



# Cash Management Trust

## 2014 Annual Financial Report

### Investments

Colonial First State Investments Ltd  
ABN 98 002 348 352  
AFS Licence 232468





Dear Investor

**Annual Financial Report**

I am pleased to present the reports for the financial year ended 30 June 2014 for the Colonial First State Cash Management Trust.

This statement is the final component of the reporting information for the 2013–2014 financial year.

If you have any questions about the Annual Financial Report please call Investor Services on 13 13 36 Monday to Friday, 8am to 7pm, Sydney time.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'L Elkins', written in a cursive style.

Linda Elkins  
Executive General Manager

# **COLONIAL FIRST STATE CASH MANAGEMENT TRUST**

ARSN : 087 562 963

## **FINANCIAL REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

**Responsible Entity of the Fund**

**COLONIAL FIRST STATE INVESTMENTS LIMITED**

**ABN: 98 002 348 352**

Ground Floor Tower 1, 201 Sussex Street  
SYDNEY NSW 2000

# COLONIAL FIRST STATE CASH MANAGEMENT TRUST

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# COLONIAL FIRST STATE CASH MANAGEMENT TRUST

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Fund as stated above, present their report together with the Financial Report of the Fund for the reporting period as stated below.

The current reporting period for the financial report is from 1 July 2013 to 30 June 2014. The comparative reporting period is from 1 July 2012 to 30 June 2013.

### Date of Constitution and Date of Registration of the Fund

The date of Constitution and Registration of the Fund with the Australian Securities & Investment Commission (ASIC) are as follows:

Date of Constitution	11/05/1999
Date of Registration	9/06/1999

### Principal Activities

The Fund's strategy is to invest in high quality money market securities, with short-to-medium-term maturities, to achieve a stable income stream.

The principal activity of the Fund is to invest in accordance with the investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provision of the Fund's Constitution.

The Fund was closed to further applications from new members on 28 May 2012.

### Rounding of amounts to the nearest thousand dollars

The Fund is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the ASIC relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars in accordance with the Class Order, unless otherwise stated.

### Comparatives

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current reporting period.

### Review of Operations

#### Income

The result of the operation for the Fund for the current and previous reporting periods are tabled below:

	Period ended 30/06/2014 \$'000	Period ended 30/06/2013 \$'000
Operating profit/(loss) attributable to unitholders	1,898	2,569

# COLONIAL FIRST STATE CASH MANAGEMENT TRUST

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### Review of Operations (continued)

#### Distribution to unitholders

The total amount distributed to unitholders for the current and previous reporting period are as follows:

	Period ended 30/06/2014 \$'000	Period ended 30/06/2013 \$'000
Amount distributed during the reporting periods	1,971	2,605

Details of the income distributions for the reporting periods ended 30 June 2014 and 30 June 2013 are disclosed in the "Distributions to Unitholders" note to the financial statements.

#### Exit Prices

Units in the Fund are recorded at \$1.00 and interest is calculated and accrued daily.

#### Responsible Entity and Directors

The Responsible Entity of the Fund is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Name of Director	Date of Appointment or resignation
Michael Venter	Appointed on 4 July 2011.
Anne Ward	Appointed on 1 January 2013.
Linda Elkins	Appointed on 1 January 2013.
Penelope James	Appointed on 1 January 2013.
Peter Hodgett	Appointed on 1 January 2013.
Annabel Spring	Resigned on 11 April 2014.
Peter Taylor *	Resigned on 11 April 2014.

\* Alternate director for Annabel Spring.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

#### Scheme Information

The Fund is a registered managed investment scheme domiciled in Australia and has its principal place of business at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

# COLONIAL FIRST STATE CASH MANAGEMENT TRUST

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### Unit Pricing Adjustments Policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant, transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a variance of 0.30% (0.05% for a cash investment option) in the unit price before correcting the unit price.

If a unit pricing error is greater than these tolerance levels the Responsible Entity will:

- compensate unitholders' accounts balance if they have transacted on the incorrect unit price or make other adjustments as the Responsible Entity may consider appropriate, or
- where unitholders' accounts are closed the Responsible Entity will send them a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases, the Responsible Entity may compensate where the unit pricing error is less than the tolerance levels.

### Significant Changes in the State of Affairs

There were no significant changes in the nature of the Fund's activities during the reporting period.

### Matters Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the current reporting period that have significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Fund in future financial periods.

### Indemnification and Insurance Premiums for Officers and Auditor

No insurance premiums are paid for out of the assets of the Fund in relation to insurance cover provided to Colonial First State Investments Limited or the auditor of the Fund. So long as the officers of Colonial First State Investments Limited act in accordance with the Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditor of the Fund is in no way indemnified out of the assets of the Fund.

The Commonwealth Bank of Australia has paid insurance premiums for the benefit of the officers of the Responsible Entity and the Compliance Committee members. Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the insurance contracts.

### Likely Developments and Expected Results of Operations

The Fund is expected to continue to operate within the terms of its Constitution, and will continue to invest in accordance with their investment objectives and guidelines.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

At the time of preparing this report the Responsible Entity is not aware of any likely developments which would impact upon the future operations of the Fund.

# COLONIAL FIRST STATE CASH MANAGEMENT TRUST

## DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### Fees Paid to and Received by the Responsible Entity or its Associates

Fees paid or payable to the Responsible Entity and its associates out of the Fund's assets during the reporting period are disclosed in the Statement of Comprehensive Income.

No fees were paid to the Directors of the Responsible Entity during the reporting period out of the Fund's assets.

### Interests in the Fund

The units issued and redeemed in the Fund during the period and the number of units on issue at the end of the financial period are set out in "Changes in Net Assets Attributable to Unitholders" note to the financial statements. The value of the Fund's assets at the end of the financial period is set out in the Balance Sheet.

There are no interests in the Fund held by the Responsible Entity or its associates at the end of the reporting period.

### Environmental Regulation

The Fund's operations are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out in the following page.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.



Linda Elkins  
Director  
Sydney  
27 August 2014



## Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Cash Management Trust for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Colonial First State Cash Management Trust during the year.

A handwritten signature in black ink, appearing to read 'CJ Cummins', is written over a horizontal line.

CJ Cummins  
Partner  
PricewaterhouseCoopers

Sydney  
27 August 2014

**PricewaterhouseCoopers, ABN 52 780 433 757**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
DX 77 Sydney, Australia  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

**COLONIAL FIRST STATE CASH MANAGEMENT TRUST**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

	Note	1/07/2013 - 30/06/2014	1/07/2012 - 30/06/2013
		\$'000	\$'000
Interest income	3	2,968	3,774
Changes in fair value of financial instruments held for trading		-	(1)
Other income		90	-
<b>Total investment income/(loss)</b>		<b>3,058</b>	<b>3,773</b>
<b>Expenses</b>			
Responsible Entity's management fees	8(c)	1,145	1,186
Other expenses		15	18
<b>Total operating expenses</b>		<b>1,160</b>	<b>1,204</b>
<b>Operating profit/(loss) attributable to unitholders</b>		<b>1,898</b>	<b>2,569</b>
Distributions to unitholders	4	(1,971)	(2,605)
Change in net assets attributable to unitholders from operations	6(a)	73	36
<b>Profit/(Loss) for the period</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**COLONIAL FIRST STATE CASH MANAGEMENT TRUST**

**BALANCE SHEET  
AS AT 30 JUNE 2014**

	Note	30/06/2014 \$'000	30/06/2013 \$'000
Cash and cash equivalents		11,594	14,557
Trade and other receivables:			
- interests		14	15
- others		30	31
Financial assets held for trading	5	88,215	93,204
<b>Total assets</b>		<b>99,853</b>	<b>107,807</b>
<b>Liabilities</b>			
Trade and other payables:			
- redemptions		194	73
- others		20	16
Distribution payable		21	29
Responsible Entity - fee	8(c)	99	107
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>334</b>	<b>225</b>
<b>Net assets attributable to unitholders - liability</b>		<b>99,519</b>	<b>107,582</b>
<b>Represented by:</b>			
Fair value of outstanding units based on redemption value		99,850	107,840
Adjustments arising from different unit pricing and AIFRS valuation principles		(6)	(1)
Under or (over) distributions		(329)	(264)
Adjustment to period end accruals		4	7
<b>Net assets attributable to unitholders</b>		<b>99,519</b>	<b>107,582</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

## **COLONIAL FIRST STATE CASH MANAGEMENT TRUST**

### **STATEMENT OF CHANGES IN EQUITY FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 Financial Instruments Presentation. As such the Fund has no equity, and no items of changes in equity have been presented for the current

The above Statement of Changes in Equity should be read in conjunction with the "Changes in Net Assets attributable to Unitholders" note in the accompany notes.

**COLONIAL FIRST STATE CASH MANAGEMENT TRUST**

**CASH FLOW STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

	Note	1/07/2013 - 30/06/2014 \$'000	1/07/2012 - 30/06/2013 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held for trading		701,457	951,203
Payments for purchase of financial instruments held for trading		(696,489)	(946,314)
Interest received		2,990	3,738
Responsible Entity fee received/ (paid)		(1,152)	(1,166)
Others		74	(41)
<b>Net cash (used in)/from operating activities</b>	7(a)	<b>6,880</b>	<b>7,420</b>
<b>Cash flows from financing activities</b>			
Receipts from issue of units		117,938	121,353
Payment for redemption of units		(127,662)	(128,949)
Distributions paid		(119)	(156)
<b>Net cash (used in)/from financing activities</b>		<b>(9,843)</b>	<b>(7,752)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(2,963)</b>	<b>(332)</b>
Add opening cash and cash equivalents brought forward		14,557	14,889
<b>Closing cash and cash equivalents carried forward</b>		<b>11,594</b>	<b>14,557</b>

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

Non-cash financing activities are disclosed in part (b) under "Cash and Cash Equivalent" note to the financial statements.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These

#### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the Corporations Act 2001 in Australia. The Fund is a for-profit unit trust for the purpose of preparing these financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

The financial report was authorised for issue by the Directors of the Responsible Entity on 25 August 2014. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The current reporting period for the financial report is from 1 July 2013 to 30 June 2014. The comparative reporting period is from 1 July 2012 to 30 June 2013.

Both the functional and presentation currency of the Fund are Australian dollars.

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current reporting period.

The Fund is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

#### (i) Compliance with International Financial Reporting Standards

The Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation (continued)

#### (ii) New and Amended Standards adopted by the Fund

The Fund had to change some of its accounting policies as the result of new and revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013. The affected policies are:

- Principles of consolidation – AASB 10 "Consolidated Financial Statements"
- Determining fair value – AASB 13 "Fair Value Measurement"
- Offsetting arrangements - AASB 2012-2 Amendments to Australian Accounting Standards Disclosures Offsetting Financial Assets and Financial Liabilities
- Structured entities - AASB 12 "Disclosure of Interests in Other Entities"

The Fund has also early adopted amendments made to AASB 10 and AASB 127 (revised 2011) "Separate Financial Statements" by AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities".

#### ***Changes in Accounting policy: Investments in controlled entities***

The objective of AASB 10 is to establish principles for the preparation and presentation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The Fund has reviewed its investments in other entities to assess whether the conclusion as to whether the Fund controls an investee or not is different under AASB 10. No differences were identified.

The amendments made by AASB 2013-5 introduce an exception from consolidation requirements for investment entities. The amendments to AASB 10 require controlled investments, excluding entities which provide services to the investment entity, to be accounted for at fair value through profit or loss, rather than being consolidated.

On adoption of the amendments, the Fund has determined that it meets the definition of an investment entity (see "Investment Entity" note below). The Fund does not control any entities providing services to the investment entity. It has therefore changed its accounting policy with respect to its controlled investments. The investees, which were previously consolidated, are now accounted for at fair value through profit or loss.

This change in accounting policy has been applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors as required by the transitional provisions of AASB 10 and the amendments to AASB 10.

The amendments to AASB 127 outline that consolidated financial statements are no longer required to be prepared, where the Fund measures all of its controlled entities at fair value through profit or loss, as is the case with the Fund. Going forward only separate financial statements are required.

The Fund continues to measure its investments in controlled entities at fair value through profit or loss in accordance with AASB 139, in its separate financial statements. As the separate financial statements have been previously disclosed, no further information is presented on the impact of the above change, as the separate financial statements show the financial position of the Fund as required by the investment entities exception.

As at the end of the reporting period the Fund did not have any investments in controlled entities.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation (continued)

#### (ii) New and Amended Standards adopted by the Fund (continued)

##### *Changes in Accounting Policy - Fair value measurement*

AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant. As a result of this change, the fair value of derivative liabilities has changed on transition to AASB 13, largely due to incorporating credit risk into the valuation.

As at the end of the reporting period there were no adjustments required to be made as a result of this new Accounting Standard.

##### *Changes in Accounting Policy - Offsetting arrangements*

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities requires additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Fund's financial position or performance, however, has resulted in additional disclosure in the notes to the financial statements.

##### *Changes in Accounting Policy - Structured entities*

AASB 12 sets out disclosures for interest in entities that are subsidiaries, associates, joint arrangement and structured entities. Adoption of AASB 12 has resulted in additional disclosures of structured entities as provided in "Structured Entities" notes to the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2013 that would be expected to have a material impact on the Fund.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

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

#### (b) Investments in Financial Assets and Liabilities Held for Trading

##### (i) Classification

The Fund's investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the Statements of Comprehensive Income.

##### (ii) Recognition/Derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

The derecognition of a financial instrument takes place when the Fund no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

##### (iii) Measurement

After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date.

For financial assets held for trading that are actively traded in organised financial markets, fair value is determined by reference to Exchange quoted market bid prices at the close of business on the balance date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantively the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the redemption price as established by the underlying Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income.

#### (c) Investment Income

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

##### (i) Distribution or Dividend Income

The Fund did not received any distribution or dividend income.

##### (ii) Interest Income

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### (iii) Changes in Fair Value of Financial Assets Held for Trading

Gains or losses on investments held for trading are calculated and recognised as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point are recognised. This includes both realised and unrealised gains and losses.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

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

#### (d) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank, deposits at call with futures clearing house and short-term bank deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

#### (e) Trade and Other Receivables

Receivables are recognised and carried at the original invoice amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

#### (f) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund.

Payables include outstanding settlements on the purchase of financial assets and liabilities held for trading and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

#### (g) Taxation

Under current legislation, the Fund is not subject to income tax provided the unitholders are presently entitled to the income of the Fund and the Fund fully distributes its taxable income.

#### (h) Distributions to Unitholders

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders. Distributions are payable at the end of each distribution period. Such distributions are determined by reference to the taxable income of the Fund. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

#### (i) Net Assets Attributable to Unitholders

Under AASB 132 "Financial Instruments: Disclosure and Presentation", contractual obligations are regarded as liabilities. As unitholders have the ability to redeem units from the Fund, all net assets attributable to unitholders have been recognised as liabilities of the Fund, rather than as equity. The classification of net assets attributable to unitholders does not alter the underlying economic interest of the unitholders in the net assets and net profit attributable to unitholders of the Fund.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

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

#### (j) Terms and Conditions on Units

Each unit issued confers upon the unitholder an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each unit are identical in all respects.

#### (k) Applications and Redemptions

Applications received for units in the Fund are recorded net of any entry fees payable (where applicable) prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable (where applicable) after the cancellation of units redeemed.

#### (l) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Fund from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

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

#### (m) Expense Recognition

Expenses are recognised in the Statement of Comprehensive Income when the Fund has a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Statement of Comprehensive Income if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheet.

#### (n) Use of Estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (o) Unit Prices

Unit prices for the Fund are recorded at \$1.00 per unit.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

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

#### (p) Investment Entity

The Fund has determined that they are an investment entity under the definition in AASB 10 as they meet the following criteria:

- (a) the Fund has obtained funds from unitholders for the purpose of providing them with investment management services
- (b) the Fund's business purpose, which it communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and
- (c) the performance of investments made by the Fund is measured and evaluated on a fair value basis.

The Fund also meets all of the typical characteristics of an investment entity.

#### (q) Transactions in Foreign Currencies

The Fund mainly transacts in Australian currency.

#### (r) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Fund. The director's assessment of the impact of these new standards (to the extent relevant to the fund) and interpretations is set out below:

- 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 2017).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2017 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting.

The Fund has not yet decided when to adopt AASB 9.

### 2. AUDITOR'S REMUNERATION

Auditor's remuneration in respect of auditing the financial reports is fully paid by the Responsible Entity.

The Responsible Entity may recharge a portion of the Auditor's remuneration to the Fund. See the note under "Management Expenses Recharged" in the "Related Parties Disclosures" note to the Financial Statements.

Other services provided by the auditor are the audit of the compliance plan of the Fund and tax compliance services. The auditor's non-audit remuneration is not paid by the Fund.

**COLONIAL FIRST STATE MANAGEMENT TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

**3. INTEREST INCOME**

The interest income of the Fund is summarised as follows:

	1/07/2013 - 30/06/2014 \$'000	1/07/2012 - 30/06/2013 \$'000
Cash and cash equivalents	313	380
Debt securities	2,655	3,394
<b>Total Interest Income</b>	<b>2,968</b>	<b>3,774</b>

**4. DISTRIBUTIONS TO UNITHOLDERS**

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheet represent the components of the distributions for the reporting period which had not been paid at balance date.

The amounts distributed and the income rate distributed during the period were:

Distribution Periods ended:	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	Annualised Income Rate %	\$'000	Annualised Income Rate %	\$'000
- 30 September	1.85	549	3.02	771
- 31 December	1.76	494	2.47	687
- 31 March	1.86	461	2.35	580
- 30 June	1.84	467	2.08	567
<b>Distributions to unitholders</b>		<b>1,971</b>		<b>2,605</b>

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 5. FINANCIAL ASSETS HELD FOR TRADING

#### (a) Fair Value Measurements

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities held for trading
- Derivative financial instruments

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

#### (b) Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

#### (i) Fair Value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values their investments in accordance policies set out in Note 1 to the Financial Statements. For the majority of these investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price, the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid and asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regularly agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### (ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 5. FINANCIAL ASSETS HELD FOR TRADING (continued)

#### (b) Fair Value Hierarchy (continued)

##### (ii) Fair value in an inactive or unquoted market (Level 2 and Level 3) (continued)

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, to allow for additional factors including liquidity risk and counterparty risk.

#### (c) Recognised Fair Value Measurements

The following tables presents the Fund's assets and liabilities measured and recognised at fair value as at the end of the reporting periods.

30/06/2014	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Debt Securities	88,215	-	88,215	-
<b>Total Assets Held for Trading</b>	<b>88,215</b>	<b>-</b>	<b>88,215</b>	<b>-</b>
30/06/2013	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets Held for Trading:</b>				
Debt Securities	93,204	-	93,204	-
<b>Total Assets Held for Trading</b>	<b>93,204</b>	<b>-</b>	<b>93,204</b>	<b>-</b>

#### (d) Transfers between Levels

There is no material transfers between Levels for the Fund during the current and previous reporting periods.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and unit has the same rights attaching to it as all other units of the Fund.

#### (a) Movements in Number of Units and Net Assets Attributable to Unitholders:

	1/07/2013 - 30/06/2014		1/07/2012 - 30/06/2013	
	No.'000	\$'000	No.'000	\$'000
Opening balance	107,840	107,582	113,390	113,168
Applications	117,933	117,933	120,404	120,404
Redemptions	(127,783)	(127,783)	(128,427)	(128,427)
Units issued upon reinvestment of distributions	1,860	1,860	2,473	2,473
Change in net assets attributable to unitholders from operations		(73)		(36)
<b>Closing Balance</b>	<b>99,850</b>	<b>99,519</b>	<b>107,840</b>	<b>107,582</b>

#### (b) Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. Liquid assets include cash and cash equivalents and financial assets classified as Level 1 in the "Financial Assets Held for Trading" note to the financial statements.

### 7. CASH AND CASH EQUIVALENTS

#### (a) Reconciliation of Net Profit/(Loss) Attributable to Unitholders to Net Cash from Operating Activities:

	1/07/2013 - 30/06/2014 \$'000	1/07/2012 - 30/06/2013 \$'000
Net profit/(loss) attributable to unitholders	1,898	2,569
Proceeds from sale of financial instruments held for trading	701,457	951,203
Payments for purchase of financial instruments held for trading	(696,489)	(946,314)
Changes in fair value of financial instruments held for trading	-	1
Change in receivables and other assets	21	(34)
Change in payables and other liabilities	(7)	(5)
<b>Net Cash From/(Used In) Operating Activities</b>	<b>6,880</b>	<b>7,420</b>

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 7. CASH AND CASH EQUIVALENTS (continued)

#### (b) Non-cash Financing Activities Carried Out During the Reporting Periods on Normal Commercial Terms and Conditions include:

- Reinvestment of unitholders distributions as disclosed under "Units issued upon reinvestment of distributions" in part (a) of the "Changes in Net Asset Attributable to Unitholders" note to the financial statements.
- Participation in dividend reinvestment plans as disclosed under "Distribution or Dividend Income Reinvested" in part (a) of the "Cash and Cash Equivalents" note to the financial statements.

#### (c) Terms and Conditions on Cash

Cash at bank and in hand, cash held in collateral and deposits at call with a futures clearing house, earn interest at floating rate as determined by the financial institutions.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

The Responsible Entity of the Fund is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (the Bank).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

#### (b) Details of Key Management Personnel

##### (i) Key Management Personnel

The Directors of Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Name of Director	Date of Appointment or Resignation
Michael Venter	Appointed on 4 July 2011.
Anne Ward	Appointed on 1 January 2013.
Linda Elkins	Appointed on 1 January 2013.
Penelope James	Appointed on 1 January 2013.
Peter Hodgett	Appointed on 1 January 2013.
Annabel Spring	Resigned on 11 April 2014.
Peter Taylor *	Resigned on 11 April 2014.

\* Alternate director for Annabel Spring.

##### (ii) Compensation of Key Management Personnel

No amounts are paid by the Fund directly to the Directors of the Responsible Entity of the Fund.

The Directors of the Responsible Entity receive compensation in their capacity as Directors of the Responsible Entity. Directors are employed as executives of the Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Fund to the Directors as Key Management Personnel.

#### (c) Responsible Entity's Management Fees

Under the terms of the Constitution, the Responsible Entity is entitled to receive monthly management fees which are expressed as a percentage of the total assets of the Fund (i.e. excluding liabilities). Management fees are paid directly by the Fund. The table below shows the current fee rates charged.

Where monies are invested into other funds managed by the Responsible Entity the management fees are calculated after rebating fees charged in the underlying funds. As a consequence, the amounts shown in the Statement of Comprehensive Income reflect only the amount of fees charged directly to the Fund.

**COLONIAL FIRST STATE MANAGEMENT TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(c) Responsible Entity's Management Fees (continued)**

The management fees rate charged for the current and comparative reporting periods are as follows:

	1/07/2013 - 30/06/2014 %	1/07/2012 - 30/06/2013 %
Management fees rate for the reporting periods	1.10	1.10

The Responsible Entity's management fees charged for the reporting periods are as follows:

	1/07/2013 - 30/06/2014 \$	1/07/2012 - 30/06/2013 \$
Management fees charged/(refunded) for the reporting periods	1,145,397	1,186,350

Fees due to/(refund from) the Responsible Entity as at the end of the reporting period.

	1/07/2013 - 30/06/2014 \$	1/07/2012 - 30/06/2013 \$
Fees due to/(refund from) the Responsible Entity as at the end of the reporting periods	99,478	106,669

**(d) Management Expenses Recharged**

No other management expenses are recharged to the Fund by the Responsible Entity.

**(e) Bank and Deposit Accounts**

The bank accounts and 11am deposit accounts for the Fund may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis. Various short term money market, fixed interest securities and foreign currency transactions are from time to time transacted through the Commonwealth Bank of Australia which receives a fee which is negotiated on an arm's length basis.

**(f) Units Held by Related Parties**

There is no interest of Colonial First State Investments Limited and its associates in the Fund.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (g) Related Party Transactions

The Fund may transact between the Fund and other registered Funds, which are also managed by the Responsible Entity. These transactions normally consist of the sale of units in the Fund to related Managed Investment Schemes or purchases of units in related Managed Investment Schemes, and receipt and payment of distributions on normal commercial terms and conditions.

The amounts outstanding payable or receivable at period end represent the value of the units (financial liability of the Fund) issued or held and any amount of interest expense payable or receivable.

#### (i) Terms and Conditions of Transactions with Related Parties

All related party transactions are made in arms length transactions on normal commercial terms and conditions. Outstanding balances at period end are unsecured and settlement occurs in cash.

#### (ii) Guarantees

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

#### (h) Investing Activities

#### (i) Related Managed Investment Schemes

The Fund did not invest in any related managed investment schemes.

#### (ii) Related Listed Securities

The Fund did not invest in any related listed securities.

#### (iii) Other related Financial Instruments

The Fund has certain financial instruments issued by the Bank and its associates.

**Commonwealth Bank of Australia**  
Fixed Interest and Discount securities - market value

2014	2013
\$'000	\$'000
27,073	28,073

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 9. FINANCIAL RISK MANAGEMENT

Investing activities of a Fund may expose it to a variety of financial risks: market risk (including price risk and interest rate

The overall risk management programme focuses on ensuring compliance with its Product Disclosure Statement/Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. A Fund may use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the respective investment management departments (Investment Managers) and regularly monitored by the Investment Review Services Department of the Responsible Entity.

#### (a) Market Risk

##### (i) Price Risk

Financial assets are either directly or indirectly exposed to price risk. This arises from investments held for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

An Investment Manager may mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Product Disclosure Statement/Information Memorandum or Constitutions and are monitored by the Investment Review Services Department of the Responsible Entity.

##### (ii) Foreign Exchange Risk

The Fund does not hold monetary or non-monetary assets denominated in currencies other than the Australian dollars and therefore is not exposed to foreign exchange risk.

##### (iii) Interest Rate Risk

Investments in interest bearing financial assets are exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The risk is measured using sensitivity analysis.

The Fund may also enter into derivative financial instruments to mitigate the risk of future interest rate changes in accordance with the risk policies and guidelines of the Investment Managers. These transactions are regularly monitored by the Investment Review Services Department of the Responsible Entity. The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values.

**COLONIAL FIRST STATE MANAGEMENT TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

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

**(iii) Interest Rate Risk (continued)**

	<b>Floating interest rate \$'000</b>	<b>Fixed interest rate \$'000</b>	<b>Non-interest bearing \$'000</b>	<b>Total \$'000</b>
<b>30/06/2014</b>				
<b>Financial assets</b>				
Cash and cash equivalents	11,594	-	-	11,594
Receivables	-	-	44	44
Financial assets held for trading	-	88,215	-	88,215
<b>Financial liabilities</b>				
Payables	-	-	(334)	(334)
<b>Net exposure</b>	<b>11,594</b>	<b>88,215</b>	<b>(290)</b>	<b>99,519</b>
<b>30/06/2013</b>				
<b>Financial assets</b>				
Cash and cash equivalents	14,557	-	-	14,557
Receivables	-	-	46	46
Financial assets held for trading	-	93,204	-	93,204
<b>Financial liabilities</b>				
Payables	-	-	(225)	(225)
<b>Net exposure</b>	<b>14,557</b>	<b>93,204</b>	<b>(179)</b>	<b>107,582</b>

An analysis of financial liabilities by maturities is provided under "Liquidity Risk" of the "Financial Risk Management" note to the financial statements.

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates increase or decrease by a "predetermined basis points" from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities. The "predetermined basis points" are disclosed in the table below.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Fund's operating profit or loss and net assets attributable to unitholders to interest rate risk, foreign exchange risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables 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 and/or correlation between the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

The Fund may not be subject to all these risks and are denoted with "-" in the table below.

	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	0.00% \$'000	0.00% \$'000
30/06/2014	( 499)	499	-	-	-	-
30/06/2013	( 539)	539	-	-	-	-

#### (c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk primarily arises from investments in debt securities and derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables.

The Fund may transact in derivatives in the over the counter (OTC) markets. OTC derivatives are entered into directly with the counterparty as there is no Clearing House arrangement. Such transactions are only dealt through suitably credit-worthy counterparties. The maximum exposure to credit risk for these OTC derivatives is the contract/notional amount, as shown in the "Derivative Financial Instruments" note to the financial statements.

The Fund invests in debt securities which have an investment grade as rated by the Standard & Poor's rating agency. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

The Investment Review Services Department of the Responsible Entity regularly monitors the credit risks that arise from holding these securities.

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a high credit rating.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets and the contract/notional amount of the OTC derivatives. An analysis of debt securities by rating is set out in the table below:

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 9. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Credit risk (continued)

	30/06/2014 \$'000	30/06/2013 \$'000
<b>Rating</b>		
AAA	56,641	51,639
A	-	8,991
Non rated	31,574	32,574
<b>Total</b>	<b>88,215</b>	<b>93,204</b>

#### (d) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

The Fund's listed securities are considered readily realisable, as they are listed on either the Australian Securities Exchange or other recognised International Stock Exchanges.

The Fund may, from time to time, invests in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty. Investments with a higher liquidity risk have been disclosed under "Level 3" in the "Fair Value Hierarchy Of Financial Assets And Liabilities" note to the financial statements.

The Fund's financial liabilities, excluding derivative financial liabilities, comprise trade and other payables and are contractually due within 30 days.

#### (e) Fair Value Estimation

The carrying amounts of the Fund's assets and liabilities at the balance sheet date approximate their fair values.

# COLONIAL FIRST STATE MANAGEMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2014

### 10. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business the Fund may enter into transactions in various derivative financial instruments which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

The Fund did not enter into transactions in any derivative financial instruments during the current and previous reporting periods.

### 11. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Fund will present the fair value of its derivative assets and liabilities on a gross basis. Certain derivative financial instruments are subject to enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The Fund does not invest in derivatives and therefore not subject to master netting arrangements.

### 12. CONTINGENT LIABILITIES AND COMMITMENTS

The Fund did not have any contingent liabilities or commitments at the end of the current and previous reporting period.

### 13. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred since balance sheet date which would impact on the financial position of the Fund disclosed in the Balance Sheet as at 30 June 2014 or on the results and cash flows of the Fund for the reporting period ended on that date.

### 14. STRUCTURED ENTITIES

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Fund's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However, the Fund applies the Investment Entity Exemption available under AASB10 and therefore does not consolidate its controlled entities (Note 1(p)). In other cases it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holdings of units in unlisted trusts. The nature and extent of the Fund's interests in structured entities are titled "unlisted unit trusts" and are summarised in Note 1(b) and Note 5 - "Financial Assets held for Trading", Note 8 "Related Parties" where appropriate. The total size of the structured entities that the Fund has exposure to is the net assets of the "unlisted unit trusts", which is determined based on the percentage interest held and carrying value disclosed in Note 8 "Related Parties".

The Fund has exposures to unconsolidated structured entities through its trading activities. The Fund typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

Exposure to trading assets are managed in accordance with financial risk management practices as set out in Note (9), which includes an indication of changes in risk measures compared to prior year.

**COLONIAL FIRST STATE CASH MANAGEMENT TRUST**

**DIRECTORS' DECLARATION  
FOR THE REPORTING PERIOD ENDED 30 JUNE 2014**

In the opinion of the Directors of Colonial First State Investments Limited:

- a) the financial statements and notes to the financial statements of the above mentioned Fund are in accordance with the Corporations Act 2001, including:
  - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the Fund's financial position as at 30 June 2014 and of its performances for the reporting period ended on that date, and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and
- c) the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1.

This declaration is made in accordance with a resolution of the directors.



Linda Elkins  
Director  
Sydney  
27 August 2014



## **Independent auditor's report to the members of Colonial First State Cash Management Trust**

### ***Report on the financial report***

We have audited the accompanying financial report of Colonial First State Cash Management Trust (the Fund), which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the financial report***

The directors of Colonial First State Investments Limited (the responsible entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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*Auditor's opinion*

In our opinion:

- (a) the financial report of Colonial First State Cash Management Trust is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the Fund's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

CJ Cummins  
Partner

Sydney  
27 August 2014

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## Enquiries

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