

**Energy Industries Superannuation Scheme  
Pool B**

**Financial Report**

**For the Year Ended 30 June 2005**

# ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

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# ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B

## TRUSTEE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005


In the opinion of the Trustee of the Energy Industries Superannuation Scheme:

1. The accompanying financial statements of the Energy Industries Superannuation Scheme Pool B are properly drawn up so as to present fairly the Net Assets of the Scheme as at 30 June 2005 and the Statement of Changes in Net Assets for the year ended 30 June 2005.
2. The financial statements have been prepared in accordance with the requirements of the Trust Deed; and the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation, 2000, and the Treasurer's directions.
3. The accompanying financial statements have been drawn up in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).
4. The Scheme has been conducted in accordance with its constituent Trust Deed dated 30 June 1997 as amended and all legislative requirements at all times during the period.
5. In the Directors' opinion there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board of Directors of Energy Industries Superannuation Scheme Pty Limited (ABN 72 077 947 285).

Signed at Sydney this *21st* day of October 2005

  
Director

  
Director

# ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$'000	2004 \$'000
<b>NET ASSETS AVAILABLE TO PAY BENEFITS AT BEGINNING OF THE YEAR</b>		1,395,990	1,208,377
<b>INVESTMENT REVENUE</b>			
Investment Revenue	6	146,037	80,590
Changes in Market Values	7	45,951	115,084
		191,988	195,674
Investment Expenses		(4,445)	(3,731)
Net Investment Revenue		187,543	191,943
<b>CONTRIBUTIONS REVENUE</b>			
Employer Contributions	8	50,039	49,509
Member Contributions	8	21,953	22,174
Transfers In		5,496	2,444
		77,488	74,127
<b>TOTAL REVENUE</b>		265,031	266,070
Benefits Paid		(57,119)	(50,664)
Supcrannuation Contributions Surcharge	1(h)	(1,386)	(1,716)
Scheme Administration Expenses		(5,502)	(5,922)
<b>TOTAL EXPENSES</b>		(64,007)	(58,302)
<b>INCREASE IN NET ASSETS BEFORE INCOME TAX</b>		201,024	207,768
Income Tax Expense	3	(17,793)	(20,155)
<b>INCREASE IN NET ASSETS AFTER INCOME TAX</b>		183,231	187,613
<b>NET ASSETS AVAILABLE TO PAY BENEFITS AT END OF THE YEAR</b>	10,11	1,579,221	1,395,990

The above Statement of Changes in Net Assets should be read in conjunction with the accompanying notes.

# ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B

## STATEMENT OF NET ASSETS AS AT 30 JUNE 2005

	Note	2005 \$'000	2004 \$'000
<b>INVESTMENTS</b>			
Unit Trusts	1(b),13	1,437,962	1,240,334
Australian Equities		14,652	12,665
International Investments		-	743
Property		<u>144,132</u>	<u>139,333</u>
<b>Total Investments</b>		<u>1,596,746</u>	<u>1,393,075</u>
<b>OTHER ASSETS</b>			
Cash		8,623	10,634
Receivables	4	101	2,870
Tax Recoverable		-	536
<b>Total Other Assets</b>		<u>8,724</u>	<u>14,040</u>
<b>Total Assets</b>		<u>1,605,470</u>	<u>1,407,115</u>
Less:			
<b>LIABILITIES</b>			
Payables	5	5,766	5,515
Current Tax Liability	3	4,469	-
Deferred Tax Liability		<u>16,014</u>	<u>5,610</u>
<b>Total Liabilities</b>		<u>26,249</u>	<u>11,125</u>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	10,11	<u>1,579,221</u>	<u>1,395,990</u>

The above Statement of Net Assets should be read in conjunction with the accompanying notes.

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1. STATEMENT OF ACCOUNTING POLICIES**

The following explains the significant accounting policies which have been adopted in the preparation of the financial statements. Unless otherwise stated, such accounting policies were also adopted in the corresponding preceding reporting period.

**(a) Basis of Preparation**

The financial statements are a General Purpose Financial Report which has been drawn up in accordance with the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000, and the Treasurer's directions.

In addition, the financial statements have been drawn up in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, the provisions of the Trust Deed and relevant legislative requirements to the extent that they do not conflict with SIS legislation and Australian Accounting Standard AAS 25.

**(b) Investments**

Investments are valued as at balance date, which comprises market value less estimated costs of disposal. Changes in market values, representing gains or losses, are recognised in the Statement of Changes In Net Assets in the year in which they occur.

The valuation of each class of investment is determined as follows:

Unit Trusts	Redemption value of units based on market values of underlying assets as advised by the managers of the trusts
Equities – Australian	Stock exchange official quotation or independent valuation if not listed on the stock exchange
– International	Valued at reporting date and translated in Australian dollars at current exchange rate
Real Estate Properties	Valuation by a registered valuer during the reporting period

# ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 1. STATEMENT OF ACCOUNTING POLICIES (Continued)

#### (c) Income Tax

The Scheme has adopted the liability method of tax effect accounting in accordance with the provisions of Australian Accounting Standard AAS 3 "Accounting for Income Tax (Tax-effect accounting)". The income tax expense shown in the Statement of Changes in Net Assets is based on the operating surplus or deficit adjusted for any permanent differences.

The tax effect of timing differences, which occur where items are allowed for income tax purposes in a period different from that in which they are recognised in the financial statements, is included as a provision for deferred tax liability or deferred tax asset as applicable at current taxation rates.

A deferred tax asset is not brought to account unless realisation of the benefits is assured beyond reasonable doubt. Tax losses are brought to account only where realisation is virtually certain.

#### (d) Contributions

Member and employer contributions are recorded on a cash basis in relation to Divisions B, C and D members.

This has resulted in contributions outstanding at the reporting date in relation to Divisions B, C and D members for the year ending June 2005 not being recognised as revenue during 2005.

Transfers from other funds are recognised on a cash basis. Amounts are recognised where transfer receipts are received by the Scheme.

#### (e) Benefits Paid and Payable

The Scheme recognises a benefit to be payable to a member where a valid withdrawal notice is received from the employer sponsor, and is approved by the Trustee in accordance with the Scheme's Trust Deed.

The benefits payable represent amounts which have not been paid where a valid and approved withdrawal notice is received. The lag between receipt of valid and approved withdrawal notice and the payment of the benefit is mainly attributed to the time taken for the Scheme to receive payment instructions from the member.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

**1. STATEMENT OF ACCOUNTING POLICIES (Continued)**

**(f) Foreign Currency Transactions**

Foreign currency transactions during the year are converted to Australian dollars at the rate of exchange applicable at the date of the transaction. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

**(g) Expenses**

Scheme administration expenses, other than expenses of administering the death or invalidity insurance provision of the fund, are charged directly to net assets of the scheme.

Death or invalidity insurance expenses are charged directly to the Death or Invalidity Reserve.

Investment expenses are charged directly against investment revenue.

**(h) Superannuation Contributions Surcharge**

The superannuation contributions surcharge which may be payable by the Scheme under the Superannuation Contributions Tax (Assessment and Collection) Act 1997 is brought to account as a liability and an expense in the year when assessments are received from the Australian Taxation Office. As there is insufficient information to provide a reliable indication of any outstanding surcharge liability, the Trustee is unable to determine the amount of the surcharge until assessments are received from the Australian Taxation Office.

As the surcharge is levied based upon individual members taxable income any surcharge for the year ended 30 June 2005 subsequently levied against the Scheme will be charged to the relevant members benefits or otherwise dealt with in accordance with the provisions of the Trust Deed and relevant legislation. The benefits of members not subject to the surcharge will be unaffected.

**(i) Roundings**

All values reported in the financial statements have been rounded to the nearest thousand dollars, except where otherwise stated.

**(j) Goods & Services Tax (GST)**

Where applicable GST incurred by the Scheme that is not recoverable from the Australian Taxation Office, has been recognised as part of the expenses to which it applies. Receivables and payables are stated with any applicable GST included in their carrying amounts.

The amount of any GST recoverable from, or payable to, the Australian Taxation Office is included as an asset or liability in the Statement of Financial Position.

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1. STATEMENT OF ACCOUNTING POLICIES (Continued)**

**(k) Benefits Paid and Payable**

The Scheme recognises benefits on the date that they are paid to the member. Accordingly benefits payable recognised in the Statement of Financial Position represent only those benefits where the payment has been processed by the Scheme but has not yet been executed by the banking organisation.

**(l) Impact of First Time Adoption of Australian Equivalents to International Financial Reporting Standards**

Energy Industries Superannuation Scheme Pool B will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ('AIFRS'), to the extent they do not conflict with AAS 25 "Financial Reporting by Superannuation Plans", for reporting periods beginning on or after 1 January 2005. Accordingly the Fund's first annual financial statements prepared under AIFRS will be for the year ending 30 June 2006.

The Trustee has established a project to manage the transition to AIFRS and ensure the 30 June 2006 financial statements are appropriately prepared in accordance with AIFRS to the extent they do not conflict with AAS 25 "Financial Reporting by Superannuation Plans". The project team is assessing the significance of any changes and preparing for their implementation.

The Trustee believes that the adoption of AIFRS will not have a material impact on the financial statements of the Fund as no significant changes to accounting policies are expected. However, some changes in presentation and disclosure are expected.

Changes between AGAAP and AIFRS that may have an effect on the Fund's financial performance and financial position are summarised below. The project has not yet progressed to a stage whereby, all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented have been identified.

The key identified accounting policy changes and financial impacts of adopting AIFRS on the Fund identified by the Trustee to date are as follows.

**- Income Tax**

Under AASB 112 "Income Taxes", the income tax liability of the Fund will be calculated based on the "balance sheet" approach. Timing differences recognised as deferred tax balances are not expected to change when accounted for as temporary differences recognised under AASB 112 "Income Taxes". Current tax balances are expected to be the same on adoption of AASB 112 "Income Taxes".

**- Financial Assets and Liabilities**

All financial assets and liabilities will be subject to the recognition, measurement and disclosure requirements of AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" to the extent that the requirements do not conflict with AAS 25 "Financial Reporting by Superannuation Plans".

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1. STATEMENT OF ACCOUNTING POLICIES (Continued)**

No material changes to asset valuations are expected as these will continue to be carried at their net market value in accordance with AAS 25 "Financial Reporting by Superannuation Plans". Liabilities will be carried at fair value or at an amortised cost, however this is not expected to result in any material change to the carrying amounts of these liabilities.

The above should not be regarded as a complete list of changes in accounting policies that will result from the adoption of AIFRS. To date the Trustee has not analysed all standards for their impact on the financial statements and further pronouncements in AIFRS, for example the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group, may result in changes to the accounting policy decisions made by the Trustee.

**(m) Revenue recognition**

To the extent of which it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, revenue is recognised. The following recognition criteria relates to the different revenues the Fund has recognised:

*Interest*

Interest from fixed interest securities is recognised in accordance with the terms and conditions which apply to the fixed interest securities. Interest on cash deposit is recognised in accordance with the terms and conditions which apply to the deposit.

*Distributions from unit trusts*

Distribution income is recognised on a receivable basis on the date the unit value is quoted ex distribution.

*Change in net market value of investments*

Changes in the net market value of investments are recognised in the Operating Statement in the period in which they occur.

**2. DESCRIPTION OF THE SCHEME**

The Energy Industries Superannuation Scheme Pool B (the Scheme) consists of Energy Industries members and was established in accordance with sections 127 and 128 of the Superannuation Administration Act, 1996 (the Act). Energy Industries Superannuation Scheme Pty Limited acts as trustee and holds in trust all assets of the Scheme. The Scheme is a reporting entity for accounting purposes.

The Scheme's custodial activities are provided by JP Morgan Chase Bank (JP Morgan).

The Scheme consists of 3 Divisions. Division C and Division D are defined benefit schemes whilst Division B comprises both a defined benefit component and a defined contribution component. All the divisions are closed to new members. The Scheme is a reporting entity for financial reporting purposes.

Administration of the Scheme was conducted by FuturePlus Financial Services Pty Limited and Mercer Benefit Services (formerly Mellon Human Resources and Investor Solutions) during the year.

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

**2. DESCRIPTION OF THE SCHEME (Continued)**

On the 1<sup>st</sup> July 2005 Mercer Benefit Services ceased administration of the Scheme. Since this date the administration of the Scheme is conducted solely by FuturePlus Financial Services Pty Limited.

FuturePlus Financial Services Pty Limited provides secretariat services for the Scheme.

**3. INCOME TAX**

Income tax expense in the Statement of Changes in Net Assets represents the tax on changes in net assets before tax, adjusted for permanent differences. A rate of tax of 15 % has been used on the assumption that the Scheme will continue to be a complying Scheme for the purposes of the Income Tax Assessment Act 1936, as amended.

The calculation of tax provided for is as follows:	2005 \$'000	2004 \$'000
Increase in net assets before income tax	<u>201,024</u>	<u>207,768</u>
Prima Facie tax at 15%	30,154	31,165
<b>Permanent Differences</b>		
Timing difference not previously brought to account	(5,449)	(11,038)
Transfers In	(824)	(367)
Non-assessable Contributions	(3,293)	(3,326)
Benefit Payments	8,568	7,599
Imputation and Foreign Tax Credits	1,754	1,216
Death or Invalidity Insurance Deduction	-	(226)
Indirect Taxes	135	-
Contributions Surcharge	208	257
Non-deductible Expenditure	9	14
Other deductible Expenditure	(620)	-
Non-assessable Pension Related Investment Income	(1,392)	(477)
Non-assessable/deductible Investment Revenue/Losses	6	(454)
Less: Imputation and Foreign Tax Credits	<u>(11,695)</u>	<u>(8,108)</u>
	17,561	16,255
Timing differences	<u>-</u>	<u>1,059</u>
	17,561	17,314
Under Provision Last Year	<u>232</u>	<u>2,841</u>
<b>Income Tax Expense</b>	<u><u>17,793</u></u>	<u><u>20,155</u></u>

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**3. INCOME TAX (Continued)**

**Income Tax Expense/(Benefit) comprises as follows:**

Current Tax Liability before Imputation and Foreign Tax Credits	18,716	12,626
Less: Imputation and Foreign Tax Credits	<u>(11,695)</u>	<u>(8,108)</u>
	7,021	4,518
Under/(Over) Provision last year	232	2,841
Indirect Taxes	135	-
Deferred Tax Liability	<u>10,405</u>	<u>12,796</u>
<b>Income Tax Expense/(Benefit)</b>	<b><u>17,793</u></b>	<b><u>20,155</u></b>
Current Income Tax Payable	7,021	4,518
Less: Instalments Paid	<u>(2,552)</u>	<u>(5,054)</u>
<b>(Tax Recoverable)/Current Tax Liability</b>	<b><u>4,469</u></b>	<b><u>(536)</u></b>
<b>4. RECEIVABLES</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Other Receivables	<u>101</u>	<u>2,870</u>
	<u>101</u>	<u>2,870</u>
<b>5. PAYABLES</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Benefits Payable	3,779	3,344
Other Payables	<u>1,987</u>	<u>2,171</u>
	<u>5,766</u>	<u>5,515</u>
<b>6. INVESTMENT INCOME</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	343	399
Unit Trusts	133,273	70,400
Property Income	12,201	9,732
Other Investment Income	<u>220</u>	<u>59</u>
	<u>146,037</u>	<u>80,590</u>

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**7. CHANGES IN NET MARKET VALUE**

**30 JUNE 2005**

	<b>HELD AT REPORTING DATE GAIN/(LOSS) \$'000</b>	<b>REALISED DURING THE YEAR GAIN/(LOSS) \$'000</b>	<b>TOTAL    \$'000</b>
Unit Trust	41,548	3,901	45,449
Australian Equities	227	(318)	(91)
International Investments	593	-	593
	<u>42,368</u>	<u>3,583</u>	<u>45,951</u>

**30 JUNE 2004**

	<b>HELD AT REPORTING DATE GAIN/(LOSS) \$'000</b>	<b>REALISED DURING THE YEAR GAIN/(LOSS) \$'000</b>	<b>TOTAL    \$'000</b>
Unit Trust	110,385	-	110,385
Australian Equities	(2,686)	595	(2,091)
International Investments	(115)	6,249	6,134
Property	656	-	656
	<u>108,240</u>	<u>6,844</u>	<u>115,084</u>

**8. FUNDING ARRANGEMENTS**

For years ended 30 June 2005 and 30 June 2004, member and employer contributions for each of the schemes are determined on the bases described below.

**(a) Division B Scheme**

**Member Contributions:** Each member elects to contribute between 1% and 10% of salary (2004: between 1% and 9%).

**Employer Contributions:** Employers contribute on a fully funded basis as determined by the trustees based on actuarial advice. During the year the employer contributed at a rate of 1.9 times the value of employee contributions. (2004: 1.9 times)

# ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 8. FUNDING ARRANGEMENTS (Continued)

#### (b) Division C Scheme

**Member Contributions:** As the Scheme is 100% employer funded, there are no member contributions.

**Employer Contributions:** Employers contribute on a fully funded basis as determined by the trustees based on actuarial advice. During the year the employer contributed at a rate of 2.5% of members' salaries (2004: 2.5 %). Various employers have reached an agreement with employees to contribute an additional 1%.

#### (c) Division D Scheme

**Member Contributions:** Each member contributes on a "rate for age" basis to individual pension units which become available with salary increases. Members may elect to abandon units where total contributions payable would exceed 6% of salary (2004: exceed 6%).

**Employer Contributions:** Employers contribute on a fully funded basis as determined by the trustees based on actuarial advice. During the year the employer contributed at a rate of 1.64 times the value of employee contributions (2004: 1.64 times). Various employers have reached an agreement with employees to contribute an additional 1%.

### 9. REMUNERATION OF AUDITORS

	2005	2004
	\$	\$
<b>Remuneration for audit of the financial report of the Scheme</b>		
The Audit Office of New South Wales	143,374	99,110
	<u>143,374</u>	<u>99,110</u>

Note: In the current year, the allocation of the audit fee has been charged as 20% for EISS Pool A and 80% for EISS Pool B (2004: 15% for EISS Pool A and 85% for EISS Pool B)

### 10. LIABILITY FOR ACCRUED BENEFITS

The value of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Scheme at the date of the actuarial review. The value of the accrued benefits was calculated by the actuary as part of the comprehensive actuarial review, which was performed as at 1<sup>st</sup> July 2003.

The figure reported has been determined using the assumed future salary increases, future Scheme earnings and other relevant actuarial assumptions used in the actuarial review.

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**10. LIABILITY FOR ACCRUED BENEFITS (Continued)**

	<b>2003</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued Benefits as at 1 <sup>st</sup> July	<u>1,194,956</u>	<u>993,138</u>
Net Assets	<u>1,208,377</u>	<u>1,268,302</u>

**11. VESTED BENEFITS**

Vested benefits are benefits which are not conditional upon continued membership of the Scheme (or any factor other than resignation from the Scheme) and include benefits which members were entitled to receive had they terminated their scheme membership as at the reporting date.

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 30 <sup>th</sup> June	<u>1,134,967</u> *	<u>1,008,951</u>
Net Assets	<u>1,579,221</u>	<u>1,395,990</u>

\* Excludes benefits for pensions where the Actuary has estimated the liability to be \$112.02 million (2004 \$92.396 million)

**12. RELATED PARTY INFORMATION**

**Identification of Related Parties**

The Trustee of the Scheme is the Energy Industries Superannuation Scheme Pty Limited (ABN 72 077 947 285). The names of the directors of Energy Industries Superannuation Scheme Pty Limited in office during part or all of the year ended 30 June 2005 are as follows:

**Employer representatives**

Mr J Eisenhuth  
 Mr C Murray  
 Mr D Croft AM  
 Mr R Powis

**Employee representatives**

Mr W Tomlins  
 Mr B Riordan  
 Mr J Whelan OAM  
 Mr P Marzato

Energy Industries Superannuation Scheme Pty Limited is also the Trustee for Energy Industries Superannuation Scheme - Pool A.

The above Directors are also directors of EIF Pty Limited a wholly owned subsidiary of the Trustee. EIF Pty Limited is the Trustee of the Energy Investment Fund, which the Scheme has an investment in of \$1,437.962 million (2004 \$1,240.334 million). Revenue earned from the Energy Investment Fund was \$178.722 million (2004 \$180.785 million).

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**12. RELATED PARTY INFORMATION (Continued)**

<b>(a) Remuneration received:</b>	<b>2005</b>	<b>2004</b>
Total remuneration due and receivable by the Directors of Energy Industries Superannuation Scheme Pty Limited during the financial year payable directly or indirectly by the company or by any related party for services to;	<b>\$</b>	<b>\$</b>
Energy Industries Superannuation Scheme Pool A, Energy Industries Superannuation Scheme Pool B, Energy Investment Fund, EIF Pty Limited and Energy Industries Superannuation Scheme Pty Limited and Consolidated Entity.	390,080	369,585
A number of directors have their emoluments paid to their sponsoring shareholder.	<hr/>	<hr/>

**(b) The number of Directors whose total remuneration falls within each successive \$10,000 band of income:**

		Numbers		
		2005	2004	
\$ 0	-	\$ 10,000	-	1
\$ 40,000	-	\$ 49,999	6	7
\$ 50,000	-	\$ 59,999	1	-
\$ 60,000	-	\$ 69,999	1	-
\$ 70,000	-	\$ 79,999	-	1
		Total	<hr/>	<hr/>
			8	9

**(c) Transactions entered into during the year with Directors and their related entities**

There have been no transactions between the directors and their related entities, except for the payment to the directors for services rendered in relation to their duties as directors as set out in the note 12 (b), and for the reimbursement of administration costs incurred by the directors whilst attending to Trustee business.

**(d) Other Related Party Transactions**

During the period 01 July 2004 to 30 June 2005, FuturePlus Financial Services Pty Limited was paid investment management and administration fees of \$6,537,476 (2004: \$3,825,416) for Energy Industries Superannuation Scheme Pool A and Pool B.

## ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

#### 12. RELATED PARTY INFORMATION (Continued)

During the period 01 July 2004 to 30 June 2005, Superannuation Services Company Pty Limited was paid investment management and administration fees of \$213,833 (2004: \$2,388,621), for Energy Industries Superannuation Scheme Pool A and Pool B.

Energy Industries Superannuation Scheme holds 50% of the share capital of FuturePlus Financial Services Pty Limited, which provides management, and administrative services, financial planning and post retirement planning services to the Energy Industries Superannuation Schemes. Superannuation Services Company is a wholly owned subsidiary of FuturePlus Financial Services Pty Limited. Included within the investments of Energy Industries Superannuation Scheme Pool B is the value of this 50% holding \$9,000,000 (2004: \$6,900,000).

Energy Industries Superannuation Scheme holds 33.33% of the share capital of Chifley Financial Services Limited which provides investment management services to the Energy Industries Superannuation Schemes. Included within the investments of Energy Industries Superannuation Scheme Pool B is the value of this 33.33% holding \$6,000,000 (2004: \$4,983,000).

#### 13. FINANCIAL INSTRUMENTS

The information pertaining to financial instruments set out below is made in accordance with the provisions of AAS33 "Presentation and Disclosure of Financial Instruments".

For the purpose of these financial statements, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include both primary instruments (such as receivables, payables and equity securities) and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements and interest rate and currency swaps). The Scheme's monies are invested in a variety of financial instruments included in the asset classes in Note 1.

##### (i) Credit Risk Exposures

The net market value of financial assets, including derivatives, included in the financial accounts represents the Scheme's exposure to credit risk in relation to those assets.

The Scheme does not have any significant exposure to any individual counter-party or industry. The underlying assets of the Schemes investment in the Energy Industry Fund are managed by a number of unrelated investment managers.

##### (ii) Liquidity Risk Exposures

Liquidity risk is the risk that there are insufficient liquid assets available to pay the beneficiaries of the Scheme. This risk is managed by assessing, on both a short term and long term basis, the Scheme's cash flow requirements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

**13. FINANCIAL INSTRUMENTS (Continued)**

**(iii) Derivatives**

Derivatives are used by the unit trust managers in managing portfolios as a hedge against market movements in the values of physical assets and as a means of effecting a change in the asset mix of the investment portfolio of the Scheme. Derivative instruments currently used are futures contracts and forward rate agreements.

All derivative contracts are written against cash, physical securities or other specific commitments and are not leveraged. Derivatives are not used for speculative purposes. These activities are undertaken within authorised and clearly defined limits.

The Scheme has no direct exposure to derivatives at 30 June 2005.

**(iv) Currency Risk Exposures**

The Scheme's exposure to foreign exchange rate movements on international investments as at the reporting date is as follows:

<b>2005</b>	<b>USD \$'000</b>	<b>EUR \$'000</b>	<b>OTHER \$'000</b>	<b>TOTAL \$'000</b>
International Investments	-	-	-	-
Amount Effectively Hedged	-	-	-	-
Net Exposure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2004</b>	<b>USD \$'000</b>	<b>EUR \$'000</b>	<b>OTHER \$'000</b>	<b>TOTAL \$'000</b>
International Investments	-	-	743	743
Amount Effectively Hedged	28,000	-	(28,000)	-
Net Exposure	<u>28,000</u>	<u>-</u>	<u>(27,257)</u>	<u>743</u>

During the year all directly held derivative products have been transferred into the Unit Trust.

**(v) Interest Rate Risk**

The Scheme invests in financial assets for the primary purpose of obtaining a return on investments on behalf of its members. The Scheme's investments are subject to interest rate risks and the return on the investments will fluctuate in accordance with movements in the market interest rates.

The Scheme's investments at 30 June 2005 involve cash and cash equivalents, longer dated fixed interest investments and equities. Longer dated fixed interest investments result in the Scheme having exposure to interest rate movements.

The Scheme's exposure to interest rate risk and the effective interest rates on financial instruments as at the reporting date is as follows. All other financial assets and liabilities are non-interest bearing.

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

**13. FINANCIAL INSTRUMENTS (Continued)**

**INTEREST RATE MATURING**

2005	FLOATING INTEREST RATE	WITHIN 12 MONTHS	1 – 5 YRS	OVER 5 YRS	NON- INTEREST BEARING	WEIGHTED AVG INTEREST RATE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000
<b>Assets</b>							
Cash and Cash Equivalents	8,623	-	-	-	-	5.2	8,623
Unit Trust	-	-	-	-	1,437,962	-	1,437,962
Australian Equities and Property	-	-	-	-	158,784	-	158,784
Receivables	-	-	-	-	101	-	101
<b>Total Financial Assets</b>	<b>8,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,596,847</b>	<b>-</b>	<b>1,605,470</b>
<b>Liabilities</b>							
Payables	-	-	-	-	5,766	-	5,766
Current Tax Liability	-	-	-	-	4,469	-	4,469
Deferred Tax Liability	-	-	-	-	16,014	-	16,014
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,249</b>	<b>-</b>	<b>26,249</b>

2004	FLOATING INTEREST RATE	WITHIN 12 MONTHS	1 – 5 YRS	OVER 5 YRS	NON- INTEREST BEARING	WEIGHTED AVG INTEREST RATE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000
<b>Assets</b>							
Cash and Cash Equivalents	10,634	-	-	-	-	5.06	10,634
Unit Trust	-	-	-	-	1,240,334	-	1,240,334
Australian Equities and Property	-	-	-	-	151,998	-	151,998
International Equity	-	-	-	-	743	-	743
Tax Recoverable	-	-	-	-	536	-	536
Receivables	-	-	-	-	2,870	-	2,870
<b>Total Financial Assets</b>	<b>10,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,396,481</b>	<b>-</b>	<b>1,407,115</b>
<b>Liabilities</b>							
Payables	-	-	-	-	5,515	-	5,515
Provisions	-	-	-	-	5,610	-	5,610
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,125</b>	<b>-</b>	<b>11,125</b>

**(vi) Net Fair Values of Financial Assets and Liabilities**

The Scheme's financial assets and liabilities are included in the Statement of Net Assets at amounts that approximate net fair value.

# ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL B

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 13. FINANCIAL INSTRUMENTS (Continued)

#### (vii) Net Fair Values Disclosures

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

*Cash, cash equivalents and short term investments:* The carrying amounts approximate fair value because of their short term maturity.

*Other investments/securities:* For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset, adjusted for transaction costs necessary to realise the asset. For investments where there is no quoted market price, the last sale price or calculated underlying value is used, adjusted for transaction costs.

### 14. SEGMENT INFORMATION

#### Primary Segment

##### *Business Segments*

The Scheme operates solely to provide benefits to its members in accordance with the Trust Deed and relevant legislative requirements.

#### Secondary Segment

##### *Geographical Segments*

The Scheme operates in Australia and the primary assets it invests in on behalf of its members are managed and administered in Australia. The members of the Scheme are based in Australia.

### 15. SUBSEQUENT EVENTS

No significant events have occurred since balance date which would impact on the financial position of the scheme as disclosed in the Statement of Net Assets as at 30 June 2005 or on the results for the year ended on that date



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT

### Energy Industries Superannuation Scheme Pool B

To Members of the New South Wales Parliament and Members of the Energy Industries Superannuation Scheme Pool B

#### (A) Financial Statements

##### Scope

I have audited the financial statements of the Energy Industries Superannuation Scheme Pool B for the year ended 30 June 2005. The superannuation entity's trustee is responsible for the financial statements. I have conducted an independent audit of the financial statements in order to express an opinion on them to the members of the Energy Industries Superannuation Scheme Pool B and Members of the New South Wales Parliament.

My audit has been conducted in accordance with Australian Auditing and Assurance Standards to provide reasonable assurance whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, so as to present a view, which is consistent with my understanding of the superannuation entity's net assets and changes in net assets.

The financial statements audit opinion expressed in this report has been formed on the above basis.

#### Audit Opinion

In my opinion the financial statements present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the net assets of the Energy Industries Superannuation Scheme Pool B as at 30 June 2005 and the changes in net assets for the year ended 30 June 2005.

#### (B) Compliance

##### Scope

I have conducted tests in accordance with Australian Auditing and Assurance Standards as necessary to provide reasonable assurance whether the trustee of the Energy Industries Superannuation Scheme Pool B has, in all material respects:

- (a) complied with the relevant requirements of the following provisions (to the extent applicable) of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act) and Regulations:

Sections 19(2), 19(3), 36, 65, 66, 67, 69 to 85, 86 to 93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 111, 113, 117, 118, 121, 121A, 122, 124, 125, 152, 154;

Regulations 2.33(2), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and

- (b) complied with the Reporting Standards made under s. 13 of the *Financial Sector (Collection of Data) Act 2001* (FSCODA) that are subject to audit (to the extent applicable); and
- (c) complied with the relevant requirements of the following provisions (to the extent applicable) of the *Corporations Act 2001* (the Corporations Act) and Regulations:  
Sections 1012A, 1012B, 1012F, 1012H(2), 1012I, 1013D, 1013K(1), 1013K(2), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 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); and  
Regulation 7.9.32(3); and
- (d) adhered to r. 13.15A of the *Superannuation Industry (Supervision) Regulations 1994* (the SIS Regulations) and guidelines for preparing Derivatives Risk Statements (guidelines) issued by APRA in Circular II.D.7 (to the extent applicable) for the year ended 30 June 2005; and
- (e) complied with the requirement to prepare and lodge the respective returns comprising the APRA Annual Return.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SIS Act and Regulations, the FSCODA and the Corporations Act and Regulations.

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 non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations.

My procedures with respect to the guidelines included confirming whether any Derivative Risk Statement should be prepared by the superannuation entity's trustee under the guidelines contained in Circular II.D.7 at any time during the year of income. These procedures indicated that a Derivatives Risk Statement is unnecessary under the guidelines.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the SIS Act and Regulations or guidelines, the FSCODA or the Corporations Act and Regulations apart from those specified. The superannuation entity's trustee is responsible for complying with the SIS Act and Regulations, the FSCODA and the Corporations Act and Regulations and appropriately applying the guidelines.

The opinion on compliance expressed in this report has been formed on the above basis.

#### Audit Opinion

In my opinion the trustee of the Energy Industries Superannuation Scheme Pool B has complied, in all material respects, with the requirements of the SIS Act and Regulations, the Reporting Standards made under section 13 of the FSCODA and the Corporations Act and Regulations and applied the guidelines specified above for the year ended 30 June 2005.



R J Sendt  
Auditor-General

SYDNEY  
25 October 2005