

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Cash and cash equivalents	14	34,194	32,939
Receivables	7	1,810	11,332
Deferred tax assets	11	9,626	-
Investments			
Unlisted Unit Trust	4	3,728,606	3,820,855
Total assets		3,774,236	3,865,126
Liabilities			
Payables	8	659	969
Current tax liabilities		487	1,434
Deferred tax liabilities	11	-	12,635
Total liabilities excluding member benefits		1,146	15,038
Net assets available for member benefits		3,773,090	3,850,088
Total member liabilities		3,749,551	3,839,384
Total net assets		23,539	10,704
Equity			
Trustee cost reserve	6	13,733	985
Operational risk financial requirement reserve	6	9,806	9,719
Total equity		23,539	10,704

The above statement of financial position should be read in conjunction with the accompanying notes.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Income Statement
For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Superannuation activities			
Interest		231	460
Distributions and dividends		-	72
Net changes in fair value of financial instruments	9	(142,497)	288,863
Other income		278	7
		(141,988)	289,402
Total superannuation activities income			
Administration expenses		-	(33)
Operating expenses	12	(25,817)	(24,614)
Other expenses		-	(237)
		(25,817)	(24,884)
Total expenses			
		(167,805)	264,518
Net results from superannuation activities before income tax			
Income tax (benefit) / expense	11	(22,846)	4,011
		(144,959)	260,507
Results from superannuation activities after income tax			
Less: Net loss / (benefits) allocated to members' accounts		145,052	(260,308)
		93	199
Operating result after income tax			

The above income statement should be read in conjunction with the accompanying notes.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Statement of Changes in Member Benefits
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
Balance at 1 July	3,839,384	3,585,719
Contributions:		
Employer contributions	130,711	138,102
Member Contributions	76,535	55,277
Transfers from other superannuation funds	184,398	112,753
Government co-contributions	53	49
Income tax on contributions	(18,800)	(19,523)
Net after tax contributions	372,897	286,658
Benefit payments	(305,985)	(291,562)
Insurance premiums charged to members' accounts	(7,639)	(8,831)
Death and disability benefits credited to members' accounts	8,688	7,092
Benefits allocated to members' accounts, comprising:		
Net investment income	(144,013)	261,337
Administration fees	(1,039)	(1,029)
	(145,052)	260,308
Transfer to reserves	(12,742)	-
Balance at 30 June	3,749,551	3,839,384

The above statement of changes in member benefits should be read in conjunction with the accompanying notes.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Statement of Changes in Equity
For the year ended 30 June 2020

	Trustee cost reserves \$'000	Operational risk financial reserve \$'000	Total equity \$'000
Opening balance as at 1 July 2019	985	9,719	10,704
Transfer to reserves	12,742	-	12,742
Operating result after income tax	6	87	93
Closing balance as at 30 June 2020	<u>13,733</u>	<u>9,806</u>	<u>23,539</u>

	Trustee cost reserves \$'000	Operational risk financial reserve \$'000	Total equity \$'000
Opening balance as at 1 July 2018	972	9,533	10,505
Operating result after income tax	13	186	199
Closing balance as at 30 June 2019	<u>985</u>	<u>9,719</u>	<u>10,704</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Interest		231	460
Distributions and dividends		-	72
Insurance proceeds		8,688	7,092
Investment, administration and other expenses		(16,472)	(24,534)
Other income		277	7
Insurance premiums charged to members' accounts		(7,773)	(8,931)
Income tax paid		(361)	(6,007)
Net cash outflows from operating activities	14	<u>(15,410)</u>	<u>(31,841)</u>
Cash flows from investing activities			
Purchase of investments		(1,793,253)	(484,716)
Net proceeds from sale of investments		1,743,006	527,528
Net cash (outflows) / inflows from investing activities		<u>(50,247)</u>	<u>42,812</u>
Cash flows from financing activities			
Employer contributions		130,711	138,102
Member contributions		76,535	55,277
Transfers from other superannuation funds		184,398	112,753
Government co-contributions		53	49
Benefit payments		(305,985)	(291,799)
Income tax on contributions		(18,800)	(19,523)
Net cash inflows from financing activities		<u>66,912</u>	<u>(5,141)</u>
Net increase in cash		1,255	5,830
Cash at the beginning of the financial period		32,939	27,109
Cash at the end of the financial period	14	<u><u>34,194</u></u>	<u><u>32,939</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

1. Reporting entity

The Energy Industries Superannuation Scheme Pool A ("the Scheme") is a defined contribution superannuation fund domiciled in Australia, and was established in accordance with sections 127 and 128 of the Superannuation Administration Act, 1996 (the Act).

The Scheme consists of 2 Divisions. Division P (including MySuper) is an accumulation scheme and Division F is an account based pension.

Energy Industries Superannuation Scheme Pty Limited ("EISS") (ABN 72 077 947 285) acts as Trustee and holds in trust all assets of the Scheme.

The Scheme's custodial activities are provided by The Northern Trust Company.

Member administration services for the Scheme have been conducted by Mercer (Outsourcing) Pty Limited ("Mercer") from 1 October 2018. Prior to that date, these services were conducted by FuturePlus Financial Services Pty Limited a wholly owned subsidiary of Link Super Pty Limited.

The principal place of business of the Scheme is Level 2, 201 Elizabeth Street, Sydney, NSW, 2000.

The Scheme is primarily involved in providing retirement benefits to its members. The Scheme is constituted by a Trust Deed dated 30 June 1997 to provide superannuation benefits.

EISS holds an Australian Financial Services Licence (AFSL) issued by ASIC (No. 441877).

2. Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, the provisions of the Trust Deed dated 30 June 1997, the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulation, and the Public Finance and Audit Act 1983 and Regulation.

The Scheme is a not-for-profit entity.

The statement of financial position 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 investments, unlisted unit trusts and member liabilities.

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

The financial statements were authorised for issue by the Board of Directors of the Trustee, Energy Industries Superannuation Scheme Pty Limited, on 25 September 2020.

(b) Functional and presentation currency

The financial statements are presented in Australian dollars, the Scheme's functional currency. Amounts have been rounded to the nearest thousand dollars unless otherwise stated.

(c) Use of judgement and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the Directors in the application of Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Subsidiaries are investees controlled by the Scheme. The Scheme controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to effect those returns through its powers over the investee.

The Scheme meets the definition of an investment entity per AASB 10 Consolidated Financial Statements and therefore recognises and measures investments in its subsidiaries at fair value.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

2. Basis of preparation (continued)

(c) Use of judgement and estimates (continued)

In determining whether the Scheme meets the definition of an investment entity, Management considered the Group structure as a whole. In particular, when assessing whether the Scheme has more than one investor and more than one investment, Management took into consideration the fact that the investee was formed in order to hold investments on behalf of the Scheme.

Management concluded that the Scheme and its investees each meet the definition of an investment entity and therefore the Scheme should not consolidate its investee.

(d) New accounting standards and interpretations

Changes in significant accounting policies

There are a number of new standards that are effective from 1 July 2019 but they do not have a material effect on the Scheme's financial statements.

Standards issued but not yet effective

There are a number of new Australian Accounting Standards, amendments to standards and interpretations which have been issued that are effective in future accounting periods that the Scheme has decided not to early adopt. The most significant of these, effective 1 January 2020 are as follows:

- AASB 101, Presentation of Financial Statements;
- AASB 108, Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Material);
- Revised Conceptual Framework for Financial Reporting; and
- Interest Rate Benchmark Reform (Amendment to AASB 9, AASB 139 and AASB 7).

The Scheme is currently assessing the impact of these new accounting standards and amendments which are not expected to have a material impact on the financial statements.

3. Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2020 and the comparative information presented in these financial statements for the year ended 30 June 2019.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents include term deposits with a maturity of less than 3 months with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(b) Investments

The investments of the Scheme (other than cash held for meeting daily administrative and benefit expenses), are invested through the Energy Investment Fund ("EIF") an unlisted unit trust.

The Scheme's investments are classified at fair value through profit or loss ("FVTPL") in accordance with AASB 1056.

The Scheme 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 and financial liabilities from this date.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

3. Significant Accounting Policies (continued)

(b) Investments (continued)

Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all the risk and rewards of ownership.

At initial recognition, the Scheme measures investments at fair value.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as net changes in fair value of financial instruments.

(c) Income Tax

Income tax for the year comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in member's funds in which case it is recognised directly in the statement of changes in member benefits.

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

The measurement of deferred tax assets reflects the tax consequences that would follow the manner in which the Scheme expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

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

Deferred tax assets and deferred tax liabilities are offset and the net amount presented in the statement of financial position when, and only when the Scheme has a legally enforceable right to offset the amounts and the deferred tax asset and deferred tax liabilities relate to the same taxation authority.

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Scheme will continue to be treated as a complying superannuation fund.

(d) Expenses

Administrative expenses, other than fees for member directed transactions, are charged directly to net assets of the Scheme.

(e) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) 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.
- ii) 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 A
Notes to the Financial Statements
For the year ended 30 June 2020

3. Significant Accounting Policies (continued)

(f) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable to the extent it is probable that the economic benefits will flow to the Scheme and the revenue can be reliably measured. The following recognition criteria relate to the different revenue streams of the Scheme.

Interest revenue

Interest earned on cash and cash equivalents is recognised in the income statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date.

Unit trust distributions

Trust distributions are recognised on the date the unit value is quoted ex distribution. Where the distribution is not received at reporting date, the balance is reflected in the statement of financial position as a receivable at fair value. In terms of its trust deed, EIF is not contractually obligated to pay distributions, and did not distribute any cash amounts for the year ended 30 June 2020 (2019: Nil). EIF issues an AMIT member attribution statement which advises the Scheme of its share of attributable income in EIF.

Changes in fair value of investments

Changes in the fair value of investments are recognised as income and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend. If a dividend is not received at reporting date, it is recognised as a receivable.

(g) Contributions received and transfers in

Contributions received and transfers in are recognised in the statement of changes in member benefits when the control and the benefits of the contributions or transfers in have transferred to the Scheme and are recognised gross of any taxes.

(h) Payables

Payables are recognised when the Scheme becomes obliged to make future payments resulting from the purchase of goods and services. They are recognised at their nominal value which is equivalent to fair value.

(i) Member liabilities

Member liabilities are measured at the amount of accrued benefits.

Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

(j) Reserves

The Scheme maintains an Operational risk financial requirements reserve, in accordance with the requirements established by the Australian Prudential Regulatory Authority under Prudential Standard SPS 114 Operational risk financial requirement, and also holds a Trustee cost reserve. The purpose of these reserves is set out in Note 6.

(k) Receivables

Receivables are recognised when the right to receive payment is established, are carried at amortised cost and generally received within 30 days of being recorded as receivables. Collectability of receivables is reviewed regularly and impaired if appropriate.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

4. Fair value of financial instruments

Classification of financial instruments under the fair value hierarchy

AASB 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	30 June 2020			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Unlisted unit trusts	-	3,728,606	-	3,728,606
Total investments	-	3,728,606	-	3,728,606

	30 June 2019			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Unlisted unit trusts	-	3,820,855	-	3,820,855
Total investments	-	3,820,855	-	3,820,855

The Scheme has recorded its investment in EIF as Level 2 assets due to it being an unlisted unit trust and it not meeting the Level 1 requirement to be actively traded. The Scheme can redeem or purchase units in EIF on a daily basis.

There were no transfers between levels in the period.

5. Member liabilities

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

Defined contribution members bear the investment risk relating to the underlying assets into which they are invested via their choice of investment option. Investment option unit prices are updated on a daily basis for movements in investment markets.

Refer to Note 16 for the Scheme's management of the investment risks.

	2020 \$'000	2019 \$'000
Member benefits	3,749,551	3,839,384
Reserves	23,539	10,704
Net assets available for member benefits	3,773,090	3,850,088

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

6. Reserves	2020	2019
	\$'000	\$'000
Trustee cost reserve	13,733	985
Operational risk financial requirements reserve	9,806	9,719
	<u>23,539</u>	<u>10,704</u>

The purpose of the Operational risk financial requirements reserve ("ORFR") is to provide protection to the Scheme in the event that a loss is incurred from an operational risk event. The use of the ORFR is governed by the requirements of SPS 114, which is applicable to all APRA regulated funds. The current ORFR represents approximately 0.26% (2019: 0.25%) of the net assets available for member benefits.

The purpose of the Trustee cost reserve is to cover expenses and any mismatch of assets and liabilities due to timing of purchase and liquidation of investments not met by fee deductions from members.

Transfers in and out of the reserves are made only at the authorisation of the Trustee and in accordance with the Scheme's Reserve Policies.

7. Receivables	2020	2019
	\$'000	\$'000
Recoverable within 12 months		
GST receivable	150	155
Receivable from related entity	1,519	11,177
Other receivable	141	-
	<u>1,810</u>	<u>11,332</u>

Due to the short term nature of these receivables, their carrying value is assumed to approximate their amortised cost.

The maximum exposure to credit risk is the fair value of receivables. Information regarding credit risk exposure is set out in Note 16.

8. Payables	2020	2019
	\$'000	\$'000
Due within 12 months		
Insurance premiums payable	564	698
Administration and financial advice fees payable	-	105
Sundry creditors	95	166
	<u>659</u>	<u>969</u>

Due to the short term nature of these payables, their carrying value is assumed to approximate their amortised cost. Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 16.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

9. Changes in fair value of investments

	2020	2019
	\$'000	\$'000
Investments held at balance date		
Unlisted unit trust	(169,957)	279,513
Total unrealised (losses)/gains	<u>(169,957)</u>	<u>279,513</u>
Investments realised during the year		
Other financial assets	-	(218)
Unlisted unit trust	27,460	9,568
Total realised gains	<u>27,460</u>	<u>9,350</u>
Change in fair value of investments	<u><u>(142,497)</u></u>	<u><u>288,863</u></u>

The amounts recorded above as 'realised during the year' are the difference between the fair value at sale and the carrying amount at the beginning of the reporting period or when acquired, if acquired during the year.

10. Funding arrangements

Compulsory employer contributions

The percentage of salary or wages of employees prescribed as the rate of compulsory employer (Superannuation Guarantee) contributions between 1 July 2019 and 30 June 2020 was 9.5% (between 1 July 2018 and 30 June 2019 was 9.5%).

Optional employer contributions

Employers may make additional contributions to the Scheme for employees in respect of whom compulsory employer contributions are being made.

Optional member contributions

Employees, as defined in the Act, may make voluntary contributions to the Scheme in the form of periodical payments or single payments.

Transfers from other schemes

Payments include benefits transferred or rolled over from another superannuation fund, approved deposit fund, or retirement savings account.

Optional spouse contributions

Employees may make voluntary contributions on behalf of their spouse, as defined in the Act, to the Scheme in the form of periodical payments or single payments. Payments include benefits transferred or rolled over from another superannuation fund, approved deposit fund, or retirement savings account.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

11. Income tax

	2020	2019
	\$'000	\$'000
(a) Recognised in the income statement		
<i>Current tax expense</i>		
Current tax charge	(554)	(7,207)
Adjustments in respect of current income tax of previous years	(31)	239
<i>Deferred tax</i>		
Relating to origination and reversal of temporary differences	(22,261)	10,979
Total tax (benefit) / expense as reported in the income statement	<u>(22,846)</u>	<u>4,011</u>

(b) Reconciliation of income tax expense to prima facie tax payable

Net results from superannuation activities before income tax	(167,805)	264,518
Net benefits allocated to members' accounts	145,052	(260,308)
Operating result from operating activities	<u>(22,753)</u>	<u>4,210</u>
Tax at the complying superannuation fund rate of 15%	(3,413)	632
Net benefit allocated to member accounts	(21,639)	39,436
Anti-detriment deduction	-	(237)
Capital gains/(losses) not assessable/(deductible)	11,467	(10,453)
Exempt pension income	423	(5,465)
Net imputation and foreign tax credits	(9,653)	(20,139)
No TFN tax deduction	1	(2)
Under/(over) provision in the previous year	(32)	239
Income tax (benefit) / expense	<u>(22,846)</u>	<u>4,011</u>

(c) Recognised in the statement of changes in member benefits

Contribution and transfers in recognised in the statement of changes in members benefits	391,697	306,181
Tax at the complying superannuation fund rate of 15%	58,755	45,927
Non assessable contributions	(38,601)	(24,853)
Deductible expenses	(1,354)	(1,551)
	<u>18,800</u>	<u>19,523</u>

(d) Deferred tax balances

	Opening Balance	2020 Charged / Credited to income	Closing Balance
	\$'000	\$'000	\$'000
Deferred tax assets			
Changes in assets measured at fair value	-	9,626	9,626
	-	9,626	9,626
Deferred tax liabilities			
Changes in assets measured at fair value	(12,635)	12,635	-
	(12,635)	12,635	-
Net deferred tax asset/(liability)	<u>(12,635)</u>	<u>22,261</u>	<u>9,626</u>

	Opening Balance	2019 Charged / Credited to income	Closing Balance
	\$'000	\$'000	\$'000
Deferred tax liabilities			
Changes in assets measured at fair value	(1,656)	(10,979)	(12,635)
	(1,656)	(10,979)	(12,635)
Net deferred tax asset/(liability)	<u>(1,656)</u>	<u>(10,979)</u>	<u>(12,635)</u>

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Notes to the Financial Statements
For the year ended 30 June 2020

12. Operating Expenses

	2020	2019
	\$'000	\$'000
Bank charges	4	7
Trustee expenses	25,813	24,607
	<u>25,817</u>	<u>24,614</u>

13. Auditors' remuneration

Audit of the Financial Statements	60	61
Other assurance services	16	15
	<u>76</u>	<u>76</u>

The auditor of the Scheme is The Audit Office of New South Wales. The Scheme's audit fee is paid by EISS.

14. Cash flow statement reconciliation

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	<u>34,194</u>	<u>32,939</u>
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Reconciliation of net cash from operating activities to operating result after income tax

Operating result after income tax	93	199
Adjustments for:		
Decrease / (increase) in assets measured in fair value	142,497	(288,863)
Decrease in receivables	9,533	70
Increase in deferred tax receivable	(9,626)	(1,739)
Decrease / (increase) in insurance	917	(58)
Decrease in payables	(187)	(12,974)
(Decrease) / increase in income tax payable	(2,019)	10,979
(Decrease) / increase in deferred tax payable	(12,635)	237
Allocation to members' accounts	(143,983)	260,308
Net cash outflows from operating activities	<u>(15,410)</u>	<u>(31,841)</u>

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For the year ended 30 June 2020

15. Related party disclosures

(a) Trustee and Key Management Personnel

The Trustee of the Scheme is EISS. The names of the directors of EISS in office during part or all of the year ended 30 June 2020 and up to the date of this report are as follows:

Employer Representatives	Employee Representatives
Mr T Downing	Ms Y Onat
Ms J Dunworth	Mr J Page
Mr M Roche	Mr M McCann
Dr W Mundy	Mr T Costa (<i>appointed 22 August 2019</i>)

EISS is also the Trustee for Energy Industries Superannuation Scheme Pool B ('EISS Pool B').

The above Directors are also Directors of EIF Pty Limited (ABN 90 099 664 276) a wholly owned subsidiary of EISS. EIF Pty Limited is the trustee of the Energy Investment Fund.

(b) Other Key Management Personnel

Mr A Hutchison, Chief Executive Officer, is a key management personnel.

(c) Compensation of key management personnel

	2020 \$	2019 \$
Short-term employee benefits (salaries, director fees)	1,099,744	935,205
Post-employment benefits (superannuation)	70,135	57,155
Total Compensation	1,169,879	992,360

The total group compensation paid to Directors and the Chief Executive Officer of EISS during the financial year is paid by EISS for services to the Scheme, Energy Industries Superannuation Scheme Pool B, EIF, EIF Pty Limited and EISS.

A number of Directors have their emoluments paid to their sponsoring organisation.

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

There have been no other transactions between the Directors, the Chief Executive Officer and their related entities except for compensation as set out in note 15(c) and for the reimbursement of costs incurred by the Directors and the Chief Executive Officer whilst attending to EISS business.

Certain key management personnel, including the Directors of EISS paid and can pay member contributions into the Scheme. This is in accordance with the normal terms and conditions of the Trust Deed.

(e) Other Related Party Transactions

For the period 1 July 2019 to 30 June 2020, EISS was paid fees of \$25,813k for administration and employee entitlements (2019: \$24,463k) and returned a surplus of \$318k (2019: \$33k). These fees are based on the cost to the relevant entity of providing these services.

Included within the investments of the Scheme are amounts held with EIF of \$3,728,606k (2019: \$3,820,855k).

For the period ended 30 June 2020, EIF attributed income of \$5k to the Scheme (2019: \$123,385k) (refer to note 3(f)).

There is a receivable of \$1,519k from EISS (2019: \$11,177k) relating to administration fees paid to EISS in excess of expenses incurred by EISS.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

16. Financial risk management objectives and policies

The investments of the Scheme (other than cash held for meeting daily administrative and benefit expenses), are invested through EIF. EIF invests:

- (i) through mandates with investment managers; and
- (ii) in pooled investment vehicles.

EISS has determined that the appointment of these investment managers and pooled investment vehicles is appropriate for the Scheme and is in accordance with EISS's investment strategy.

(a) Financial instruments management

EISS has a control framework in place to monitor the measurement of fair value. The principles of this control framework are based on the following activities:

- Quarterly Investment Committee Meetings;
- Oversight of external service providers;
- Investment Mandate Compliance Monitoring;
- Internal Audit Reviews;
- Review of the Scheme's Strategic Asset Allocation, Dynamic Asset Allocation and Tactical Asset Allocation;
- Pricing Policy with Custodian;
- Due diligence over existing and new investment managers; and
- Analysis and investigation over significant daily valuation movements.

Specific controls over the valuation of level 3 instruments, as described in Note 4, conducted by EISS and outsourced service providers include:

- Pricing Policy with Custodian;
- Due diligence over new and existing investment managers;
- Review and approval process over any new valuation models used by investment managers;
- Quarterly performance review of unlisted unit trusts; and
- Analysis and investigation over significant daily valuation movements.

The Northern Trust Company acts as master custodian on behalf of EISS and as such provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions.

(b) Capital risk management

EISS holds an RSE license, but there is no capital requirement stipulated by the license.

(c) Financial risk management objectives

The Scheme is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. EISS's risk management and investment policies seek to minimise the potential adverse effects of these risks on the Scheme's financial performance and financial position.

It is ultimately the responsibility of EISS to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements EISS has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Scheme.

EISS has developed, implemented and maintains a Risk Management Framework (RMF) in respect of its activities as a trustee.

The RMF details some of EISS's policies and procedures, processes and controls that comprise its risk management and control systems. It addresses all material risks, financial and non-financial, likely to be faced. Annually, EISS provides a Risk Management Declaration to APRA ensuring compliance with all prudential requirements including risk management.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

16. Financial risk management objectives and policies (continued)

(d) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract resulting in financial loss to the Scheme. Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with their respective credit limits are approved;
- ensuring that transactions are undertaken with a number of counterparties; and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No collateral is held as security or other credit enhancements exist for financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due.

The Scheme's financial assets exposed to credit risk amounted to the following:

	2020	2019
	\$'000	\$'000
Cash and cash equivalents	34,194	32,939
Unlisted unit trusts	3,728,606	3,820,855
Receivables	1,810	11,332
	<u>3,764,610</u>	<u>3,865,126</u>

The Scheme is exposed to credit risk through its investment in EIF. EIF Pty Limited, the trustee of EIF, manages exposure to any individual counterparty or industry by investing the assets of EIF in a number of underlying investment strategies. The credit risk is managed not only by diversifying across investment managers but the investment managers having diversified portfolios, thus minimising the counterparty risk.

The Scheme measures credit risk using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information.

The Scheme's credit risk is mitigated through investing in rated instruments or instruments issued by rated counterparties with credit ratings that on a weighted average equal BBB or better as determined by Standard and Poor's, unless the securities form part of the profile of specifically permitted market benchmarks within mandated or pooled investments as in the case of, or as part of the exposure to Private Equity.

The Scheme's bank accounts are with the Commonwealth Bank of Australia which has a credit rating of AA-, as determined by Standard and Poor's.

Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term.

(e) Liquidity risk

The Scheme's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. The Scheme allows members to withdraw benefits and it is therefore exposed to the liquidity risk of meeting member's withdrawals at any time. The bulk of the Scheme's assets and liabilities are unit trust investments and are considered to be readily realisable.

The Scheme's liquidity risk is managed in accordance with the Scheme's Liquidity Management Plan. The Plan sets out EISS's ongoing cash flow management, addresses the need to discharge existing and prospective liabilities, sets out the Scheme's liquidity stress testing program, identifies events that could materially impact the Scheme and options available to the Scheme for managing a liquidity event.

EISS implemented the following restrictions and limitations with respect to liquidity risk which apply to Pool A investments:

(a) Pool A of the Scheme shall maintain liquid assets at a level to ensure the Pool:

- Meets all payment obligations as and when they fall due without incurring unacceptable losses; and
- Generates sufficient cash flow to rebalance to meet required asset allocation.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

16. Financial risk management objectives and policies (continued)

(e) Liquidity risk (continued)

The following table summarise the maturity profile of the Scheme's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both interest and principal cash flows.

	Less than 3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total \$'000
30 June 2020					
Member liabilities	3,749,551	-	-	-	3,749,551
Payables	659	-	-	-	659
	3,750,210	-	-	-	3,750,210
30 June 2019					
Member liabilities	3,839,384	-	-	-	3,839,384
Payables	969	-	-	-	969
	3,840,353	-	-	-	3,840,353

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

(f) Market Risk

Market risk is the risk that the net market value of a financial instrument will fluctuate due to changes in market prices. The Scheme's policies and procedures put in place to mitigate the Scheme's exposure to market risk are detailed in EISS's investment policies and the RMF.

Whilst market risk is unavoidable, the Scheme will look to minimise the volatility and absolute return fluctuations through thoughtful and well diversified portfolio construction. The Scheme manages this risk via its investment managers. The investment managers manage the market risks relating to their investment mandate set out in accordance with their agreement with the Scheme, product disclosure statement or information memorandum.

There has been no change to the Scheme's exposure to market risks.

Interest Rate Risk Management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Scheme, through its investment in EIF and through bank account holdings, is exposed to interest rate risk. The Scheme invests in these financial assets for the primary purpose of obtaining a return on investments on behalf of its members. These investments involve cash and cash equivalents and longer dated fixed interest instruments. The Scheme manages interest rate risk by investing in diverse exposures to both floating interest rate and fixed interest rate instruments. The Scheme's overall strategy to interest rate risk management has not changed from the previous year.

At the reporting date the interest rate profile of the Scheme's interest bearing financial instruments was:

	2020 \$'000	2019 \$'000
Interest bearing instruments		
Cash and cash equivalents	34,194	32,939

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

16. Financial risk management objectives and policies (continued)

(f) Market Risk (continued)

Sensitivity analysis – interest rate risk

An increase/decrease of 100 basis points in interest rates at the reporting date would have increased/(decreased) the net assets available for member benefits and the net profit by the amounts shown below:

	Carrying amount \$'000	Change for the year in net assets for members benefits		Change for the year in the income statement	
		-100 bps \$'000	+100 bps \$'000	-100 bps \$'000	+100 bps \$'000
30 June 2020					
Cash and cash equivalents	34,194	(342)	342	(342)	342
30 June 2019					
Cash and cash equivalents	32,399	(329)	329	(329)	329

Interest income

The Scheme recorded interest income of \$231,462 for the year (2019: \$459,900). This income primarily comes from the cash assets held by the Scheme.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is exposed to currency risk through its investment in EIF. This risk is managed through the use of an external currency overlay manager to manage the exposure to foreign currency risk.

Other market price risk

Market price risk is the risk that the value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices.

The Scheme is exposed to market price risk through its investment in EIF. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. The Scheme's overall strategy to manage market risk has not changed from the previous year.

Sensitivity analysis – other market price risk

The increase/(decrease) in the market price against the investments of the Scheme at 30 June would have increased/(decreased) the net assets available for member benefits and the net profit by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant. The analysis is performed on the same basis for 2019 and is not guaranteed.

	%	Carrying amount \$'000	Change for the year in net assets for members benefits		Change for the year in the income statement	
			Decrease \$'000	Increase \$'000	Decrease \$'000	Increase \$'000
30 June 2020						
Unlisted unit trust	+/- 15	3,728,606	(559,291)	559,291	(559,291)	559,291
30 June 2019						
Unlisted unit trust	+/- 15	3,820,855	(573,128)	573,128	(573,128)	573,128

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

17. Involvement with unconsolidated entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements.

The Scheme considers its investments in unlisted unit trusts to be structured entities. The Scheme invests in underlying unlisted unit trusts for capital appreciation and/or earning investment income.

The Scheme's interest in unlisted unit trusts is detailed below.

Type of structured entity	Nature and purpose	Interest held by Scheme
Unlisted Unit Trust	- To manage assets on behalf of third party investors. - These vehicles are financed through the issue of units to investors.	Investments in units issued by EIF

The table below sets out interests held by the Scheme in the unconsolidated structured entity.

30 June 2020

Investment option	% exposure	Carrying amount \$'000	Line item
High Growth	14%	519,390	Unlisted unit trust
Balanced	38%	1,414,959	Unlisted unit trust
Conservative Balanced	21%	793,135	Unlisted unit trust
Conservative	23%	849,053	Unlisted unit trust
Cash	4%	152,069	Unlisted unit trust
	100%	3,728,606	

30 June 2019

Investment option	% exposure	Carrying amount \$'000	Line item
High Growth	14%	528,826	Unlisted unit trust
Balanced	11%	437,978	Unlisted unit trust
Conservative Balanced	50%	1,883,879	Unlisted unit trust
Conservative	23%	881,972	Unlisted unit trust
Cash	2%	88,200	Unlisted unit trust
	100%	3,820,855	

The tables above list the fair value and the percentage exposure to each investment option as at 30 June. The maximum exposure to loss is limited to the fair value of each investment option as at 30 June. The fair value of the exposure will change on a daily basis throughout the period and in subsequent periods and will cease once the investments are disposed. The investments of the Scheme are managed in accordance with the investment mandates of underlying investment managers and pooled investment vehicles.

The investment decisions of the Scheme are made by EISS and executed by investment managers and pooled investment vehicles. The return of the Scheme is exposed to the variability of the performance of the underlying investment assets. The underlying investment managers receive a management fee for undertaking the management of these investments.

During the year, the Scheme did not provide financial support to unconsolidated structured entities and has no intention of providing financial support.

ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
Notes to the Financial Statements
For the year ended 30 June 2020

17. Involvement with unconsolidated entity (continued)

The Scheme made the following unrealised gains during the period in relation to its interest in the unconsolidated structured entity:

	2020	2019
	\$'000	\$'000
Unlisted unit trust	<u>(169,957)</u>	<u>279,513</u>

There was no cash distribution paid in the current year (2019: Nil) (refer to note 3(f)).

	2020	2019
	Ownership	Ownership
	interest %	interest %
Name of unconsolidated structured entity		
Energy Investment Fund	67%	65%

18. Impact of Covid-19

In preparing these financial statements the Trustee considered the impacts of Covid-19 on the Scheme's assets, liabilities and disclosures. The Covid-19 pandemic first affected the Scheme in March 2020 through significant share market and currency volatility. The consequences of Covid-19 have been continuously risk assessed during the period with emphasis on the impact of market volatility, liquidity management, the early release of superannuation and operational resilience. The Scheme has not experienced any material interruptions to its services or operations, nor had a material amount of outflows under the early release scheme and continues to comply with its regulatory obligations. The Trustee has actively engaged with and supported members through this period.

19. Significant events after balance date

There have been no significant events that have occurred since the end of the financial year to the date of this report which would require disclosures or impact on the financial position of the Scheme disclosed in the statement of financial position as at 30 June 2020 or on the results of the operations and cash flow for the year ended 30 June 2020.

20. Contingent Liabilities and Assets

EISS is not aware of any contingent assets and liabilities as at the reporting date (2019: Nil).

**ENERGY INDUSTRIES SUPERANNUATION SCHEME POOL A
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
TRUSTEE DECLARATION**

In the opinion of the Directors of Energy Industries Superannuation Scheme Pty Limited ("EISS"), the Trustee of the Energy Industries Superannuation Scheme Pool A ("the Scheme"):

1. the accompanying financial statements of the Energy Industries Superannuation Scheme Pool A are properly drawn up so as to present fairly the financial position of the Scheme as at 30 June 2020 and the results of its operations, changes in member benefits and cash flows for the year ended on that date;
2. the operation of the Scheme has been carried out in accordance with its Trust Deed dated 30 June 1997 and in compliance with:
 - the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
 - applicable sections of the Corporations Act 2001 and Regulations; and
 - the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001;
3. the financial statements have been prepared in accordance with the requirements of:
 - the Trust Deed dated 30 June 1997;
 - Public Finance and Audit Act 1983;
 - Public Finance and Audit Regulation 2015; and
 - Australian Accounting Standards and Interpretations.
4. there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they fall due.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate .

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 25th Day of September 2020



Director



Director



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Energy Industries Superannuation Scheme Pool A

(ABN 22 277 243 559)

Report by the RSE Auditor to the Trustee and members

Opinion

I have audited the accompanying financial statements of Energy Industries Superannuation Scheme Pool A (Pool A), comprising the Statement of Financial Position as at 30 June 2020, the Income Statement for the year ended 30 June 2020, the Statement of Changes in Member Benefits, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information and the Trustee's Declaration to Members.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Pool A as at 30 June 2020 and the results of its operations, cash flows, changes in equity and changes in members' benefits for the year ended 30 June 2020.

Basis for Opinion

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

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

Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Weini Liao
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 September 2020
SYDNEY