



CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES
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ANNUAL FINANCIAL REPORT
30 June 2016

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

TABLE OF CONTENTS

	Page
Statement of Financial Position	3
Operating Statement	4
Statement of Cash Flows	5
Notes to and Forming Part of the Financial Statements	6 - 43
Trustee's Declaration	44
Auditor's Report	45 - 46

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2016

		CONSOLIDATED		FUND	
	Note	30 June 2016	30 June 2015	30 June 2016	30 June 2015
		\$000's	\$000's	\$000's	\$000's
ASSETS					
CASH AND CASH EQUIVALENTS					
Cash at bank		47,350	41,863	37,045	37,938
RECEIVABLES					
Contributions receivable		204,007	216,716	204,007	216,716
Other receivables	5	13,728	18,360	2,109	5,406
INVESTMENTS					
Cash	4	3,857,802	3,195,919	3,857,802	3,195,919
Credit	4	2,150,211	1,960,156	2,150,211	1,960,156
Fixed interest securities	4	1,711,381	1,594,761	1,711,381	1,594,761
Australian equities	4	8,645,075	8,544,804	8,645,075	8,544,804
International equities	4	7,216,350	6,655,892	7,216,350	6,655,892
Alternative assets	4	6,730,870	6,256,364	6,730,870	6,256,364
Property	4	5,030,499	3,993,144	3,610,608	3,174,844
Derivative financial assets	4	227,513	23,453	227,513	23,453
TAX ASSETS					
Deferred tax asset	17	2,579	2,131	-	-
Current tax asset	16	11,447	-	16,128	-
INTANGIBLE ASSETS					
Computer software	9	10,315	5,209	10,315	5,209
PROPERTY, PLANT AND EQUIPMENT					
Property, plant and equipment	10	2,692	2,181	2,281	1,587
TOTAL ASSETS		35,861,819	32,510,953	34,421,695	31,673,049
LIABILITIES					
PAYABLES					
Accounts payable	6	174,924	146,100	151,636	128,821
Benefits payable		43,168	39,434	43,168	39,434
FINANCIAL LIABILITIES					
Provisions	7	43,785	79,924	3,773	2,950
Borrowings	11	1,358,144	695,107	-	-
Derivative financial liabilities	4	130,011	176,396	116,131	168,189
TAX LIABILITIES					
Current tax liabilities	16	-	151,149	-	120,459
Deferred tax liability	17	531,889	476,963	527,089	467,316
TOTAL LIABILITIES		2,281,921	1,765,073	841,797	927,169
NET ASSETS AVAILABLE TO PAY BENEFITS		33,579,898	30,745,880	33,579,898	30,745,880
LIABILITY FOR ACCRUED BENEFITS					
Members' funds	12	33,408,709	30,654,779	33,408,709	30,654,779
Operational Risk Financial Reserve	13	83,950	57,649	83,950	57,649
General Reserve	13	31,617	19,364	31,617	19,364
Insurance Reserve	13	55,622	14,088	55,622	14,088
LIABILITY FOR ACCRUED BENEFITS		33,579,898	30,745,880	33,579,898	30,745,880

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

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

		CONSOLIDATED		FUND	
	Note	30 June 2016	30 June 2015	30 June 2016	30 June 2015
		\$000's	\$000's	\$000's	\$000's
REVENUE					
INVESTMENT INCOME					
Interest		126,178	106,919	126,088	106,847
Distributions and dividends		1,339,292	1,635,803	1,339,292	1,635,803
Other income		45,974	107,871	19,564	21,501
Property rentals		148,260	117,586	-	-
Movement in net market value of investments	15	349,403	1,112,793	445,604	1,216,427
Direct investment expenses	15	(110,014)	(100,686)	(110,014)	(100,686)
		1,899,093	2,980,286	1,820,534	2,879,892
CONTRIBUTIONS					
Employer		2,468,559	2,378,107	2,468,559	2,378,107
Member		252,923	293,617	252,923	293,617
Government		27,234	26,928	27,234	26,928
Transfers from other funds		675,114	668,981	675,114	668,981
		3,423,830	3,367,633	3,423,830	3,367,633
OTHER					
Proceeds on insurance claims		204,046	212,998	204,046	212,998
Interest on cash at bank		1,148	1,240	958	1,222
Sundry income		14,257	16,372	56	311
		219,451	230,610	205,060	214,531
TOTAL REVENUE					
		5,542,374	6,578,529	5,449,424	6,462,056
EXPENSES					
Group life insurance premiums		344,297	373,600	344,297	373,600
Operating expenses		11,861	21,528	-	-
Borrowing costs		45,096	31,994	-	-
Administration and financial management expenses	8	161,066	151,655	129,695	126,533
TOTAL EXPENSES		562,320	578,777	473,992	500,133
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX					
		4,980,054	5,999,752	4,975,432	5,961,923
Income tax expense accrued as a result of operations	16	343,921	471,341	339,299	433,512
BENEFITS ACCRUED AS A RESULT OF OPERATIONS AFTER INCOME TAX					
		4,636,133	5,528,411	4,636,133	5,528,411

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

CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

		CONSOLIDATED		FUND	
	Note	30 June 2016	30 June 2015	30 June 2016	30 June 2015
		\$000's	\$000's	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES		Inflows/ (outflows)	Inflows/ (outflows)	Inflows/ (outflows)	Inflows/ (outflows)
Interest on cash at bank received		1,148	1,240	958	1,222
Contributions and transfers received		3,436,539	3,358,029	3,436,539	3,358,029
Sundry income		17,592	10,557	56	311
Claims received from insurer		204,046	212,998	204,046	212,998
Group life insurance premiums		(340,222)	(358,389)	(340,222)	(358,389)
Administration and financial management expenses		(154,724)	(146,753)	(130,385)	(122,429)
Benefits paid to members		(1,571,032)	(1,483,459)	(1,571,032)	(1,483,459)
Death and disablement claims paid		(215,698)	(217,684)	(215,698)	(217,684)
Other operating payments		(48,790)	(29,126)	-	-
Borrowing costs		(45,096)	(31,994)	-	-
Acquisitions of plant and equipment		(7,352)	(1,516)	(6,296)	(1,353)
Income tax paid		(440,592)	(324,536)	(416,113)	(308,630)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18(ii)	835,819	989,366	961,853	1,080,616
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments		(9,443,917)	(13,522,322)	(9,443,917)	(13,522,322)
Redemption of investments		8,613,585	12,538,367	8,481,171	12,451,558
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(830,332)	(983,954)	(962,746)	(1,070,764)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,487	5,412	(893)	9,852
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		41,863	36,451	37,938	28,086
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18(i)	47,350	41,863	37,045	37,938

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

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 2016

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 (Group) Annual Financial Report comprises of the Fund and its controlled entities (financial statements), 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 Fund is United Super Pty Ltd (Trustee).

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 9 September 2016.

(b) Functional and presentation currency

The Annual Financial Report is presented in Australian dollars, which is the functional currency of the Fund.

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 directly held investment properties within the Fund's controlled entities (see Note 3b(iii)).

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 2016

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) Subsidiaries

Subsidiaries are entities controlled by the Group (see Note 20). Control exists when the Group 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 subsidiaries are included in the consolidated financial statements from the date that control is achieved until the date that control ceases during the reporting year. Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of asset impairment. The accounting policies of subsidiaries have been changed where necessary to align them with policies adopted by the Group.

Investments in subsidiaries are carried at net market value in the Group's financial statements.

(ii) Joint ventures

Joint ventures are those entities over whose activities the 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 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 Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the asset's impairment.

(b) Valuation of assets

Assets of the 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 costs of disposal are included in the determination of net market value. As disposal costs are generally immaterial, unless otherwise stated, net market value approximates fair value.

The 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) Credit/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.

(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 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 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

Plant and equipment, fixtures and fittings and leasehold improvements are measured based on directors' 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.

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.

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 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(vi) 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.

(vii) 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 are capitalised as intangible assets in accordance with the Fund's asset policy.

Amortisation of complete IT development and software is used as a proxy for fair value assessment at the reporting date calculated over the asset's useful life ranging from 2 to 7 years.

Costs associated with IT development and software are recorded as WIP until completion.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and 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 investments 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).

(ii) Contributions revenue and transfers in

Contributions revenue and transfers in are recognised on an accruals basis.

(iii) Interest

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) Dividends and Distributions

Revenue from dividends is recognised on the date shares are quoted ex-dividend. 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.

(v) 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.

(vi) 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.

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.

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 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(e) 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, forwards and options to gain access to, and allow flexibility in, the financial markets in order to manage and structure the Group's investment portfolio in line with the 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. Their use will be primarily on the basis that they provide an opportunity to reduce risk and/or enhance investment returns. The 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 net market value.

(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. Any gains or losses are recorded in the relevant period as a change in net market value of investments in the Operating Statement.

(iii) Offsetting derivative products

Derivative assets and liabilities are not offset and are reported gross in the Statement of Financial Position. Additional disclosure is included in Note 4 detailing the difference between the net position reported in Note 4 and the gross position reported in the Statement of Financial Position where the derivative assets and derivative liabilities are separately disclosed. In addition, Net Settled Derivatives are disclosed in Note 19.

(f) 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.

(g) 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.

(h) Contributions receivable

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

(i) 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.

(j) 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.

(k) Reclassification of financial information

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

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 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Foreign currency

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

Financial asset and liabilities at reporting year end denominated in foreign currencies have been converted to local currency using the foreign exchange rate effective at the end of the reporting year. Resulting exchange rate differences are included in the Operating Statement.

(m) Investment manager fees

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

(n) Operating expenses

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

(o) Borrowing costs

Borrowing costs comprise interest payable on borrowings calculated using the effective interest method. Borrowing costs are expensed as incurred.

(p) 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.

(q) Change in accounting policy

There is no change in accounting policy.

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

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

(i) AASB 9 Financial Instruments (2009 or 2010 version), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. The standard is not applicable to the Fund and therefore will have no impact. In addition the directors do not expect this to have a material impact on the recognition and measurement of the financial instruments of the Group as they are carried at fair value through the Operating Statement.

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 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) AASB 1056 Superannuation Entities (effective 30 June 2017)

Issued in June 2014, AASB 1056 replaces AAS 25 Financial Reporting by Superannuation Plans and is first applicable to the Fund for the year ended 30 June 2017.

The new standard will apply to regulated superannuation funds under the *Superannuation Industry (Supervision) Act 1993*. The standard is to provide greater transparency and consistency in reporting by superannuation entities, and to align their reporting practices with those of other entities applying Australian Accounting Standards.

Under the new standard the Fund will prepare the following statements:

- Statement of Financial Position
- Income Statement
- Statement of Changes in Equity/Reserves
- Statement of Cash Flows, and
- Statement of Changes in Member Benefits

The new standard specifies that members' liabilities do not meet the definition of equity, therefore member benefits will be recognised as liabilities in the Statement of Financial Position rather than in equity. This will result in a transition adjustment on 1 July 2016, which will decrease net assets by \$33.41 billion (refer to note 12).

Assets and liabilities will be measured at fair value in accordance with AASB 13. Fair value measurement, excluding member liabilities, tax assets and liabilities, insurance assets and liabilities. We have determined that the change in measurement will result in an increase in net assets by \$52.75 million.

There is a requirement for the Fund to assess whether to recognise liabilities and assets arising from its insurance and reinsurance arrangements. The Fund has assessed its insurance arrangements and determined that Cbus acts only as agent for an external insurer (TAL) and therefore does not hold insurance risk. On this basis, there is disclosure in the financial statements of premium cash inflows from member premiums charged to member accounts and insurance benefits paid to members is adequate.

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 2016

4. INVESTMENTS

INVESTMENTS BY ASSET CLASS	CONSOLIDATED		FUND	
	30 June 2016 \$000's	30 June 2015 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
Cash				
CFS Insurance Reserve	14,415	14,551	14,415	14,551
Cbus Self Managed	7,701	5,182	7,701	5,182
CBA Cash Notice Account	856,085	946,879	856,085	946,879
Colonial First State Enhanced Cash	2,341,218	1,715,866	2,341,218	1,715,866
Colonial First State Premium Cash Fund	302,861	207,194	302,861	207,194
IFM Transactional Cash	253,974	247,635	253,974	247,635
Operational Risk Finance Reserve	58,753	34,389	58,753	34,389
Other Cash	-	23	-	23
Cash in Transit	22,795	24,200	22,795	24,200
Total Cash	3,857,802	3,195,919	3,857,802	3,195,919
Credit				
Babson Global Loan Fund	632,597	617,162	632,597	617,162
Currency Overlay Credit	3,845	(1,420)	3,845	(1,420)
Goldmans SIBP	318,990	318,988	318,990	318,988
Hayfin Direct Lending Fund LP	135,847	104,358	135,847	104,358
IFM Specialist Credit Fund	225,880	216,466	225,880	216,466
IFM Australian Credit Opportunities	679,048	511,485	679,048	511,485
Super Loans Trust	156,716	188,724	156,716	188,724
Total Credit	2,152,923	1,955,763	2,152,923	1,955,763
Fixed Interest Securities				
Fixed Interest				
Cbus Self Managed	2,405	1,259	2,405	1,259
SSGA Aust Fixed Interest	516	889,914	516	889,914
SSGA Global Fixed Interest	15,749	700,634	15,749	700,634
Vanguard Global Fixed Interest	759,255	-	759,255	-
Vanguard Aust Fixed Interest	950,962	-	950,962	-
Other Income - Fixed Income	1	-	1	-
Total Fixed Interest	1,728,888	1,591,807	1,728,888	1,591,807
Australian Equities				
Airlie Australian Equities	660,158	684,262	660,158	684,262
Allan Gray Australia	600,189	534,594	600,189	534,594
Ausbil Dexia Australian Equities	804,867	789,117	804,867	789,117
Aust Equity Options Portfolio	169	-	169	-
Cbus Self Managed	18,573	10,088	18,573	10,088
Citigroup Australian Equity Exposure	10	-	10	-
Citi Aust Equities Lg Exposure	-	43	-	43
Ellerston Australian Equities	652,710	632,608	652,710	632,608
Ellerston Small Cap	118,888	109,545	118,888	109,545
Hyperion Australian Equities	903,647	931,639	903,647	931,639
IFM Australian Equities	2,210,288	2,270,058	2,210,288	2,270,058
IFM Small Cap Absolute Return Fund	123,956	98,720	123,956	98,720
Kinetic Australian Equities	163,537	151,157	163,537	151,157
Kosmos Australian Equities	-	5	-	5
Novaport Small Cap	107,672	104,223	107,672	104,223
Other Income - Australian Equities	5	-	5	-
Paradice Investment Management P/L Large Cap	786,574	785,883	786,574	785,883
Paradice Investment Management P/L Mid Cap	430,157	357,167	430,157	357,167
Paradice Investment Management P/L Small Cap	151,454	114,240	151,454	114,240
Perpetual Australian Equities	916,410	925,661	916,410	925,661
Telstra BuyBack	19	4	19	4
Transition Australian Equities	21	47,353	21	47,353
Total Australian Equities	8,649,304	8,546,367	8,649,304	8,546,367

Credit of \$2,152,923k (2015: \$1,955,763k) includes FFX Contracts, Swaps and Futures. The Assets Market Value for the FFX Contracts, Swaps and Futures is \$8,757k (2015: \$483k) and the Liabilities Market Value for FFX Contracts, Swaps and Futures is \$6,044k (2015: \$4,876k). Therefore the Credit balance on the face of the Statement of Financial Position is \$2,150,211k (2015: \$1,960,156k).

Fixed interest securities of \$1,728,888k (2015: \$1,591,807k) includes FFX Contracts. The Assets Market Value for the FFX Contracts is \$45,336k (2015: \$4,326k) and the Liabilities Market Value for FFX Contracts is \$27,829k (2015: \$7,280k). Therefore the Fixed Interest Securities balance on the face of the Statement of Financial Position is \$1,711,381k (2015: \$1,594,761k).

Australian Equities of \$8,649,304k (2015: \$8,546,367k) includes Options and Futures. The Assets Market Value for the Options and Futures is \$4,229k (2015: \$2,735k) and the Liabilities Market Value for Options and Futures is \$0k (2015: \$1,172k). Therefore the Australian Equities balance on the face of the Statement of Financial Position is \$8,645,075k (2015: \$8,544,804k).

Cbus Self Managed (CSM) is the Fund's member direct investment option. As at 30 June 2016, CSM assets comprised Cash, Fixed Interest, Managed Investments and Australian Equities holdings.

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 2016

4. INVESTMENTS (continued)

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
International Equities				
Acadian International Equity	301,110	196,414	301,110	196,414
Altrinsic Global Equities	448	434	448	434
AQR Defensive Equity	752,058	672,352	752,058	672,352
Baillie Gifford International Equities	757,722	759,468	757,722	759,468
Blackrock Emerging Markets	230	166,231	230	166,231
Blackrock International Equities	4,793	1,115,223	4,793	1,115,223
Currency Overlay International Equities	23,636	(39,763)	23,636	(39,763)
First State Emerging Market Leaders	140,550	139,232	140,550	139,232
Genesis Emerging Market	250,402	262,348	250,402	262,348
Global Thematic Partners	805,502	724,953	805,502	724,953
International Ex Managers	23	22	23	22
MFS Global Equities	837,724	822,263	837,724	822,263
Orbis International Equities	831,310	669,018	831,310	669,018
Overseas Eqty Options Portfolio	80	-	80	-
RealIndex Global Equities	682,086	489,136	682,086	489,136
Trilogy Emerging Markets	182,242	188,459	182,242	188,459
Vanguard International Equities	1,114,561	-	1,114,561	-
Vanguard Emerging Markets	150,965	-	150,965	-
Walter Scott International Equities	479	1,223	479	1,223
Warakirri International Equities	1,077	1,751	1,077	1,751
Wellington Emerging Markets	414,318	447,275	414,318	447,275
Total International Equities	7,251,316	6,616,039	7,251,316	6,616,039
Alternative Assets				
Infrastructure				
Currency Overlay Infrastructure Mesirow	3,388	(5,953)	3,388	(5,953)
Currency Overlay ITR	5,448	-	5,448	-
IFM Australian Infrastructure	1,177,958	1,228,854	1,177,958	1,228,854
IFM International Infrastructure	945,748	828,805	945,748	828,805
Indiana Toll Road	160,733	-	160,733	-
NSW Ports	215,492	207,459	215,492	207,459
Rare GBL Listed Infrastructure	180,797	175,099	180,797	175,099
Utilities Trust of Australia	949,164	702,328	949,164	702,328
Total Infrastructure	3,638,728	3,136,592	3,638,728	3,136,592
Opportunistic Growth				
Artwork	7,907	7,907	7,907	7,907
Bridgewater All W Fund	559,604	547,408	559,604	547,408
Bridgewater Pure Alpha II	84,261	91,381	84,261	91,381
Bridgewater Pure Alpha Major Markets	199,202	206,558	199,202	206,558
Currency Overlay Opp Growth	2,156	(13,076)	2,156	(13,076)
IFM Sub-Investment Grade Debt	91,367	62,284	91,367	62,284
Oaktree Mezzanine Fund III	28,884	35,933	28,884	35,933
TPG Opportunities Partners II (B), L.P.	60,803	108,249	60,803	108,249
Total Opportunistic Growth	1,034,184	1,046,644	1,034,184	1,046,644
Australian Private Equity				
Direct Australian Private Equity				
Frontier Investment Consulting	1,405	1,461	1,405	1,461
Industry Super Holdings	87,132	71,370	87,132	71,370
Members Equity Bank	167,799	169,711	167,799	169,711
Total Direct Australian Private Equity	256,336	242,542	256,336	242,542

International Equities of \$7,251,316k (2015: \$6,616,039k) includes FFX Contracts, Futures and Options. The Assets Market Value for the FFX Contracts, Futures and Options is \$78,422k (2015: \$9,425K) and the Liabilities Market Value for the FFX Contracts, Futures and Options is \$43,456k (2015: \$49,278K). Therefore the International Equities balance on the face of the Statement of Financial Position is \$7,216,350k (2015: \$6,655,892k).

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 2016

4. INVESTMENTS (continued)

	CONSOLIDATED		FUND	
	30 June 2016 \$000's	30 June 2015 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
Managed Australian Private Equity				
IFM Fund III Private Equity	20,291	30,830	20,291	30,830
IFM Fund II Private Equity	1,615	3,886	1,615	3,886
IFM Fund IV Private Equity	37,029	47,584	37,029	47,584
Pomona Private Equity	2,008	4,388	2,008	4,388
Pomona Private Equity Fund 4	19,315	19,950	19,315	19,950
Pomona Private Equity Fund 3	12,680	29,605	12,680	29,605
ROC Australian Private Equity	352,249	244,554	352,249	244,554
ROC Alternate Investment Trust IV	29,053	34,680	29,053	34,680
ROC Alternate Investment Trust V	29,140	38,040	29,140	38,040
Stafford Partners 2 Fund	4,867	8,305	4,867	8,305
Stafford Partners 3 Fund	23,377	36,575	23,377	36,575
Stafford Partners 4 Fund	37,014	49,491	37,014	49,491
Wilshire Australian Private Markets 1	1,411	2,264	1,411	2,264
Wilshire Private Markets Australian 2	3,347	4,722	3,347	4,722
Total Managed Australian Private Equity	573,396	554,874	573,396	554,874
Total Australian Private Equity	829,732	797,416	829,732	797,416
International Private Equity				
Adveq Euro III	13,099	18,282	13,099	18,282
Adveq Technology VCV	51,994	60,469	51,994	60,469
Currency Overlay International PE	34,155	(75,709)	34,155	(75,709)
IFM International Private Equity I	25,256	35,442	25,256	35,442
IFM International Private Equity III	111,985	106,479	111,985	106,479
Lexington Capital Part VI	48,554	61,427	48,554	61,427
Lexington Capital Partners Vi B (offshore), L.P.	3,035	3,839	3,035	3,839
LGT Capital Partners	33,885	42,394	33,885	42,394
LGT Crown European Buyout Opportunities II PLC	24,041	27,922	24,041	27,922
LGT Crown European Middle Mkts II	25,063	27,429	25,063	27,429
Mesirow Capital Partners 10	58,114	55,071	58,114	55,071
Mesirow Equity Fund 3	58,566	78,140	58,566	78,140
Mesirow Equity Fund 4	80,106	88,384	80,106	88,384
Mesirow Equity Fund 9	8,161	11,313	8,161	11,313
Greenspring Global Partners IV	81,722	81,076	81,722	81,076
Newbury Equity II	55,637	67,547	55,637	67,547
Newbury Equity Partners 3	90,120	38,117	90,120	38,117
Performance Venture Capital	35,828	41,162	35,828	41,162
Performance Venture Capital II	79,469	70,663	79,469	70,663
Siguler Guff Dist Opp Fund II	5,884	8,411	5,884	8,411
Siguler Guff Dist Opp Fund III	36,181	43,299	36,181	43,299
Siguler Guff Small Buyout	35,527	44,023	35,527	44,023
Siguler Guff Small Buyouts Opportunities Fund II	157,677	115,558	157,677	115,558
Vencap 12	73,850	73,648	73,850	73,648
Weathergage	37,618	41,959	37,618	41,959
Wilshire Private Market Fund VII Asia	2,454	3,316	2,454	3,316
Wilshire Australia Private Markets PST Fund VII Class J	4,485	5,236	4,485	5,236
Wilshire Australia Private Markets PST Fund VII Class K	4,976	5,650	4,976	5,650
Total International Private Equity	1,277,442	1,180,547	1,277,442	1,180,547
Total Alternative Assets	6,780,086	6,161,199	6,780,086	6,161,199

Alternative Assets of \$6,780,086k (2015: \$6,161,199k) includes FFX Contracts and Futures. The Assets Market Value for the FFX Contracts and Futures is \$83,667k (2015: \$5,483k) and the Liabilities Market Value for FFX Contracts and Futures is \$34,451k (2015: \$100,648k). Therefore the Alternative Assets balance on the face of the Statement of Financial Position is \$6,730,870k (2015: \$6,256,364k).

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 2016

4. INVESTMENTS (continued)

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Property				
Managed Property				
AMP Capital Diversified Property Fund	500,845	470,722	500,845	470,722
Blackrock Japan Core Plus Property Fund	551	3,541	551	3,541
Citi Transition GREIT	9	79	9	79
Currency Overlay GREIT	2,995	(3,796)	2,995	(3,796)
Currency Overlay International Property	(243)	(139)	(243)	(139)
Franklin Intl Real Estate 2	4,938	6,000	4,938	6,000
Fortius Active Property Trust No.1	4,525	129,918	4,525	129,918
Industry Superannuation Property Trust (Core)	996,725	828,586	996,725	828,586
Industry Superannuation Development Trust	42,765	33,615	42,765	33,615
Industry Superannuation Property Trust (Grosvenor)	938	1,105	938	1,105
ISPT Retail Australia Property Trust	184,749	131,088	184,749	131,088
Resolution GREIT	126,116	106,466	126,116	106,466
Total External Manager	1,864,913	1,707,185	1,864,913	1,707,185
Domestic Direct Property				
Cbus Property Commercial Trust	1,575,570	1,184,034	752,271	605,619
Cbus Property Industrial Trust	66,049	150,226	66,204	149,156
Cbus Property Pty Ltd	8,753	2,952	-	55
Cbus Property Residential Operations Trust	821,249	302,663	261,687	228,567
Cbus Property 313 Spencer Street Unit Trust	152,699	143,259	153,858	53,138
Cbus Property 447 Collins Street Unit Trust	109,568	96,595	103,543	47,551
SESP No. 1 Unit Trust	395,088	347,717	393,746	346,231
United Super Investments Pty Ltd	46	46	46	46
USI (Breakfast Point) Pty Ltd	25,435	46,327	17,092	33,362
Total Domestic Direct Property	3,154,457	2,273,819	1,748,447	1,463,725
Total Property	5,019,370	3,981,004	3,613,360	3,170,910
Total Investments by Asset Class	35,439,689	32,048,098	34,033,679	31,238,004

Property (for the Fund) of \$3,613,360k (2015: \$3,170,910k) includes FFX Contracts. The Assets Market Value for the FFX Contracts is \$7,102k (2015: \$1,001k) and the Liabilities Market Value for FFX Contracts is \$4,350k (2015: \$4,935k). Therefore the Property (for the Fund) balance on the face of the Statement of Financial Position is \$3,610,608k (2015: \$3,174,844k).

Property (for the Group) of \$5,019,370k (2015: \$3,981,004k) includes FFX Contracts. The Assets Market Value for the FFX Contracts is \$7,102k (2015: \$1,001k) and the Liabilities Market Value for the FFX Contracts is \$18,231k (2015: \$13,141k). Therefore the Property (for the Group) balance on the face of the Statement of Financial Position is \$5,030,499k (2015: \$3,993,144k).

Total Assets Market Value for the Derivatives (for the Group) is \$227,513k (2015: \$23,453k) and the Total Liabilities Market Value for the Derivatives (for the Group) is \$130,011k (2015: \$176,396k). Total Assets Market Value for the Derivatives (for the Fund) is \$227,513k (2015: \$23,453k) and the Total Liabilities Market Value for the Derivatives (for the Fund) is \$116,131k (2015: \$168,189k).

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 2016

5. OTHER RECEIVABLES

	CONSOLIDATED		FUND	
	30 June 2016 \$000's	30 June 2015 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
GST recoverable	1,685	3,409	1,685	3,409
Other assets	424	1,997	424	1,997
Other receivables	11,619	12,954	-	-
Total Other Receivables	13,728	18,360	2,109	5,406

6. ACCOUNTS PAYABLE

	CONSOLIDATED		FUND	
	30 June 2016 \$000's	30 June 2015 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
Administration and financial management	10,358	4,019	10,358	4,019
Investment manager fees payable	15,471	14,191	15,471	14,191
Custodian fees payable	849	798	849	798
Death and disablement benefits payable to members	72,309	60,657	72,309	60,657
Insurance premiums	33,686	29,611	33,686	29,611
Present value lease liability - Mitchell Plaza	18,963	19,545	18,963	19,545
Other accounts payable	23,288	17,279	-	-
Total Accounts Payable	174,924	146,100	151,636	128,821

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 \$18.96m (2015: \$19.55m). Refer Note 22 (n).

7. PROVISIONS

	CONSOLIDATED		FUND	
	30 June 2016 \$000's	30 June 2015 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
Current Provisions				
Employee entitlements and other provisions	5,510	4,376	3,773	2,950
Cbus Property project accruals	30,275	27,548	-	-
Cbus Property 447 Collins Street Unit Trust - ISPT	8,000	40,000	-	-
Non Current Provisions				
Cbus Property 447 Collins Street Unit Trust - ISPT	-	8,000	-	-
Total Provisions	43,785	79,924	3,773	2,950

8. ADMINISTRATION AND FINANCIAL MANAGEMENT EXPENSES

	CONSOLIDATED		FUND	
	30 June 2016 \$000's	30 June 2015 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
Superannuation administration expenses	129,695	126,533	129,695	126,533
Investment Property Expenses				
Cbus Property Pty Ltd	17,680	14,976	-	-
SESP No. 1 Unit Trust	10,393	9,375	-	-
USI (Breakfast Point) Pty Ltd	69	114	-	-
Cbus Property 313 Spencer Street Unit Trust	2,929	730	-	-
Cbus Property 447 Collins Street Unit Trust	300	(73)	-	-
Total Expenditure - Administration and Financial Management	161,066	151,655	129,695	126,533

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 2016

9. INTANGIBLE ASSETS

	CONSOLIDATED		FUND	
	Computer Software \$000's	Total \$000's	Computer Software \$000's	Total \$000's
Year ended – 2016				
Opening net book value	5,209	5,209	5,209	5,209
Additions and assets under construction	10,026	10,026	10,026	10,026
Disposals	(4,784)	(4,784)	(4,784)	(4,784)
Movement in market value	(136)	(136)	(136)	(136)
Closing Balance as at 30 June 2016	10,315	10,315	10,315	10,315
Year ended – 2015				
Opening net book value	4,375	4,375	4,375	4,375
Additions and assets under construction	1,572	1,572	1,572	1,572
Disposals	-	-	-	-
Movement in market value	(738)	(738)	(738)	(738)
Closing Balance as at 30 June 2015	5,209	5,209	5,209	5,209

Intangible assets represent the development of internal software and website development. On 30 June 2015 the pension administration platform acquired as part of bringing the Super Income Stream in house effective 1 July 2009 was written off following managements fair value assessment of assets in accordance with the Fund's asset policy.

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 2016

10. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED

	Plant & Equipment \$000's	Fixtures & Fittings \$000's	Leasehold Improvements \$000's	Motor Vehicles \$000's	Total \$000's
Year ended – 2016					
Opening net book value	749	307	935	190	2,181
Additions and assets under construction	527	52	805	153	1,537
Disposals	-	-	(33)	-	(33)
Movement in market value	(709)	(46)	(173)	(65)	(993)
Closing Balance as at 30 June 2016	567	313	1,534	278	2,692
Year ended – 2015					
Opening net book value	476	272	1,024	265	2,037
Additions	447	82	127	-	656
Disposals	(3)	(5)	-	(11)	(19)
Movement in market value	(171)	(42)	(216)	(64)	(493)
Closing Balance as at 30 June 2015	749	307	935	190	2,181

FUND

	Plant & Equipment \$000's	Fixtures & Fittings \$000's	Leasehold Improvements \$000's	Motor Vehicles \$000's	Total \$000's
Year ended – 2016					
Opening net book value	155	307	935	190	1,587
Additions and assets under construction	50	52	805	153	1,060
Disposals	-	-	(33)	-	(33)
Movement in market value	(49)	(46)	(173)	(65)	(333)
Closing Balance as at 30 June 2016	156	313	1,534	278	2,281
Year ended – 2015					
Opening net book value	170	272	1,024	265	1,731
Additions	48	82	127	-	257
Disposals	-	(5)	-	(11)	(16)
Movement in market value	(63)	(42)	(216)	(64)	(385)
Closing Balance as at 30 June 2015	155	307	935	190	1,587

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 2016

11. BANK DEBT AND BORROWINGS

In December 2013, Cbus Property Finance Pty Ltd entered into a Club Facility Agreement under a 50/50 split with Commonwealth Bank of Australia and National Australia Bank for a total amount of \$560M comprising a cash advance facility of \$480M and a contingent liability facility of \$80M.

The Facility was secured by the properties held in the related entities of CBW Unit Trust, The Bourke Junction Trust No.2 the 50% holding of 171 Collins Street and the 1/3 holding in The Bent Street Trust. Separate contracts of sale were exchanged for the 100% sale of properties more commonly known as CBW and 700 Bourke Street, with settlement occurring on 1 and 15 October 2014 respectively. As these properties were secured against the Club Facility, \$360M of the Club facility loan was repaid from the sales proceeds on the settlement dates. In December 2014 the \$175M CBA loan to Bourke Junction Trust No.1 (a related entity) was repaid on entry of 720 Bourke Street to the security of the Club facility. In February 2015 the \$185M CBA loan to 140 William Street Unit Trust (a related entity) was repaid on entry of 140 William Street to the security pool in the Club facility, increasing the amount drawn at 30 June 2015 to \$480M (2014: \$480M). The \$360M of additional loans drawn from the Club facility during the year are secured by the properties held in the related entities of 140 William Street Unit Trust and The Bourke Junction Trust No.1.

In December 2015 the \$69.2M ANZ loan to 50 Flinders Street Unit Trust (a related entity) and \$82.6M CBA loan to 313 Spencer Street Unit Trust (a related entity) was effectively repaid on entry of 50 Flinders Street and 313 Spencer Street as security of the Club facility. The amount drawn at 30 June 2016 increased to \$660M (2015: \$480M). The additional drawn funds of \$180M included \$150M allocation to ANZ as a new lender in the Club Facility with the remaining \$30M equally funded by CBA and NAB. The facility expiry is based on tranches ranging from 18 December 2018 to 18 December 2020. The contingent liability facility of \$80M was reduced to \$50M. \$36.3M (2015:\$41.6M) in contingent liabilities has been issued to secure the obligations of owner entities under the management of Cbus Property Pty Ltd.

On 22 May 2014, Cbus Property 50 Flinders Street Pty Ltd in its own capacity and in its capacity as Trustee of 50 Flinders Street Unit Trust entered into a Construction Facility Agreement with the ANZ Banking Group for an amount of up to \$82M, repayable in December 2015. The Facility is secured by the property at 50 Flinders Street in Adelaide, South Australia. In December 2015 the drawn facility of \$ 69.2M was effectively rolled into the Club Facility Agreement under Cbus Property Finance Pty Ltd (a related entity). The property held under 50 Flinders Street Unit Trust is held as security within the Club Facility.

On 27 November 2013, Cbus Property 313 Spencer Street Pty Ltd in its own capacity and in its capacity as Trustee of 313 Spencer Street Unit Trust entered into a Facility Agreement with the Commonwealth Bank of Australia for an amount of up to \$155M. The Facility is secured by the property at 313 Spencer Street in Melbourne, Victoria. In April 2015 50% of the development settled as part of a sale and \$62.3M was repaid to CBA from the proceeds of sale. The remaining loan balance of \$82.6M converted to a facility loan and interest is calculated on a monthly basis at a bank bill rate with 0% margin and expensed through the statement of comprehensive income. A line fee of 0.8% on the total facility is also expensed through the statement of comprehensive income. The remaining loan balance is secured against the remaining 50% of the property and is repayable in December 2015.

In December 2015 the drawn facility of \$ 82.6M was effectively rolled into the Club Facility Agreement under Cbus Property Finance Pty Ltd (a related entity). The property held under 313 Spencer Street Unit Trust is held as security within the Club Facility. Cbus Property 313 Spencer Street Holdings Pty Ltd in its capacity as trustee of the borrower trust 313 Spencer Street Holdings Unit Trust entered into an agreement with Cbus Property Finance Pty Ltd to borrow \$85.3M. Interest and other related costs are charged based on a percentage of the recovery of actual costs incurred by Cbus Property Finance Pty Ltd on finance costs paid.

On 23 September 2014, Cbus Property 35 Spring Street Pty Ltd in its own capacity and in its capacity as Trustee of 35 Spring Street Unit Trust entered into a Facility Agreement with the ANZ Banking Group for an amount of up to \$208M, repayable by September 2017. The Facility is secured by the property at 35 Spring Street in Melbourne, Victoria. As at 30 June 2016, \$119.2M had been drawn down (2015: \$49.1M). Settlement of apartments associated with the secured property is anticipated from March 2017, at which time the loan will be repaid, therefore the loan is classified as a current liability.

In connection with the Development Facility, and under the terms a subscription deed dated 23 September 2014, United Super Pty Ltd as trustee of the Construction and Building Unions Superannuation Fund, and Cbus Property Residential Operations Pty Ltd as trustee of the Cbus Property Residential Operations Unit Trust, have agreed that when called upon by Cbus Property, 35 Spring Street Pty Ltd to do so, they will make subscriptions for units in the Cbus Property Residential Operations Unit Trust and 35 Spring Street Unit Trust respectively up to a maximum of \$271.1M.

On 20 July 2015 Cbus Property North Melbourne Pty Ltd in its own capacity and in its capacity as Trustee of North Melbourne Unit Trust entered into a Facility Agreement with the National Australia Bank for an amount of up to \$40.6M, repayable by 30 September 2016. The Facility was secured by the property at 181 Capel Street in North Melbourne, Victoria.

On 28 June 2016, 60 of the 138 apartments settled resulting in the full repayment of the outstanding loan balance of \$33.1M.

On 30 September 2015 Cbus Property 88 Alfred Street Pty Ltd in its own capacity and in its capacity as Trustee of 88 Alfred Street Unit Trust entered into a Facility Agreement with the National Australia Bank for an amount of up to \$115M, repayable by 31 August 2017. The Facility is secured by the property at 88 Alfred Street, Milsons Point, Sydney, New South Wales. Settlement of apartments associated with the secured property is anticipated from June 2017, at which time 100% of the loan will be repaid, therefore the loan is classified as a current liability.

On 30 September 2015 Cbus Property Sydney Residential Pty Ltd in its own capacity and in its capacity as Trustee of Sydney Residential 2015 Unit Trust entered into a Facility Agreement with Commonwealth Bank Australia for \$307M repayable by 30 September 2018. The Facility is secured by two properties located at Young Street, Randwick, New South Wales and 5 Martin Place, Sydney, New South Wales. 5 Martin Place is held within a related entity 5 Martin Place Unit Trust.

On 14 December 2015 Cbus Property Langston Place Pty Ltd, in its own capacity and in its capacity as Trustee of Langston Place Unit Trust entered into a Facility Agreement with ANZ Banking Group for \$65M repayable by 14 December 2017. The Facility is secured by 12-22 Langston Place, Epping, New South Wales.

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 2016

11. BANK DEBT AND BORROWINGS (continued)

On 31 March 2015, Cbus Property 1 William Street Pty Ltd in its own capacity and in the capacity as Trustee of the 1 William Street Unit Trust entered into a Construction Facility Agreement with the Commonwealth Bank of Australia for an amount of up to \$462.5M, repayable in March 2017. The Facility is secured by the property at 1 William Street in Brisbane, Queensland. As at 30 June 2016, \$299.4M had been drawn down (2015: \$37M). The property is expected to reach practical completion in September 2016 and the subsequent repayment of the finance facility anticipated.

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Financing facilities				
Current liability				
ANZ Loan - 50 Flinders Street Unit Trust	-	64,831	-	-
CBA Loan - 313 Spencer Street	-	82,630	-	-
ANZ Loan - 35 Spring Street	119,206	-	-	-
CBA Loan - 1 William Street	149,694	-	-	-
NAB Loan - 88 Alfred Street	57,244	-	-	-
Non Current liabilities - Secured Bank Loans				
CBA Loan - 1 William Street (50%)	-	18,523	-	-
ANZ Loan - 35 Spring Street	-	49,123	-	-
CBA/NAB Club Facility Loan - Cbus Property Finance Pty Ltd	660,000	480,000	-	-
ANZ Bank Loan - Langston Place	65,000	-	-	-
CBA Loan - Sydney Residential 2015 unit Trust	307,000	-	-	-
	1,358,144	695,107	-	-

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 2016

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 the 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 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Liability for accrued benefits at the beginning of the financial year	30,745,880	26,925,715	30,745,880	26,925,715
Plus: Benefits accrued as a result of operations	4,636,133	5,528,412	4,636,133	5,528,412
Less: Benefits paid/payable during the year (note 14)	(1,802,115)	(1,708,247)	(1,802,115)	(1,708,247)
Liability for accrued benefits at the end of the financial year	33,579,898	30,745,880	33,579,898	30,745,880

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 the reporting date.

The vested benefits which follow reflect the totals of individual member accounts at the 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 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Growth (Cbus MySuper)	29,032,748	26,901,539	29,032,748	26,901,539
High Growth	1,344,251	1,258,243	1,344,251	1,258,243
Conservative	750,583	658,248	750,583	658,248
Cash Savings	482,667	409,073	482,667	409,073
CBUS Self Managed	28,798	16,568	28,798	16,568
Cbus Super Income Stream	1,769,662	1,411,108	1,769,662	1,411,108
Total accrued benefits	33,408,709	30,654,779	33,408,709	30,654,779
Less:				
Contributions receivable (net of tax)	(173,406)	(184,208)	(173,406)	(184,208)
Unallocated monies	(1,720)	(5,379)	(1,720)	(5,379)
Benefits payable	43,168	64,534	43,168	64,534
Total unvested benefits	(131,958)	(125,053)	(131,958)	(125,053)
Total vested benefits	33,276,751	30,529,726	33,276,751	30,529,726

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	2016 Minimum 9.5% per annum
	2015 Minimum 9.5% per annum
Member contributions	2016 On a voluntary basis
	2015 On a voluntary basis

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 2016

13. LIABILITY FOR ACCRUED BENEFITS - RESERVES

Operational Risk Financial Reserve

The Fund retains an Operational Risk Financial Reserve (Reserve), which is used to cover potential operational losses. Cbus determined it prudent to target an amount equal to 0.25% of Fund net assets to meet this requirement. This Reserve has been funded initially by a reduction of 0.063% in the crediting rates applied to all members' accounts for the years ended 30 June 2013 to 2016. A risk review during FY16 has determined that the Fund should increase its target to 0.28% due to the insourcing of various administrative services. This will be funded in FY17.

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Operational Risk Financial Reserve				
Opening balance	57,649	33,657	57,649	33,657
Revenue				
Investments	1,124	732	1,124	732
Reimbursement of risk event	-	13	-	13
Transfer from General Reserve	25,177	23,376	25,177	23,376
Expenditure				
Risk event 1	-	(13)	-	(13)
Risk event 2	-	(116)	-	(116)
Closing balance	83,950	57,649	83,950	57,649

General Reserve

The Fund retains a General Reserve which is used to cover unexpected and unforeseen expenses of the Fund and to meet any other expenses which the Trustee deems ought to be met from the General Reserve rather than directly from member accounts. The long-term aim is to hold a General Reserve within a range of 0.05%-0.25% (2015: 0.05%-0.25%) of Fund net assets.

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
General Reserve				
Opening balance	19,364	29,996	19,364	29,996
Revenue				
Investments	1,819,083	2,878,666	1,819,083	2,878,666
Interest on cash at bank	959	1,222	959	1,222
Other income	56	311	56	311
Administration levies deducted from members' accounts	57,859	57,876	57,859	57,876
Expenditure				
Earnings allocated to members	(1,709,596)	(2,679,223)	(1,709,596)	(2,679,223)
General administration expenditure	(111,308)	(105,035)	(111,308)	(105,035)
Transfer to Operational Risk Reserve	(25,177)	(23,376)	(25,177)	(23,376)
Income tax expense	(19,623)	(141,073)	(19,623)	(141,073)
Closing balance *	31,617	19,364	31,617	19,364

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

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 2016

13. LIABILITY FOR ACCRUED BENEFITS - RESERVES (continued)

Insurance Reserve

The Fund retains an Insurance Reserve which is used to account for Insurance related revenue and expenditure of the Fund. It also retains capital to manage the Partnership Sharing Model in place with our insurance provider TAL. The target level is 20% of the current base insurance premium.

	CONSOLIDATED		FUND	
	30 June 2016 \$000's	30 June 2015 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
Insurance Reserve				
Opening balance	14,088	14,057	14,088	14,057
Revenue				
Investment income	327	494	327	494
Group life premium income	349,490	349,020	349,490	349,020
Expenditure				
Insurance operating costs	(18,389)	(21,377)	(18,389)	(21,377)
Group life premium expense	(344,297)	(373,600)	(344,297)	(373,600)
Group life premium rebate repayment	-	-	-	-
Income tax benefit	54,403	45,494	54,403	45,494
Closing balance	55,622	14,088	55,622	14,088

14. BENEFITS PAID/PAYABLE

	CONSOLIDATED		FUND	
	30 June 2016 \$000's	30 June 2015 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
Benefits paid and payable by investment option				
Growth (Cbus MySuper)	1,023,796	1,055,736	1,023,796	1,055,736
High Growth	70,961	70,665	70,961	70,665
Conservative	126,579	124,531	126,579	124,531
Cash Savings	323,433	232,034	323,433	232,034
Growth Pension	90,670	100,039	90,670	100,039
Conservative Growth Pension (Default)	66,851	32,965	66,851	32,965
High Growth Pension	14,553	10,307	14,553	10,307
Conservative Pension	66,345	62,488	66,345	62,488
Cash Savings Pension	18,927	19,482	18,927	19,482
Total benefits paid and payable	1,802,115	1,708,247	1,802,115	1,708,247
Benefits paid and payable by benefit type				
Death	57,951	64,414	57,951	64,414
Disability	71,024	73,921	71,024	73,921
Hardship	38,893	32,843	38,893	32,843
Pension	260,296	225,259	260,296	225,259
Retirement and resignation benefits/rollovers	1,169,303	1,091,247	1,169,303	1,091,247
Transfers - Eligible rollover fund	602	7,565	602	7,565
Proceeds on insurance claims	204,046	212,998	204,046	212,998
Total benefits paid and payable	1,802,115	1,708,247	1,802,115	1,708,247

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 2016

15. INVESTMENT INCOME

Movement in net market value of investments

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Investments unrealised and held at year end				
Cash	4,951	1,331	4,951	1,331
Credit	(25,280)	(3,876)	(25,280)	(3,876)
Fixed interest securities	119,191	24,823	119,191	24,823
Australian equities	49,250	34,405	49,250	34,405
International equities	(111,749)	764,535	(111,749)	764,535
Alternative assets	487,553	245,296	487,553	245,296
Property	200,916	(398,056)	297,117	(294,422)
Total unrealised movement in net market value	724,832	668,458	821,033	772,092
Investments realised during the year				
Cash	8,853	5,740	8,853	5,740
Credit	(8,056)	905	(8,056)	905
Fixed interest securities	(37,770)	(12,340)	(37,770)	(12,340)
Australian equities	(51,142)	118,854	(51,142)	118,854
International equities	(129,853)	229,535	(129,853)	229,535
Alternative assets	(151,657)	(66,699)	(151,657)	(66,699)
Property	(5,804)	168,340	(5,804)	168,340
Total realised movement in net market value	(375,429)	444,335	(375,429)	444,335
Total movement in net market value of investments	349,403	1,112,793	445,604	1,216,427

Direct Investment Expenses

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Direct Investment Expenses				
Investment managers	(92,748)	(86,241)	(92,748)	(86,241)
Custody fees	(3,256)	(3,949)	(3,256)	(3,949)
Asset consulting fees	(3,938)	(3,143)	(3,938)	(3,143)
Other investment costs	(10,072)	(7,353)	(10,072)	(7,353)
Total Direct Investment Expenses	(110,014)	(100,686)	(110,014)	(100,686)

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 2016

16. INCOME TAX EXPENSE

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Recognised in the Operating Statement				
Current tax expense	289,443	359,684	279,524	322,560
Deferred tax expense	54,478	111,657	59,775	110,952
Total income tax expense in income statement	343,921	471,341	339,299	433,512
Reconciliation between tax expense and benefits accrued as a result of operations before income tax				
Benefits accrued as a result of operations before income tax	4,980,054	5,999,752	4,975,432	5,961,923
Tax at the complying superannuation Fund tax rate of 15% (2015: 15%)	747,008	899,963	746,315	894,288
No-TFN tax provided at 31.5%	3,367	(5,204)	3,367	(5,204)
Increase in income tax expense due to:				
Imputation credits, withholding tax	24,931	22,016	24,931	22,016
Decrease in income tax expense due to:				
Non-assessable member contributions and transfers	(137,408)	(143,411)	(137,408)	(143,411)
Investment income	(50,717)	(81,898)	(54,737)	(114,052)
Group life insurance proceeds	(30,607)	(31,950)	(30,607)	(31,950)
Anti-detriment refunds	(6,019)	(5,110)	(6,019)	(5,110)
Exempt pension income	(7,326)	(6,783)	(7,326)	(6,783)
Imputation credits, withholding tax	(164,434)	(144,540)	(164,434)	(144,540)
Under/(Over) provision in prior year	(34,874)	(31,742)	(34,783)	(31,742)
Income tax expense on benefits accrued as a result of operations	343,921	471,341	339,299	433,512
Total income tax expense is made up of:				
Current income tax provision	324,317	392,121	314,307	354,302
Deferred income tax provision	54,478	111,657	59,775	110,952
Under/(Over) provision in prior year	(34,874)	(32,437)	(34,783)	(31,742)
Total	343,921	471,341	339,299	433,512
Income tax provision				
Current income tax provision	324,317	392,121	314,307	354,302
PAYG instalments for the year	(335,764)	(240,972)	(330,435)	(233,843)
Total	(11,447)	151,149	(16,128)	120,459

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 2016

17. DEFERRED TAX ASSET AND LIABILITY

Deferred tax assets and liabilities are attributable to the following:

CONSOLIDATED

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Contributions receivable	-	-	(30,601)	(32,507)	(30,601)	(32,507)
Investment income receivable (includes movements in net market value)	-	-	(501,288)	(444,456)	(501,288)	(444,456)
Payables	2,579	2,131	-	-	2,579	2,131
Net tax assets/(liabilities)	2,579	2,131	(531,889)	(476,963)	(529,310)	(474,832)

Movement in temporary differences during the year:

	Balance 1 July 2015	Recognised in income	Balance 30 June 2016
	\$000's	\$000's	\$000's
Contributions receivable	(32,507)	1,906	(30,601)
Investment income receivable	(444,456)	(56,832)	(501,288)
Payables	2,131	448	2,579
	(474,832)	(54,478)	(529,310)

	Balance 1 July 2014	Recognised in income	Balance 30 June 2015
	\$000's	\$000's	\$000's
Contributions receivable	(31,066)	(1,441)	(32,507)
Investment income receivable	(333,649)	(110,807)	(444,456)
Payables	1,540	591	2,131
	(363,175)	(111,657)	(474,832)

FUND

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Contributions receivable	-	-	(30,601)	(32,507)	(30,601)	(32,507)
Investment income receivable (includes movements in net market value)	-	-	(501,541)	(439,251)	(501,541)	(439,251)
Payables	-	-	5,053	4,442	5,053	4,442
Net tax assets/(liabilities)	-	-	(527,089)	(467,316)	(527,089)	(467,316)

Movement in temporary differences during the year:

	Balance 1 July 2015	Recognised in income	Balance 30 June 2016
	\$000's	\$000's	\$000's
Contributions receivable	(32,507)	1,906	(30,601)
Investment income receivable	(439,251)	(62,290)	(501,541)
Payables	4,442	611	5,053
	(467,316)	(59,773)	(527,089)

	Balance 1 July 2014	Recognised in income	Balance 30 June 2015
	\$000's	\$000's	\$000's
Contributions receivable	(31,066)	(1,441)	(32,507)
Investment income receivable	(327,458)	(111,793)	(439,251)
Payables	2,160	2,282	4,442
	(356,364)	(110,952)	(467,316)

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 2016

18. NOTES TO THE STATEMENT OF CASHFLOWS

(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 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Cash	37,045	37,938	37,045	37,938
Cbus Property Pty Ltd	123	93	-	-
Cbus Property Commercial Unit Trust	1,422	2,722	-	-
Cbus Property Residential Unit Trust	7,532	10	-	-
Cbus Property Industrial Unit Trust	82	546	-	-
Cbus Property SESP No.1 Pty Ltd	272	194	-	-
Cbus Property 313 Spencer Street Pty Ltd	793	360	-	-
Cbus Property 447 Collins Street Pty Ltd	81	-	-	-
Total Cash	47,350	41,863	37,045	37,938

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

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Benefits accrued after tax	4,636,133	5,528,411	4,636,133	5,528,411
Benefits paid & payable	(1,802,115)	(1,708,247)	(1,802,115)	(1,708,247)
(Increase)/decrease in assets				
Contributions receivable	12,709	(9,604)	12,709	(9,604)
Other receivables	4,632	1,362	3,297	7,177
Deferred tax asset	(448)	(591)	-	-
Property, plant and equipment	(5,617)	(978)	(5,800)	(690)
Increase/(decrease) in liabilities				
Benefits payable	3,734	2,418	3,734	2,418
Accounts payable/provisions	(7,315)	26,226	23,638	33,189
Borrowings	663,037	(211,927)	-	-
Deferred tax liability	54,926	112,248	59,773	110,952
Income tax payable	(162,596)	64,661	(136,587)	43,443
Non-cash items as follows:				
Investment revenue received by investment managers	(2,562,417)	(2,815,899)	(1,833,425)	(2,927,556)
Depreciation	1,156	1,286	496	1,123
Net cash flow from operating activities	835,819	989,366	961,853	1,080,616

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 2016

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 JPMorgan Chase Bank, National Association (JPM) who act 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 or Trust Deed. The Trustee has determined that appointment of these managers is appropriate for the Fund and is in accordance with Cbus investment strategy and outsourcing policy.

The Trustee determines the strategic asset allocations of each of the Fund's investment options. 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, Investment Policy and Procedures Manual.

The Fund's activities expose it to a variety of investment 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 and Investment Governance Framework.

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 from each manager where available.

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 and forward looking scenario testing. The Fund's investment adviser uses a range of qualitative measures of risk 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. Compliance with the Fund's policy is monitored on a regular basis.

The Fund currently utilises a currency overlay manager to assist with implementation management.

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

	US Dollar A\$'000	GB Pound A\$'000	Jap. Yen A\$'000	EURO A\$'000	Other A\$'000	Total \$'000
30 June 2016						
Net exposure	5,163,670	399,873	502,906	1,146,061	1,583,000	8,795,510
30 June 2015						
Net exposure	4,827,643	413,559	466,762	1,125,516	1,572,398	8,405,878

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).

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 2016

19. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis

Based on an assessment of historical ranges of currency and one standard deviation expectation an assumption of +/- 8.5% (2015: +/- 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 2016 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 2015. 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.

		US Dollar A\$'000	GB Pound A\$'000	Jap. Yen A\$'000	EURO A\$'000	Other A\$'000
30 June 2016	8.50%	(404,527)	(31,326)	(39,398)	(89,784)	(124,014)
	-8.50%	479,685	37,147	46,718	106,465	147,055
30 June 2015	8.50%	(378,202)	(32,399)	(36,567)	(88,174)	(123,183)
	-8.50%	448,470	38,418	43,360	104,556	146,070

(ii) Interest Rate Risk

The 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.

The Fund's exposure to interest rate movements on those investments was as follows:

	Floating Interest rate \$'000	Fixed Interest rate \$'000
30 June 2016		
Financial assets and liabilities	-	-
Cash and cash equivalents	1,028,704	54,380
Deposits held with broker margin accounts	31,747	-
Fixed Interest Securities	632,162	1,906,262
Options	-	31
Money Market Securities	-	605,307
Futures	-	(412)
Swaps	23,648	(23,932)
Total	1,716,261	2,541,636
Net exposure	1,716,261	2,541,636
	Floating interest rate \$'000	Fixed interest rate \$'000
30 June 2015		
Financial assets and liabilities		
Cash and cash equivalents	1,303,019	45,751
Deposits held with broker margin accounts	8,724	-
Fixed Interest Securities	608,774	1,640,476
Money Market Securities	-	340,114
Futures	-	(72)
Swaps	5,221	(8,007)
Total	1,925,738	2,018,262
Net exposure	1,925,738	2,018,262

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 2016

19. FINANCIAL RISK MANAGEMENT (continued)

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

Sensitivity analysis

Based on an assessment of historical movements in cash and bond rates over rolling 1 year periods, an assumption of +/-0.95% has been determined by the investment advisor as the appropriate assumption for this scenario analysis. A change of +0.95% 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 \$40,450 thousand (2015: \$37,468 thousand). A change of -0.95% in interest rates with all other variables remaining constant would have decreased the net assets available to pay benefits and Benefits Accrued as a Result of Operations by \$40,450 thousand (2015: \$37,468 thousand). The analysis is performed on the same basis for 2015. 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 the 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.

Asset Class	+/- %
Australian Equities	14
International Equities	13
Alternatives	6
Direct Property	11
Credit	3
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 \$3,181,470 thousand (2015: an increase of \$2,969,139 thousand). An equal change in the opposite direction would have decreased the net assets available to pay benefits by \$3,181,470 thousand (2015: a decrease of \$2,969,139 thousand). The impact on the net investment revenue would have been an increase or decrease of \$3,181,470 thousand (2015: \$2,969,139 thousand). The analysis is performed on the same basis for 2015. 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.

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 2016

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 with a range of high quality counterparties, and by using exchange traded contracts where suitable.

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.

Rating	30 June 2016 \$'000	30 June 2015 \$'000
AAA	1,046,834	955,635
AA+	152,003	150,707
AA	22,490	17,671
AA-	67,467	131,899
A	61,214	79,081
A+	10,562	14,441
A-	18,698	25,040
A1	186,269	156,738
A1+	-	-
A-1	61,545	14,846
A-1+	47,764	38,860
A2	5,018	4,045
A-2	495,998	307,428
A3	1,704	572
Aa1	49,774	105,935
Aa2	63,435	1,049
Aa3	20,401	9,633
NR	497,379	374,979
B	5,776	1,341
Ba1	3,617	-
Baa1	2,029	2,634
Baa2	65,223	61,183
Baa3	1,007	-
B1	5,139	7,589
B2	8,069	-
BB	3,126	-
BBB	47,418	84,902
BBB+	103,530	27,914
BBB-	93,575	36,261
Total	3,147,064	2,610,383

(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.

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 an exposure to assets with lower levels of inherent liquidity (eg: property and infrastructure investments) in an expectation of higher investment returns in the longer term.

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 2016

19. FINANCIAL RISK MANAGEMENT (continued)

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.

	Carrying Amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	>12 months \$'000
30 June 2016					
Financial Liabilities					
Net Settled Derivatives	111,382	77,409	7,218	27,038	(283)
Total Financial Liabilities	111,382	77,409	7,218	27,038	(283)
30 June 2015					
Financial Liabilities					
Net Settled Derivatives	(144,736)	(89,766)	369	(52,548)	(2,791)
Total Financial Liabilities	(144,736)	(89,766)	369	(52,548)	(2,791)

The above table does not include the Fund's 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.

	Carrying Amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	>12 months \$'000
30 June 2016					
Foreign currency forward contracts					
Inflows	9,046,664	5,544,369	1,001,033	2,501,262	-
(Outflows)	(8,935,282)	(5,466,960)	(993,815)	(2,474,224)	(283)
30 June 2015					
Foreign currency forward contracts					
Inflows	6,050,738	3,219,813	975,846	1,855,079	-
(Outflows)	(6,195,474)	(3,309,579)	(975,477)	(1,907,627)	(2,791)

(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:

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

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 2016

19. FINANCIAL RISK MANAGEMENT (continued)

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 2016.

2016 Consolidated	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Financial assets designated at fair value through profit and loss:				
Cash	3,843,387	14,415	-	3,857,802
Credit	-	2,150,211	-	2,150,211
Fixed interest securities	-	1,711,381	-	1,711,381
Australian equities	8,645,075	-	-	8,645,075
International equities	7,216,350	-	-	7,216,350
Alternative investment assets	-	-	6,730,870	6,730,870
Property	-	-	5,030,499	5,030,499
Derivatives	82,651	54,093	90,769	227,513
Total	19,787,463	3,930,100	11,852,138	35,569,701

Financial Liabilities

Financial liabilities held for trading:

Derivatives	(43,454)	(33,875)	(52,682)	(130,011)
Total	(43,454)	(33,875)	(52,682)	(130,011)

2015 Consolidated	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Financial assets designated at fair value through profit and loss:				
Cash	3,181,368	14,551	-	3,195,919
Credit	-	1,960,156	-	1,960,156
Fixed interest securities	1,259	1,593,502	-	1,594,761
Australian equities	8,544,804	-	-	8,544,804
International equities	6,655,892	-	-	6,655,892
Alternative investment assets	-	-	6,256,364	6,256,364
Property	-	-	3,993,144	3,993,144
Derivatives	12,161	4,809	6,483	23,453
Total	18,395,484	3,573,018	10,255,991	32,224,493

Financial Liabilities

Financial liabilities held for trading:

Derivatives	(50,450)	(12,156)	(113,790)	(176,396)
Total	(50,450)	(12,156)	(113,790)	(176,396)

2016 Fund	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Financial assets designated at fair value through profit and loss:				
Cash	3,843,387	14,415	-	3,857,802
Credit	-	2,150,211	-	2,150,211
Fixed interest securities	-	1,711,381	-	1,711,381
Australian equities	8,645,075	-	-	8,645,075
International equities	7,216,350	-	-	7,216,350
Alternative investment assets	-	-	6,730,870	6,730,870
Property	-	-	3,610,608	3,610,608
Derivatives	82,651	54,093	90,769	227,513
Total	19,787,463	3,930,100	10,432,247	34,149,810

Financial Liabilities

Financial liabilities held for trading:

Derivatives	(43,454)	(33,875)	(38,802)	(116,131)
Total	(43,454)	(33,875)	(38,802)	(116,131)

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 2016

19. FINANCIAL RISK MANAGEMENT (continued)

2015 Fund	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Financial assets designated at fair value through profit and loss:				
Cash	3,181,368	14,551	-	3,195,919
Credit	-	1,960,156	-	1,960,156
Fixed interest securities	1,259	1,593,502	-	1,594,761
Australian equities	8,544,804	-	-	8,544,804
International equities	6,655,892	-	-	6,655,892
Alternative investment assets	-	-	6,256,364	6,256,364
Property	-	-	3,174,844	3,174,844
Derivatives	12,161	4,809	6,483	23,453
Total	18,395,484	3,573,018	9,437,691	31,406,193
Financial Liabilities				
Financial liabilities held for trading:				
Derivatives	(50,450)	(12,156)	(105,583)	(168,189)
Total	(50,450)	(12,156)	(105,583)	(168,189)

The following table presents the movement in level 3 instruments for the year ended 30 June 2016 by class of financial instrument.

**At 30 June 2016
Consolidation**

	Alternative Investment Assets	Property	Derivative Financial Instruments
Opening Balance	6,256,364	3,993,144	(107,307)
Purchases	780,563	1,125,921	-
Sales	(657,741)	(326,260)	-
Transfers into/(out of) from level 3	-	-	-
Gains and losses recognised in profit or loss	351,684	237,694	145,394
Closing Balance	6,730,870	5,030,499	38,087

Total gains or losses for the year included in the Operating Statement for financial assets and liabilities held at the end of the year

351,684	237,694	145,394
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**At 30 June 2015
Consolidation**

	Alternative Investment Assets	Property	Derivative Financial Instruments
Opening Balance	4,872,783	4,295,357	31,976
Purchases	1,505,795	1,897,933	139
Sales	(527,991)	(2,279,504)	-
Transfers into/(out of) from level 3	-	-	-
Gains and losses recognised in profit or loss	405,777	79,358	(139,422)
Closing Balance	6,256,364	3,993,144	(107,307)

Total gains or losses for the year included in the Operating Statement for financial assets and liabilities held at the end of the year

405,777	79,358	(139,422)
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The following table presents the movement in level 3 instruments for the year ended 30 June 2016 by class of financial instrument.

**At 30 June 2016
Fund**

	Alternative Investment Assets	Property	Derivative Financial Instruments
Opening Balance	6,256,364	3,174,844	(99,100)
Purchases	780,563	524,330	-
Sales	(657,741)	(326,260)	-
Transfers into/(out of) from level 3	-	-	-
Gains and losses recognised in profit or loss	351,684	237,694	151,067
Closing Balance	6,730,870	3,610,608	51,967

Total gains or losses for the year included in the Operating Statement for financial assets and liabilities held at the end of the year

351,684	237,694	151,067
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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 2016

19. FINANCIAL RISK MANAGEMENT (continued)

At 30 June 2015
Fund

	Alternative Investment Assets	Property	Derivative Financial Instruments
Opening Balance	4,872,783	3,281,396	37,214
Purchases	1,505,795	1,897,933	139
Sales	(527,991)	(2,279,504)	-
Transfers into/(out of) from level 3	-	-	-
Gains and losses recognised in profit or loss	405,777	275,019	(136,453)
Closing Balance	6,256,364	3,174,844	(99,100)
Total gains or losses for the year included in the Operating Statement for financial assets and liabilities held at the end of the year	405,777	275,019	(136,453)

Valuation inputs and relationships to fair value

Refer to note 3(b) for details of the valuation policy of level three investments including a description of the types of unobservable inputs.

In regard to Alternative Investment Assets, the most significant assets, at reporting date, relate to units held in pooled investment vehicles of unlisted securities. The net market value of these investments, that are not quoted in an active market, is determined primarily by reference to the latest available redemption price of such units, as determined by the fund manager. The unit valuation is based on the valuations of the underlying securities, which the fund manager values in accordance with its own valuation policies, which typically follow accepted accounting standards and/or industry guidelines, such as the valuation guidelines adopted by the Australian Private Equity and Venture Capital Association and its international counterparts.

The fund managers of unlisted assets typically appoint an independent valuer to value the underlying assets at least annually. Unlisted assets are typically valued using Discounted Cash Flow models combined with an assessment of actual sales of comparable assets and price indicators from listed markets.

Based on an assessment of unobservable inputs relating to the fair value of Cbus Property assets, the most significant unobservable input is the capitalisation rate. The range of unobservable input for the capitalisation rate is assumed to be 5.19% to 7.5% (2015: 5.7% to 7.5%). This range has been determined by Cbus Property as an appropriate assumption for this scenario analysis. A 0.25% increase or decrease of the unobservable input at 30 June 2016 based on a mid-point capitalisation rate would have (decreased)/increased the net assets available to pay benefits and the benefits accrued as a result of operations by the following amount +/- \$88,175,079 (2015: +/- \$57,300,167). The analysis is performed on the same basis for 2015.

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 2016

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:

Controlled entities	2016	2015
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 SESP No.1 Pty Ltd	100%	100%
Cbus Property 313 Spencer Street Holdings Pty Ltd	100%	100%
Cbus Property 447 Collins Street Holdings Pty Ltd	100%	100%

21. AUDITORS REMUNERATION

The Group's auditor is PricewaterhouseCoopers.

	CONSOLIDATED		FUND	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$000's	\$000's	\$000's	\$000's
Audit of financial statements and regulatory requirements	436	456	246	238
Other assurance services	85	35	85	35
Total auditor's remuneration	521	491	331	273

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 2016

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 period from 1 July 2015 to the date of this report:

Mr S Beynon	Mr J Murray (resigned 23/02/16)	Ms G Kearney
Mr S Bracks	Mr D Noonan	Mr E Setches
Mr W Harnisch	Mr F O'Grady	Mr M Zelinsky
Mr P Kennedy	Mr P Smith	Ms A Milner
Mr A McDonald	Mr G Thompson	Mr S Dunne (appointed 02/02/16)
Ms R Mallia	Mr J Dawkins	

The following persons held the position of alternate Director of United Super Pty Ltd during part or all of the period from 1 July 2015 to the date of this report:

Mr B Davis
Ms A Donnellan
Mr A Hicks (appointed 25/08/2015)

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

Mr D Atkin	Mr J Murray	Mr E Setches
Mr S Beynon	Ms R Mallia	Mr P Kennedy
Mr W Harnisch	Mr D Noonan	Mr F O'Grady
Mr S Dunne		

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

The key management personnel compensation paid directly to the Directors & CEO in relation to services to the Fund is as follows:

	30 June 2016	30 June 2015
	\$000's	\$000's
Short-term employee benefits	1,822	1,817
Post-employment benefits	142	140
	<u>1,964</u>	<u>1,957</u>

The above compensation payments include Directors' fees paid directly to sponsoring organisations, also disclosed at note 22(aa).

Other related party transactions

The Fund's assets are held in trust by USPL and custodially held by JP Morgan Chase Bank (JPM). USPL, as Trustee for the Fund, interacts with other related parties as detailed below.

(a) Superpartners Pty Ltd

For part of the year ended 2015, Superpartners provided member administration and custodial services to the Fund and other institutional clients. In December 2014, Cbus sold its 17.95% shareholding in Superpartners Pty Ltd for \$25,132,260. Superpartners received \$29,998,990 in fees from Cbus up to the date of sale. All transactions were made on normal commercial terms, under normal conditions and at market rates.

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 2016

22. RELATED PARTIES (continued)

Other related party transactions (continued)

(b) Industry Super Holdings Pty Ltd / Members Equity Bank Pty Ltd

USPL has a 16.1% holding in Industry Super Holdings Pty Ltd (ISH), amounting to \$87,131,685 (2015: \$71,369,803). Industry Fund Services Pty Ltd, Industry Funds Management Pty Ltd and Industry Superannuation Network are wholly owned subsidiaries of ISH.

USPL also has a 16.1% holding in Members Equity Bank Pty Ltd amounting to \$167,798,525 (2015: \$169,710,709). Members Equity Bank Pty Ltd provides banking products to superannuation fund members and others.

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 \$156,715,629 (2015: \$188,723,850) in SLT and the Fund receives investment returns from this investment.

(c) Industry Fund Services Pty Ltd

Industry Fund Services Pty Ltd (IFS) provides a range of services including financial planning and credit control to the Fund. IFS has 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 \$3,812,031 (2015: \$5,047,083) was charged for the services rendered by IFS during the year. IFS is a wholly owned subsidiary of Industry Super Holdings Pty Ltd (refer to note 22(b)).

(d) 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 \$1,615,186 (2015: \$3,885,948), IFM Australian Private Equity Fund III \$20,290,926 (2015: \$30,830,432), IFM International Private Equity Fund I \$25,255,783 (2015: \$35,441,877), IFM Australian Infrastructure \$1,177,958,002 (2015: \$1,228,852,852), IFM International Infrastructure \$945,748,186 (2015: \$828,805,467), IFM AFIF Long \$225,879,524 (2015: \$216,466,308), IFM Enhanced Indexed Australian Equities \$2,210,287,740 (2015: \$2,270,059,445), IFM Australian Private Equity Fund IV \$37,029,000 (2015: \$47,583,570), IFM International Private Equity III \$111,985,086 (2015: \$106,479,238), IFM Acorp \$679,048,116 (2015: \$511,485,012), IFM Trans Cash \$253,974,053 (2015: \$247,635,423) and IFM Sub-investment Grade Debt \$91,366,795 (2015: \$62,284,348). 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(b)).

(e) Industry Super Australia (formerly Industry Superannuation Network)

Industry Super Australia (ISA) is a wholly owned subsidiary of ISH. ISA provides marketing and Policy advocacy services.

The Fund CEO, Mr D Atkin is an alternate Director of ISA and Mr S Bracks is a member of the advisory board of ISA. There are no Directors' fees payable to Directors.

(f) Industry Fund Investments Pty Ltd

Industry Fund Investments Pty Ltd is a wholly owned subsidiary of IFS and Trustee of AUSfund. AUSfund is the Fund's eligible rollover fund and also provides cross matching services to the Fund to enable consolidation of member accounts.

(g) IFS Insurance Broking Pty Ltd

The Fund paid brokerage fees of \$1,821,393 (2015: \$867,831) to IFS Insurance Broking Pty Ltd (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 65% owned subsidiary of IFS.

(h) Frontier Investment Consulting Pty Ltd

Frontier Investment Consulting (Frontier) was established to provide asset consulting services for a range of superannuation funds. The Fund has an investment amounting to \$1,405,200 in Frontier (2015: \$1,461,000). During the year, the Fund paid Frontier asset consulting fees of \$3,008,153 (2015: \$3,144,645) on normal terms and conditions. Mr D. Atkin is a Director of Frontier for which the Fund received \$13,886 (2015: \$13,482) for Director fees.

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

USPL has an investment of \$996,725,209 (2015: \$828,585,696) in the Industry Superannuation Property Trust (Core) No.1, \$937,706 (2015: \$1,105,338) in Industry Superannuation Property Trust (Grosvenor) and \$42,764,676 (2015: \$33,614,792) in Industry Superannuation Development Trust. ISPT Pty Ltd is trustee of these trusts. Mr F O'Grady is a Director of ISPT Pty Ltd 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.

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 2016

22. RELATED PARTIES (continued)

Other related party transactions (continued)

(j) The New Daily

USPL had an investment of \$2,000,000 in The Free News Pty Ltd which provides free online newspaper to members with subscriptions which it sold to Industry Super Holdings during 2016. Glenn Thompson is a Director of The Free News PTY Ltd. Provision is made by USPL for the payment of Directors' fees services of \$8,767 (2015: \$12,730).

(k) Hasting Funds Management (UTA) Utilities Trust of Australia

USPL has an investment of \$949,165,765 (2015: \$702,328,107) in Utilities Trust of Australia (UTA) which invests in infrastructure. USPL holds 1 \$1 share in Utilities of Australia Pty Ltd. Peter Kennedy was appointed as a Director on 1 January 2015. Provision is made by UTA for the payment of Directors' fees services.

(l) United Super Investments Pty Ltd

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 (refer note 22(o)). All properties held by the entities owned by USI have been sold, and proceedings are being 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, and CFO, Mr K Wells-Jansz are Directors of USI. There are no Directors' fees payable to Directors.

(m) Australian Super Developments Pty Ltd

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 and Mr D Noonan are Directors of ASD. There are no fees payable to Directors.

(n) United Super Investments (Mitchell Plaza) Pty Ltd

United Super Investments (Mitchell Plaza) Pty Ltd (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 Fund 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 \$18.96m (2015: \$19.55m) 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 the Fund. The valuation of the liability reflects the net present value of the lease liability (refer note 6).

(o) USI (Breakfast Point) Pty Ltd

USI (Breakfast Point) Pty Ltd (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.

Financing Agreement

On 30 September 2011 Breakfast Point Unit Trust entered into a facility agreement with National Australia Bank Limited which expired 30 November 2013. On 2 December 2013 Breakfast Point Unit Trust entered into a variation deed to this facility agreement expiring 30 November 2016 for an amount of up to \$110M with National Australia Bank Limited. A second variation deed was entered into on 4th September 2015 to increase the facility limit to \$145M and extend the expiry date date to November 2017. Effective 1 July 2016 the facility limit was permanently reduced to \$125M. The loan is held within the books and records of The Breakfast Point Unit Trust. USI (BP) has a share of \$32.7M (2015: \$14.4M) of the principal balance of this facility. The purpose of the loan is to fund ongoing project costs. USI (BP) and United Super Investments Pty Ltd are guarantors under the facility, whereby liability is limited to their 50% share of the debt.

The Trust has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The hedge has a maturity date 29 November 2016. USI(BP) has a share of \$64K of the hedge liability which is reflected as part of the investment value in BPUT.

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 2016

22. RELATED PARTIES (continued)

Other related party transactions (continued)

(p) Cbus Property Pty Ltd

Cbus Property Pty Ltd (Cbus Property) is a 100% held subsidiary of the Fund and manages all the Fund's directly held property assets. Cbus Property 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 Cbus Property and the Fund dated 1 January 2010, as amended. Cbus Property does not have ownership of any direct property assets.

Property assets under the stewardship of Cbus Property are as follows:

	Gross Asset Value 30 June 2016 \$000s	Gross Asset Value 30 June 2015 \$000s	Net Market Value 30 June 2016 \$000s	Net Market Value 30 June 2015 \$000s
Development Projects and Sites	987,165	469,042	418,893	469,042
Joint Venture Development Projects	383,179	289,758	196,678	289,758
Income Earning Properties	1,832,053	1,282,093	1,142,374	711,349
Other	(9,900)	(6,423)	(9,900)	(6,423)
Total	3,192,497	2,034,470	1,748,045	1,463,726

Mr D Noonan, Mr J Murray, Mr A McDonald and Mr S Bracks are Directors of Cbus Property. Cbus Property makes provision for payment of Directors fees as follows:

	30 June 2016 \$000's	30 June 2015 \$000's
Short-term employee benefits	356	346
Post-employment benefits	25	24
	381	370

The above compensation payments include Directors' fees paid directly to Sponsoring organisation, also disclosed at note 22(aa).

(q) 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 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:

Trust	Trustee Company
Direct	
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
5 Martin Place Unit Trust	Cbus Property 5 Martin Place Pty Ltd
50 Flinders Street Unit Trust	Cbus Property 50 Flinders Street Pty Ltd
Cbus Property Finance Pty Ltd	Cbus Property Finance Pty Ltd
Circular Quay Developments Unit Trust	Cbus Property Circular Quay Pty Ltd
311 Spencer Street Unit Trust	Cbus Property 311 Spencer Street Unit Trust
Indirect	
The Bourke Junction Trust No.2	Bourke Junction No.2 Pty Ltd
The Bourke Junction Trust No.3	Bourke Junction No.2 Pty Ltd
Bourke Junction Nominees Pty Ltd	

The Cbus Property (Bent Street) Unit Trust has a one third Joint Venture interest in a commercial investment at 1 Bligh Street, Sydney.

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

5 Martin Place Unit Trust has a 50% Joint Venture interest with Dexs in 5 Martin Place Joint Venture, commercial development at 5 Martin Place, Sydney. The development comprises office and retail premises.

Cbus Property Commercial Unit Trust has a 50% Joint Venture interest with ISPT in 1 William Street Unit Trust, a commercial development at 1 William Street, Brisbane. The development comprises office and small retail premises.

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.

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 2016

22. RELATED PARTIES (continued)

Other related party transactions (continued)

(r) 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:

Trust	Trustee Company
Forbes Street Residential Unit Trust	Cbus Property Forbes Street Pty Ltd
35 Spring Street Unit Trust	Cbus Property 35 Spring Street Pty Ltd
Warleigh Grove Unit Trust	Cbus Property Warleigh Grove Pty Ltd
North Melbourne Unit Trust	Cbus Property North Melbourne Pty Ltd
West Melbourne Unit Trust	Cbus Property West Melbourne Pty Ltd
Brisbane Unit Trust	Cbus Property Brisbane Pty Ltd
Collingwood Unit Trust	Cbus Property Collingwood Pty Ltd
Wharf Street Spring Hill Unit Trust	Cbus Property Spring Hill Pty Ltd
88 Alfred Street Unit Trust	Cbus Property 88 Alfred Street Pty Ltd
Langston Place Unit Trust	Cbus Property Langston Place Pty Ltd
Sydney Residential 2015 Unit Trust	Cbus Property Sydney Residential Pty Ltd
East Melbourne Unit Trust ***	Cbus Property East Melbourne Pty Ltd ***

*** formerly 130 Elizabeth Street Unit Trust before name change

Indirect

The Caritas Joint Venture Development

In the prior year, an associate of Mr F O'Grady, a director of the Fund, purchased an apartment in the "Assembly" development in Queensberry Street, Melbourne in 2015. The transaction was undertaken at normal commercial terms.

(s) 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.

(t) 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.

Trust	Trustee Company
Industrial Property No.1 Unit Trust	Industrial Property No.1 Pty Ltd

(u) 313 Spencer Street Holdings Unit Trust

313 Spencer Street Holdings 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 a commercial development at 313 Spencer Street undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property 313 Spencer Street Holdings Pty Ltd is the trustee company for 313 Spencer Street Holdings Unit Trust.

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 2016

22. RELATED PARTIES (continued)

Other related party transactions (continued)

(v) SESP No.1 Unit Trust

SESP No.1 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 a commercial development at 720 Bourke Street undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property SESP No.1 Pty Ltd is the trustee company for SESP No.1 Unit Trust.

The following trusts are held 100% directly by SESP No.1 Unit Trust

Trust	Trustee Company
The Bourke Junction Trust No.1	Bourke Junction No.1 Pty Ltd

(w) 447 Collins Street Holdings Unit Trust

447 Collins Street Holdings 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 a commercial development at 447 Collins Street undertaken by Cbus Property Pty Ltd under the Investment Management Agreement. Cbus Property 447 Collins Street Holdings Pty Ltd is the trustee company for 447 Collins Street Holdings Unit Trust.

(x) Cbus Property Developments Unit Trust

Cbus Property Developments Unit Trust is an investment holding trust that is wholly owned by the Fund. There is currently no activity within this head trust.

(y) Cbus Property Group Funding Unit Trust

Cbus Property Group Funding Unit Trust is a head trust that is wholly owned by the Fund. There is currently no activity within this head trust.

(z) 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 \$1,628,331 (2015: \$1,275,514) for administration and financial management services.

(aa) Sponsoring Organisations

Marketing and promotion of the Fund includes sponsorship arrangements with the shareholders of the Trustee of the Fund, United Super Pty Ltd. Further, director fees for some Directors' are paid directly to those Directors' sponsoring organisations. The amounts below include sponsorship payments and Directors' fees (for the Fund and Cbus Property) to these organisations:

	30 June 2016	30 June 2015
	\$	\$
Sponsoring Organisation	2,452,444	1,659,820

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 2016

23. INVESTMENT COMMITMENTS

	CONSOLIDATED		FUND	
	30 June 2016 \$m's	30 June 2015 \$m's	30 June 2016 \$m's	30 June 2015 \$m's
Credit	115	-	115	-
Australian Equities	-	-	-	-
Infrastructure	-	130	-	130
Alternative investment assets	694	860	694	860
Properties	1,053	1,886	1,646	1,736
Total Investment Commitments	1,862	2,876	2,455	2,726

24. CONTINGENT LIABILITIES

Australian Super Developments Pty Ltd (ASD) as trustee of the Australian Super Developments Unit Trust entered into a lease of the Regent Theatre commencing 13 September 1996 for a term of 50 years. ASD (Assignor) has entered into a Deed of Assignment of Lease dated 14 May 1998, assigning this lease to Regent Theatre Holdings Pty Ltd as trustee for The Marriner (Regent Theatre) Trust (Assignee). The Deed effectively transfers the rights and obligations of the Assignor (under the original Lease between the Landlord and the Assignor) to the Assignee. The Deed includes the Assignee's Covenants in favour of the Assignor and the Lessor to pay the rent, observe all lease obligations and to indemnify the Assignor against all costs associated with non-performance by the Assignee of these Lease obligations. At balance date, the Assignee had not defaulted and therefore, no liability has been recognised.

Cbus Property Commercial Pty Ltd as trustee for Cbus Property Commercial Unit Trust has entered into the following guarantees on behalf of a number of Cbus Property controlled entities. The guarantees have been undertaken in the normal course of business to secure the obligations of the relevant entity and are secured by Cbus Property Finance Pty Ltd's Club Facility with a \$50M (2015: \$80M) facility with CBA and NAB.

Entities Obligations Secured	Beneficiary	Amount \$
Cbus Property 1 William Street Pty Ltd	The State of Queensland & The Department of Transport	17,500,000
Cbus Property 1 William Street Pty Ltd	The State of Queensland & The Department of Transport	17,500,000
Industrial Property No.1 Pty Ltd	Melbourne Water Corporation	100,000
Industrial Property No.1 Pty Ltd	Greater Dandenong City Council	84,240
Industrial Property No.1 Pty Ltd	City of Greater Dandenong	146,827
Industrial Property No.1 Pty Ltd	City of Greater Dandenong	21,150
Cbus Property 313 Spencer Street Pty Ltd	Southern Cross Station Pty Ltd	250,000
Cbus Property Pty Ltd	Clarence Property Corporation Ltd	28,380
Cbus Property SESP No.1 Pty Ltd	Victorian Urban Development Authority	500,000
Cbus Property 447 Collins Street Pty Ltd	City of Melbourne	25,000
Cbus Property 447 Collins Street Pty Ltd	Enwerd Pty Ltd and SHL Nominees	137,717
		36,293,314

25. SUBSEQUENT EVENT

On 8 August 2016, contracts were signed to purchase a joint share of a property at 65 -77 Market, Street, Sydney for \$177.5M. Settlement occurred 15 August 2016. The property has been purchased by the entities Cbus Property Circular Quay Pty Ltd atf Circular Quay Unit Trust (\$63.5M), and Cbus Property Vision 2016 Pty Ltd atf Vision 2016 Unit Trust (\$114.0M), these entities are wholly owned by Cbus Property Commercial Unit Trust and Cbus Property Residential Operations Unit Trust respectively.

Brisbane City Council (BCC) issued development approval in late December 2015 for the planned residential development at 443 Queen Street Brisbane. Subsequently the validity of this approval was challenged and an application lodged with the Planning and Environment Court, claiming that the approval was not a properly made application. As a result of the subsequent court case and the uncertainty regarding development approval status as at 30 June 2016, the property has been written down to net realisable value. The hearing took place and concluded 3 June 2016 with the judge subsequently ruling on 15 July 2016 in favour of BCC and Brisbane Unit Trust. The plaintiff in the case has a right of appeal until 5 September 2016, after which further assessment will be made as to the carrying value of the asset.


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 2016

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 2016 as set out on pages 3 to 43 are drawn up so as to present fairly the financial position of the Fund as at 30 June 2016, 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 2016; 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 9th day of September 2016



Independent Auditor's report on financial statements

For a Reporting Entity

Independent Auditor's report approved form for a registrable superannuation entity (RSE) which is a reporting entity (as defined in Australian Accounting Standard [AAS 25])

Construction and Building Unions Superannuation Fund and its consolidated entities (ABN: 75 493 363 262) Report by the RSE Auditor to the trustee and members

Financial statements

I have audited the financial statements of Construction and Building Unions Superannuation Fund and its consolidated entities for the year ended 30 June 2016 comprising the Consolidated Statement of Financial Position, Consolidated Operating Statement, Consolidated Statement of Cash Flows, summary of significant accounting policies and other explanatory notes.

Trustee's responsibility for the financial statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the 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.

PricewaterhouseCoopers, ABN 52 780 433 757

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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 judgment, 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.

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 2016 and the results of its operations and its cash flows for the year ended 30 June 2016.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written over the printed name.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'David Cogan', written over the printed name.

David Cogan
Partner

Melbourne
9 September 2016