

# BUILDING THE FUTURE TOGETHER



*CBUS ANNUAL FINANCIAL REPORT AND  
AUDITORS' REPORT 2010/11*

**Addendum  
to the Annual  
Report**



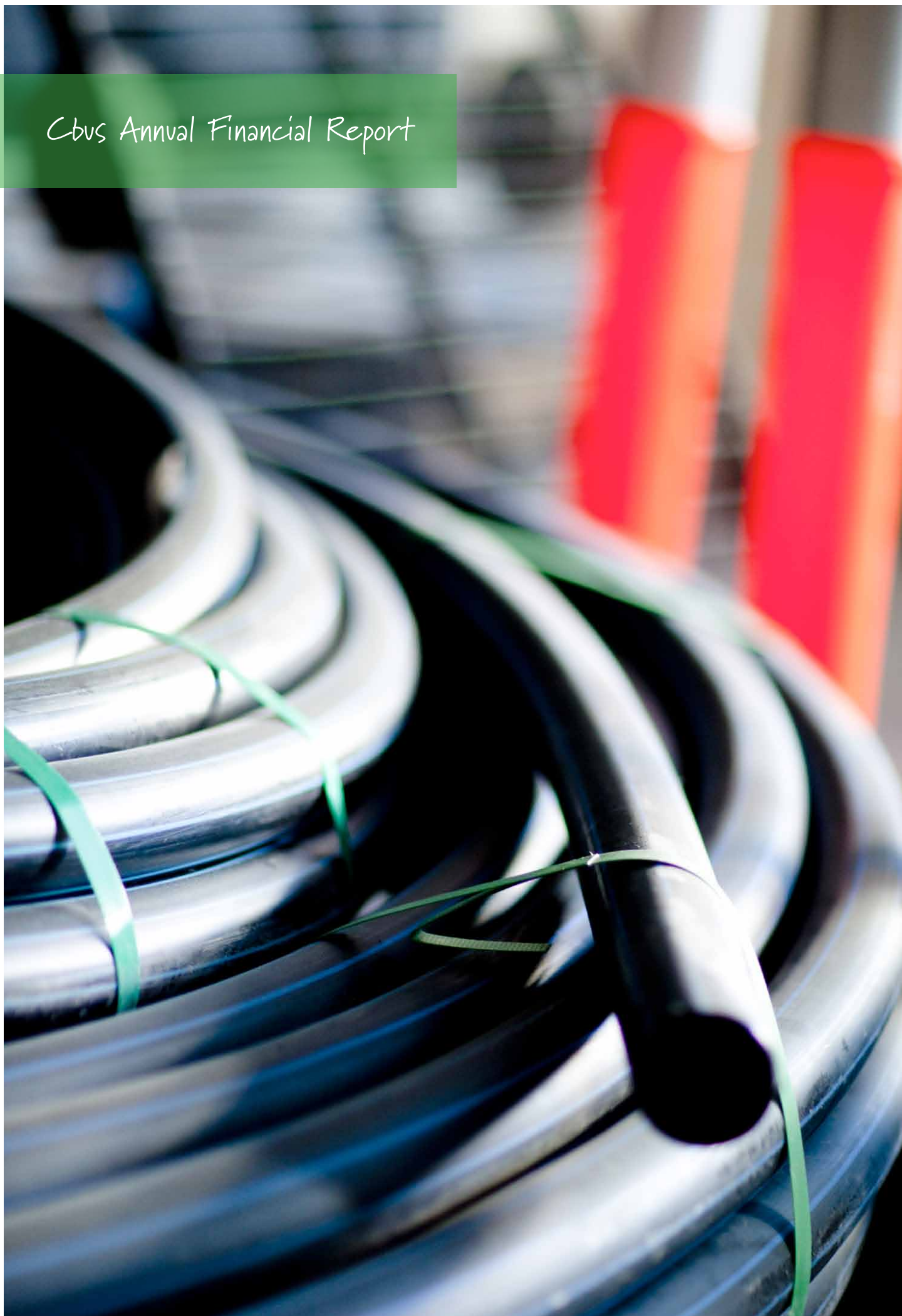
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Cbus 2010/11



Item	Length
Cbus Annual Financial Report	52 pages
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*Cbus Annual Financial Report*





**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
**A.B.N. 75 493 363 262**  
**ANNUAL FINANCIAL REPORT**  
**30 JUNE 2011**



Prepared by  
Superpartners Pty Ltd ABN 57 078 907 883

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<b>CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES</b> <b>STATEMENT OF FINANCIAL POSITION</b> <b>AS AT ENDED 30 JUNE 2011</b>
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		CONSOLIDATED		FUND	
	Note	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>ASSETS</b>					
<b>CASH AND CASH EQUIVALENTS</b>					
Cash at bank		49,448	36,225	31,289	28,654
<b>RECEIVABLES</b>					
Contributions receivable		162,456	141,467	162,456	141,467
Other receivables	5	7,545	17,513	2,134	2,680
<b>INVESTMENTS</b>					
<b>Financial Assets</b>					
Cash	4	1,228,259	1,291,240	1,228,259	1,291,240
Fixed interest securities (Australian)	4	715,942	616,173	715,942	616,173
Fixed interest securities (International)	4	184,921	-	184,921	-
Australian equities	4	5,675,945	4,499,930	5,675,945	4,499,930
International equities	4	3,679,221	2,830,149	3,679,221	2,830,149
Alternative assets	4	3,467,397	3,179,247	3,467,397	3,179,247
Property	4	2,659,515	2,359,665	2,241,102	1,821,692
Derivative financial assets	4	126,117	9,632	125,404	7,627
<b>TAX ASSETS</b>					
Deferred tax asset	17	37,941	87,364	47,917	84,477
<b>INTANGIBLE ASSETS</b>					
Computer software	9	1,206	1,507	1,206	1,507
<b>PROPERTY, PLANT AND EQUIPMENT</b>					
Property, plant & equipment	10	216,148	48,327	1,577	1,920
Motor vehicle & office equipment		1,069	511	1,069	511
<b>TOTAL ASSETS</b>		<b>18,213,130</b>	<b>15,118,950</b>	<b>17,565,839</b>	<b>14,507,274</b>
<b>Less:</b>					
<b>LIABILITIES</b>					
<b>PAYABLES</b>					
Accounts payable	6	70,753	69,339	60,077	61,584
Benefits payable		21,278	13,383	21,278	13,383
<b>FINANCIAL LIABILITIES</b>					
Provisions	7	42,733	14,460	-	-
Borrowings	11	576,024	560,638	-	-
Derivative financial liabilities	4	29,213	52,214	25,864	45,321
<b>TAX LIABILITIES</b>					
Current tax liabilities	16	41,207	122,381	39,923	113,123
Deferred tax liability	17	37,593	33,892	24,368	21,220
<b>TOTAL LIABILITIES</b>		<b>818,801</b>	<b>866,307</b>	<b>171,510</b>	<b>254,631</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>		<b>17,394,329</b>	<b>14,252,643</b>	<b>17,394,329</b>	<b>14,252,643</b>
<b>LIABILITY FOR ACCRUED BENEFITS</b>					
Members' funds	12	17,305,474	14,169,107	17,305,474	14,169,107
Contingency fund	14	28,932	33,431	28,932	33,431
Group life account	14	59,923	50,105	59,923	50,105
<b>LIABILITY FOR ACCRUED BENEFITS</b>		<b>17,394,329</b>	<b>14,252,643</b>	<b>17,394,329</b>	<b>14,252,643</b>

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

<b>CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES</b> <b>OPERATING STATEMENT</b> <b>FOR THE YEAR ENDED 30 JUNE 2011</b>
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		CONSOLIDATED		FUND	
	Note	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>REVENUE</b>					
<b>INVESTMENT INCOME</b>					
Interest		27,029	17,254	26,304	17,258
Distributions and dividends		656,965	372,300	685,184	376,271
Other income		13,704	13,961	101,485	82,114
Property rentals		109,143	74,450	-	-
Movement in net market value of investments	15	621,957	765,566	582,969	760,058
Direct investment expenses	15	(47,839)	(39,114)	(102,848)	(79,089)
		<b>1,380,959</b>	<b>1,204,417</b>	<b>1,293,094</b>	<b>1,156,612</b>
<b>CONTRIBUTIONS</b>					
Employer		1,821,467	1,524,142	1,821,467	1,524,142
Member		127,319	123,681	127,319	123,681
Government		9,932	27,065	9,932	27,065
Transfers from other funds		386,160	323,670	386,160	323,670
Transfer from fund merger	24	730,169	-	730,169	-
		<b>3,075,047</b>	<b>1,998,558</b>	<b>3,075,047</b>	<b>1,998,558</b>
<b>OTHER</b>					
Proceeds on insurance claims		132,202	108,209	132,202	108,209
Operating income		1,148	10,398	-	-
Interest on cash at bank		1,372	1,016	1,350	1,016
Sundry income		1,026	1,815	76	(47)
		<b>135,748</b>	<b>121,438</b>	<b>133,628</b>	<b>109,178</b>
<b>TOTAL REVENUE</b>		<b>4,591,754</b>	<b>3,324,413</b>	<b>4,501,769</b>	<b>3,264,347</b>
<b>EXPENSES</b>					
Employee expenses		6,445	3,927	-	-
Group life insurance premiums		148,025	130,654	148,025	130,654
Operating expenses		29,937	20,648	-	-
Borrowing costs	11	34,015	24,871	-	-
Administration and financial management expenses	8	75,350	66,100	71,910	62,404
Superannuation contributions surcharge	3(e).	(8)	(15)	(8)	(15)
<b>TOTAL EXPENSES</b>		<b>293,764</b>	<b>246,185</b>	<b>219,927</b>	<b>193,043</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX</b>		<b>4,297,990</b>	<b>3,078,228</b>	<b>4,281,842</b>	<b>3,071,305</b>
Income tax expense accrued as a result of operations	16	262,575	284,548	246,428	277,625
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS AFTER INCOME TAX</b>		<b>4,035,414</b>	<b>2,793,680</b>	<b>4,035,414</b>	<b>2,793,680</b>

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

<b>CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES</b> <b>STATEMENT OF CASH FLOWS</b> <b>FOR THE YEAR ENDED 30 JUNE 2011</b>
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	Note	CONSOLIDATED		FUND	
		30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>Inflows (outflows)</b>	<b>Inflows (outflows)</b>	<b>Inflows (outflows)</b>	<b>Inflows (outflows)</b>
Contributions and transfers received		2,324,203	1,987,899	2,324,203	1,987,900
Sundry income		1,026	1,814	76	(47)
Operating income		1,148	18,844	-	-
Claims received from insurer		130,558	108,209	130,558	108,209
Group life insurance premium		(148,605)	(128,923)	(148,605)	(128,923)
Administration and financial management		(69,282)	(73,670)	(71,952)	(61,906)
Benefits paid to members		(755,275)	(594,510)	(755,275)	(594,510)
Death and disablement claims paid		(130,558)	(108,209)	(130,558)	(108,209)
Operating expenses		(1,664)	(24,840)	-	-
Borrowing costs		(34,015)	(24,871)	-	-
Interest on cash at bank received		1,372	1,016	1,350	1,016
Acquisitions of plant & equipment		(169,110)	166,582	(733)	(2,373)
Superannuation contribution surcharge paid		8	(34)	8	(34)
Income tax paid		(290,625)	(176,659)	(279,920)	(185,319)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>					
	18(ii).	<b>859,181</b>	<b>1,152,648</b>	<b>1,069,153</b>	<b>1,015,804</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments		(11,012,872)	(8,004,776)	(11,233,431)	(7,851,559)
Redemption of investments		10,166,914	6,839,725	10,166,914	6,839,725
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>					
		<b>(845,958)</b>	<b>(1,165,051)</b>	<b>(1,066,517)</b>	<b>(1,011,834)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
		13,223	(12,403)	2,635	3,970
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR					
		36,225	48,628	28,654	24,684
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>					
	18(i).	<b>49,448</b>	<b>36,225</b>	<b>31,289</b>	<b>28,654</b>

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



## **1. REPORTING ENTITY**

The Construction and Building Union Superannuation Fund (Fund) is a superannuation fund domiciled in Australia. The address of the Fund's registered office is Level 28, 2 Lonsdale Street, Melbourne, Victoria, Australia.

The Cbus Group consolidated financial statements at June 30 comprise the Fund and its controlled entities, as referred to in Note 20. The Group is primarily involved in providing retirement benefits to members.

The Fund is constituted by a Trust Deed dated 18 April 1984, as amended, to provide superannuation benefits to its members.

The Trustee of the Cbus Fund is United Super Pty Ltd.

## **2. BASIS OF PREPARATION**

### **(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard "AAS 25 Financial Reporting by Superannuation Plans" (AAS 25), Urgent Issues Group Interpretations View, Corporations Act 2001, other applicable Accounting Standards, the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and regulations.

The financial statements were authorised for issue by the board of directors of the trustee on 19th October 2011.

### **(b) Functional and presentation currency**

The financial report is presented in Australian dollars, which is the functional currency of the Fund and Cbus Group.

Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

### **(c) Use of estimates and judgements**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Application of estimates, assumptions and critical judgements are particularly relevant to the valuation of direct investment properties held within the Fund's controlled entities (see Note 3b(iii)).

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Basis of consolidation

##### (i) Controlled entities

Controlled entities are entities controlled by the Fund (see Note 20). Control exists when the Fund has the power directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases during the reporting year. Intercompany transactions, balances and unrealised gains on transactions between Cbus Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of asset impairment. The accounting policies of controlled entities have been changed where necessary to align them with policies adopted by the Cbus Group.

Investments in controlled entities are carried at net market value in the Cbus Fund's financial statements.

##### (ii) Joint ventures

Joint ventures are those entities over whose activities the Cbus Group has joint control, established by contractual agreement.

###### *Jointly controlled entities*

In the consolidated financial statements, investments in jointly controlled entities, including partnerships, are accounted for at their net market value. Investments in joint venture entities are carried at the net market value in the Fund's financial statements.

Movement in the Cbus Group's share of the investment in the controlled entities is recognised in the consolidated operating statement from the date joint control commenced until the date joint control ceases during the reporting year.

Intercompany transactions, balances and unrealised gains on transactions between Cbus Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the asset impairment.

#### (b) Valuation of assets

Assets of the Cbus Group are recorded in the statement of financial position at net market value as at year end and movement in the net market value is recognised in the operating statement in the reporting year it occurs.

Estimated realisation costs have been deducted in determining net market value.

The Cbus Group recognises financial assets on the date it becomes a party to the contractual provisions of the asset. Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in net market value are recorded.

##### (i) Fixed interest securities / Australian shares/ International shares

The value of these investments have been determined using externally published market price data. All such investments are net of any realisation costs, which may apply in the event of disposal.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

**(ii) Pooled superannuation trusts/ Unit trusts/ Mortgages**

These investments are valued at the redemption price at reporting date as advised by the respective investment manager and reflect the interest in the underlying value of the assets within the Pooled Superannuation Trust, Unit Trust or Mortgage.

**(iii) Direct investment properties and joint venture investment properties**

Investment properties comprise investment interests in land and buildings (including integral plant and equipment). The carrying amount of investment property is the net market value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Net market values were determined using the capitalisation of net income and the discounted cash flow methods and also having regard to recent market transactions for similar properties in the same location as the Cbus Group's investment property. The valuation dates of property investments approximate to 30 June each year.

**(iv) Alternative assets**

Alternative Assets have been valued at net market value. Net market value has been estimated on the basis of investment manager valuations, independent valuations or directors' valuations. Alternative Asset values are net of any estimated disposal costs.

**(v) Property, plant and equipment**

Property, plant and equipment is measured based on independent valuations at net fair value that approximates net market value. A gain or loss arising from a change in fair value is recognised in the operating statement.

**(vi) Motor vehicles and office equipment**

Motor vehicles and Office Equipment are included in the statement of financial position at net market value as at reporting date and movements in the net market value of these assets are recognised in the operating statement for the periods in which they occur.

**(vii) Other assets**

Unless otherwise stated, other assets are included in the statement of financial position at net market value as at reporting date and movements in the net market value of other assets are recognised in the operating statement for the periods in which they occur.

**(viii) Intangible assets**

*IT development and software*

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to Computer software. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis over period of 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

Investments are maintained for the long-term purpose of providing benefits to members on their retirement, reaching a specified age, death or termination of employment.

**(c) Revenue recognition**

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

**(i) Changes in net market values**

Changes in the net market value of assets are recognised in the operating statement in the periods in which they occur. Changes in net market value of investments (including investment property) are recognised as income and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the reporting period).

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(ii) Contributions revenue and transfers in**

Contributions revenue and transfers in are recognised when control and benefits from the revenue have transferred to the Cbus Fund and are recognised gross of any taxes.

**(iii) Interest revenue**

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

**(iv) Dividend revenue**

Revenue from dividends is recognised on the date shares are quoted ex-dividend and if not received at reporting date, are reflected in the statement of financial position as a receivable at net market value.

**(v) Distributions**

Distributions from managed investment schemes are recognised as at the date the unit value is quoted ex-distribution and if not received at reporting date, are reflected in the statement of financial position within the net market value of the investment.

**(vi) Property rentals**

Property rental income from operating leases is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

**(vii) Foreign exchange gains/ losses**

Foreign exchange gains/losses are recognised as part of changes in net market value of investments

**(d) Income tax**

Income tax on the benefits accrued as a result of operations for the year comprises current and deferred tax. Income tax is recognised in the operating statement except to the extent that it relates to items recognised directly in members' funds, in which case it is recognised directly in members' funds.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in controlled entities to the extent that it is not probable they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the related tax benefit will be realised.

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 47% on the Fund's taxable income.

The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Trustee and are properly payable by the Fund.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Superannuation contributions (surcharge) tax

The Trustee recognises amounts paid or payable in respect of the surcharge tax as an expense of the Cbus Fund.

The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Trustee and are properly payable by the Cbus Fund.

The superannuation surcharge was abolished with effect from 1 July 2005 by the passing of the Superannuation Laws Amendment (Abolition of Surcharge) Act 2005. The last reporting of contributions for surcharge purposes was be in respect of contributions made up to and including 30 June 2005.

#### (f) Derivatives

##### (i) Purpose of derivative financial products

Derivatives are financial products, the values of which are derived from the value of, or change in the value of, an underlying asset. Certain investment management agreements permit (within the limitations prescribed) investment managers to utilise derivatives such as futures contracts and options to gain access to, and allow flexibility in, the financial markets in order to manage and structure the Cbus Group's investment portfolio in line with the Cbus Group's investment strategy.

The investment management agreements prohibit derivatives being used in a speculative manner. Whenever derivative positions are created, cash or securities are to be held to cover any derivative exposures.

Derivatives have a relatively minor role to play as part of the overall investment strategy. They can provide an opportunity to reduce risk and to enhance investment returns. The Cbus Group permits the use of financial derivatives by investment managers, provided;

- these investments are not used to gear the portfolio;
- there are sufficient cash assets to back any exposure to derivatives at all times; and
- the value of derivatives is reported at market value.

At no time during the year did the derivatives charge ratio exceed 5% of assets.

##### (ii) Accounting policy for derivative products

Derivative financial instruments are accounted for on a mark to market basis using the most recent verifiable sources of market price or generally accepted valuation principles, such as discounted cash flows. Any gains or losses are recorded in the relevant period as a change in net market value of investments in the Operating Statement. Derivatives include Share Price Index Futures, Exchange Traded Options, Fixed Interest Futures and Interest Rate Swaps.

#### (g) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). In circumstances where the GST is not recoverable, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (h) Benefits Payable

Benefits paid in the first five working days of the new financial year are accrued as benefits payable at the end of the current financial year. This policy has been adopted as it reflects the contractual arrangements with the Fund's administrator whereby benefits are mostly paid within five days of completed documentation being received.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Contributions receivable**

Contributions receivable reflects contributions received within 28 days after year end.

**(j) Other receivables and payables**

Other amounts receivable are carried at the amount due. Other amounts payable are recognised when there is an obligation to make future payments for services received and are carried at the amount payable on demand which approximates net fair value.

**(k) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(l) Reclassification of financial information**

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

**(m) Foreign currency**

Transactions in foreign currencies are converted to local currency at the foreign exchange rate ruling at the date of the transaction.

Monetary asset and liabilities at reporting year denominated in foreign currencies have been converted to local currency using foreign exchange rate ruling at the end of the reporting year. Resulting exchange rate differences are included in the operating result for the year.

**(n) Investment manager fees**

Investment manager fees are brought to account on an accruals basis.

**(o) Operating expenses**

Unless otherwise stated, expenditure, including rates, taxes and other outgoings, is brought to account on an accruals basis.

**(p) Financial expense and borrowing costs**

Financial expenses comprise interest payable on borrowings calculated using the effective interest method. Borrowing costs are expensed as incurred and included in net financing costs.

**(q) Liabilities**

Current liabilities are classified as those which become due and payable within 12 months of the current financial year. Non-current liabilities are classified as those that fall due and payable after 12 months of the current financial year.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(q) New accounting standards and interpretations**

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:

The Cbus Group has elected not to early adopt the following standards and amendments:

**(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.

**(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.

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**4. INVESTMENTS**

INVESTMENTS BY ASSET CLASS	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Cash</b>				
AXA Capital Guarantee Insurance	36,239	34,569	36,239	34,569
AXA Capital Guarantee Pensions	6,602	7,728	6,602	7,728
AXA Super Saver	203,938	369,703	203,938	369,703
CIM - Cash	664,308	728,995	664,308	728,995
CFS - Cash Option	162,247	70,128	162,247	70,128
Members Equity NCDs	136,625	68,817	136,625	68,817
Cash in Transit	18,300	11,300	18,300	11,300
<b>TOTAL CASH</b>	<b>1,228,259</b>	<b>1,291,240</b>	<b>1,228,259</b>	<b>1,291,240</b>
<b>Fixed Interest Securities (Australian)</b>				
IFM Alt Fixed Interest Fund	149,501	137,392	149,501	137,392
IFM Acorp	174,335	-	174,335	-
Quellos Alpha Transport Trust	10,514	119,556	10,514	119,556
Super Loans Trust	382,017	359,225	382,017	359,225
<b>Total Australian Fixed Interest</b>	<b>716,367</b>	<b>616,173</b>	<b>716,367</b>	<b>616,173</b>
<b>Fixed Interest Securities (International)</b>				
<b>International Fixed Interest</b>				
Blackrock Global Bond Index	184,921	-	184,921	-
<b>Total International Fixed Interest</b>	<b>184,921</b>	<b>-</b>	<b>184,921</b>	<b>-</b>
<b>Australian Equities</b>				
Ausbil Dexia Australian Equities	819,663	451,008	819,663	451,008
Bernstein Australian Equities	-	482,441	-	482,441
Black Rock Australian Equities	-	18	-	18
Citigroup Australian Equity Exposure Account	14,200	-	14,200	-
Concord Australian Equities	-	563,530	-	563,530
Hyperion Australian Equities	615,126	-	615,126	-
IFM Australian Equities	1,611,545	1,278,480	1,611,545	1,278,480
Kinetic Australian Equities	120,801	43,152	120,801	43,152
Kosmos Australian Equities	78,021	46,743	78,021	46,743
Orbis Australian Equities	361,719	231,004	361,719	231,004
Paradice (Ex Roths)	955	917	955	917
Paradice Investment Management P/L Large Cap	658,075	454,104	658,075	454,104
Paradice Investment Management P/L Mid Cap	241,239	198,317	241,239	198,317
Paradice Investment Management P/L Small Cap	137,015	113,364	137,015	113,364
Perpetual Investments	1,018,437	633,955	1,018,437	633,955
Tactical Global Management Australian Equity Exposure Fu	-	960	-	960
Transition Australian Equities	-	397	-	397
<b>Total Australian Equities</b>	<b>5,676,796</b>	<b>4,498,390</b>	<b>5,676,796</b>	<b>4,498,390</b>

Australian Fixed Interest of \$716,367k (2010: \$616,173k) includes Swaps. The Assets Market Value for the Swaps is \$23,573k (2010: NIL) and the Liabilities Market Value for Swaps is (\$23,148k) (2010: NIL). Therefore the Australian Fixed Interest balance on the face of the Statement of Financial position is \$715,942k (2010: \$616,173k).

Australian Equities of \$5,676,796k (2010: \$4,498,390k) includes FFX Contracts and Futures. The Assets Market Value for the FFX Contracts and Futures is \$851k (2010: NIL) and the Liabilities Market Value for FFX Contracts and Futures is \$NIL (2010: \$1,540k). Therefore the Australian Equities balance on the face of the Statement of Financial Position is \$5,675,945k (2010: \$4,499,930k).



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**4. INVESTMENTS (continued)**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>International Equities</b>				
Acadian International Equity	-	14	-	14
Baillie Gifford International Equities	341,549	197,863	341,549	197,863
Citigroup International Equity Exposure Account	16	101	16	101
Blackrock International Equities	900,791	698,631	900,791	698,631
Capital International Equities	-	9	-	9
First State Emerging Market Leaders	82,865	80,604	82,865	80,604
First State Investments Global Resources				
Long Short Fund Limited	10,408	-	10,408	-
Genesis Emerging Market Trust	94,948	-	94,948	-
Lazard Global Thematic	291,392	194,639	291,392	194,639
Lee Overlay	27,837	-	27,837	-
MFS Global Equities	336,011	234,452	336,011	234,452
Orbis International Equities	356,035	320,262	356,035	320,262
Platinum International Fund	94,339	100,978	94,339	100,978
T. Rowe Price Global Equities	268,908	195,479	268,908	195,479
Tactical Global Management International Equities	-	994	-	994
Trilogy EM Equities	369,534	372,674	369,534	372,674
Walter Scott International Equities	231,602	209,371	231,602	209,371
Warakirri International Equities	1,911	4,905	1,911	4,905
Wellington Emerging Markets	299,068	219,179	299,068	219,179
<b>Total International Equities</b>	<b>3,707,214</b>	<b>2,830,155</b>	<b>3,707,214</b>	<b>2,830,155</b>
<b>Alternative Assets</b>				
<b>Infrastructure</b>				
CFS Ws Infrastructure Income	16,296	-	16,296	-
IFM Australian Infrastructure	900,660	784,741	900,660	784,741
IFM Renewable Energy	26,999	26,325	26,999	26,325
Utilities Trust of Australia	452,760	351,172	452,760	351,172
Dryden XVI CDO	-	1,416	-	1,416
IFM International Infrastructure	495,300	405,450	495,300	405,450
Lee Overlay Thames	9,249	483	9,249	483
Lee Overlay Lucy Hedge	-	(5)	-	(5)
Lee Overlay Smarte Carte	1,746	(1,340)	1,746	(1,340)
Lucy Holdings Private Equity	-	(3)	-	(3)
Smarte Carte	19,733	22,276	19,733	22,276
Thames Water	97,936	111,093	97,936	111,093
<b>Total Infrastructure</b>	<b>2,020,679</b>	<b>1,701,608</b>	<b>2,020,679</b>	<b>1,701,608</b>
<b>Australian Private Equity</b>				
<b>Direct Australian Private Equity</b>				
Artwork	7,261	11,544	7,261	11,544
Frontier Investment Consulting	1,321	1,202	1,321	1,202
Industry Super Holdings	136,739	122,562	136,739	122,562
Superpartners NextGen	33,228	11,601	33,228	11,601
Superpartners Pty Ltd	-	11,370	-	11,370
<b>Total Direct Australian Private Equity</b>	<b>178,549</b>	<b>158,279</b>	<b>178,549</b>	<b>158,279</b>

International Equities of \$3,707,214k (2010: \$2,830,155k) includes FFX Contracts and Futures. The Assets Market Value for the FFX Contracts and Futures is \$30,116k (2010: \$8K) and the Liabilities Market Value for the FFX Contracts and Futures is \$2,123k (2010: \$2K). Therefore the International Equities balance on the face of the Statement of Financial Position is \$3,679,221k (2010: \$2,830,149k).

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**INVESTMENTS (continued)**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Managed Australian Private Equity</b>				
IFM Fund III Private Equity	57,111	58,451	57,111	58,451
IFM Fund II Private Equity	15,754	23,295	15,754	23,295
IFM Fund IV Private Equity	54,558	34,632	54,558	34,632
ING Private Equity	8,514	13,300	8,514	13,300
ING Private Equity Fund 4	33,830	18,695	33,830	18,695
ING Private Equity Fund 3	35,745	31,655	35,745	31,655
Macquarie Australian Private Equity	15,189	-	15,189	-
Maquarie Alternate Investment Trust IV	57,553	56,990	57,553	56,990
Maquarie Alternate Investment Trust V	46,836	48,630	46,836	48,630
Quay Partners 2 Fund	14,855	22,093	14,855	22,093
Quay Partners 3 Fund	76,805	63,974	76,805	63,974
Quay Partners 4 Fund	48,989	36,133	48,989	36,133
Wilshire Australian Private Markets 1	5,208	-	5,208	-
Wilshire Private Markets Australian 2	5,943	-	5,943	-
<b>Total Managed Australian Private Equity</b>	<b>476,890</b>	<b>407,848</b>	<b>476,890</b>	<b>407,848</b>
<b>Total Australian Private Equity</b>	<b>655,439</b>	<b>566,127</b>	<b>655,439</b>	<b>566,127</b>
<b>International Private Equity</b>				
Adveq Euro III	18,012	13,070	18,012	13,070
Adveq Technology VCV	23,885	20,987	23,885	20,987
IFM International Private Equity I	79,055	99,001	79,055	99,001
IFM International Private Equity III	28,112	15,942	28,112	15,942
Lee Overlay International Private Equity Hedge	57,362	(31,583)	57,362	(31,583)
Lexington Capital Part VI	80,346	86,477	80,346	86,477
Lexington Capital Partners Vi B (offshore), L.P.	5,057	-	5,057	-
LGT Capital Partners	48,103	37,816	48,103	37,816
LGT Crown European Buyout Opportunities II PLC	14,761	13,027	14,761	13,027
LGT Crown European Middle Mkts II	19,739	10,925	19,739	10,925
Mesirow Capital Partners 10	12,471	12,321	12,471	12,321
Mesirow Equity Fund 3	66,865	61,034	66,865	61,034
Mesirow Equity Fund 4	37,887	26,273	37,887	26,273
Mesirow Equity Fund 9	13,954	16,555	13,954	16,555
Montagu Newhall Global Partners IV	21,654	16,304	21,654	16,304
Newbury Equity II	11,484	1,776	11,484	1,776
Oaktree Mezzanine Fund III	9,635	3,315	9,635	3,315
Performance Venture Capital	24,988	22,550	24,988	22,550
Performance Venture Capital II	12,931	5,787	12,931	5,787
Sigular Guff Dist Opp Fund II	32,480	58,394	32,480	58,394
Sigular Guff Dist Opp Fund III	64,052	73,816	64,052	73,816
Sigular Guff Small Buyout	35,745	30,027	35,745	30,027
Vencap 12	20,533	15,419	20,533	15,419
Weathergage	15,316	10,453	15,316	10,453
Wilshire Asia Private Mf VII	4,259	-	4,259	-
Wilshire Australia Private Markets PST Fund VII Class J	3,556	-	3,556	-
Wilshire Australia Private Markets PST Fund VII Class K	4,791	-	4,791	-
<b>Total International Private Equity</b>	<b>767,033</b>	<b>619,686</b>	<b>767,033</b>	<b>619,686</b>

Alternative Assets of \$3,535,751k (2010: \$3,146,773k) includes FFX Contracts. The Assets Market Value for the FFX Contracts is \$68,926k (2010: \$7,153k) and the Liabilities Market Value for FFX Contracts is \$572k (2010: \$39,627k). Therefore the Alternative Assets balance on the face of the Statement of Financial Position is \$3,467,397k (2010: \$3,179,247k).

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**4. INVESTMENTS (continued)**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Absolute Returns Strategies</b>				
Bridgewater Pure Alpha II	66,850	56,753	66,850	56,753
IFM Australian Credit Opportunities	109	39,512	109	39,512
Members Equity SMHL Bonds	-	150,502	-	150,502
Perpetual Pure Value Share Fund	25,641	12,585	25,641	12,585
<b>Total Absolute Returns Strategy</b>	<b>92,600</b>	<b>259,352</b>	<b>92,600</b>	<b>259,352</b>
<b>Total Alternative Assets</b>	<b>3,535,751</b>	<b>3,146,773</b>	<b>3,535,751</b>	<b>3,146,773</b>
<b>Property</b>				
<b>Managed Property</b>				
AMP Australian Core Property	398,775	-	398,775	-
AMP Investments Australia Ltd	-	324,865	-	324,865
Franklin Intl Real Estate 2	6,699	-	6,699	-
Fortius Active Property Trust No.1	96,966	91,072	96,966	91,072
Industry Superannuation Property Trust (Core)	630,401	528,040	630,401	528,040
Industry Superannuation Development Trust	28,271	26,415	28,271	26,415
Industry Superannuation Property Trust (Grosvenor)	22,478	26,146	22,478	26,146
Lee Overlay International Property Hedge	1,916	(3,686)	1,916	(3,686)
MGP Japan Core Plus Fund	21,252	32,750	21,252	32,750
RPHT Operations Pty Ltd/Regent Plaza Hotel Trust	-	3,492	-	3,492
<b>Total External Manager</b>	<b>1,206,758</b>	<b>1,029,094</b>	<b>1,206,758</b>	<b>1,029,094</b>
<b>Domestic Direct Property</b>				
Cbus Property Commercial Trust	1,305,073	1,135,517	787,639	571,518
Cbus Property Industrial Trust	70,473	77,828	104,759	106,887
Cbus Property Pty Ltd	-	-	(2,962)	(1,771)
Cbus Property Residential Operations Trust	(1,381)	8,059	64,813	9,785
SESP No. 1 Unit Trust	(239)	-	14,519	-
Taras Loan	-	31,991	-	31,991
United Super Investments Pty Ltd	24	-	71	3,537
USI (Breakfast Point) Pty Ltd	54,112	41,589	43,446	39,952
The Residence Hyde Park Preferred Equity	23,976	27,013	23,976	27,013
<b>Total Domestic Direct Property</b>	<b>1,452,038</b>	<b>1,321,997</b>	<b>1,036,261</b>	<b>788,912</b>
<b>Total Property</b>	<b>2,658,796</b>	<b>2,351,091</b>	<b>2,243,019</b>	<b>1,818,006</b>
<b>Total Investments by Asset Class</b>	<b>17,708,104</b>	<b>14,733,822</b>	<b>17,292,327</b>	<b>14,200,737</b>

Property (for the Fund) of \$2,243,019k (2010: \$1,818,006k) includes FFX Contracts. The Assets Market Value for the FFX Contracts is \$1,938k (2010: \$466k) and the Liabilities Market Value for FFX Contracts is \$21k (2010: \$4,152k). Therefore the Property (for the Fund) balance on the face of the Statement of Financial Position is \$2,241,102k (2010: \$1,821,692k).

Property (for the Cbus Group) of \$2,658,796k (2010: \$2,351,091k) includes Swaps. The Assets Market Value for the Swaps is \$2,651k (2010: \$2,471k) and the Liabilities Market Value for the Swaps is \$3,370k (2010: \$11,045k). Therefore the Property (for the Cbus Group) balance on the face of the Statement of Financial Position is \$2,659,515k (2010: \$2,359,665k).

Total Assets Market Value for the Derivatives (for the Cbus Group) is \$126,117k (2010: \$9,632k) and the Total Liabilities Market Value for the Derivatives (for the Cbus Group) is \$29,213k (2010: \$52,214k). Total Assets Market Value for the Derivatives (for the Fund) is \$125,404k (2010: \$7,627k) and the Total Liabilities Market Value for the Derivatives (for the Cbus Group) is \$25,864k (2010: \$45,321k).

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**5. OTHER RECEIVABLES**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
GST recoverable	608	838	605	837
Other Assets	1,529	1,843	1,529	1,843
Other Receivables	5,408	14,832	-	-
<b>Total Other Receivables</b>	<b>7,545</b>	<b>17,513</b>	<b>2,134</b>	<b>2,680</b>

**6. ACCOUNTS PAYABLE**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
Administration and financial management	2,092	1,027	2,092	1,147
Death and disablement benefits payable to members	38,179	39,823	38,179	39,823
Insurance premiums	11,300	11,880	11,300	11,880
Present value lease liability - Mitchell Plaza	8,506	8,734	8,506	8,734
Accounts Payable	10,676	7,875	-	-
<b>Total Accounts Payable</b>	<b>70,753</b>	<b>69,339</b>	<b>60,077</b>	<b>61,584</b>

Mitchell Centre joint venture was sold on 21st December 2009, from which Cbus retains a commitment for rental of the land associated with the Mitchell Centre on a 63 year lease with the Uniting Church. The present value of this obligation has been determined as \$8.5m (2010: \$8.7m). Refer Note 22 (o).

**7. PROVISIONS**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
Cbus Property Project Accruals	41,666	13,632	-	-
Employee entitlements and other	1,067	828	-	-
<b>Total Provisions</b>	<b>42,733</b>	<b>14,460</b>	<b>-</b>	<b>-</b>

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**8. ADMINISTRATION AND FINANCIAL MANAGEMENT EXPENDITURE**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
Superannuation administration expenses	71,910	62,404	71,910	62,404
<b>Investment Property Expenses</b>				
Cbus Property Residential Unit Trust	-	-	-	-
Cbus Property Pty Ltd	2,784	3,316	-	-
United Super Investments Pty Ltd	2	(286)	-	-
USI (Breakfast Point) Pty Ltd	654	453	-	-
<b>Total expenditure - administration and financial management</b>	<b>75,350</b>	<b>66,100</b>	<b>71,910</b>	<b>62,404</b>

**9. INTANGIBLE ASSETS**

	CONSOLIDATED		FUND	
	Computer Software \$000's	Total \$000's	Computer Software \$000's	Total \$000's
<b>Written Down Value – 2011</b>				
Opening Balance	1,507	1,507	1,507	1,507
Additions	-	-	-	-
Depreciation	(301)	(301)	(301)	(301)
<b>Closing Balance as at 30 June 2011</b>	<b>1,206</b>	<b>1,206</b>	<b>1,206</b>	<b>1,206</b>
<b>Written Down Value – 2010</b>				
Opening Balance	1,884	1,884	1,884	1,884
Additions	21	21	21	21
Depreciation	(397)	(397)	(397)	(397)
<b>Closing Balance as at 30 June 2010</b>	<b>1,507</b>	<b>1,507</b>	<b>1,507</b>	<b>1,507</b>

Intangible assets represent the pension administration platform acquired as part of bringing the Super Income Stream product in house, effective 1 July 2009.

**10. PROPERTY, PLANT & EQUIPMENT**

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**Property Plant & Equipment**

**CONSOLIDATED**

	Capital Work In Progress \$000's	Land & Building \$000's	Plant & Equipment \$000's	Fixtures & Fittings \$000's	Leasehold Improvements \$000's	Total \$000's
<b>Written Down Value – 2011</b>						
Opening Balance	13,947	31,778	682	250	1,670	48,327
Additions	161,789	-	1,417	20	2	163,228
Disposals	(1,489)	-	-	-	-	(1,489)
Depreciation	-	-	(213)	(34)	(331)	(578)
Transfer to Investment Properties	-	-	-	-	-	-
Transfer to held for sale	-	-	-	-	-	-
Net Revaluation Increment/(Decrement)	(858)	7,518	-	-	-	6,660
<b>Closing Balance as at 30 June 2011</b>	<b>173,389</b>	<b>39,296</b>	<b>1,886</b>	<b>236</b>	<b>1,341</b>	<b>216,148</b>

**Written Down Value – 2010**

Opening Balance	155,343	29,177	30,843	5	170	215,538
Additions	176,346	2,912	769	301	1,860	182,189
Disposals	(18,116)	-	(30,842)	(33)	(52)	(49,043)
Depreciation	-	-	(89)	(23)	(308)	(420)
Transfer to Investment Properties	(313,606)	(1,563)	-	-	-	(315,169)
Transfer to held for sale	-	-	-	-	-	-
Net Revaluation Increment/(Decrement)	13,980	1,252	-	-	-	15,232
<b>Closing Balance as at 30 June 2010</b>	<b>13,947</b>	<b>31,778</b>	<b>682</b>	<b>250</b>	<b>1,670</b>	<b>48,327</b>

**FUND**

	Capital Work In Progress \$000's	Land & Building \$000's	Plant & Equipment \$000's	Fixtures & Fittings \$000's	Leasehold Improvements \$000's	Total \$000's
<b>Written Down Value – 2011</b>						
Opening Balance	-	-	-	250	1,670	1,920
Additions	-	-	-	20	2	22
Disposals	-	-	-	-	-	-
Depreciation	-	-	-	(34)	(331)	(365)
Transfer to Investment Properties	-	-	-	-	-	-
Transfer to held for sale	-	-	-	-	-	-
Net Revaluation Increment/(Decrement)	-	-	-	-	-	-
<b>Closing Balance as at 30 June 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236</b>	<b>1,341</b>	<b>1,577</b>

**Written Down Value – 2010**

Opening Balance	-	-	-	5	170	175
Additions	-	-	-	301	1,860	2,161
Disposals	-	-	-	(33)	(52)	(85)
Depreciation	-	-	-	(23)	(308)	(331)
Transfer to Investment Properties	-	-	-	-	-	-
Transfer to held for sale	-	-	-	-	-	-
Net Revaluation Increment/(Decrement)	-	-	-	-	-	-
<b>Closing Balance as at 30 June 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>1,670</b>	<b>1,920</b>

**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
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**10. PROPERTY, PLANT & EQUIPMENT**

**Motor Vehicle & Office Equipment**

	CONSOLIDATED			FUND		
	Motor Vehicles \$000's	Office Equipment \$000's	Total \$000's	Motor Vehicles \$000's	Office Equipment \$000's	Total \$000's
<b>Written Down Value – 2011</b>						
Opening Balance	501	10	511	501	10	511
Additions	763	49	812	763	49	812
Disposals	(203)	-	(203)	(203)	-	(203)
Other adjustments	102	-	102	102	-	102
Depreciation	(146)	(7)	(153)	(146)	(7)	(153)
<b>Closing Balance as at 30 June 2011</b>	<b>1,017</b>	<b>52</b>	<b>1,069</b>	<b>1,017</b>	<b>52</b>	<b>1,069</b>
<b>Written Down Value – 2010</b>						
Opening Balance	912	11	923	912	11	923
Additions	194	8	202	194	8	202
Disposals	(230)	(6)	(236)	(230)	(6)	(236)
Other adjustments	(288)	-	(288)	(288)	-	(288)
Depreciation	(87)	(3)	(90)	(87)	(3)	(90)
<b>Closing Balance as at 30 June 2010</b>	<b>501</b>	<b>10</b>	<b>511</b>	<b>501</b>	<b>10</b>	<b>511</b>

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**11. BANK DEBT & BORROWINGS**

On 3 July 2006, United Super Investments (8 Exhibition Street) Pty Ltd in its own capacity and in its capacity as trustee of 8 Exhibition Street Unit Trust entered into a five year Facility Agreement with the Commonwealth Bank of Australia for an amount of up to \$152M. Interest is payable on a quarterly basis at a bank bill rate plus a line fee of 0.6375% and the principle is not due until the end of the facility. The Facility is secured by the Ernst & Young Building at 8 Exhibition Street in Melbourne, Victoria. On 5 July 2011 an extension to the facility agreement was agreed with the Commonwealth Bank of Australia for a further three years. The facility limit was reduced to the amount drawn, \$151.6M and the line fee increased to 1.1%, interest payable monthly, all other terms of the Facility Agreement continue. As at 30 June 2011 \$151.6M had been drawn down (2010: \$151.6M).

On 21 December 2006, Cbus Property CBW Pty Ltd in its own capacity and in its capacity as trustee of CBW Unit Trust entered into a Facility Agreement with the Commonwealth Bank of Australia for an amount of up to \$262M. On completion of the development the Facility was converted from a construction facility to term loan finance at a bank bill rate plus a line fee of 0.6375% with a reduced limit of \$234.4M, all other terms of the Facility Agreement continue. The Facility is secured by the property at the corner of Bourke and William Street in Melbourne, Victoria and is repayable in August 2013. As at 30 June 2011 \$234.4M had been drawn down (2010: \$234.4M).

On 23 July 2007, Cbus Property 140 William Street Pty Ltd in its own capacity and in its capacity as trustee of 140 William Street Unit Trust entered into a Facility Agreement with the Commonwealth Bank of Australia for an amount of up to \$207M, at a bank bill rate plus a margin of 0.325% and a line fee of 0.300% until completion. Interest is payable on a monthly basis and is added to the principle amount until completion. From completion in 2010 the margin is zero and the line fee 0.625%. The Facility is secured by the property at 140 William Street in Perth, Western Australia and is repayable in May 2015. As at 30 June 2011, \$190M had been drawn down (2010:\$174.6M).

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Financing facilities</b>				
<b>Current Liability</b>				
Loan	-	-	-	-
<b>Non Current liabilities – Secured Bank Loans</b>				
Loan	576,024	560,638	-	-
	<b>576,024</b>	<b>560,638</b>	<b>-</b>	<b>-</b>



**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
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**12. LIABILITY FOR ACCRUED BENEFITS – MEMBERS' FUNDS**

The liability for accrued benefits is the present obligation to pay benefits to members and beneficiaries arising from membership up to reporting date. It is measured as the difference between the carrying amount of the assets and the total liabilities at reporting date.

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
Liability for accrued benefits at the beginning of the financial year	14,252,643	12,170,369	14,252,643	12,170,369
Plus: Benefits accrued as a result of operations	4,035,414	2,793,680	4,035,414	2,793,680
Less: Benefits paid/payable during the year (note 13)	893,728	711,406	893,728	711,406
<b>Liability for accrued benefits at the end of the financial year</b>	<b>17,394,329</b>	<b>14,252,643</b>	<b>17,394,329</b>	<b>14,252,643</b>

**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 membership at reporting date.

The vested benefits which follow reflect the totals of individual member accounts at reporting date. Members' funds shown on the Statement of Financial Position is a higher amount as this amount includes the total of individual member accounts plus contributions receivable (net of tax applicable) and unallocated monies which have not yet been applied to individual member accounts at the reporting date.

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>The vested benefits for the Fund are as follows:</b>				
Growth (Cbus Choice)	15,672,606	12,894,670	15,672,606	12,894,670
High Growth	681,205	460,033	681,205	460,033
Capital Guaranteed	221,705	291,705	221,705	291,705
Conservative	261,207	147,194	261,207	147,194
Moderate Growth	-	110,552	-	110,552
Cash Savings	130,314	40,349	130,314	40,349
Cbus Super Income Stream	338,437	224,604	338,437	224,604
<b>Total accrued benefits</b>	<b>17,305,474</b>	<b>14,169,107</b>	<b>17,305,474</b>	<b>14,169,107</b>
Contributions receivable (net of tax)	137,294	116,941	137,294	116,941
Unallocated monies	6,693	21,629	6,693	21,629
Benefits paid	(28,367)	(19,347)	(28,367)	(19,347)
<b>Total unvested benefits</b>	<b>115,620</b>	<b>119,223</b>	<b>115,620</b>	<b>119,223</b>
<b>Total vested benefits</b>	<b>17,189,855</b>	<b>14,049,884</b>	<b>17,189,855</b>	<b>14,049,884</b>

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**12. LIABILITY FOR ACCRUED BENEFITS – MEMBERS' FUNDS (continued)**

**Guaranteed Benefits**

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

**Funding Arrangements**

The contribution rates to the Fund are:

Employer contributions	2011	Minimum 9% per annum
	2010	Minimum 9% per annum
Member contributions	2011	On a voluntary basis
	2010	On a voluntary basis

**13. BENEFITS PAID/ PAYABLE**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Benefits paid and payable by investment option</b>				
Growth (Cbus Choice)	653,686	392,553	653,686	392,553
High Growth	20,958	14,009	20,958	14,009
Capital Guaranteed	81,490	267,889	81,490	267,889
Conservative	895	(7,099)	895	(7,099)
Moderate Growth	3,924	(1,441)	3,924	(1,441)
Cash Savings	84,094	13,548	84,094	13,548
Growth (Core Choice) Pension	20,202	10,496	20,202	10,496
High Growth Pension	2,596	1,033	2,596	1,033
Capital Guaranteed Pension	1,579	1,294	1,579	1,294
Conservative Pension	12,728	10,040	12,728	10,040
Moderate Growth Pension	775	1,272	775	1,272
Cash Savings Pension	10,801	7,812	10,801	7,812
<b>Total benefits paid and payable</b>	<b>893,728</b>	<b>711,406</b>	<b>893,728</b>	<b>711,406</b>
<b>Benefits paid and payable by benefit type</b>				
Death	44,631	37,908	44,631	37,908
Disability	29,598	16,184	29,598	16,184
Hardship	16,372	17,365	16,372	17,365
Pension	48,703	31,953	48,703	31,953
Retirement & Resignation Benefits/ Rollovers	613,424	493,711	613,424	493,711
Transfers - Ausfund	8,798	6,076	8,798	6,076
Proceeds on insurance claims	132,202	108,209	132,202	108,209
<b>Total benefits paid and payable</b>	<b>893,728</b>	<b>711,406</b>	<b>893,728</b>	<b>711,406</b>

**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
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**14. LIABILITY FOR ACCRUED BENEFITS**

The Fund retains a Contingency Fund, which is used to cover unforeseen and unrecouped costs in relation to the running of the Fund. The long-term aim is to hold a Contingency Fund of no more than 0.5% of total assets.

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Contingency Fund</b>				
<b>Opening balance</b>	33,431	24,307	33,431	24,307
<b>Revenue</b>				
Investments	1,291,423	1,155,612	1,291,423	1,155,612
Interest on cash at bank	1,350	1,016	1,350	1,016
Other income	76	(46)	76	(46)
Administration levies deducted from members' accounts	50,162	38,657	50,162	38,657
Legislative member protection rebate of administration levies	(2,299)	(1,678)	(2,299)	(1,678)
Connect Transfer	1,902	-	1,902	-
<b>Expenditure</b>				
Interest allocated to members	(1,275,865)	(1,062,024)	(1,275,865)	(1,062,024)
General administration expenditure	(61,121)	(55,759)	(61,121)	(55,759)
Connect Merger Expenses	(2,580)	(222)	(2,580)	(222)
Income tax expense	(7,547)	(66,431)	(7,547)	(66,431)
<b>Closing balance *</b>	<b>28,932</b>	<b>33,431</b>	<b>28,932</b>	<b>33,431</b>

\* Includes \$250,000 to meet APRA RSE Licence requirements.

The Fund retains a Group life Account which is used to account for Insurance related revenue and expenditure of the fund.

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Group Life Account</b>				
<b>Opening balance</b>	50,105	41,898	50,105	41,898
<b>Revenue</b>				
Investments	1,672	1,000	1,672	1,000
Group life rebate	3,856	-	3,856	-
Premium Adjustments	-	-	-	-
Group life premiums	12,499	13,630	12,499	13,630
<b>Expenditure</b>				
Insurance related costs	(8,209)	(6,423)	(8,209)	(6,423)
<b>Closing balance</b>	<b>59,923</b>	<b>50,105</b>	<b>59,923</b>	<b>50,105</b>

**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
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**15. REVENUE - INVESTMENTS**

**CHANGES IN NET MARKET VALUE**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Investments held at balance date</b>				
Cash	973	(432)	973	(432)
Fixed Interest Securities (Australian)	6,503	40,008	6,503	40,008
Fixed Interest Securities (International)	6,689	-	6,689	-
Australian Equities	349,408	84,191	349,408	84,191
International Equities	(10,330)	29,486	(10,330)	29,486
Alternative Assets	263,742	123,246	263,742	123,246
Properties	99,545	43,579	60,556	38,071
Total revenue - investments - unrealised change in net market value	<b>716,529</b>	<b>320,078</b>	<b>677,541</b>	<b>314,570</b>
<b>Investments realised during the year</b>				
Cash	6,089	4,321	6,089	4,321
Fixed Interest Securities (Australian)	(7,486)	-	(7,486)	-
Fixed Interest Securities (International)	(161)	(2)	(161)	(2)
Australian Equities	(167,036)	240,762	(167,036)	240,762
International Equities	10,471	82,458	10,471	82,458
Alternative Assets	62,302	107,997	62,302	107,997
Properties	1,249	9,952	1,249	9,952
Total revenue - investments - realised change in net market value	<b>(94,572)</b>	<b>445,488</b>	<b>(94,572)</b>	<b>445,488</b>
<b>Total revenue - investments - changes in net market value</b>	<b>621,957</b>	<b>765,566</b>	<b>582,969</b>	<b>760,058</b>

**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
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**15. REVENUE – INVESTMENTS (continued)**

**Direct Investment Expenses**

	CONSOLIDATED		FUND	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$000's	\$000's	\$000's	\$000's
<b>Direct Investment Expenses</b>				
Investment Managers	(39,731)	(34,659)	(94,740)	(74,635)
Custody Fees	(4,354)	(2,919)	(4,354)	(2,919)
Asset consulting Fees	(1,716)	(1,117)	(1,716)	(1,117)
Other Investment Costs	(2,038)	(419)	(2,038)	(419)
<b>Total Direct Investment Expenses</b>	<b>(47,839)</b>	<b>(39,114)</b>	<b>(102,848)</b>	<b>(79,089)</b>

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**16. INCOME TAX EXPENSE**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Recognised in the Operating Statement</b>				
Current Year tax expense	209,452	294,333	194,698	262,158
Deferred tax expense	53,124	(9,785)	51,730	15,467
<b>Total income tax expense in income statement</b>	<b>262,576</b>	<b>284,548</b>	<b>246,428</b>	<b>277,625</b>
<b>Reconciliation between tax expense and benefits accrued as a result of operations before income tax</b>				
<b>Benefits accrued as a result of operations before income tax</b>	<b>4,297,990</b>	<b>3,078,228</b>	<b>4,281,842</b>	<b>3,071,305</b>
Tax at the complying superannuation Fund tax rate of 15% (2010 15%)	644,698	461,734	642,276	460,696
No TFN Tax Provided at 31.5%	(799)	7,852	(799)	7,852
<b>Increase in income tax expense due to:</b>				
Imputation credits, withholding tax	22,737	8,396	22,737	8,396
<b>Decrease in income tax expense due to:</b>				
Non-assessable member contributions and transfers	(183,492)	(67,427)	(183,492)	(67,427)
Investment Income	(28,431)	(49,878)	(42,157)	(55,763)
Group Life Insurance Proceeds	(19,830)	(16,231)	(19,830)	(16,231)
Refund of Anti-detriment on death benefits	(3,522)	(3,073)	(3,522)	(3,073)
Exempt Pension Income	(2,022)	(337)	(2,022)	(337)
Superannuation Contributions Surcharge	(1)	(2)	(1)	(2)
Imputation credits, withholding tax	(150,636)	(55,974)	(150,636)	(55,974)
Under/(Over) provided in prior years	(16,126)	(512)	(16,126)	(512)
<b>Income tax expense on benefits accrued as a result of operations</b>	<b>262,576</b>	<b>284,548</b>	<b>246,428</b>	<b>277,625</b>
<b>Total income tax expense is made up of:</b>				
Current income tax provision	225,578	294,845	210,824	262,670
Deferred income tax provision	53,124	(9,785)	51,730	15,467
Under/(Over) provided in prior years	(16,126)	(512)	(16,126)	(512)
<b>Total</b>	<b>262,576</b>	<b>284,548</b>	<b>246,428</b>	<b>277,625</b>
<b>Income tax provision</b>				
Current tax liabilities	212,347	272,232	210,824	262,670
PAYG instalments for the year	(155,140)	(149,851)	(154,901)	(149,547)
Refunds due from Prior Year	(16,000)	-	(16,000)	-
<b>Total</b>	<b>41,207</b>	<b>122,381</b>	<b>39,923</b>	<b>113,123</b>

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**17. DEFERRED TAX ASSET AND LIABILITIES**

**Recognised deferred tax asset and liabilities:**

Deferred tax assets and liabilities are attributable to the following:

CONSOLIDATED

	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Contributions Receivable	-	-	(24,368)	(21,220)	(24,368)	(21,220)
Investment Income Receivable (includes movements in net market value)	34,645	84,419	(13,225)	(12,672)	21,420	71,747
Payables	3,296	2,945	-	-	3,296	2,945
<b>Net tax assets / (liabilities)</b>	<b>37,941</b>	<b>87,364</b>	<b>(37,593)</b>	<b>(33,892)</b>	<b>348</b>	<b>53,472</b>

Movement in Temporary differences during the year:

	Balance 1 July 2010	Connect Transfer	Recognised in income	Balance 30 June 2011
	\$000's	\$000's	\$000's	\$000's
Contributions Receivable	(21,220)	-	(3,148)	(24,368)
Investment Income Receivable (includes movements in net market value)	71,747	12,022	(62,349)	21,420
Payables	2,945	-	351	3,296
	<b>53,472</b>	<b>12,022</b>	<b>(65,146)</b>	<b>348</b>

	Balance 1 July 2009	Recognised in income	Balance 30 June 2010
	\$000's	\$000's	\$000's
Contributions Receivable	(19,517)	(1,703)	(21,220)
Investment Income Receivable (includes movements in net market value)	91,355	(21,332)	71,747
Payables	2,706	239	2,945
	<b>74,544</b>	<b>(22,796)</b>	<b>53,472</b>

**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
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**17. DEFERRED TAX ASSET AND LIABILITIES (continued)**

**Recognised deferred tax asset and liabilities:**

Deferred tax assets and liabilities are attributable to the following:

FUND

	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Contributions Receivable	-	-	(24,368)	(21,220)	(24,368)	(21,220)
Investment Income Receivable (includes movements in net market value)	46,222	82,695	-	-	46,222	82,695
Payables	1,695	1,782	-	-	1,695	1,782
<b>Net tax assets / (liabilities)</b>	<b>47,917</b>	<b>84,477</b>	<b>(24,368)</b>	<b>(21,220)</b>	<b>23,549</b>	<b>63,257</b>

Movement in Temporary differences during the year:

	Balance 1 July 2010	Connect Transfer	Recognised in income	Balance 30 June 2011
	\$000's	\$000's	\$000's	\$000's
Contributions Receivable	(21,220)	-	(3,148)	(24,368)
Investment Income Receivable (includes movements in net market value)	82,695	12,022	(48,495)	46,222
Payables	1,782	-	(87)	1,695
	<b>63,257</b>	<b>12,022</b>	<b>(51,730)</b>	<b>23,549</b>

	Balance 1 July 2009	Recognised in income	Balance 30 June 2010
	\$000's	\$000's	\$000's
Contributions Receivable	(19,517)	(1,703)	(21,220)
Investment Income Receivable (includes movements in net market value)	96,716	(14,021)	82,695
Payables	1,522	260	1,782
	<b>78,721</b>	<b>(15,464)</b>	<b>63,257</b>



**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
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**18. NOTES TO THE STATEMENT OF CASH FLOWS**

**(i) Reconciliation of cash**

For the purpose of the Statement of Cash Flows, cash includes cash on hand at bank and at call.

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
Cash at Bank	31,289	28,654	31,289	28,654
United Super Investments Pty Ltd	-	3,491	-	-
Cbus Property Pty Ltd	114	332	-	-
Cbus Property Commercial Unit Trust	17,953	3,210	-	-
Cbus Property Residential Unit Trust	92	25	-	-
Cbus Property Industrial Unit Trust	-	10	-	-
USI (Mitchell Plaza) Pty Ltd	-	503	-	-
<b>Total Cash</b>	<b>49,448</b>	<b>36,225</b>	<b>31,289</b>	<b>28,654</b>

(ii) Net cash flow from operating activities is reconciled to benefits accrued after tax as follows:

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
<b>Benefits accrued after tax</b>	4,035,414	2,793,680	4,035,414	2,793,680
Benefits paid & payable	(893,728)	(711,406)	(893,728)	(711,406)
<b>(Increase)/ decrease in assets</b>				
Contributions receivable	(20,989)	(11,369)	(20,989)	(11,368)
Other receivables	9,968	(1,213)	546	493
Deferred Tax Asset	49,423	21,309	36,560	13,762
Property, Plant and Equipment	(168,078)	168,000	86	(956)
<b>Increase/ (decrease) in liabilities</b>				
Benefits payable	7,895	(499)	7,895	(499)
Accounts Payable/provisions	28,272	(10,441)	(1,507)	18,543
Borrowings	15,386	102,319	-	-
Deferred Tax Liability	3,701	(237)	3,148	1,703
Income tax payable	(81,174)	86,817	(73,200)	76,841
<b>Non-cash items as follows:</b>				
Investment revenue received by investment managers	(2,127,941)	(1,285,131)	(2,025,891)	(1,165,808)
Depreciation	1,032	819	819	819
<b>Net cash flow from operating activities</b>	<b>859,181</b>	<b>1,152,648</b>	<b>1,069,153</b>	<b>1,015,804</b>

## 19. FINANCIAL RISK MANAGEMENT

The investments of the Fund are managed on behalf of the Trustee by those managers listed in Note 4. All investments of the Fund are held on behalf of the Trustee by National Asset Services (NAS) who acted as the master custodian. Each investment manager is required to invest the assets managed by it in accordance with the terms of a written mandate. The Trustee has determined that appointment of these managers is appropriate for the Fund and is in accordance with Cbus Fund's investment strategy.

The Trustee determines the asset allocation of the Fund. The Trustee receives advice from its investment adviser in making its determination. The asset allocation is reviewed throughout the year in accordance with the Fund's Risk Management Policy and Investment Policy and Procedures Manual.

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Fund manages this investment risk as part of its overall risk management Framework.

Some of the Fund's investment managers may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets within pre-determined ranges. Derivative financial instruments are included in the relevant asset category in the Statement of Financial Position.

Financial risk management is carried out by the Trustee through the Board and various Committees with advice from external advisers and internal management.

The Fund obtains regular reports from each investment manager on the nature of the investments made on its behalf and the associated risks. The Fund obtains formal Derivative Risk Statements as required by the Australian Prudential Regulation Authority from each manager where applicable.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include asset allocation modelling, historical stress testing, forward looking scenario testing. The Fund's investment advisor uses a range of qualitative measures when assessing the individual managers' and the Fund's overall investment arrangements.

### (a) Market Risk

#### (i) Foreign Exchange Risk

The Fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis. The Fund has a currency management policy within its Investment Policy Statement.

The Fund currently utilises a currency overlay manager to assist with implementation management. Compliance with the Fund's policy is monitored on a regular basis.

The table below summarises the Fund's assets and liabilities that are denominated in a currency other than the Australian dollar.

<b>30 June 2011</b>	<b>US Dollar A\$'000</b>	<b>GB Pound A\$'000</b>	<b>Jap. Yen A\$'000</b>	<b>EURO A\$'000</b>	<b>Other A\$'000</b>	<b>Total \$'000</b>
Gross Investment amounts denominated in foreign currency	1,874,275	301,036	162,011	408,253	372,848	3,118,424
Amount effectively hedged	(745,823)	(145,018)	(47,558)	(126,628)	(125,870)	(1,190,897)
<b>Net Exposure</b>	<b>1,128,452</b>	<b>156,018</b>	<b>114,453</b>	<b>281,625</b>	<b>246,978</b>	<b>1,927,527</b>

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**19. FINANCIAL RISK MANAGEMENT (continued)**

<b>30 June 2010</b>	<b>US Dollar A\$'000</b>	<b>GB Pound A\$'000</b>	<b>Jap. Yen A\$'000</b>	<b>EURO A\$'000</b>	<b>Other A\$'000</b>	<b>Total \$'000</b>
Gross Investment amounts denominated in foreign currency	1,004,870	183,937	83,424	189,111	168,043	1,629,384
Amount effectively hedged	(514,799)	(141,026)	(38,467)	(61,813)	(11,022)	(767,128)
<b>Net Exposure</b>	<b>490,071</b>	<b>42,911</b>	<b>44,957</b>	<b>127,298</b>	<b>157,021</b>	<b>862,257</b>

Unsettled sales and purchases, and dividends and interest receivable are not included in the net exposure figures shown above. Foreign Exchange Contracts are the fair value of the exchange exposure (rather than the market value of the hedged instrument).

*Sensitivity analysis*

Based on an assessment of historical ranges of currency and one standard deviation expectation an assumption of +/- 8.5% (2010: +/- 8.5%) has been determined by the investment advisor as an appropriate assumption for this scenario analysis.

A 8.5% strengthening/weakening of the Australian dollar against the following currencies at 30 June 2011 would have (decreased)/increased the net assets available to pay benefits and the Benefits Accrued as a Result of Operations by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010. The impact mainly arises from the reasonably possible change in foreign currency rates. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimate, having regard to a number of factors including the average absolute divergence between the unhedged and hedged MSCI World Index ex Australian annual returns over a 10 year period.

The amounts shown below are on the basis that all other variables remain constant.

<b>30 June 2011</b>	<b>US Dollar A\$'000</b>	<b>GB Pound A\$'000</b>	<b>Jap. Yen A\$'000</b>	<b>EURO A\$'000</b>	<b>Other A\$'000</b>
8.50%	88,404	12,223	8,966	22,063	19,349
-8.50%	(104,829)	(14,493)	(10,632)	(26,162)	(22,943)
<b>30 June 2010</b>					
8.50%	38,393	3,362	3,522	9,973	12,301
-8.50%	(45,526)	(3,986)	(4,176)	(11,826)	(14,587)

(ii) Interest Rate Risk

Cbus Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

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**19. FINANCIAL RISK MANAGEMENT (continued)**

The Trust's exposure to interest rate movements on those investments at 30 June 2011 was as follows

<b>30 June 2011</b>	<b>Floating Interest rate \$'000</b>	<b>Fixed Interest Rate \$'000</b>
Financial Assets and Liabilities		
Cash and deposits	204,287	7,239
Discounted Securities	-	136,622
Fixed interest bonds	-	22,575
Floating Rate Notes	115,060	-
Mortgage Backed Securities	26,273	-
Loans	32,768	-
Futures	-	-
Swaps	425	-
Convertible notes	-	-
Secured bank loans	-	-
<b>Total</b>	<b>378,813</b>	<b>166,436</b>
Net increased/decrease in exposure from interest rate futures (notional principal)	-	-
<b>Net exposure</b>	<b>378,813</b>	<b>166,436</b>

<b>30 June 2010</b>	<b>Floating Interest rate \$'000</b>	<b>Fixed Interest Rate \$'000</b>
Financial Assets and Liabilities		
Cash and deposits	106,006	-
Discounted Securities	-	68,817
Fixed interest bonds	-	3,807
Floating Rate Notes	41,842	-
Mortgage Backed Securities	170,859	-
Loans	3,212	-
Futures	(41)	-
Swaps	-	-
Convertible notes	-	37,926
Secured bank loans	(234,400)	(151,624)
<b>Total</b>	<b>87,478</b>	<b>(41,075)</b>
Net increased/decrease in exposure from interest rate futures (notional principal)	-	-
<b>Net exposure</b>	<b>87,478</b>	<b>(41,075)</b>

This risk analysis section does not cover investments in managed trust vehicles as these risks are already covered through unit pricing risk.

**19. FINANCIAL RISK MANAGEMENT (continued)**

*Sensitivity analysis*

Based on an assessment of historical movements in cash and bond rates over rolling 1 year periods, an assumption of +/-0.75% has been determined by the investment advisor as the appropriate assumption for this scenario analysis. A change of +0.75% in interest rates with all other variables remaining constant would have increased the net assets available to pay benefits and Benefits Accrued as a Result of Operations by \$14,664 thousand (2010: ( \$14,521 thousand)). A change of -0.75% in interest rates with all other variables remaining constant would have increased the net assets available to pay benefits and Benefits Accrued as a Result of Operations by \$14,664 thousand (2010: \$14,521 thousand). The analysis is performed on the same basis for 2010. The impact mainly arises from the reasonably possible change in interest rates on the net market value of fixed interest securities.

(iii) Price Risk

The Fund is exposed to equity securities and derivative securities price risk. This arises from investments held by Cbus Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. The Securities are classified on the Statement of Financial Position at net market value. All securities investments present a risk of loss of capital. The maximum risk is determined by the net market value of the financial instruments.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. Investment manager mandate compliance is monitored by the custodian and performance reports against benchmark are reported on a regular basis to the Investment Committee.

Sensitivity analysis Based on analysis of historical data in respect of asset class returns and using this analysis to formulate expected future ranges of returns, the investment advisor has determined that the following assumptions are appropriate for this scenario Analysis. The assumptions below are based on an expected range of outcomes with a +/- 1 standard deviation.

<b>Asset Class</b>	<b>+ / -</b>
Australian Equities	12
International Equities	13
Alternatives	8
Direct Property	7
Australian & Global REIT's	12
Australian Fixed Interest	3
Overseas Fixed Interest	3
Cash	1

A percentage increase in the relevant asset classes as set out in the table above at the reporting date would have increased the assets available to pay benefits by \$1,636,411 thousand (2010: an increase of 1,202,171 thousand). An equal change in the opposite direction would have decreased the net assets available to pay benefits by \$1,636,411 thousand (2010: a decrease of \$1,202,171 thousand). The impact on the net investment revenue would have been an increase or decrease of \$1,636,411 thousand (2010: \$1,202,171 thousand). The analysis is performed on the same basis for 2010. The impact mainly arises from the reasonably possible change in the net market value of listed equities, alternative assets, direct property and unlisted trusts.

**(b) Credit Risk**

Credit risk is in the risk that one party to a financial investment will cause financial loss for the other party by failing to discharge an obligation. Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and amounts due from brokers.

**19. FINANCIAL RISK MANAGEMENT (continued)**

The Fund invests in debt securities which carry credit risk. The Fund employs investment managers to manage the securities within approved credit limits within their mandate. Compliance of managers with their mandates is monitored by the Fund's custodian.

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 ensuring that transactions are undertaken within a range of counterparties.

The Fund does not have any significant exposure to any individual counterparty or industry. Its assets are invested by individual investment managers and in specific investment trusts and investment linked insurance policies.

The net market value of financial assets included in the Statement of Financial Position represent the Fund's exposure to credit risk in relation to those assets. An analysis of debt securities by rating is set out in the table below.

<b>Rating</b>	<b>30 June 2011</b> <b>\$'000</b>	<b>30 June 2010</b> <b>\$'000</b>
AAA	1,450	1,521
AA	249	151,478
AA+	-	-
AA-	14,685	9,557
Aaa	-	-
A	4,010	5,090
A1	-	-
A1+	-	-
A+	2,165	2,081
A-	2,262	2,000
A-1+	-	-
A2	68,620	68,817
NR	58,024	29,458
BBB	36,630	6,928
BBB+	1,008	2,446
BBB-	36,850	4,937
BB	-	-
BB+	-	-
BB-	2,756	3,212
B	-	-
B+	-	-
<b>Total</b>	<b>228,709</b>	<b>287,525</b>

**(c) Liquidity Risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising cash to meet commitments associated with member benefits. 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 the majority of its assets in financial instruments, which under normal market conditions are readily convertible to cash.

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**19. FINANCIAL RISK MANAGEMENT (continued)**

The Fund limits the allocation of illiquid assets and ensures that the allocation is consistent with the intended term of investment. The Fund's membership profile coupled with the bulk of its assets being invested in highly liquid asset classes allows the fund to tolerate a lower liquidity of alternative investments (eg: property and infrastructure investments) in an expectation of higher investment returns in the longer term.

The table below analyses the contractual maturities of the Fund's financial liabilities, excluding gross settled derivative liabilities, based on the remaining period to the contractual maturity date at the year end.

<b>30 June 2011</b>	<b>Carrying Amount \$'000</b>	<b>Less than 1 month \$'000</b>	<b>1-3 months \$'000</b>	<b>&gt; 3 months \$'000</b>
<b>Financial Liabilities</b>				
Net Settled Derivatives	99,539	98,112	-	1,427
Unsettled Inv. Accruals	-	-	-	-
<b>Total Financial Liabilities</b>	<b>99,539</b>	<b>98,112</b>	<b>-</b>	<b>1,427</b>

<b>30 June 2010</b>	<b>Carrying Amount \$'000</b>	<b>Less than 1 month \$'000</b>	<b>1-3 months \$'000</b>	<b>&gt; 3 months \$'000</b>
<b>Financial Liabilities</b>				
Net Settled Derivatives	(37,694)	(36,113)	(41)	(1,540)
Unsettled Inv. Accruals	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(37,694)</b>	<b>(36,113)</b>	<b>(41)</b>	<b>(1,540)</b>

The above table does not include the funds "Liability for Accrued Benefits" as it is not practicable to determine the timing of when such liabilities will be paid.

The table below analyses the contractual maturities of the Fund's derivative financial instruments that will be settled on a gross basis, based on the remaining period to the contractual maturity date at the year end.

<b>30 June 2011</b>	<b>Carrying Amount \$'000</b>	<b>Less than 1 month \$'000</b>	<b>1-3 months \$'000</b>	<b>&gt; 3 months \$'000</b>
Foreign currency forward contracts				
Inflows	1,326,828	1,302,253	-	24,575
(Outflows)	(1,227,289)	(1,204,141)	-	(23,148)

<b>30 June 2010</b>	<b>Carrying Amount \$'000</b>	<b>Less than 1 month \$'000</b>	<b>1-3 months \$'000</b>	<b>&gt; 3 months \$'000</b>
Foreign currency forward contracts				
Inflows	748,167	748,167	-	-
(Outflows)	(785,861)	(784,280)	(41)	(1,540)

**19. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Fair Value Hierarchy**

The Fund has adopted the amendments to AASB 7, effective 1 July 2009. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). These inputs are readily available in the market and are normally obtainable from multiple sources
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). These inputs must be observable for substantially the full term of the financial instrument.
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). This includes any instrument that is not categorised in Level 1 or Level 2.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The table below sets out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011.

<b>2011 Consolidated</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>				
Financial assets designated at fair value through profit and loss:				
Cash	981,480	246,779	-	1,228,259
Fixed interest Securities (Australian)	-	715,942	-	715,942
Fixed interest Securities (Int'l)	-	184,921	-	184,921
Australian equities	5,675,945	-	-	5,675,945
International equities	3,679,221	-	-	3,679,221
Alternative investment assets	25,641	109	3,441,647	3,467,397
Properties	-	-	2,659,515	2,659,515
Derivative financial assets	1,007	66,553	58,557	126,117
<b>Total</b>	<b>10,363,294</b>	<b>1,214,304</b>	<b>6,159,719</b>	<b>17,737,317</b>
<b>Financial Liabilities</b>				
Financial liabilities held for trading:				
Derivatives	-	(25,379)	(3,834)	(29,213)
<b>Total</b>	<b>-</b>	<b>(25,379)</b>	<b>(3,834)</b>	<b>(29,213)</b>



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**19. FINANCIAL RISK MANAGEMENT (continued)**

<b>2010 Consolidated</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>				
Financial assets designated at fair value through profit and loss:				
Cash	879,240	412,000	-	1,291,240
Fixed interest Securities (Australian)	-	616,173	-	616,173
Fixed interest Securities (Int'l)	-	-	-	-
Australian equities	4,499,930	-	-	4,499,930
International equities	2,830,149	-	-	2,830,149
Alternative investment assets	12,585	190,568	2,976,094	3,179,247
Properties	-	-	2,359,665	2,359,665
Derivative financial assets	8	466	9,158	9,632
<b>Total</b>	<b>8,221,912</b>	<b>1,219,207</b>	<b>5,344,917</b>	<b>14,786,036</b>
<b>Financial Liabilities</b>				
Financial liabilities held for trading:				
Derivatives	(1,542)	(4,152)	(46,520)	(52,214)
<b>Total</b>	<b>(1,542)</b>	<b>(4,152)</b>	<b>(46,520)</b>	<b>(52,214)</b>

<b>2011 Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>				
Financial assets designated at fair value through profit and loss:				
Cash	981,480	246,779	-	1,228,259
Fixed interest Securities (Australian)	-	715,942	-	715,942
Fixed interest Securities (Int'l)	-	184,921	-	184,921
Australian equities	5,675,945	-	-	5,675,945
International equities	3,679,221	-	-	3,679,221
Alternative investment assets	25,641	109	3,441,647	3,467,397
Properties	-	-	2,241,102	2,241,102
Derivative financial assets	1,007	66,553	57,844	125,404
<b>Total</b>	<b>10,363,294</b>	<b>1,214,304</b>	<b>5,740,593</b>	<b>17,318,191</b>
<b>Financial Liabilities</b>				
Financial liabilities held for trading:				
Derivatives	-	(25,379)	(485)	(25,864)
<b>Total</b>	<b>-</b>	<b>(25,379)</b>	<b>(485)</b>	<b>(25,864)</b>

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**19. FINANCIAL RISK MANAGEMENT (continued)**

2010 Fund	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial Assets</b>				
Financial assets designated at fair value through profit and loss:				
Cash	879,240	412,000	-	1,291,240
Fixed interest Securities (Australian)	-	616,173	-	616,173
Fixed interest Securities (Int'l)	-	-	-	-
Australian equities	4,499,930	-	-	4,499,930
International equities	2,830,149	-	-	2,830,149
Alternative investment assets	12,585	190,568	2,976,094	3,179,247
Properties	-	-	1,821,692	1,821,692
Derivative financial assets	8	466	7,153	7,627
<b>Total</b>	<b>8,221,912</b>	<b>1,219,207</b>	<b>4,804,939</b>	<b>14,246,058</b>
<b>Financial Liabilities</b>				
Financial liabilities held for trading:				
Derivatives	(1,542)	(4,152)	(39,627)	(45,321)
<b>Total</b>	<b>(1,542)</b>	<b>(4,152)</b>	<b>(39,627)</b>	<b>(45,321)</b>

The following table present the movement in level 3 instruments for the year ended 30 June 2011 by class of financial instrument.

**At 30 June 2011**

**Consolidation**

	Alternative Investment Assets	Properties	Derivative Financial Instruments
Opening Balance	2,976,094	2,359,665	(37,362)
Purchases	904,579	648,052	8,344
Sales	(658,753)	(416,879)	(75,530)
Transfers into/(out) from level 3	-	-	-
Gains and losses recognised in profit or loss	219,727	68,677	159,271
Closing Balance	<b>3,441,647</b>	<b>2,659,515</b>	<b>54,723</b>
Total gains or losses for the year included in the operating statement for financial assets and liabilities held at the end of the year	<b>219,727</b>	<b>68,677</b>	<b>159,271</b>

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**19. FINANCIAL RISK MANAGEMENT (continued)**

The following table present the movement in level 3 instruments for the year ended 30 June 2011 by class of financial instrument.

**At 30 June 2011**

**Fund**

	<b>Alternative Investment Assets</b>	<b>Properties</b>	<b>Derivative Financial Instruments</b>
	Opening Balance	2,976,094	1,821,692
Purchases	904,579	648,052	8,344
Sales	(658,753)	(416,879)	(75,530)
Transfers into/(out) from level 3	-	-	-
Gains and losses recognised in profit or loss	219,727	188,237	157,504
Closing Balance	<u>3,441,647</u>	<u>2,241,102</u>	<u>57,844</u>
Total gains or losses for the year included in the operating statement for financial assets and liabilities held at the end of the year	<u>219,727</u>	<u>188,237</u>	<u>157,504</u>

**20. CONTROLLED ENTITIES**

The parent entity is the Construction and Building Unions Superannuation Fund, which owns more than half the voting power of the below entities and therefore accounting standards require these entities to be consolidated. The Fund's investments in each of its subsidiaries is detailed below:

<b>Controlled entities</b>	<b>2011</b>	<b>2010</b>
United Super Investments Pty Ltd	100%	100%
USI (Mitchell Plaza) Pty Ltd	100%	100%
USI (Breakfast Point) Pty Ltd	100%	100%
Cbus Property Pty Ltd	100%	100%
Cbus Property Commercial Pty Ltd	100%	100%
Cbus Property Residential Operations Pty Ltd	100%	100%
Cbus Property Industrial Pty Ltd	100%	100%
Cbus Property Hospitality Pty Ltd	100%	100%
Cbus Property SESP No.1 Pty Ltd	100%	-

**21. AUDITOR'S REMUNERATION**

The Cbus Group's auditor is PricewaterhouseCoopers.

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>\$000's</b>	<b>\$000's</b>
Audit and review of financial reports	320	311
Other assurance services	13	25
<b>Total auditor's remuneration</b>	<u>333</u>	<u>336</u>

## 22. RELATED PARTIES

### Key Management Personnel Disclosures Trustee Company

The Trustee Company of the Fund is United Super Pty Ltd (USPL).

#### Directors

The following persons held the position of Director of United Super Pty Ltd during part or all of the year:

Mr S Beynon	Mr A Littler (resigned 15/12/10)	Ms L Rubinstein (resigned 22/6/11)
Mr S Bracks	Mr A McDonald	Mr P Smith (appointed 15/12/10)
Mr B Fraser (resigned 22/6/11)	Ms R Mallia (appointed 23/2/11)	Mr J Sutton (resigned 15/12/10)
Mr C Harnath (resigned 20/10/10)	Mr C Melhem	Mr G Thompson
Mr W Harnisch	Mr J Murray	Mr P Tighe
Mr J Haskins	Mr D Noonan	
Mr P Kennedy	Mr F O'Grady (appointed 23/2/11)	

The following persons held the position of alternate Director of United Super Pty Ltd during part or all of the period from 01 July 2010 to the date of this report:

Mr T Ayres	Mr A Whiley (resigned 23/02/11)	Mr R Herbert (resigned 20/10/10)
Mr M Kingham (resigned 15/12/10)	Mr E Setches	Mr A Ferguson (resigned 15/12/10)
Mr R Doubikin	Mr S McDine (appointed 23/02/11)	

The following key management personnel are also members of the Fund:

Mr D Atkin	Mr M Kingham	Ms L Rubinstein
Mr S Beynon	Mr A Littler	Mr E Setches
Mr A Ferguson	Mr J Murray	Mr A Whiley
Mr C Harnath	Ms R Mallia	Mr J Sutton
Mr W Harnisch	Mr D Noonan	Mr P Tighe
Mr P Kennedy	Mr F O'Grady	

Contributions and benefits for key management personnel are determined using the same terms and conditions that apply to all other members.

#### Executives

The key management personnel compensation (Directors & CEO) in relation to services to the Cbus Group is as follows:

	30 June 2011	30 June 2010
	\$000's	\$000's
Short-term employee benefits	1,313	1,275
Post-employment benefits	81	77
	<u>1,394</u>	<u>1,352</u>

#### Other related party transactions

The Fund's assets are held in Trust by USPL and custodially held by National Nominees Ltd. USPL, as Trustee for the Fund, interacts with other related parties as detailed below.

**22. RELATED PARTIES (continued)**

**Other related party transactions (continued)**

**(a) Industry Funds Administration Trust**

Effective 30 June 2010, Industry Funds Administration Trust (IFAT) and Industry Funds Administration Trust No.3 (IFAT3) were terminated. Prior to termination, these trusts held 100% of the Ordinary Shares of Superpartners Pty Ltd. As part of the restructure of the ownership structure of Superpartners, minority shareholders of the trusts offered to sell their unit holdings to majority shareholders. Cbus accepted the offer to acquire its proportionate amount of units for \$914,585 upon the Fund Trustee's endorsement. This resulted in a marginal increase in Cbus' ownership of the trusts from 20.25% to 22.05%. Subsequent to the termination of the trusts and the first tranche of capital raising for NextGen, the Ordinary Shares in Superpartners has resulted in a Cbus holding 17.95% of the Ordinary Shares in Superpartners.

Industry Fund Services Pty Ltd was the trustee for both IFAT and IFAT No 3 until termination. Superpartners Pty Ltd are contracted to provide fund administration services to USPL. These services are provided under normal commercial terms and conditions and fees charged by Superpartners for services amounted to 37,050,485 (2010: \$27,246,962).

**(b) Industry Fund Services Pty Ltd**

Industry Fund Services Pty Ltd (IFS) provides a range of services including insurance broking and financial planning to the Fund. IFS have been established to provide a broad range of wholesale and retail services to superannuation funds and their members. These services are provided under normal commercial terms and conditions. A consulting fee of \$4,110,283.05 (2010: \$3,976,310) was charged for the services rendered by IFS during the year. Super Members Investments Limited (SMI) is a 100% subsidiary of IFS.

**(c) Superpartners Pty Ltd**

Convertible Notes with a face value of \$11,601,000 issued by Superpartners Pty Ltd to the Fund (as part of the initial funding for the nextGEN programme (nextGEN) during the 2009 financial year) converted into 4,042,160 fully paid Ordinary Shares in Superpartners following the conversion of the Fund's existing beneficial interests in Superpartners (held through the IFAT and IFAT 3) into direct shareholdings in Superpartners, effective 30 June 2010. The conversion of the Convertible Notes into Ordinary Shares was based on the Face Value of the Convertible Notes and a conversion price of \$2.87 per share. Ordinary Shares in Superpartners issued on conversion of the Convertible Note rank equally with all other Ordinary Shares in the capital of Superpartners except that they do not rank for the whole or part of any dividend declared after the date of such conversion in respect of any financial year of Superpartners ending before the conversion date.

In March 2011, the Trustee entered into a Subscription Agreement with Superpartners in relation to three further tranches of funding for nextGEN in response to a further capital request made via issue of an Information Memorandum by Superpartners. The first tranche of funding occurred on 2 March 2011, whereby 3,564,480 Ordinary Shares were subscribed for at an issue price of \$2.82 per share (\$10,051,834). The second tranche of funding is due on or before 1 December 2011, involving a subscription for 2,164,148 Ordinary Shares at \$2.82 per share (\$6,102,897). The third tranche of funding is due in May 2012, involving a subscription for 2,749,741 Ordinary Shares at \$2.82 per share (\$7,754,269). The Subscription Agreement also includes a further commitment of \$3,590,001 to Superpartners for the establishment of an analytical customer relationship management (ACRM) service which is conditional and dependent upon final approval by all Superpartners Shareholders of this solution and costing. The Fund's commitment to the second and third tranches of nextGEN funding the ACRM service is included at Note 23. The Fund holds 11,577,691 Ordinary Shares in Superpartners (2010: 3,971,051 Ordinary Shares) valued at \$33,227,973 (2010: \$22,971,000).

**22. RELATED PARTIES (continued)**

**Other related party transactions (continued)**

**(d) Frontier Investment Consulting Pty Ltd**

Frontier Investment Consulting (Frontier) was established to provide asset consulting services for a range of superannuation funds. Cbus has an investment amounting to \$1,320,516 in Frontier (2010: \$1,202,000). During the year, the Fund paid Frontier asset consulting fees of \$1,715,830 (2010: \$1,116,679) on normal terms and conditions.

**(e) Industry Funds Management Pty Ltd**

Industry Funds Management (IFM) is the investment manager of various investment products in which USPL invests. USPL has investments in IFM Australian Private Equity Fund II \$15,754,269 (2010: \$23,295,346), IFM Australian Private Equity Fund III \$57,110,645 (2010: \$58,451,087), IFM International Private Equity Fund I \$79,055,407 (2010: \$99,000,744), IFM Australian Infrastructure \$900,659,666 (2010: \$784,740,836), IFM International Infrastructure \$495,300,349 (2010: \$405,449,818), IFM AFIF Long \$149,501,423 (2010: \$137,392,474), IFM Enhanced Indexed Australian Equities \$1,611,544,724 (2010: \$1,278,480,082), IFM Australian Private Equity Fund IV \$54,557,500 (2010: \$34,632,000), IFM International Private Equity III \$28,112,387 (2010: \$15,942,320), IFM Australian Credit Opportunities \$108,765 (2010: \$39,510,747), IFM Acorp \$174,334,759 (2010: Nil) and IFM Renewable Energy \$26,998,826 (2010: \$26,324,599). All management fees charged in relation to these investments are under normal commercial terms and conditions. IFM is a wholly owned subsidiary of Industry Super Holdings Pty Ltd (refer to note 22(h)).

Ms L Rubinstein is a Cbus representative member of the IFM Investment Advisory Board (IAB), with fees due to her being paid into her Cbus superannuation account. [Effective 18 August 2011 Ms L Rubinstein resigned as a Cbus representative of the IFM IAB.](#) Mr J Sutton is an alternate member of the IAB. The Fund is also represented on the IAB by one of its Executives. No payment was received for this position.

**(f) Industry Superannuation Property Trust (Core) No.1 and No.2**

USPL has an investment of \$630,401,237 (2010: \$528,040,467) in the Industry Superannuation Property Trust (Core) No.1, \$22,477,740 (2010: \$26,146,113) in Industry Superannuation Property Trust (Grovesnor) and \$28,271,131 (2010: \$26,414,988) in Industry Superannuation Development Trust. ISPT Pty Ltd is trustee of these trusts. Mr J Sutton is a Director of ISPT Pty Ltd (alternate Director Mr A Ferguson is his alternate) and USPL holds 1 \$1 share in ISPT Pty Ltd. Provision is made by ISPT Pty Ltd for payment of Directors' fees for the services of Directors.

**(g) Hasting Funds Management (UTA) Utilities Trust of Australia**

USPL has an investment of \$452,759,758 (2010: \$351,171,739) in Utilities Trust of Australia (UTA) which invests in infrastructure. USPL holds 1 \$1 share in Utilities of Australia Pty Ltd. Mr J Haskins is a Director of Utilities of Australia Pty Ltd, the trustee of UTA. Provision is made by UTA for the payment of Directors' fees services.

**(h) Industry Super Holdings Pty Ltd / Members Equity Bank Pty Ltd**

USPL has a 15.6% holding in Industry Super Holdings Pty Ltd (ISH), amounting to \$136,739,390 (2010: \$122,562,142). Industry Fund Services Pty Ltd, Industry Funds Management Pty Ltd and Members Equity Bank Pty Ltd are wholly owned subsidiaries of ISH. Members Equity Bank Pty Ltd provides banking products to superannuation fund members and others. Mr B Fraser is Chairman of Members Equity Bank Pty Ltd and receives a Director's fee from Members Equity.

Members Equity manages Super Business Loans (SBL) and Super Home Loans (SMHL) through the Members Equity Super Loans Trust (SLT). USPL has an investment of \$382,017,146 (2010: \$359,225,209) in SLT and the Fund receives investment returns from this investment. USPL also has an investment in Member Equity SMHL Bonds Nil (2010: \$150,502,311).

## 22. RELATED PARTIES (continued)

### Other related party transactions (continued)

#### (i) IFS Insurance Broking Pty Ltd (IFSIB)

The Fund paid brokerage fees of \$469,135 (2010: \$370,067) to IFSIB during the year for the provision of insurance broking services. USPL utilises the services of IFSIB to source group life cover, trustee indemnity cover, general property cover, public liability cover and other classes of insurance. IFSIB is a wholly owned subsidiary of IFS.

#### (j) Hotel Leisure & Tourism Trust of Australia (HLTTA)

USPL held a 35% interest in the RPHT, which owned the Westin Hotel in Melbourne prior to the sale of this hotel in December 2008 for \$160,000,000. RPHT paid a distribution of \$Nil (2010: \$943,668) to the Fund and was terminated on 23 December 2009. USPL and United Super Investments Pty Ltd each hold 1 \$1 share in RPHTO, which was the management company of the Westin Hotel, and each received a fully franked dividend of \$6,249 (2010: \$3,491,963) from RPHTO. RPHTO was wound up on 15/6/11. Mr A Littler was a Director of RPHTO. There are no provisions made by RPHT for payment of Directors' fees.

#### (k) Regent Plaza Hotel Trust (RPHT)

USPL held a 25% interest in HLTTA and HLTTA held a 55% interest in RPHT. HLTTA paid a distribution of \$Nil (2010: \$1,073,503) to the Fund and was terminated on 23 December 2009. Mr J Murray is a Director of HLTTA. Provision is made by HLTTA for payment of Directors' fees for the services of Directors.

#### (l) United Super Investments Pty Ltd

USI is an investment company that is wholly owned by the Fund. USI is the ultimate holding company for various entities that were established to hold development properties managed by Cbus Property Pty Ltd. All properties held by the entities owned by USI have been sold, and proceedings will be undertaken to wind up the remaining entities. Australian Super Developments Pty Ltd and United Super Investments (Frances Park) Pty Ltd are two entities which remain and which USI is the 100% owner.

The Fund CEO, Mr D Atkin, is a Director of USI. There are no Directors' fees payable to Directors.

#### (m) Australian Super Developments Pty Ltd

ASD is an investment company that is wholly owned by the Fund. ASD has been utilised within the USI investment structure for various property developments, however, there are no remaining property developments held within this structure. USI owns 100% of ASD. Mr J Murray is a Director of ASD. There are no fees payable to Directors.

#### (n) United Super Investments (Frances Park) Pty Ltd (USI (FP))

USI (FP) is an investment company that is wholly owned by the Fund. USI (FP) is a 50% Joint Venture Partner in the Frances Park Partnership Pty Ltd.

As at 30 June 2010, all the residential units had been sold within The Frances Park Partnership and steps will now be undertaken to wind up the company

Mr D Atkin is a Director of USI (FP). There are no fees payable to Directors.

**22. RELATED PARTIES (continued)**

**Other related party transactions (continued)**

**(o) United Super Investments (Mitchell Plaza) Pty Ltd (USI (MP))**

USI (MP) is an investment company that is wholly owned by the Fund. USI (MP) was a 50% Joint Venture Partner in the Mitchell Centre Joint Venture. The USI (MP) interest in the Mitchell Centre Joint Venture was sold on 21 December 2009 for \$46.2m to the Joint Venture Partner. USI (MP)'s ultimate parent company, USPL, retains the commitment for rental of the land associated with the Mitchell Centre, on a 63 year lease with the Uniting Church. The present value of this obligation has been determined as \$8.7m and has been provisioned for as a liability that will be written off over the term of the lease within the books and records of USPL. Steps will now be undertaken to wind up USI (MP)

Mr D Atkin is a Director of USI (MP). There are no Directors' fees payable to Directors.

**(p) USI (Breakfast Point) Pty Ltd (USI (BP))**

USI (BP) is an investment company that is wholly owned by the Fund. USI (BP) has a 50% interest in Breakfast Point Unit Trust, which was established to develop the Breakfast Point Site in NSW for residential and commercial use.

Mr D Atkin is a Director of USI (BP). There are no fees payable to Directors.

**Financing Agreement**

As at 30 June 2011 USI (Breakfast Point) Pty Ltd (together with Rose Group, the joint holder of The Breakfast Point Unit Trust), was in negotiations with NAB to refinance the current CFAL loan facility, within the Breakfast Point Unit Trust. The new NAB facility is expected to be for \$145m. The parties will be severally liable for their respective proportions of the debt.

**Loan to Development Partners**

USI (Breakfast Point) Pty Ltd is in negotiations to loan \$22.5m to Rose Group, the Development Manager of Breakfast Point and joint owner of Breakfast Point Unit Trust. The loan will be secured by the Rose Group's interest in the Breakfast Point Unit Trust. Interest on the loan will be capitalised and the loan limit controlled within a LVR of 70%. Rose Group may make repayments at any time and all distributions and any bonus payments made to Rose Group out of the Breakfast Point Unit Trust must be used to pay down interest and principal on the outstanding loan. The loan terminates on 31 January 2013. The \$22.5M will be funded by way of a loan from Cbus.

**(q) Cbus Property Pty Ltd (CPPL)**

CPPL is a 100% held subsidiary of the Fund and manages all the Fund's directly held property assets. CPPL is a service company charged with stewardship of the direct property investments of the Fund. It invests in direct property on behalf of the Fund in accordance with an Investment Management Agreement between CPPL and the Fund dated 1 January 2010. CPPL does not have ownership of any direct property assets.



**22. RELATED PARTIES (continued)**

**Other related party transactions (continued)**

Property assets under the stewardship of CPPL are as follows:

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>\$000s</b>	<b>\$000s</b>
Development Projects and Sites	192,089	43,357
Joint Venture Development Projects	109,608	177,576
Income Earning Properties	754,012	531,900
Other	(11,397)	27,345
<b>Total</b>	<b><u>1,044,312</u></b>	<b><u>780,178</u></b>

Mr D Noonan, Mr J Murray, Mr R Doubikin (resigned) and Mr S Bracks are Directors of CPPL. CPPL makes provision for payment of Directors fees.

**(r) Cbus Property Commercial Unit Trust**

Cbus Property Commercial Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for commercial projects undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property Commercial Pty Ltd is the trustee company for Cbus Property Commercial Unit Trust.

The following trusts are held 100% directly or indirectly by Cbus Property Commercial Unit Trust and used for commercial activities.

<b>Trust</b>	<b>Trustee Company</b>
<b>Direct</b>	
8 Exhibition Street Unit Trust	USI (8 Exhibition Street) Pty Ltd
CBW Unit Trust	Cbus Property CBW Pty Ltd
140 William Street Unit Trust	Cbus Property 140 William Street Pty Ltd
SESP Unit Trust	Cbus Property SESP Pty Ltd
SESP (CB3) Unit Trust	Cbus Property SESP (CB3) Pty Ltd
Cbus Property (Bent Street) Unit Trust	Cbus Property Bent Street Pty Ltd
171 Collins Street Unit Trust	Cbus Property 171 Collins Street Pty Ltd
<b>Indirect</b>	
The Bourke Junction Trust No.2	Bourke Junction No.2 Pty Ltd
The Bourke Junction Trust No.3	Bourke Junction No.3 Pty Ltd

The Cbus Property (Bent Street) Unit Trust has a one third Joint Venture interest in a commercial development at 1 Bligh Street, Sydney. The development comprises office and retail premises with basement car park. The development achieved practical completion on 7/07/11 and will be held as an investment property.

The 171 Collins Street Unit Trust has a 50% Joint Venture interest with Charter Hall Collins Pty Ltd in a commercial development at 171 Collins Street, Melbourne. The development comprises office and retail premises.

Mr D Atkin resigned (3/11/10) as director of Cbus Property Commercial Pty Ltd and all other trustee companies detailed above. There are no fees payable to Directors.

As part of its management of the Fund's commercial property developments, where required, Cbus Property has entered into arrangements with external financiers to provide funding for certain developments.

**22. RELATED PARTIES (continued)**

**Other related party transactions (continued)**

**(s) Cbus Property Residential Operations Unit Trust**

Cbus Property Residential Operations Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for residential projects undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property Residential Operations Pty Ltd is the trustee company for Cbus Property Residential Operations Unit Trust.

The following trusts are held 100% directly by Cbus Property Residential Operations Unit Trust and used for residential development activities.

**Financing Agreement**

Forbes Street Residential Unit Trust

On 21 June 2011, Cbus Property Forbes Street Pty Ltd, in its own capacity and in its capacity as trustee of the Forbes Street Residential Unit Trust entered into a two year Facility Agreement with Westpac Banking Corporation for an amount of up to \$83.3m together with Forbes Street Darlinghurst Pty Limited (JV Partner). The parties are severally liable for their respective proportions of the debt (50%: \$41.65m). Interest is payable at a bank bill rate plus a margin of 1.45% and a line fee of 1.3% (increasing to 1.45% from 31 March 2012). As at 30 June 2011 \$18.8m had been drawn under the facility.

**Trust**

Cromwell Road Unit Trust  
Forbes Street Residential Unit Trust  
35 Spring Street Unit Trust  
Warleigh Grove Unit Trust

**Trustee Company**

Cbus Property Cromwell Road Pty Ltd  
Cbus Property Forbes Street Pty Ltd  
Cbus Property 35 Spring Street Pty Ltd  
Cbus Property Warleigh Grove Pty Ltd

Forbes Street Residential Unit Trust has a 50% Joint Venture interest with Forbes Street Darlinghurst Pty Limited in a residential development at Forbes Street, Darlinghurst. The development comprises mid to high end residential apartments and three commercial/retail premises.

Mr D Atkin resigned (3/11/10) as a Director of Cbus Property Residential Operations Pty Ltd and all other trustee companies detailed above. There are no fees payable to Directors.

**(t) Cbus Property Hospitality Unit Trust**

Cbus Property Hospitality Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for hospitality projects undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property Hospitality Pty Ltd is the trustee company for Cbus Property Hospitality Unit Trust.

There are no assets held within the Cbus Property Hospitality Unit Trust.

Mr D Atkin is a Director of Cbus Property Hospitality Pty Ltd. There are no fees payable to Directors.

**22. RELATED PARTIES (continued)**

**Other related party transactions (continued)**

**(u) Cbus Property Industrial Unit Trust**

Cbus Property Industrial Unit Trust is an investment holding trust that is wholly owned by the Fund. It was established solely for the purpose of acting as the head trust for industrial projects undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property Industrial Pty Ltd is the trustee company for Cbus Property Industrial Unit Trust.

The following trusts are held 100% directly by Cbus Property Industrial Unit Trust and used for industrial development activities.

<b>Trust</b>	<b>Trustee Company</b>
Industrial Property No.1 Unit Trust	Industrial Property No.1 Pty Ltd

Mr D Atkin resigned (3/11/10) as a Director of Cbus Property Industrial Pty Ltd and of Industrial Property No.1 Pty Ltd. There are no fees payable to Directors.

**(v) United Super Pty Ltd (USPL)**

The Trustee of the Fund is United Super Pty Ltd (USPL). During the year, the Fund paid USPL a Trustee fee of \$32,525,922 (2010: \$30,333,597) for administration and financial management services.

**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**23. INVESTMENT COMMITMENTS**

	CONSOLIDATED		FUND	
	30 June 2011 \$000's	30 June 2010 \$000's	30 June 2011 \$000's	30 June 2010 \$000's
International equities	92	-	92	-
Alternative investment assets	18,433	1,507	18,433	1,507
Properties	335	465	335	465
<b>Total Investment Commitments</b>	<b>18,860</b>	<b>1,972</b>	<b>18,860</b>	<b>1,972</b>

**24. CONTINGENT LIABILITIES**

Under a contract of Sale dated 27 December 2006, the Bayview Gardens Retirement Village (BG), together with the Lindfield Gardens and Peninsular Gardens retirement villages, was sold by United Super Investments Pty Ltd to North Shore Retirement Villages Pty Ltd (NSRV), a subsidiary of FKP Limited. Included in the sale of BG were 32 newly constructed Independent Living Units - Practical Completion for which was granted on 16 March 2007. At the time of Completion of the Sale on 30 April 2007 defects were being rectified. Australian Super Developments Pty Ltd engaged the builder of the 32 Independent Living Units on behalf of United Super Investments Pty Ltd. Notice has been given by the lawyers for NSRV that defects remain unrectified and NSRV seeks the benefit of the indemnity provided in the Contract of Sale. NSRV estimates the rectification costs at \$4 million to \$6 million. Liability has been denied – Cbus Property is working with its legal advisor to bring this matter to a close.

**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**25. TRANSFER FROM FUND MERGER**

On 30 September 2010 Connect Superannuation Plan was wound up and all members transferred to CF  
 On 1 October 2010 the following assets and Liabilities were transferred to CBUS.

	\$
<b>ASSETS</b>	
<b>Cash and Cash Equivalents</b>	
Cash at Bank	6,296,319
<b>Trade and Other Receivables</b>	
Sundry Debtors	54,936
GST Receivable	71,783
<b>Investments</b>	
<b>Financial Assets</b>	
Cash & Short Term Deposits	20,804
Australian Equities	334,490,817
Interest Bearing Securities	118,957,843
International Equities	87,619,992
Other Investments (Development, Infrastructure)	105,842,281
Pooled Superannuation Funds	50,338,305
Property	19,945,811
<b>Tax Assets</b>	
Deferred Tax Assets	12,021,959
<b>TOTAL ASSETS</b>	<u><u>735,660,850</u></u>
<b>LIABILITIES</b>	
<b>Trade and Other Payables</b>	
Accounts Payable	668,529
Sundry Creditors	61,767
<b>Tax Liabilities</b>	
Income Tax Payable	4,761,141
<b>TOTAL LIABILITIES</b>	<u><u>5,491,437</u></u>
<b>NET ASSETS TRANSFERRED</b>	<u><u>730,169,413</u></u>
<b>Represented by:</b>	
<b>VESTED BENEFITS TRANSFERRED ON TERMINATION</b>	727,238,175
<b>RESERVES TRANSFERRED TO CBUS</b>	1,902,389
<b>UNALLOCATED TRANSFERRED TO CBUS</b>	1,028,849
	<u><u>730,169,413</u></u>

## **26. SUBSEQUENT EVENTS**

### **Post Balance Sheet Acquisition**

Cbus Property Commercial Trust - 8 Exhibition Street Unit Trust

On 4th August 2011, contracts were signed for a 50% share of a planned commercial development at 5 Martin Place, Sydney, NSW. A deposit of \$3,650,000 was paid, of a total amount payable of \$36,500,000. The development will be jointly undertaken with CFS Managed Property Ltd. CFS Managed Property Ltd also have an option to purchase 50% of 8 Exhibition Street from 1 July 2012 to 30 June 2013.

### **Events after the end of the reporting period**

Investment markets have been adversely affected by a number of macroeconomic factors, including the European debt crisis, the sharp slowing in the US economy and the downgrade of US long-term debt by Standard and Poor's in August 2011.

The Fund holds investments across a broad range of assets, including Australian and international shares, and is consequently exposed to the market risk associated with these investments. In the period since 30 June 2011, up until 14 September 2011, the Australian share market has fallen 11.1% , and global share markets have fallen 10.0% . This has impacted the valuation of the Fund's investment portfolio, which is estimated to have fallen 5.0%.

As the investments are measured at their 30 June 2011 net market values in the financial report, these subsequent falls in value are not reflected in the Operating Statement or the Statement of Financial Position.

With the exception of a small allocation to the Contingency Fund, the Fund allocates investment income to member accounts. The investment portfolio is valued weekly and at month end. These valuations form the basis for final monthly crediting rates and interim month-to-date crediting rates for each investment option. The fall in investment value has been reflected in interim month-to-date crediting rates based on fund valuation at 14 September 2011 for the High Growth, Growth (Cbus Choice) and Conservative investment options, resulting in a corresponding reduction in member account balances.

**CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES  
TRUSTEE STATEMENT  
AS AT 30 JUNE 2011**

**TRUSTEE'S DECLARATION TO THE MEMBERS**

In the opinion of the Trustee of the Construction and Building Unions Superannuation Fund:

- (a). The accompanying financial statements of the Construction and Building Unions Superannuation Fund and its Controlled Entities for the year ended 30 June 2011 as set out on pages 3 to 51 are drawn up so as to present fairly the financial position of the Fund as at 30 June 2011, and the results of its operations and cash flows for the year then ended;
- (b). The accompanying financial statements are drawn up in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the provisions of the Trust Deed dated 18 April 1984 as amended;
- (c). The operation of Construction and Building Unions Superannuation Fund has been carried out in accordance with the Trust Deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, and its accompanying Regulations and such guidelines as are relevant and the relevant requirements of the Corporations Act 2001 and Regulations (to the extent applicable); the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001; and the Guidelines issued by the Australian Prudential Regulation Authority on Risk Management Statements for Superannuation Entities Investing in Derivatives, during the year ended 30 June 2011; and
- (d). There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of United Super Pty Ltd as Trustee for Construction and Building Unions Superannuation Fund.



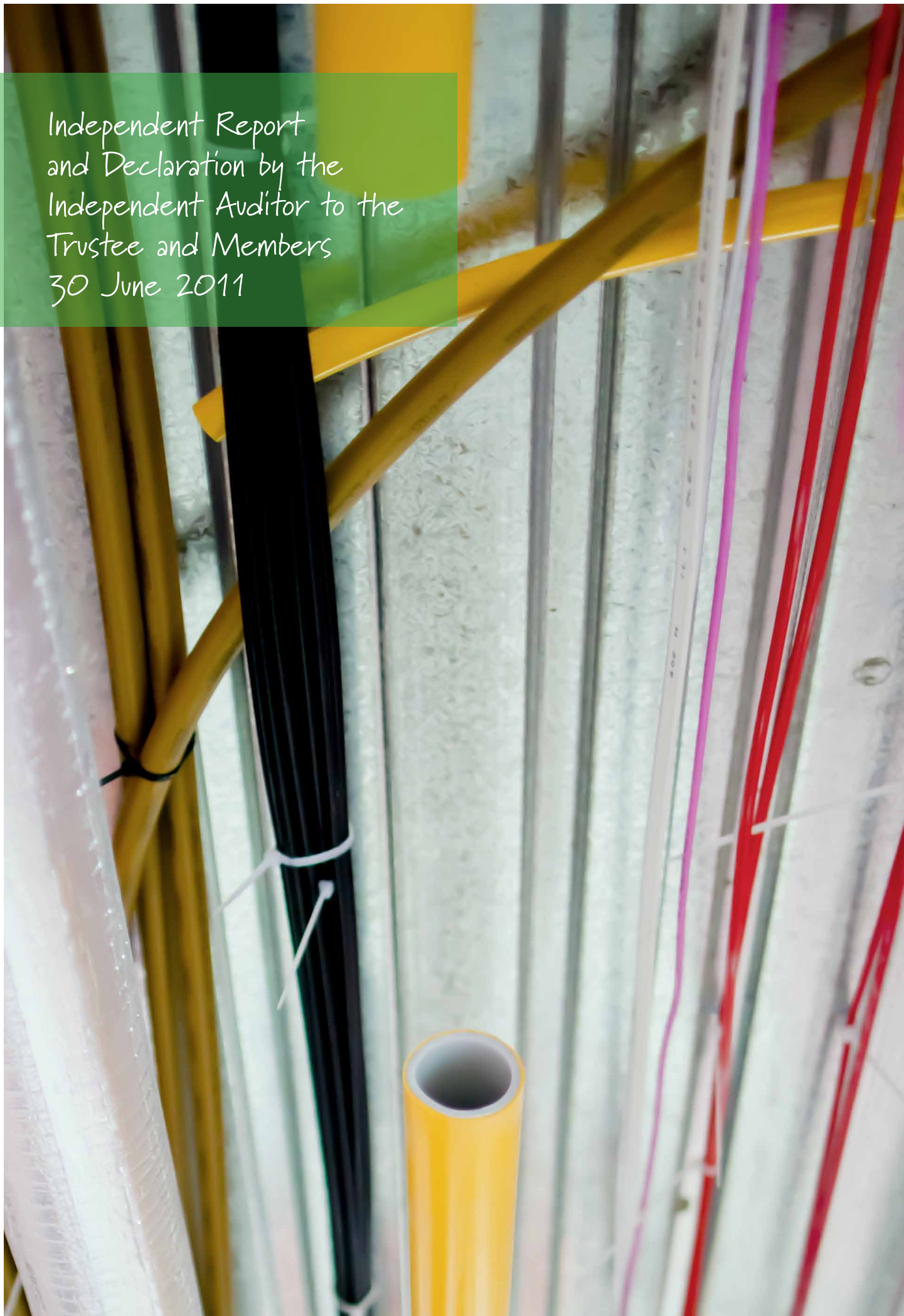
**DIRECTOR**



**DIRECTOR**

Signed at Melbourne this 19<sup>th</sup> day of October 2011

Independent Report  
and Declaration by the  
Independent Auditor to the  
Trustee and Members  
30 June 2011







## ***Construction and Building Unions Superannuation Fund (ABN: 75 984 178 687) and its controlled entities***

### ***Report by the independent auditor to the trustee and members***

#### *Matters relating to the electronic presentation of the audited financial report*

This audit report relates to the financial statements of Construction and Building Unions Superannuation Fund for the year ended 30 June 2011 included on the CBUS web site. The Trustee is responsible for the integrity of the CBUS web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial statements identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statement. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

#### *Financial statements*

I have audited the financial statements of Construction and Building Unions Superannuation Fund and its controlled entities for the year ended 30 June 2011 comprising the Statement of Financial Position, Operating Statement and Statement of Cash Flows.

#### *Trustee's responsibility for the financial statements*

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the SIS Act and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of Construction and Building Unions Superannuation Fund and its controlled entities.

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




An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

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

*Auditor's opinion*

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Construction and Building Unions Superannuation Fund and its controlled entities as at 30 June 2011 and the results of its operations and its cash flows for the year ended 30 June 2011.

  
PricewaterhouseCoopers

  
David Coogan  
Partner

Melbourne  
19 October 2011



## *Auditor's independence declaration*

As lead auditor for the audit of United Super Pty Ltd for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- 1 no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- 2 no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of United Super Pty Ltd during the period.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'D Coogan', with a horizontal line extending to the right.

David Coogan  
Partner

Melbourne  
19 October 2011



## ***Review of systems to manage and monitor future compliance with risk management strategy and risk management plan***

To the trustee of Construction and Building Unions Superannuation Fund (the RSE licensee)

### ***Trustees' responsibility for systems to manage and monitor future compliance with risk management strategy and risk management plan***

The trustee is responsible for the design, documentation, operation and monitoring of the Risk Management Strategy and Risk Management Plan, including the adequacy of risk assessments contained in the strategy and plan, including the relevant internal control systems, policies and procedures, and compliance, including future compliance therewith.

### ***Responsibility of assurance practitioner***

My responsibility is to express a conclusion, based on my review, on the systems, being the relevant processes and procedures, used by United Super Pty Ltd to identify future risks arising from proposed future activities and to manage and monitor future (the twelve month period following the date of this review report) compliance with the Risk Management Strategy and the Risk Management Plan. The contents of Risk Management Strategies and Risk Management Plans are prescribed in sections 29H and 29P respectively of the SIS Act.

This review report was prepared for the RSE licensee in accordance with sections 35C(5)(d)(ii) and 35C(5)(d)(iv) of the SIS Act. I disclaim any assumption of responsibility for any reliance on this review report to any person other than the trustee, or for any purpose other than that for which it was prepared.

I have conducted my review in accordance with applicable Standards on Assurance Engagements (ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information) in order to state whether, on the basis of my review as described, anything has come to my attention that causes me to believe that for the year United Super Pty Ltd does not have adequate systems to identify future risks arising from proposed future activities and to manage and monitor future compliance with the Risk Management Strategy of United Super Pty Ltd and the Risk Management Plan of Construction and Building Unions Superannuation Fund.

A review of systems consists of making enquiries of the RSE licensee and other procedures as are considered necessary in the circumstances. I have performed the review procedures having regard to relevant standards and guidance issued by the Auditing and Assurance Standards Board.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I am aware of all significant matters that might be identified in an audit. Accordingly I do not express an audit opinion.

Because of the inherent limitations of any systems to ensure compliance, including future compliance, with any Risk Management Strategy or Risk Management Plan, it is possible that risks may arise which



are not included in, or appropriately managed by, the Risk Management Strategy or Risk Management Plan, or that fraud, errors, or non-compliance with laws and regulations may occur and not be detected. A review is not designed to detect all instances of non-compliance, weaknesses in the risk management measures in the Risk Management Strategy and Risk Management Plan, as a review is not performed continuously throughout the year and the review procedures performed in respect of compliance, including future compliance, with the Risk Management Strategy and Risk Management Plan are undertaken on a test basis.

Any projection of the systems to ensure compliance with the Risk Management Strategy and Risk Management Plan to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

### *Matters relating to the electronic presentation of the audited financial report*

This audit report relates to the financial statements of Construction and Building Unions Superannuation Fund for the year ended 30 June 2011 included on the CBUS web site. The Trustee is responsible for the integrity of the CBUS web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial statements identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statement. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

### *Conclusion*

Based on my review, which is not an audit, nothing has come to my attention that causes me to believe that, in all material respects, United Super Pty Ltd does not have adequate systems, being the relevant processes and procedures, to identify future risks arising from proposed future activities and to manage and monitor future (the twelve month period following the date of this review report) compliance with its Risk Management Strategy, and the Risk Management Plan of Construction and Building Unions Superannuation Fund.

PricewaterhouseCoopers

David Coogan  
Partner

Melbourne  
19 October 2011

### More information?

Call our Service Centre on **1300 361 784**,  
Monday to Friday, 8am – 8pm (EST),  
visit [www.cbussuper.com.au](http://www.cbussuper.com.au) or write to  
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