

GUILD RETIREMENT FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS

	Page
Statement of Financial Position	2
Income Statement	3
Statement of Changes in Member Benefits	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 20
Statement by Trustee	21
Independent Auditor's Report to the Members	22

GUILD RETIREMENT FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Cash and cash equivalents	15(b)	32,726	60,212
Receivables	9	1,472	4,461
Investments	10	1,738,504	1,492,342
TOTAL ASSETS		1,772,702	1,557,015
LIABILITIES			
Creditors and accruals	11	3,486	3,177
Current tax liabilities	12(d)	4,208	5,397
Deferred tax liabilities	12(e)	11,379	4,516
TOTAL LIABILITIES EXCLUDING MEMBERS LIABILITIES		19,073	13,090
NET ASSETS AVAILABLE FOR MEMBER BENEFITS		1,753,629	1,543,925
MEMBER BENEFITS	6	1,722,401	1,527,589
NET ASSETS		31,228	16,336
EQUITY			
Operational risk financial reserve	8	4,490	4,409
Contingency reserve	8	3,988	3,000
Amounts not yet allocated		22,750	8,927
TOTAL EQUITY		31,228	16,336

GUILD RETIREMENT FUND

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
SUPERANNUATION ACTIVITIES			
Interest		217	606
Trust distributions		76,756	129,175
Net remeasurement changes in assets measured at fair value	13	73,636	19,359
Other investment income		6,477	4,394
Other income		-	79
TOTAL SUPERANNUATION ACTIVITIES REVENUE		157,086	153,613
EXPENSES			
Direct investment expense		4,057	4,288
General administration expense		12,997	12,427
Bank charges		5	6
TOTAL EXPENSES		17,059	16,721
PROFIT FROM OPERATING ACTIVITIES		140,027	136,892
Less net benefits allocated to members accounts		(119,557)	(143,738)
PROFIT/(LOSS) BEFORE INCOME TAX		20,470	(6,846)
Income tax expense/(benefit)	12(a)(b)	5,635	9,457
PROFIT/(LOSS) AFTER INCOME TAX		14,835	(16,303)

This Statement should be read in conjunction with the accompanying notes.

Page 3

GUILD RETIREMENT FUND

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
Opening balance of members' liabilities		1,527,589	1,300,823
CONTRIBUTIONS RECEIVED			
Employer contributions		175,410	164,630
Member contributions		14,966	18,708
Government co-contributions		311	347
Transfers in		26,967	25,825
		<hr/>	<hr/>
		217,654	209,510
Income tax on contributions	12(c)	27,042	24,499
		<hr/>	<hr/>
Net after tax contributions		190,612	185,011
		<hr/>	<hr/>
BENEFITS PAID			
Lump sum payments		(23,927)	(28,661)
Transfers to other funds		(85,305)	(72,263)
Pensions paid		(1,063)	(969)
Tax benefit from anti detriment	12(c)	125	100
		<hr/>	<hr/>
Net benefits paid		(110,170)	(101,793)
		<hr/>	<hr/>
INSURANCE			
Insurance premiums charged to member		(16,031)	(16,079)
Death and disability benefits credited to members		8,439	13,468
Tax benefit from insurance deduction	12(c)	2,405	2,421
		<hr/>	<hr/>
Net insurance cost		(5,187)	(190)
		<hr/>	<hr/>
BENEFITS ALLOCATED TO MEMBERS' ACCOUNTS, COMPRISING:			
Investment earnings applied to members		132,554	156,165
Administration fees paid by members		(12,997)	(12,427)
		<hr/>	<hr/>
Net benefit allocated to members' accounts		119,557	143,738
		<hr/>	<hr/>
Closing balance of members' liabilities	6	1,722,401	1,527,589
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GUILD RETIREMENT FUND

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Operating Risk Reserve \$'000	Contingency Reserve \$'000	Amounts not yet allocated \$'000	Total Equity \$'000
Year Ended 30 June 2018				
Opening Balance	4,409	3,000	8,927	16,336
Transfer to other reserves	-	-	-	-
Net income/(loss) applied	81	931	13,823	14,835
Recoverable on insurance	-	57	-	57
	<u>4,490</u>	<u>3,988</u>	<u>22,750</u>	<u>31,228</u>
	Operating Risk Reserve \$'000	Contingency Reserve \$'000	Amounts not yet allocated \$'000	Total Equity \$'000
Year Ended 30 June 2017				
Opening Balance	3,882	1,868	26,889	32,639
Transfer to other reserves	450	(450)	-	-
Net income/(loss) applied	77	1,582	(17,962)	(16,303)
	<u>4,409</u>	<u>3,000</u>	<u>8,927</u>	<u>16,336</u>

GUILD RETIREMENT FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		154	212
Fee rebates received		5,736	4,394
Insurance recoveries		8,439	13,468
GST recoup		1,023	934
Other income		-	18
General administration expenses		(16,999)	(16,904)
Insurance premiums (outwards)		(16,066)	(16,145)
Bank charges		(5)	(6)
Income tax (paid)/benefits		-	(6,580)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	15(a)	(17,718)	(20,609)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchases of investments		(92,676)	(49,688)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(92,676)	(49,688)
CASH FLOWS FROM FINANCING ACTIVITIES			
Employer & Member contributions		190,376	183,338
Government co-contribution		311	347
Transfers in		26,967	25,825
Benefits paid		(110,269)	(101,894)
Income tax on contributions received		(24,477)	(24,499)
NET CASH FLOWS FROM FINANCING ACTIVITIES		82,908	83,117
NET INCREASE/(DECREASE) IN CASH HELD		(27,486)	12,820
CASH AT THE BEGINNING OF PERIOD		60,212	47,392
CASH AT THE END OF PERIOD	15(b)	32,726	60,212

This Statement should be read in conjunction with the accompanying notes.

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. REPORTING ENTITY

Guild Retirement Fund ("Fund") is a defined contribution fund domiciled in Australia.

The address of the Trustee Company's registered office is 171 Collins Street, Melbourne, VIC.

The Fund primarily is involved in providing retirement benefits to its members. The Fund is constituted by a Trust Deed dated 29 April 2005 as amended and provides superannuation benefits in Australia.

In accordance with the Superannuation Industry (Supervision) Act 1993, the Fund became a registered superannuation entity on 2 May 2005, registration number R1000030.

The Trustee of the Fund is Guild Trustee Services Pty Limited (RSE No L0000611).

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

International Financial reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB.

The financial statements were approved by the Board of the Trustee, Guild Trustee Services Pty Limited, on 25 September 2018.

(b) Basis of Measurement

The financial statements have been measured on a Fair Value Basis with the exception of member liabilities and tax assets and liabilities.

(c) Functional and Presentation Currency

The financial statements are 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.

(d) Use of Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting assumptions and estimates. It also requires the Trustee and management to exercise judgement in the process of applying the entity's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no critical accounting estimates and judgements contained in these financial statements.

(e) New and amended standards adopted during the year

The Fund has changed some of its accounting policies as a result of new and revised accounting standards which became effective for the annual reporting periods commencing on 1 July 2017. The affected policies are:

AASB Amendment / Standard	Title
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised losses
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. BASIS OF PREPARATION (CONTINUED)

(f) New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2018 and have not been applied in preparing these financial statements. Those which may be relevant to the Fund are set out below. The Fund does not plan to adopt these standards early.

AASB 9 Financial Instruments

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

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

AASB 15 Revenue from Contracts with Customers

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

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

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

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

AASB 16 removes the lease classification test for lessees and requires all leases (including operating leases) to be brought to account onto the balance sheet. The definition of a lease is also amended and is not the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 *Revenue from Contracts with Customers* is adopted at the same time. The Fund does not expect any impact on its financial statements resulting from the application of AASB 16.

AASB 2018-1 Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

AASB 2018-1 relates to amendments to AASB1, AASB128 and AASB140 and applies for annual reporting periods beginning on or after 1 January 2019. The Fund does not expect any impact on its financial statements resulting from the application of AASB 2018-1.

(g) Comparatives

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Investments

Investments of the Fund are initially recognised at cost. From this date any gains and losses arising from changes in fair value are recorded.

Unlisted managed investment schemes are valued at the redemption price at reporting date quoted by the investment managers which are based on the net asset value (NAV) of the underlying investments. Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments including financial futures and forward exchange contracts, interest rate swaps, exchange traded and other options and forward rate agreements are recorded at mark to market basis at balance date using the most recent verifiable sources of market prices or generally accepted valuation principles.

(b) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits.

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

(c) Foreign Currency

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

(d) Interest and Other Receivables

Interest receivable represents accrued interest revenue from government securities, other fixed interest securities, money market securities and derivatives.

Receivables are carried at nominal amounts accrued or due at reporting date, which approximate fair value.

(e) Financial Liabilities

The Fund recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Benefits payable comprises the entitlements of members who ceased employment prior to year end but had not been paid at that time. Members who subsequently advise the Fund that they have ceased employment and were not included in benefits payable are included in Members benefits at year end.

Other payables are payable on demand or over short time frames of less than 60 days.

The Fund recognises financial liabilities at fair value as at reporting date with any remeasurement of fair value since the beginning of the reporting period included in the Income Statement.

(f) Revenue Recognition

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

Net remeasurement changes in assets measured at fair value of investments

Changes in fair value of investments are recognised as income in the Income Statement in the periods in which they occur. Net remeasurement changes in assets measured at fair values are determined as the difference between the fair value at balance date or consideration received (if sold during the year) and the fair value at the previous balance date or the cost (if the investment was acquired during the year).

Interest revenue

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

Trust distribution revenue

Distributions from managed investment schemes are recognised on the date the distribution is received by the Fund or reinvested as part of a reinvestment plan.

(g) Income Tax

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

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable benefits accrued for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

(h) Contribution Surcharge

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

The contribution surcharge is charged to the relevant members' accounts if an amount has been paid or an assessment has been received during the period irrespective of the period to which the surcharge related. A liability for future payments is only recognised if an assessment has been issued by the Australian Taxation Office (ATO) and was unpaid at balance date.

(i) Goods and Services Tax

GST incurred that is not recoverable from the ATO has been recognised as part of the cost of acquisition of the asset or as part of the expense to which it relates.

Receivables and payables are stated with the amount of GST included in the value. The amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

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

(j) Excess Contributions Tax

The ATO may issue release authorities to members of the Fund relating to the relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year.

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

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

(k) No-TFN Contributions Tax

Where a member does not provide their tax file number to a fund, the fund may be required to pay no-TFN contributions tax at a rate of 34% which is in addition to the concessional tax rate of 15% which applies to the Fund's assessable income.

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

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Financial Instruments

(i) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial assets are recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or liabilities are recorded. Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempt from the scope of AASB139.

(ii) Measurement

Financial instruments are initially measured at cost, being the fair value of the consideration given. Subsequent to initial recognition all financial instruments are valued at fair value.

(iii) Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Fund transfers substantially all the risks and rewards of ownership of the asset.

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

4. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Valuation models

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

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

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

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

(b) Valuation framework

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

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

(c) Fair value hierarchy

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2018 Financial assets at fair value				
<i>Listed equities and managed investment schemes</i>				
- Unlisted unit trusts	-	1,738,504	-	1,738,504
30 June 2017 Financial assets at fair value				
<i>Listed equities and managed investment schemes</i>				
- Unlisted unit trusts	-	1,492,342	-	1,492,342

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5. FINANCIAL RISK MANAGEMENT

The Fund's assets principally consist of financial instruments which comprise units in unlisted trusts. It holds these investment assets in accordance with the Trustee's published investment policy statement.

The allocation of assets between the various types of financial instruments is determined by the Trustee who manages the Fund's portfolio of assets to achieve the Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Fund on a regular basis. The Fund has a policy of rebalancing its portfolio of assets back to its long term Strategic Asset Allocation (SAA).

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

- market risk
- credit risk
- liquidity risk

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

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

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

The Trustee receives regular reports from the Fund's Investment Managers to monitor compliance with the Fund's investment policy statement/objective.

The Fund's Trustee, Audit and Risk Management & Compliance Committees oversee how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Market Risk

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

Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the future cash flows or the fair values of the instruments.

The Fund invests in Australian domiciled investments where the underlying investments may include overseas equities. These investments are all denominated in Australian dollars.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the future cash flows or the fair values of the instruments.

The majority of the Fund's financial assets are non-interest-bearing. The Fund does not have any direct fixed interest bearing financial instruments. The Fund invests in Australian domiciled units in unit trusts where the underlying investments may include interest bearing financial instruments. As a result, the Fund may be subject to indirect exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are invested in an interest bearing bank account.

As the interest rate on the Fund's bank account is a floating rate and varies with market interest rate, any change in interest rates will have no impact on the valuation of the account. The amount of interest the Fund receives after interest rate changes is dependent on the Fund's bank balance in the future. Any increase or decrease in interest likely to be received is immaterial.

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Other market price risk

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

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

Sensitivity analysis

The Trustee has determined that the standard deviation of the rate of return for each investment option will provide a reasonably possible change in the prices of the investments that comprise each option. The five year average standard deviation of rates of return for each investment option, were provided by the Fund's implemented investment consultant. The following table illustrates the effect on change in net assets after tax and net assets available to pay benefits from possible changes in market price risk.

30 June 2018 Asset Class	Sensitivity in underlying sectors	Net Income from Superannuation activities after tax \$'000	Change in net Assets available for member benefits \$'000
Units in unit trusts	10.00%	±147,773	±147,773
Cash and Deposits	2.00%	±556	±556
Total		±148,329	±148,329

30 June 2017 Asset Class	Sensitivity in underlying sectors	Net Income from Superannuation activities after tax \$'000	Change in net Assets available for member benefits \$'000
Units in unit trusts	10.00%	±126,849	±126,849
Cash and Deposits	2.00%	±1,024	±1,024
Total		±127,873	±127,873

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Fund's investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each investment option's expected return in future years.

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

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The fair value of financial assets included in the Statement of Financial Position represents the Fund's current maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counterparty or industry.

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

Liquidity Risk

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

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

30 June 2018	Less than 3 months \$'000	3 Months to 1 year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Creditors & accruals	3,486	-	3,486	3,486
Current tax liabilities	2,645	1,563	4,208	4,208
Members benefits	1,722,401	-	1,722,401	1,722,401
Total	1,728,532	1,563	1,730,095	1,730,095

30 June 2017	Less than 3 months \$'000	3 Months to 1 year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
Creditors & accruals	3,177	-	3,177	3,177
Current tax liabilities	6,449	(1,052)	5,397	5,397
Members benefits	1,527,589	-	1,527,589	1,527,589
Total	1,537,215	(1,052)	1,536,163	1,536,163

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

6. MEMBER LIABILITIES AND FUNDING ARRANGEMENTS

(a) Overview

The Fund was established under a trust deed dated 29 April 2005.

(b) Defined contribution member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date using unit prices determined by the Trustee based on the underlying option values selected by members.

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

At 30 June 2018 \$0.019 million (2017: \$0.018 million) have not been allocated to members at balance date. The amount not allocated to members' accounts consists of timing of net earnings to unit prices.

	2018 \$'000	2017 \$'000
Members liabilities at end of the financial year	1,722,401	1,527,589
Net assets available to pay benefits (excluding reserves)	1,745,151	1,536,516

(c) Funding Arrangements

Contributions are made to the Fund in accordance with the terms of the trust deed, at the minimum rate of 9.5% of gross salaries.

Members with accumulation benefit accounts may also contribute at varying rates as nominated by the individual member.

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7. INSURANCE ARRANGEMENTS

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members accounts and reinsurance recoveries allocated are recognised in the statement of changes in members benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim
- insurance premiums are only paid through the Fund for administrative reasons, and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

8. RESERVES

	2018 \$'000	2017 \$'000
Operational risk financial reserve	4,490	4,409
Contingency reserve	3,988	3,000
	<u>8,478</u>	<u>7,409</u>

Under APRA Prudential Standard SPS 114: Operational Risk Financial Requirements ("ORFR"), a trustee is required to determine, implement, manage and maintain an ORFR target amount. The Trustee maintains an ORFR with a target of 0.30% of Fund net assets.

The contingency reserve was established to provide the Fund with funds to protect members interests and mitigate the impact of an adverse event.

Transfers out of the reserves are made only at the authorisation of the Trustee and in accordance with the Fund reserve policies agreements. Transfers into the reserves are made on the basis of earnings retained for this purpose.

9. RECEIVABLES

	2018 \$'000	2017 \$'000
Accrued interest	12	12
Distributions receivable	1,002	4,044
GST receivable	458	405
	<u>1,472</u>	<u>4,461</u>

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10. INVESTMENTS	2018 \$'000	2017 \$'000
<u>Units in Unit Trusts: Mercer Multi-Managers</u>		
- Australian Direct Property Fund	77,960	72,470
- Global Unlisted Infrastructure Fund	60,897	59,509
	<hr/>	<hr/>
	138,857	131,979
	<hr/>	<hr/>
<u>Units in Unit Trusts: Russell Investments Class A</u>		
- After Tax Australian Shares Fund	548,951	464,825
- Australian Bond Fund	146,289	124,151
- Australian Cash Enhanced Fund	79,414	66,624
- Australian Cash Fund	41,862	40,366
- Australian Shares Fund	1,724	1,172
- Emerging Markets Debit Local Currency Fund	50,428	18,967
- Emerging Markets Fund	31,971	38,312
- Global High Yield Fund	27,242	22,755
- Global Listed Infrastructure Fund	62,926	51,721
- Global Opportunities Fund \$A Hedged	97	169
- Global Opportunities Fund	674	423
- International Property Fund \$A Hedged	52,037	58,937
- Low Carbon Global Shares Fund	178,237	-
- Low Carbon Global Shares Fund \$A Hedged	60,132	-
- Tax Effective Global Shares Fund	236,655	201,654
	<hr/>	<hr/>
	1,518,639	1,090,076
	<hr/>	<hr/>
<u>Units in Unit Trusts: Vanguard Investments</u>		
- Global Infrastructure Fund Hedged	19,267	19,857
- International Shares Index Fund	-	155,221
- International Shares Index Fund \$A Hedged	-	47,823
- International Property Fund \$A Hedged	61,741	47,386
	<hr/>	<hr/>
	81,008	270,287
	<hr/>	<hr/>
TOTAL INVESTMENTS	1,738,504	1,492,342
	<hr/>	<hr/>
11. CREDITORS AND ACCRUALS		
	2018 \$'000	2017 \$'000
Administration and management fees	1,159	1,112
Direct expenses on investment income	946	692
Group life and salary continuance premiums	1,300	1,318
PAYG withholding	81	55
	<hr/>	<hr/>
TOTAL CREDITORS AND ACCRUALS	3,486	3,177
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GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12. TAXATION

	2018 \$'000	2017 \$'000
(a) Recognised in the income statement		
Current tax expense		
- Current year tax on profits	(1,543)	5,263
- Adjustment to current tax for prior period	315	169
Deferred tax expense		
- Relating to the origination and reversal of temporary differences	6,863	4,025
Income tax expense/(benefit)	5,635	9,457
(b) Numerical reconciliation between tax expense and profit before income tax		
Profit/(loss) before income tax	140,027	136,892
Tax applicable at the rate of 15% (2017: 15%)	21,004	20,534
Tax effect of income/losses not assessable/deductible in determining taxable income		
- Investment income and discount in capital gains	(7,870)	(2,517)
- Imputation credits & foreign tax credits applied	(7,762)	(8,699)
- Exempt pension income	(52)	(30)
- (Over)/under provision prior period	315	169
Income tax expense/(benefit)	5,635	9,457
(c) Recognised in the statement of changes in member benefits		
Tax on contribution revenue	27,042	24,499
Tax benefit on anti detriment deduction	(125)	(100)
Tax benefit on insurance premiums	(2,405)	(2,421)
Income tax expense recognised in the statement of changes in member benefits	24,512	21,978
(d) Current tax liability		
Balance at beginning of year	5,397	9,067
Income tax paid – current period and prior year	(18,764)	(31,023)
Current year income tax provision	17,260	27,184
(Over)/under provision prior period	315	169
	4,208	5,397

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12. TAXATION (CONTINUED)

	2018 \$'000	2017 \$'000
(e) Deferred tax liability		
The amount of deferred tax liabilities recognised in the Statement of Financial Position:		
Insurance premiums payable	(194)	(197)
Unrealised capital gains carried forward	11,573	4,713
	<hr/>	<hr/>
NET DEFERRED TAX LIABILITY	11,379	4,516
	<hr/>	<hr/>

13. NET REMEASUREMENT ASSETS MEASURED AT FAIR VALUE OF INVESTMENTS

	2018 \$'000	2017 \$'000
Held at reporting date	79,385	49,306
Realised during the period	(5,749)	(29,947)
	<hr/>	<hr/>
TOTAL NET REMEASUREMENT CHANGES IN ASSETS MEASURED AT FAIR VALUE	73,636	19,359
	<hr/>	<hr/>

14. AUDITOR'S REMUNERATION

	2018 \$'000	2017 \$'000
Amounts paid or due and payable to: Auditors of the Fund – Ernst & Young:		
Audit services	110	118
Other Services	20	20
	<hr/>	<hr/>
TOTAL AUDITOR'S REMUNERATION	130	138
	<hr/>	<hr/>

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15. CASH FLOW RECONCILIATION

	2018 \$'000	2017 \$'000
(a) Reconciliation of Net Cash provided by Superannuation Activities to Net Profit After Tax		
Net profit/(loss) after tax	14,835	(16,303)
Changes in fair value of assets	(73,637)	(19,359)
Trust distributions	(76,756)	(129,175)
Other investment income	(2,011)	(1,751)
Transition costs	-	616
Net benefits allocated to members accounts	119,557	143,738
(Increase)/Decrease in receivables	2,989	(4,153)
Increase/(Decrease) in creditors and accruals	1,054	171
Increase/(Decrease) in current tax liabilities	(6,782)	1,582
Increase/(Decrease) in deferred tax liabilities	3,033	4,025
NET CASH FLOWS PROVIDED BY/(USED IN) SUPERANNUATION ACTIVITIES	(17,718)	(20,609)
(b) Reconciliation of Cash		
General operating account	7,535	7,404
NCS cash account	25,191	52,808
Cash and cash equivalents	32,726	60,212
(c) Non cash investing activities		
During the year the following non cash investing activities occurred:		
Trust distributions reinvested	76,756	125,131
Other investment income reinvested	2,011	1,751

GUILD RETIREMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

16. RELATED PARTIES

(a) Trustee

The Trustee of the Fund is Guild Trustee Services Pty Limited. The following people were directors of the Trustee during the financial year and to the date of this report.

George Venardos (Non-executive Director, Chairman)
Andrew Bloore (Non-executive Director)
John Dowling (Non-executive Director)
Linda Jenkinson (Non-executive Director)
Stephen Somogyi (Non-executive Director)
Mario Pirone (Executive Director)
Nick Panayiaris (Non-executive Director appointed 7 March 2018)
Trent Twomey (Non-executive Director appointed 7 March 2018)
Timothy Logan (Non-executive Director ceased 7 March 2018)
Ian Todd (Non-executive Director ceased 7 March 2018)

(b) Key Management Personnel and Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, including any director (whether executive or otherwise).

The above listed directors are key management personnel. Other key management personnel of the Fund are:

Laura Dhana – Company Secretary
Samuel Horskins – Chief Financial Officer (ceased 1 December 2017)
Elisabet Wreme – Chief Operations Officer (appointed 3 April 2018)
Greg Everett – General Manager
Antony Jarvis – Head of Risk, Audit & Compliance

Some directors, key management personnel and their associates are members of the Guild Retirement Fund for which Guild Trustee Services Pty Limited acts as responsible entity. These superannuation transactions are made at arms length and in the ordinary course of operations. Some directors, key management personnel and their associates receive wealth management, superannuation and other financial services from the Guild Group. Those services are provided at arms length and in the ordinary course of business except where the directors, key management personnel and their associates are entitled to receive the normal available staff discount or other customary discount available in relation to the size of business.

Compensation of key management personnel for services rendered for the Fund are remunerated by Guild Trustee Services and this compensation is included in the administration expenses in the Income Statement.

(c) Related Party Transactions

The Trustee received payment from the Fund for remuneration for management and monitoring the Fund's investment portfolios of \$12.997 million (2017: \$12.427 million).

The Trustee receives a payment from the Fund in relation to insurance administration fee for administering the group insurance policies. Death and Temporary & Permanent Disablement fee is 6% and Income Protection fee is 10%.

17. SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on the Fund's financial statements at 30 June 2018.

GUILD RETIREMENT FUND

STATEMENT BY TRUSTEE

In the opinion of the Trustee

- (a) the accompanying financial statements and notes set out on pages 2 to 20 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) present fairly the Fund's financial position as at 30 June 2018 and its performance for the year ended on that date; and
- (b) the Fund has been conducted in accordance with the provisions of the Trust Deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, and Regulations, the Corporations Act 2001, Regulations and Guidelines and Financial Sector (Collection of Data) Act 2001 during the year ended 30 June 2018; and
- (c) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Trustee

.....
Director

.....
Director

Signed at this 25th day of September 2018.

Guild Retirement Fund (ABN 22 599 554 834)

Report by the RSE Auditor to the trustee and members

Opinion

I have audited the financial statements of Guild Retirement Fund for the year ended 30 June 2018 comprising the Statement of Financial Position, Income Statement, Statement of Changes in Members Benefits, Statement of Changes in Equity, Statement of Cash Flows, summary of significant accounting policies, other explanatory notes and the Statement by Trustee.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Guild Retirement Fund as at 30 June 2018 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2018.

Basis for Opinion

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

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

Responsibilities of the Trustee 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.

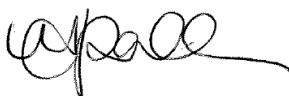
In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or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

Auditor's responsibility

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

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My auditor conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



Maree Pallisco
Partner
Melbourne
26 September 2018

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

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

Independent auditor's report to the trustee of Guild Retirement Fund ABN 22 599 554 834 on forms required under APRA reporting standards:

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

Opinion

In my opinion:

- a) the relevant forms are prepared in all material respects in accordance with the requirements of the APRA reporting standards, the financial position of Guild Retirement Fund as at 30 June 2018, and its performance for the year then ended, as reflected in the RSE's financial statements signed on 26 September 2018 or accounting records with regard to other information that was not directly derived from the financial statements; and
- b) the trustee of Guild Retirement Fund has complied in all material respects with the reporting requirements of the APRA reporting standards pertaining to the preparation of the APRA reporting forms.

Basis for Opinion

My reasonable assurance engagement has been conducted in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for forms required by APRA reporting standards section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my reasonable assurance engagement on the APRA reporting forms in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Trustee's for forms required by APRA reporting standards

The RSE's trustee is responsible for the preparation and lodgement of the forms (APRA reporting forms) required by reporting standards made under the Financial Sector (Collection of Data) Act 2001, as listed in Attachment A to Prudential Standard SPS 310 Audit and Related Matters (APRA reporting

standards) and for such internal controls as the trustee determines to be necessary to enable the preparation of the APRA reporting forms free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for forms required by APRA reporting standards

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

I have conducted a reasonable assurance engagement on the following APRA reporting forms:

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

of Guild Retirement Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2018.

I have conducted a reasonable assurance engagement on the APRA reporting forms in order to express an opinion on them to the trustee of Guild Retirement Fund.

I have also performed a reasonable assurance engagement on the financial statements of Guild Retirement Fund for the year ended 30 June 2018. My auditor's opinion on the financial statements was signed on 26 September 2018, and was not modified.

As part of a reasonable assurance engagement in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the reasonable assurance engagement. I also:

- Identified and assessed the risks of material misstatement in the relevant forms, whether due to fraud or error, designed and performed reasonable assurance procedures responsive to those risks, and obtained evidence that is sufficient and appropriate to provide a basis for my opinion. The risk

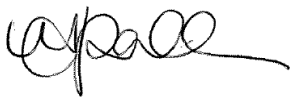
of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my reasonable assurance report to the related disclosures in the relevant forms or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the evidence obtained up to the date of my reasonable assurance report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the relevant forms, including the disclosures, and whether the relevant forms represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the reasonable assurance engagement and significant findings, including any significant deficiencies in internal control that I identified during my reasonable assurance engagement.

Emphasis of Matter - Restriction on use and distribution

I draw to the readers' attention that the APRA reporting forms have been prepared for the purpose of fulfilling the trustee's reporting responsibilities under the APRA reporting standards. As a result, they may not be suitable for another purpose. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

Our opinion is not modified in respect of this matter.



Maree Pallisco
Partner
Melbourne
26 September 2018

(B) Compliance

Independent auditor's report to the trustee of Guild Retirement Fund ABN 22 599 554 834

Opinion

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

In my opinion the trustee of Guild Retirement Fund has complied, in all material respects with:

- a) The requirements of the applicable SIS Act and SIS Regulations, APRA reporting standards, Corporations Act and Corporations Regulations specified above for the for the year ended 30 June 2018.
- b) The requirement to maintain an operational risk reserve / trustee capital at the required target amount in accordance with its ORFR strategy.

Basis for Opinion

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

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

Trustee's responsibility for compliance

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

The RSE's trustee is responsible for identifying, designing and implementing controls to enable compliance with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, the Corporations Act and Corporations Regulations and the conditions of its RSE licence and to monitor ongoing compliance.

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

- a) an operational risk reserve within an RSE;

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

Independence and Quality Control

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

Independent Assurance Practitioner's responsibilities

My responsibility is to express an opinion on the trustee's compliance in all material respects with the requirements of the SIS Act, SIS Regulations, APRA reporting standards, Corporations Act and Corporation Regulations based on the reasonable assurance engagement. My reasonable assurance engagement has been conducted in accordance with ASAE 3100 *Compliance Engagements*. This standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance whether the trustee of Guild Retirement Fund has, in all material respects:

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

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

Regulations 3.10, 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 13.14, 13.17, 13.17A;
- b) complied with the APRA reporting standards that are subject to reasonable assurance (to the extent applicable);
- c) complied with the relevant requirements of the following provisions of the Corporations Act and Corporation Regulations (to the extent applicable):

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

Regulations 7.9.07Q-7.9.07W, 7.9.11K, 7.9.11N, 7.9.11O, 7.9.11P, 7.9.11Q, 7.9.32(3), 7.9.48B, 7.9.48C and 7.9.48D; and
- d) complied with the requirement to prepare the respective forms required by the APRA reporting standards;

for the year ended 30 June 2018.

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

My responsibility is also to express an opinion on the trustee's compliance with their ORFR strategy with respect to maintaining an operational risk reserve at the required target amount for the year for the 30 June 2018.

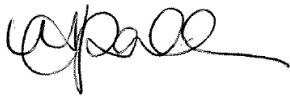
My procedures in relation to SIS Section 155(2) included assessing the trustee's controls in place to monitor compliance with Section 155(2). These procedures did not include testing the trustee's methodology used to calculate the issue or redemption price.

Inherent limitations

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

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

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



Maree Pallisco
Partner
Melbourne
26 September 2018

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

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

Independent auditor's report to the trustee of Guild Retirement Fund ABN 22 599 554 834
on forms required under APRA reporting standards:

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

Conclusion

Based on my limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to my attention that causes me to believe that the APRA reporting forms of Guild Retirement Fund for the period ending 30 June 2018 are not prepared, in all material respects, in accordance with the APRA reporting standards.

Basis for Conclusion

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

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

Emphasis of Matter - Restriction on use and distribution

I draw to readers' attention that the APRA reporting forms have been prepared for the purpose of fulfilling the trustee's reporting responsibilities of the APRA reporting standards. As a result, they may not be suitable for another purpose. This report is intended solely for the trustee and APRA (and ASIC where applicable), and should not be distributed to or used by parties other than the trustee and APRA (and ASIC where applicable). I disclaim any assumption of responsibility for any reliance on this report, or the APRA reporting forms to which it relates, to any party other than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

Responsibilities of the Trustee for forms required by APRA reporting

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

preparation of the APRA forms free from material misstatement, whether due to fraud or error. The APRA reporting forms have been prepared for the purposes of fulfilling the trustee's reporting requirements under the APRA reporting standards.

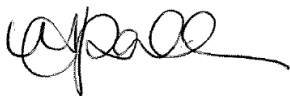
Auditor's responsibility

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

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

of Guild Retirement Fund, which comprise part of the information required by the APRA reporting standards for the year ended 30 June 2018.

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



Maree Pallisco
Partner
Melbourne
26 September 2018

(B) Compliance

Independent Assurance Practitioner's Limited Assurance report to the trustee of Guild Retirement Fund ABN 22 599 554 834

Conclusion

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

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

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

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

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

Part C - Compliance with the RMF

Based on the procedures I performed and evidence I obtained, nothing has come to my attention that causes me to believe that, for the period 1 July 2017 to 30 June 2018, the trustee did not comply, in all material respects, with its RMF.

Basis for Conclusion

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

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

Emphasis of Matter - Restriction on use and distribution

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

than the trustee and APRA (and ASIC where applicable), or for any purpose other than that for which it was prepared.

Our conclusion is not modified in respect of this matter.

Trustee's responsibility for compliance

The trustee of Guild Retirement Fund are responsible for:

- a) the *trustee's* systems, procedures and internal controls that are designed to ensure that the *trustee has* complied with all applicable prudential requirements, has provided reliable data to APRA as required by the APRA reporting standards , and has operated effectively throughout the year of income;
- b) the *trustee's* compliance with its risk management framework; and
- c) the *trustee's* compliance with its operational risk financial requirement (ORFR) strategy.

Independence and Quality Control

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

Independent Assurance Practitioner's responsibilities

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

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

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

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

effectiveness of material controls and compliance with specific requirements under the prudential requirements.

Inherent Limitations

A limited assurance engagement is substantially less in scope and the procedures performed vary in nature and timing from a reasonable assurance engagement conducted in accordance with AUASB Standards on Assurance Engagements. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the controls that we have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

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

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

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

Scope

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

The procedures I performed during *the period* 1 July 2017 to 30 June 2018 as listed below were considered necessary in relation to the trustee's systems, procedures and controls that address compliance with all applicable Prudential Requirements. Prudential Requirements include requirements imposed by:

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

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

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

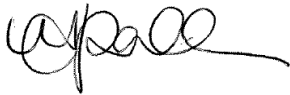
The procedures I have performed as listed below were considered necessary in relation to the trustee's systems, procedures and controls, for the *period* 1 July 2017 to 30 June 2018, to ensure that, in all material respects, reliable data is provided, as required by the APRA reporting standards.

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

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

The procedures I have performed as listed below were considered necessary in relation to the trustee's compliance, in all material respects, with its RMF, *as defined in Prudential Standard SPS 220 Risk Management* (SPS 220) for the period 1 July 2017 to 30 June 2018.

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



Maree Pallisco
Partner
Melbourne
26 September 2018