows in Operating Profit Attributable to Non Operating Activities</b>		
Dividends	(186,849,984)	(106,563,093)
Interest	(15,821,099)	(11,519,309)
Other Investment Income	(5,199,675)	(4,933,518)
Changes in Net Market Values	(244,018,590)	(227,280,620)
Other Revenue	35,909	31,228
Investment Expenses	14,377,014	7,779,411
FBT Instalments	98,456	93,168
Income Tax Paid	35,868,536	54,313,011
RITCs claimed	(1,401,666)	(1,659,403)
<b>Non Cash Flows in Operating Profit</b>		
Depreciation of Fixed Assets	91,687	85,677
Changes in Provision for Employee Benefits	137,766	139,995
<b>Changes in Operating Assets and Liabilities</b>		
(Increase)/Decrease in Contributions Receivable	(966,312)	1,178,043
(Increase)/Decrease in Sundry Debtors	(605,716)	190,793
(Increase)/Decrease in Deferred Tax Assets	12,419,153	26,363,271
Increase/(Decrease) in Group Life Insurance Premiums Payable	(284,015)	1,710,045
Increase/(Decrease) in Audit Fees Payable	17,600	(5,775)
Increase/(Decrease) in Operating Expenses Payable	587,629	18,910
Increase/(Decrease) in Administration Expenses Payable	62,474	22,524
Increase/(Decrease) in Sundry Creditors	(3,754)	(195,424)
Increase/(Decrease) in Income Tax Payable	35,592,271	3,496,157
Increase/(Decrease) in Deferred Income Tax Liability	(635,414)	(1,328,099)
<b>Cash Items Not Included in Result of Operations</b>		
Benefits Paid	(332,017,218)	(274,405,221)
<b>Net Cash flows from Operating Activities</b>	<u><u>250,158,894</u></u>	<u><u>266,346,573</u></u>

b) Reconciliation of Cash

	2011	2010
	\$	\$
Cash balance comprises:		
Cash at Bank - Westpac Bank Account	8,021,641	1,263,065
Cash & Short Term Deposits - Custodian	417,988,464	257,609,556
<b>Closing cash balance</b>	<u><u>426,010,105</u></u>	<u><u>258,872,621</u></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  
FOR THE YEAR ENDED 30 JUNE 2011**

**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**

	2011 \$	2010 \$
Short term benefits	900,563	843,078
Post employment	143,672	133,033
	1,044,235	976,111

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 \$851,439 (2010: \$764,303) during the 2011 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. 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 IGIPT Pty Ltd the trustee of ISPT Grosvenor International Property Trust.

***Members' Equity Bank Pty Ltd and Industry Fund Management Pty Ltd***

CARE Super Pty Ltd holds investments in Industry Super Holdings Pty Ltd which owns the Members' Equity Bank Pty Ltd and Industry Funds Management Pty Ltd ( and their subsidiary companies). Refer to Note 3. Investments, for details of the value of the ownership interests relating to these entities. Mr Graeme Grant is a director of Members' Equity Bank Pty Ltd and Industry Funds Management Pty Ltd ( and their subsidiary companies). Ms Angela Emslie's partner, Garry Weaven, is chair of Industry Funds Management (IFM), which manages infrastructure, private equity, Australian shares and Fixed interest investments for CARE Super Pty Ltd. Mr Weaven is also a director of Members Equity Pty Ltd

**CARE Super  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**12. RELATED PARTIES (cont)**

***Hastings Funds Management Limited***

CARE Super Pty Ltd holds investments in the Hasting Funds Management Ltd. Refer to Note 3. Investments, for details of the value of the ownership interests relating to these entities. Ms Catherine Wood's partner Steve Gibbs is a director of Hastings Funds Management Ltd.

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

Outstanding balances at year end are unsecured and settlement occurs in cash. Transactions and Investments are made on normal commercial terms.

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

For the year ended 30 June 2011, the Fund has not raised any provision for uncollectible amounts relating to amounts owed by related parties(2010: \$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.

**13. INSURANCE**

The Fund provides death, disability and income protection benefits to members. These benefits are in addition to 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 in the clerical and retail sector. 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**

	2011 \$	2010 \$
Not later than one year	486,818	486,818
Later than one year but not later than five years	1,008,822	823,249
	1,495,640	1,310,067

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

CareSuper has \$209 million(2010: \$160 million) in private equity and property commitments yet to be called.

**16. EVENTS AFTER THE END OF THE REPORTING PERIOD**

After 30 June 2011 world investment markets experienced a period of volatility during which the market value of many investments declined.

CARE Super invests in a range of different investments including Australian and overseas equities which are subject to market risk.

As market values decline, so too does the value of the investment portfolio managed by CARE Super. The declines in investment valuations will also result in reduced crediting rates being issued by CARE Super.

Investments are disclosed in these financial statements at their 30 June 2011 fair values. Declines in market value subsequent to year end will be reflected in the financial statements for the subsequent year and are therefore not reflected in the operating statement for the year ended 30 June 2011 or statement of financial position at 30 June 2011.

CareSuper is in discussions with Asset Super about a possible merger of the funds. Before a merger of the funds can take place it needs to be determined that it would be in the interest of the members and appropriate due diligence must be completed and this is expected to take some months.

**CARE Super**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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's accounting policies in relation to derivatives are set out in note 1. The risk framework is documented in the Fund's Risk Management Plan and Strategy which is reviewed regularly by management and the Trustee.

**(b) 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.

**(c) 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.

**CARE Super**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

*(i) 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 Trustee, In addition, the Trustee 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 YEAR ENDED 30 JUNE 2011**

**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 2011 and 30 June 2010. This analysis has been performed on a pretax basis.

	Carrying Amount	Movement in underlying sectors	Increase/ (Decrease) in benefits accrued as a result of operations	Increase/ (Decrease) in members liabilities for accrued benefits
2011	\$'000	%	\$'000	\$'000
Futures	3,172	20.00%	21,255	(21,255)
Listed Equities	1,209,490	21.00%	253,993	(253,993)
Listed Property Trusts	54,614	12.00%	6,554	(6,554)
Listed Unit Trusts	30,999	20.00%	6,200	(6,200)
Listed Investment Companies		20.00%	0	0
Other investments	86,052	20.00%	17,210	(17,210)
Outstanding settlements	31,891	20.00%	6,378	(6,378)
Preference shares redeemable	1,858	20.00%	372	(372)
Unlisted equities	450,228	20.00%	90,046	(90,046)
Unlisted Trusts	2,434,047	20.00%	486,809	(486,809)
Accrued Expenses		20.00%	0	0
<b>Total Financial Assets</b>	<b>4,302,351</b>		<b>888,817</b>	<b>(888,817)</b>
Futures	(104)	20.00%	(697)	697
Outstanding settlements	(4,819)	20.00%	(964)	964
<b>Total Financial Liabilities</b>	<b>(4,923)</b>		<b>(1,661)</b>	<b>1,661</b>
<b>Net Financial Assets/Liabilities</b>	<b>4,297,428</b>		<b>887,156</b>	<b>(887,156)</b>

	Carrying Amount	Movement in underlying sectors	Increase/ (Decrease) in benefits accrued as a result of operations	Increase/ (Decrease) in members liabilities for accrued benefits
2010	\$'000	%	\$'000	\$'000
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)
Warrants	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>

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

(ii) 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 Trustee 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.

2011	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	8,022					8,022
Cash & Short Term Deposits	33,730	138,105				171,835
Convertible Notes			19,950			19,950
Fixed Interest Securities						0
Floating Rate Notes						0
Mortgage Backed Securities	67,750					67,750
Asset Backed Securities	12,962					12,962
Futures						0
Swaps						0
O'seas Statements-receivables						0
<b>Total Financial Assets</b>	<b>122,464</b>	<b>138,105</b>	<b>19,950</b>	<b>0</b>	<b>0</b>	<b>280,519</b>
Futures						0
Swaps						0
Cash and Deposits		(178)				(178)
O'seas Statements-payables						0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>(178)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(178)</b>
<b>Net Financial Assets/Liabilities</b>	<b>122,464</b>	<b>137,927</b>	<b>19,950</b>	<b>0</b>	<b>0</b>	<b>280,341</b>

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>	<b>189,073</b>	<b>89,665</b>	<b>31,927</b>	<b>48,433</b>	<b>26,646</b>	<b>385,744</b>
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>	<b>(21,531)</b>	<b>(20,013)</b>	<b>0</b>	<b>0</b>	<b>(13,817)</b>	<b>(55,361)</b>
<b>Net Financial Assets/Liabilities</b>	<b>167,542</b>	<b>69,652</b>	<b>31,927</b>	<b>48,433</b>	<b>12,829</b>	<b>330,383</b>

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.

CARE Super  
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17. FINANCIAL RISK MANAGEMENT continued

(ii) 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 2011 and 30 June 2010.

	Carrying Amount	Movement in underlying sectors	Increase/ (Decrease) in benefits accrued as a result of operations	Increase/ (Decrease) in members liabilities for accrued benefits
2011	\$'000	75 bps	\$'000	\$'000
<b>Financial Assets</b>				
Cash and Deposits	168,498	75bps	1,264	(1,264)
Convertible Notes	19,950	75bps	(150)	150
Fixed Interest Bonds	0	75bps	0	0
Floating Rate Notes	0	75bps	0	0
Asset Based Securities	12,962	75bps	(2)	6
Futures	0	75bps	0	0
Mortgage Backed Securities	67,750	75bps	(9)	24
Swaps	0	75bps	0	0
<b>Total Financial Assets</b>	<b>269,160</b>		<b>1,103</b>	<b>(1,084)</b>
Cash and Deposits	(178)	75bps	(1)	1
Futures	0	75bps	0	0
Swaps	0	75bps	0	0
<b>Total Financial Liabilities</b>	<b>(178)</b>		<b>(1)</b>	<b>1</b>
<b>Net Financial Assets/Liabilities</b>	<b>268,982</b>		<b>1,102</b>	<b>(1,083)</b>

	Carrying Amount	Movement in underlying sectors	Increase/ (Decrease) in benefits accrued as a result of operations	Increase/ (Decrease) in members liabilities for accrued benefits
2010	\$'000	75 bps	\$'000	\$'000
<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>

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**(iii). 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.

2011	USD	EURO	Yen	AUD	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross investment amount	(381,886)	(32,934)	6,393	397,325	16,167	5,065
	(381,886)	(32,934)	6,393	397,325	16,167	5,065

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

Net market value of foreign exchange contracts	2011 \$'000	2010 \$'000
Foreign exchange contract assets	2,054,843	2,574,267
Foreign exchange contract liabilities	(2,049,778)	(2,570,259)

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

	2011	2010
A\$/US\$	0.96	0.83
A\$/Euro	0.71	0.63
A\$/Yen	80.60	76.37

**Sensitivity analysis**

The table below indicates the currencies to which the Fund had significant exposure at 30 June 2011 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	2011			
	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%	(4,775)	10.00%	5,836
EUR	10.00%	(2,631)	5.00%	1,523
YEN	10.00%	(680)	5.00%	393
AUD	0.00%	0	0.00%	0
OTHER	10.00%	(13,031)	5.00%	7,544

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(f) Foreign Currency risk- continued

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)

(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.

**CARE Super**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**(h) Fair values**

The Fund's financial assets and liabilities adopted in the Statement of Financial Position are carried at their net market value which approximates their fair values. Refer to note 1 for the methods and assumptions adopted in determining the net market values of investments and derivatives.

All financial instruments that are measured at fair value in the Statement of Financial Position must now be classified into a new three-level fair value hierarchy in terms of the amendments to AASB7. This applies to reporting periods on or after 1 January 2009.

Descriptions of the various hierarchy levels are set out below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable in a market for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices). These inputs must be observable for substantially the full term of the financial instrument.

Level 3 - Valuation techniques for which any significant input is not based on observable market data. This includes any instrument that is not categorised in Level 1 or Level 2.

**Fair Value Hierarchy**

**Year Ended 30 June 2011**

Types of Assets/Liabilities	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Cash & Deposits	168,497	0	0	168,497
Convertible Notes	0	19,950	0	19,950
Accrued Expenses	0	0	0	0
Futures	3,172	0	0	3,172
Listed Equities	1,209,439	0	51	1,209,490
Listed Property Trusts	54,614	0	0	54,614
Listed Unit Trusts	30,999	0	0	30,999
Other Investments	0	86,052	0	86,052
Outstanding Settlements	31,891	0	0	31,891
Preference Shares Redeemable	1,858	0	0	1,858
FFX Contracts	0	2,054,843	0	2,054,843
Fixed Interest Bonds	0	0	0	0
Listed Investment Companies	0	0	0	0
Swaps	0	0	0	0
Unlisted Equities	0	450,228	0	450,228
Unlisted Managed Investment Schemes	0	2,434,047	0	2,434,047
Asset Backed Securities	0	12,962	0	12,962
Floating Rate Notes	0	0	0	0
Mortgage Backed Securities	0	67,751	0	67,751
<b>Total Assets</b>	<b>1,500,470</b>	<b>5,125,833</b>	<b>51</b>	<b>6,626,354</b>
<b>Liabilities</b>				
Cash and Deposits	178	0	0	178
Futures	104	0	0	104
Outstanding Settlements	4,819	0	0	4,819
FFX Contracts	0	2,049,778	0	2,049,778
Swaps	0	0	0	0
<b>Total Liabilities</b>	<b>5,101</b>	<b>2,049,778</b>	<b>0</b>	<b>2,054,879</b>

**Level 3 Reconciliations**

**Year Ended 30 June 2011**

	Listed Equities \$'000	Mortgage Backed Securities \$'000	Unlisted Mgd Investment Schemes \$'000	Total \$'000
Opening Balance	51	30,100	1,129	31,280
Transfers into/out of level 3	0	0	(1,129)	(1,129)
Purchases/Sales	0	(30,100)	0	(30,100)
Gains/(losses)	0	0	0	0
Closing Balance	51	0	0	51

**CARE Super**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

(i) Fair values (Cont)

Fair Value Hierarchy

Year Ended 30 June 2010

Types of Assets/Liabilities	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Cash & Deposits	69,399	40,653	0	110,052
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	78,742	0	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	477,551	0	477,551
Unlisted Managed Investment Schemes	0	1,956,955	2,143	1,959,098
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>1,157,856</b>	<b>5,345,286</b>	<b>32,294</b>	<b>6,535,436</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

	Listed Equities \$'000	Mortgage Backed Securities \$'000	Unlisted Mgd Investment Schemes \$'000	Total \$'000
Opening Balance	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 2011 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 4<sup>th</sup> day of Oct 2011

Melbourne, Victoria

  
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Director

  
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Director