ENERGY SUPER

ABN 33 761 363 685

Financial Statements
For the year ended 30 June 2021

CONTENTS

ENERGY SUPER
Statement of Financial Position
As at 30 June 2021

	Note	2021 $'000	2020 $'000
Assets			
Investments at fair value through profit or loss			
Cash and cash equivalents	10	504,143	748,119
Units in unlisted unit trusts and investment mandates	11	8,063,047	6,422,650
Derivative financial assets	12	15,550	12,633
Shares in unlisted entities	13	383,805	212,435
		8,966,545	**7,395,837**
Receivables			
Income tax receivable		-	8,064
Other receivables	14	95,425	258,230
		95,425	**266,294**
Other assets			
Other assets	15	588	1,379
Plant and equipment	16	7,323	8,276
		7,911	**9,655**
Total assets		**9,069,881**	**7,671,786**
Liabilities			
Trade and other payables	17	8,260	10,072
Income tax payable		42,232	-
Provisions	18	204	204
Lease liabilities	22	7,505	8,232
Deferred tax liabilities	19(c)	142,161	68,827
Total liabilities excluding member benefits		**200,362**	**87,335**
Net assets available for member benefits		**8,869,519**	**7,584,451**
Member benefits			
Defined contribution member liabilities	6	7,538,817	6,428,903
Defined benefit member liabilities	7	842,816	846,617
Unallocated to members		562	811
Total member liabilities		**8,382,195**	**7,276,331**
Net assets		**487,324**	**308,120**
Equity			
Defined benefits that are over or (under) funded	8	393,512	272,807
Operational risk financial reserve	9	21,230	20,605
Other reserves and balances	9	72,582	14,708
Total equity		**487,324**	**308,120**

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

ENERGY SUPER
Income Statement
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Revenue from superannuation activities			
Interest		40,263	40,287
Dividends and trust distributions received	20	174,757	204,270
Changes in assets measured at fair value	20	1,247,251	(412,581)
Other income		6,465	16,822
Total revenue from superannuation activities		**1,468,736**	**(151,202)**
Investment expenses	21	(37,168)	(30,414)
Administration expenses	21	(17,577)	(16,996)
Other operating expenses	21	(10,273)	(10,522)
Total expenses		**(65,018)**	**(57,932)**
Net result from superannuation activities		**1,403,718**	**(209,134)**
Results from operating activities		**1,403,718**	**(209,134)**
Net benefits allocated to defined contribution member accounts		(1,073,139)	108,659
Net change in defined member liabilities		(49,033)	(62,024)
Results before income tax		**281,546**	**(162,499)**
Income tax expense/(benefit)	19(a)	102,342	(46,701)
Operating results after income tax		**179,204**	**(115,798)**

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

ENERGY SUPER

Statement of Changes in Member Benefits
For the year ended 30 June 2021

	Note	DC Members $'000	DB Members $'000	Total $'000
Opening balance as at 1 July 2020		6,429,714	846,617	7,276,331
Contributions:				
Employer		282,380	11,507	293,887
Member		100,898	1,490	102,388
Government co-contributions		181	-	181
Transfer from other superannuation funds		119,338	-	119,338
Income tax on contributions		(40,417)	(1,736)	(42,153)
Net after tax contributions		**462,380**	**11,261**	**473,641**
Benefits to members/beneficiaries		(396,477)	(62,621)	(459,098)
Insurance premiums charged to members' accounts		(39,602)	(1,475)	(41,077)
Death and disability benefits credited to members' accounts		11,231	-	11,231
Financial planning fees (other) charged to member accounts		(1,005)	-	(1,005)
Benefits allocated to members' accounts, comprising:				
Net investment income		1,072,470	158,691	1,231,161
Administration fees		(2,218)	-	(2,218)
Fee Rebates		2,577	-	2,577
Pension Transfer Bonus		310	-	310
Net change in DB member benefits		-	(109,658)	(109,658)
Closing balance as at 30 June 2021		**7,539,379**	**842,816**	**8,382,195**

	Note	DC Members $'000	DB Members $'000	Total $'000
Opening balance as at 1 July 2019		6,527,460	854,198	7,381,658
Contributions:				
Employer		275,837	12,369	288,206
Member		75,901	1,560	77,461
Government co-contributions		198	-	198
Transfer from other superannuation plans		129,639	-	129,639
Income tax on contributions		(39,012)	(1,834)	(40,846)
Net after tax contributions		**442,563**	**12,095**	**454,658**
Benefits to members/beneficiaries		(408,283)	(79,768)	(488,051)
Insurance premiums charged to members' accounts		(38,266)	(1,932)	(40,198)
Death and disability benefits credited to members' accounts		15,467	-	15,467
Financial planning fees (other) charged to member accounts		(950)	-	(950)
Pension Transfer Bonus		22	-	22
Reserves transferred to/(from) members:				
Administration and other reserves		360	-	360
Benefits allocated to members' accounts, comprising:				
Net investment income		(108,999)	(20,995)	(129,994)
Administration fees		(2,340)	-	(2,340)
Fee Rebates		2,680	-	2,680
Net change in DB member benefits		-	83,019	83,019
Closing balance as at 30 June 2020		**6,429,714**	**846,617**	**7,276,331**

The above Statement of Changes in Member Benefits should be read in conjunction with the accompanying notes.

ENERGY SUPER

Statement of Changes in Reserves
For the year ended 30 June 2021

	DB Over/(Under) Funded $'000	Operational risk reserve $'000	Other Reserves and balances $'000	Total equity $'000
Opening balance as at 1 July 2020	272,807	20,605	14,708	308,120
Operating result	109,658	173	69,373	179,204
Transfers to/(from) reserves	11,047	452	(11,499)	-
Transfer (to)/from member accounts	-	-	-	-
Repatriate surplus to DB employer	-	-	-	-
Closing balance as at 30 June 2021	**393,512**	**21,230**	**72,582**	**487,324**

	DB Over/(Under) Funded $'000	Operational risk reserve $'000	Other Reserves and balances $'000	Total equity $'000
Opening balance as at 1 July 2019	363,668	19,614	41,075	424,357
Operating result	(83,019)	322	(33,101)	(115,798)
Transfers to/(from) reserves	(7,763)	669	7,094	-
Transfer (to)/from member accounts			(360)	(360)
Repatriate surplus to DB employer	(79)	-	-	(79)
Closing balance as at 30 June 2020	**272,807**	**20,605**	**14,708**	**308,120**

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

ENERGY SUPER
Statement of Cash Flows
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Interest from cash deposits and cash equivalents		42,190	39,420
Dividends and trust distributions received		161,949	222,170
Insurance proceeds		11,230	15,321
Insurance premiums paid to insurer		(40,057)	(39,878)
Administration expenses		(17,577)	(16,996)
Other investment income		-	-
Investment expenses		(39,364)	(31,487)
Other operating expenses		(9,240)	(8,422)
Other income		1,796	2,938
Income tax paid		20,865	26,410
Interest portion of lease liabilities paid		(399)	(427)
Net cash inflows from operating activities	23	131,393	209,049
Cash flows from investing activities			
Purchase of investments		(1,866,707)	(2,840,771)
Proceeds from sale of investment		1,477,922	2,873,730
Other investing		-	(31)
Net cash outflows from investing activities		(388,785)	32,928
Cash flows from financing activities			
Employer contributions		293,887	288,206
Member contributions		102,388	77,461
Government co-contributions received		181	198
Transfers from other superannuation plans received		119,338	129,638
Transfers to other superannuation plans		(177,911)	(201,247)
Benefits paid to members		(281,187)	(286,804)
Repatriate surplus to DB employer		-	(79)
Income tax paid on contributions received		(42,154)	(40,846)
Principal portion of lease liabilities paid		(1,126)	(996)
Net cash inflows from financing activities		13,416	(34,469)
Net increase in cash		(243,976)	207,508
Cash at the beginning of the financial period		748,119	540,611
Cash at the end of the financial period	10	**504,143**	**748,119**

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

1. Reporting entity

Energy Super (ABN 33 761 363 685; RSE Registration No. R1000801) (the "Fund"), which was established under the existing Trust Deed, commenced on 1 July 1995 and is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993. The Fund is primarily involved in providing retirement benefits to its members. The Fund is a superannuation fund domiciled in Australia and the Trustee of the Fund at reporting date is Electricity Supply Industry Superannuation (Qld) Ltd (ABN 30 069 634 439; RSE Licence No. L0000574) (the "Trustee").

The Fund provides for three broad classes of members. These are defined benefit, accumulation and pension members. The defined benefit section of the Fund was closed to new entrants from 2001, with all new entrants since then joining the defined contribution section of the Fund.

The principal place of business and registered office of the Fund is:
Level 10, 123 Eagle Street
Brisbane QLD 4000

2. Significant accounting policies

Basis of preparation

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

As explained in Note 31, the Fund has ceased operations since the reporting date. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Fund's assets to net realisable value. Provision has also been made for any contractual commitments that have become onerous at the Balance Sheet date. The Financial Statements do not include any provision for the future costs of terminating the operations of the Fund except to the extent that such costs were committed at Balance Sheet date.

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 financial investments, derivative liabilities and net assets available for member benefits.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

These financial statements cover the Fund as an individual entity.

The Fund is a for profit for members entity for the purpose of preparing financial statements.

The Financial Statements were approved by the Board of Directors of the Trustee on 28 September 2021. The directors of the Trustee have the power to amend and re-issue these financial statements.

(a) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior or current periods or that will affect future periods.

(b) New and amended standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period and have not been early adopted by the Fund. None of these are expected to have a material effect on the financial statements of the Fund.

(c) Assets and liabilities measured at fair value

All recognised assets and liabilities, except member liabilities, tax assets and liabilities, are measured at fair value at each reporting date. Refer to note 28 on disclosure of fair values.

(d) Functional and presentation currency

The Financial Statements are presented in Australian Dollars, which is the functional currency of the Fund.

(e) Use of estimates and judgements

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

2. Significant accounting policies (continued)

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

In particular, significant areas of assumptions and estimates in applying accounting policies are described in the following notes:

(i) Valuation of defined benefit member liabilities (note 7)
(ii) Valuation of financial instruments (note 2(h))

(f) Derivatives

The Fund adopts an outsourced investment management model and its Investment Managers can/do use derivatives to either implement their investment strategies or to hedge against exposure to changes in interest rates, foreign exchange rates and commodity prices from its investments. The Investment Managers use the following derivative financial instruments to hedge those risks: interest rate swaps, forward rate agreements, interest rate futures, forward foreign exchange contracts, equity index futures and equity options. The use of derivatives is determined by individual Investment Management Agreements by Collective Investment Vehicles or Trust documents. Derivatives are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments and derivatives are measured at fair value in accordance with AASB 1056. Further details of derivative financial instruments are disclosed in note 29 to the Financial Statements.

(g) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses arise from the settlement of such transactions and from the translations at year end exchange rates of monetary items denominated in foreign currencies.

Exchange differences are recognised in the Income Statement in the period in which they arise except exchange differences on transactions entered into in order to hedge certain foreign currency risks which are taken up as changes in asset value in the Statement of Financial Position.

Translation differences on assets and liabilities carried at fair value are reported in the income statement on a net basis within net changes in fair value of investments.

(h) Financial instruments

(i) Classification

The Fund's investments and derivative liabilities are measured at fair value through profit or loss. They comprise:

- Financial instruments held for trading -
Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification.

- Financial instruments designated at fair value through the Income Statement upon initial recognition -
These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and investment mandates, and commercial paper. These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy.

(ii) Recognition/derecognition

Financial assets and financial liabilities are recognised on the date the Fund becomes party to the contractual agreement (trade date) and changes in the fair value of the financial assets or financial liabilities are recognised from this date. Investments are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial asset or liability at fair value. Transaction costs are expensed in the Income Statement. Subsequent to initial recognition, all financial assets and financial liabilities are recorded at fair value through the Income Statement. Gains and losses are presented in the Income Statement in the period in which they arise as "changes in assets measured at fair value".

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability at the same time.

2. Significant accounting policies (continued)

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Trade receivables and payables are stated with the amount of GST included.

The net amount of the GST recoverable from, or payable to, the ATO is included as other receivables and other payables in the Statement of Financial Position.

(j) Benefits paid and payable

The Fund recognises a benefit to be payable to a member when a valid withdrawal notice is received from the member, and it has been approved by the Trustee in accordance with the Fund's Trust Deed. Benefits paid and payable are measured at their nominal values as prescribed by the Fund's Trust Deed.

(k) Contributions received and transfers from other funds

Contributions received and transfers from other funds are recognised in the Statement of Changes in Member Benefits when the control of the contribution or transfer has transferred to the Fund. They are recognised gross of any taxes.

(l) Revenue recognition

Interest revenue
Interest income is recognised in profit or loss for all financial instruments that are held at fair value through profit or loss based on the contractual coupon interest rate and includes interest from cash and cash equivalents.

Dividends
Revenue from dividends is recognised when the Funds right to receive payment is established. If the dividend is not received at reporting date, the amount is reflected in the Statement of Financial Position as a receivable.

Distributions from unit trusts
Distribution income is recognised when the Funds right to receive payment is established.

Movement in fair value of investments
Changes in the fair value of investments and other financial instruments are recognised in the Income Statement and are determined as the difference between the fair value at sale or at year end and the fair value as at the prior year end or cost (if the investment was acquired during the period).

Other income
Revenue from other income is recognised when the Funds right to receive payment is established. If other income is not received at reporting date, the amount is reflected in the Statement of Financial Position as a receivable.

(m) Impairment of non financial assets

Assets that are subject to amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(n) Employee benefits

The Fund does not directly employ any staff. The Fund Secretary and key management personnel are employed by ESI Financial Services Pty Ltd, which is controlled by Electricity Supply Industry Superannuation (QLD) Ltd as Trustee of Energy Super.

(o) Leases

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the fund expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Fund has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

2. Significant accounting policies (continued)

(o) Leases (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the fund incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(p) Rounding

All amounts have been rounded to the nearest thousand dollars, except where otherwise indicated.

3. Key management personnel disclosures

Key management personnel includes both directors of the Trustee and executives who have authority and responsibility for planning, directing and controlling the activities of the Fund.

(a) Directors

The following persons were non-executive Directors during part or all of the financial year, or who subsequently held office:

(i) Chairperson - Non-Executive
Richard Flanagan (appointed 22 September 2020)

(ii) Non-Executive Directors
Neisha Traill (Deputy Chair appointed 27 October 2020)
Scott Wilson
Teresa Dyson
Jennifer Thomas
Sarah Zeljko
Armand Mahne (retired 30 June 2021)
Rebecca A Girard (retired 30 June 2021)

(iii) Independent Non-Executive
Christine Maher (retired 30 June 2021)

(b) Other key management personnel/executives

The following persons also had authority and responsibility for planning, directing, and controlling the activities of the Fund, directly or indirectly, during the financial year:

Robyn Petrou	Chief Executive Officer (retired 30 June 2021)
Phillip Hagen	Chief Financial Officer (retired 30 June 2021)
Kevin Wan Lum	Deputy Chief Investment Officer
Hamish McKellar	General Counsel and Fund Secretary
Lisa Kay	Chief Experience Officer
Sean Marteene	Chief Transformation Officer

(c) Remuneration of key management personnel

Principles used to determine the nature and amount of remuneration:

(i) Directors' fees

Following recommendations from the Governance, Remuneration and Nomination Committee, the Board of Directors determines the directors' remuneration, which includes the statutory superannuation contributions, as required. The directors are also reimbursed for reasonable expenses incurred while conducting business on behalf of the Fund.

3. Key management personnel disclosures (continued)

(ii) Remuneration for executives

Following recommendations from the Governance, Remuneration and Nomination Committee, the Board of Directors determines the executives' remuneration, which includes the statutory superannuation contributions, as required. The executives are also reimbursed for reasonable expenses incurred while conducting business on behalf of the Fund. The CEO and other executives may receive performance based incentive payments.

(iii) Compensation - Key management personnel

During the year ended 30 June 2021, total remuneration amounting to $2,732,760 (2020: $2,892,182) was paid to or on behalf of the key management personnel in connection with the management of the Fund. Key management personnel include Directors and executives. Directors' fees are paid by the Fund and executives' remuneration by ESI Financial Services Pty Ltd, an entity controlled by the Trustee of the Fund.

The Directors' compensation comprised:

	2021 $	2020 $
Short term employee benefits	617,827	602,677
Post-employment benefits	39,621	37,579
Performance based incentives	-	-
	657,448	**640,256**

The Executives' compensation comprised:

	2021 $	2020 $
Short term employee benefits	1,706,208	1,807,763
Post-employment benefits	153,890	172,362
Performance based incentives	215,214	271,801
	2,075,312	**2,251,926**

Any Director of the Trustee company who is a member of the Fund contributes and receives benefits on the same terms and conditions as those available to other members.

4. Guaranteed benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

5. Funding arrangements

The funding policy adopted in respect of the Fund is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as benefits fall due. In respect to defined benefits the actuary considers the framing of employer and member contribution rates, using long term trends in such factors as Fund membership, salary growth, investment earnings and average market value of the Fund's assets. The actuarial report includes the actuary's opinion as to the financial condition of the Fund as at the last valuation date.

6. Defined contribution member liabilities

Defined contribution member account balances are measured using unit prices based on the underlying investment option values selected by members.

Defined contribution members are exposed to the investment risk of the underlying assets which are used to measure the defined contribution member liabilities. Unit prices for pension members and defined contribution members are updated on daily basis for investment movements on an option-by-option basis. The Fund's management of the investment market risks is as disclosed within note 27(a).

As at 30 June 2021, the net assets attributable to defined contribution members have been substantially allocated. Unallocated amounts are shown in the Statement of Financial Position as "unallocated to members" within the member benefits section of liabilities. Unallocated to members amounts are included in the Statement of Changes in Member Benefits.

7. Defined benefit member liabilities

The liabilities as at 30 June 2021 and 30 June 2020 for the defined benefit members' accrued benefits are actuarially measured, and represent the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits as at that date when they are expected to fall due. It is determined by reference to expected future salary levels and by application of a current market-based, risk adjusted discount rate and actuarial assumptions.

Defined benefit member liabilities (accrued and vested) are disclosed net of family law debt and surcharge balances, as these amounts no longer represent a genuine liability of the Fund. For the year ended 30 June 2021, the family law debt and surcharge balances paid in respect to existing members was $13,625,826 (2020: $12,402,215). The below table reconciles the difference between accrued defined benefit member liabilities as presented in these Financial Statements compared to those provided by the actuary, where they are provided gross of these balances (with Fund assets attributable to defined benefit members correspondingly grossed up).

	2021 $'000	2020 $'000
Actuarial accrued DB member liabilities	856,442	859,019
Less: Family law and surcharge debt	(13,626)	(12,402)
Accrued DB member liabilities as disclosed in the Financial Statements	**842,816**	**846,617**

The key assumptions used to determine the value of accrued benefits are:

(i) Discount rate (after investment fees, tax and administration fees): 4.5% (2020: 4.5%)
(ii) Salary inflation rate (not including promotional salary increases): 3.0% (2020: 3.0%)

The assumptions are made by the Actuary to cover a three year period and reflect long term assumptions that may be subject to variability in any given year.

The Fund uses sensitivity analysis to monitor the potential impact of changes to key assumption variables. The discount rate and salary inflation rate are variables considered reasonably possible that would materially impact the balance of defined benefit member liabilities. Further detail of how the Fund deals with liquidity risk is included in note 27(c).

The assumed discount rate has been determined by reference to the investment returns expected on the investment portfolio that reflects the opportunities reasonably available to the Fund in the investment markets. The assumed annual salary adjustment has been determined by reference to the Wage Price Index produced by the Australian Bureau of Statistics and in consultation with the employer-sponsors.

The sensitivity of the liabilities to reasonably possible changes in the key assumptions are as follows:

For the year ended 30 June 2021	**Assumed at reporting date**	**Reasonably possible change**	**(Increase) / decrease in DB liability $'000**
Discount rate / investment returns	4.50%	+0.5%	25,320
		-0.5%	(29,151)
Salary rate	3.00%	+0.5%	(29,228)
		-0.5%	25,670

For the year ended 30 June 2020	**Assumed at reporting date**	**Reasonably possible change**	**(Increase) / decrease in DB liability $'000**
Discount rate / investment returns	4.50%	+0.5%	25,434
		-0.5%	(29,283)
Salary rate	3.00%	+0.5%	(29,361)
		-0.5%	25,785

Internal transfer amounts disclosed in the Statement of Changes in Member Benefits represent transfers from defined benefit member balances to defined contribution member balances. This will occur when defined benefit members leave the Defined Benefit Scheme via the Defined Contribution Scheme, or otherwise no longer qualify for the Defined Benefit Scheme due to change of employment status and other qualifying reasons.

The Fund calculates a Vested Benefit Index ("VBI") on a quarterly basis to measure and track the liabilities as owed to defined benefit members compared to the net assets attributed to those members. The index calculates the assets as a percentage of the liability, with an amount greater than 100% representing a surplus of funds. As at 30 June 2021 and 30 June 2020 the VBI percentages were as follows:

	2021 $'000	2020 $'000
Fund assets attributable to defined benefit members	1,236,328	1,119,424
Vested benefits	883,361	887,345
VBI	140.0%	126.2%

8. Defined benefits over funded

	2021 $'000	2020 $'000
Energy Super defined benefits over funded	393,512	272,807

Consistent with the actuary's report, the Fund is in a "satisfactory" financial position as defined in the Superannuation (Industry) Supervision (SIS) Regulations. That is, the assets of the Fund are greater than the vested benefits. Employer contribution rates are consistent with actuary recommendations.

The surplus in funds is primarily due to the gap between investment returns and salary increases being higher than anticipated. Employers contribution holidays are currently in place to address this surplus, which will be reviewed in the next actuarial investigation.

9. Reserves

Operational risk reserve

The operational risk reserve was established on 1 July 2013 in accordance with APRA's Prudential Standard SPS 114 ***Operational Risk Financial Requirement ("ORFR")***. The Trustee maintains adequate financial resources to address losses arising from operational risks within its business operations. Losses from operational risks may result from inadequate or failed internal processes, people and systems, or from external events. Examples include incorrect benefit payments due to human or system error, unit pricing error, or loss of data or files.

The Trustee has assessed an operational risk reserve of at least equal to 25 basis points of funds under management (FUM) for the operational risk reserve, to address losses from operational risks. The target of 25 basis points was met in January 2016 and has been maintained since. The operational risk reserve is held separately from the members' investment portfolio and other reserves.

	2021 $'000	2020 $'000
The operational risk reserve as at 30 June		
Defined contribution membership	18,200	17,417
Defined benefit membership	3,030	3,188
	21,230	20,605

Other reserves and balances

Administration reserves
The administration reserve is maintained to meet the operating expenses of the Fund including tax, insurance premiums, investment and administration fees. The Fund does not maintain the administration reserve for the purpose of smoothing investment earnings for any investment option. This reserve is primarily attributed to defined contribution members.

DB employer insurance surplus
As part of the transition to public offer status, self-insurance arrangements ceased from 1 November 2009, and from that date, death, total and permanent disablement (TPD) benefits, and total and temporary disablement (TTD) benefits for defined benefit members were covered by external insurers. Funds were retained in reserves to cover known and contingent claims. As at 30 June 2021 a balance of this reserve remains, which will be distributed to eligible defined benefit employers once all claims have been finalised.

Pension segregation deferred tax liability reduction reserve
During the year ended 30 June 2018, the Fund undertook a segregation of its post retirement assets. This resulted in an estimated $5.8 million dollar reduction in deferred tax liability. During the year ended 30 June 2019, another $1.1 million was transferred to this reserve. During the year ended 30 June 2021, there was no transfer into this reserve.

Unallocated investment reserve
This reserve represents differences in cumulative investment earnings between what is recorded for accounting purposes to those applied to members at reporting date. These differences can arise due to "soft close" prices used for member account balances and "hard close" used for accounting purposes, including timing differences with estimated tax rates and expenses applied to member accounts.

The decline in unallocated investment reserve has mainly resulted from using soft prices instead of hard prices for allocating earnings to member benefits, timing of tax true-ups and poor investment returns for the financial year.

Transfers in and out of the reserves are made only at the authorisation of the Trustee and in accordance with the Fund's Reserving Policy.

10. Cash and cash equivalents

Cash and cash equivalents include deposits held at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

	2021 $'000	2020 $'000
Cash	78,952	86,182
Term deposits	425,191	661,937
	504,143	748,119

11. Units in unlisted unit trusts and investment mandates

	2021 $'000	2020 $'000
Australian shares (unitised)	13,445	13,952
Australian shares (direct mandates)	2,256,547	1,718,899
International shares (unitised)	241,535	204,110
International shares (direct mandates)	2,218,952	1,761,917
Fixed interest (unitised)	203,285	245,440
Fixed interest (direct mandates)	195,157	57,568
Property (unitised)	647,528	500,027
Property (mandate)	195	44,141
Cash (direct mandates)	335,154	392,749
Socially responsible investment (SRI)	24,796	32,687
Growth alternatives	159,318	112,941
Defensive alternatives (unitised)	553,088	330,569
Defensive alternatives (direct	633,169	542,477
Infrastructure (unitised)	489,662	382,159
Infrastructure (direct mandates)	91,216	83,014
	8,063,047	6,422,650

Whilst some proportion of these investments may be realised within 12 months, that amount cannot be reliably determined and accordingly no investments have been classified as expected to be realised within the next 12 months.

12. Derivative financial assets

	2021 $'000	2020 $'000
QIC derivative currency overlay - international shares	-	2,515
QIC FX overlay - growth alternatives	(2,112)	5,643
QIC FX overlay - infrastructure	520	1,413
QIC Property Currency Overlay	17,142	3,062
	15,550	12,633

All derivative financial instruments are expected to be settled no more than 12 months after the reporting date.

13. Shares in unlisted entities

	2021 $'000	2020 $'000
ESI Financial Services Pty Ltd (controlled by Electricity Supply Industry Superannuation (QLD) Ltd as Trustee of Energy Super)	621	621
Growth alternatives	383,184	211,814
	383,805	212,435

Whilst some proportion of this investment may be realised within 12 months, that amount cannot be reliably determined and accordingly no investments have been classified as expected to be realised within the next 12 months.

Interest in ESI Financial Services Pty Ltd

The Trustee on behalf of the Fund holds 100% of the ordinary share capital of ESI Financial Services Pty Ltd at a cost of $620,511 (2020: $620,511).

Effective 1 July 2021, shares in the Company have been transferred from Electricity Supply Industry Superannuation (QLD) Ltd as trustee for Energy Super to LGIAsuper Trustee as trustee for LGIAsuper.

Separate consolidated Financial Statements have not been prepared as the Trustee is of the opinion that these would not be materially different from the Financial Statements of the Fund as an individual entity.

14. Other receivables

	2021 $'000	2020 $'000
Distributions receivable	87,354	248,502
Debtors	11	56
Interest receivable	7,491	9,419
GST refundable	569	253
	95,425	258,230

All trade and other receivables are expected to be recovered no more than 12 months after reporting date.

15. Other assets

	2021 $'000	2020 $'000
Prepaid expenses	588	1,379

All other assets are expected to be recovered no more than 12 months after reporting date.

16. Plant and equipment

Plant and equipment are carried at cost.

All items of plant and equipment have limited useful lives and are depreciated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed. Depreciation rates and methods are reviewed periodically for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of asset are as follows:

Plant and equipment	7.5% to 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(m)).

Gains or losses on disposals are determined by comparing the proceeds from disposal with carrying amounts. These are included in the Income Statement.

	2021 $'000	2020 $'000
Plant and equipment	2,406	2,371
Accumulated depreciation	(2,116)	(1,983)
	290	388
Right-of-use assets - property	9,005	8,801
Accumulated amortisation	(1,972)	(913)
	7,033	7,888
Total plant and equipment	**7,323**	**8,276**

17. Trade and other payables

Trade and other payables are recognised at their nominal value, which is equivalent to fair value, when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

	2021 $'000	2020 $'000
Trade payables	3,756	2,857
Expense accruals	4,410	7,205
GST, PAYG and payroll tax payable	94	10
	8,260	**10,072**

18. Provisions - Leasehold make good obligations

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The make good obligations as at 30 June 2020 and 2021 relate to the current office space at 123 Eagle Street Brisbane which will expire on 31 May 2028.

The Fund is required to recognise a provision for future expenditure associated with make good clauses contained within a lease. The other side of the provision will create an asset account such as "leasehold improvements - make good".

19. Income tax

Income tax expense in the Income Statement comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in members' funds in which case it is recognised directly in members' funds.

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

Deferred tax is provided for using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit; and differences relating to investments in controlled entities to the extent that it is not probable they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets on unrealised capital losses are recognised using a 1/3 discount approach and consequently recognised at 10%. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised. The Fund applies a deferred tax asset cap of 2.2% at the investment options level in line with its current deferred tax asset capping policy.

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income, the expense (and any corresponding liability) would then be brought to account in the period in which the assessments are received by the Trustee and are properly payable by the Fund. Deferred tax assets and liabilities are offset as they relate to income taxes levied by the ATO.

No estimate has been made for the balance of any tax payable in respect of surchargeable contributions received by the Fund during the current year as the Trustee is unable to determine this amount until receipt of applicable assessments in the following period.

	2021 $'000	2020 $'000
(a) Income tax expense/(benefit)		
The components of income tax expense/(benefit) comprise:		
Current tax expense	28,272	(14,407)
Deferred tax expense	73,334	(34,951)
(Over)/under provision for income tax in prior years	736	2,657
	102,342	**(46,701)**
(b) Numerical reconciliation between income tax expense and pre-tax changes in net assets		
Operating result before income tax	**1,403,718**	**(209,134)**
Tax at the complying superannuation fund tax rate of 15% (2020: 15%)	**210,558**	**(31,370)**
Increase/(decrease) due to imputation and foreign tax credits	4,227	4,060
Increase/(decrease) due to prior year adjustment	736	2,657
Decrease in tax expense due to exempt pension income	(17,742)	(9,564)
Decrease in tax expense due to non-assessable investment income	(69,319)	12,089
Increase in tax expense due to non-deductible expenses	2,060	2,495
Less imputation and foreign tax credits	(28,178)	(27,068)
Income Tax Expense/ (Benefit)	**102,342**	**(46,701)**

19. Income tax (continued)

The tax rate used in the above calculation is the superannuation tax rate of 15% payable by Australian superannuation funds on taxable profits under Australian tax law. There has been no change in the superannuation tax rate when compared with the previous reporting period.

(c) Deferred tax assets and liabilities

	Opening Balance $'000	2021 (Deducted) / Added to income $'000	Closing Balance $'000
Deferred tax assets			
Fund expenses accrued but not paid	2,433	(812)	1,621
	2,433	(812)	1,621
Deferred tax liabilities			
Income receivable	(5,612)	5,022	(590)
Unrealised losses / (gains) on investments	(65,648)	(77,544)	(143,192)
	(71,260)	(72,522)	(143,782)
Net deferred tax (liability) / asset	(68,827)	(73,334)	(142,161)

	Opening Balance $'000	2020 (Deducted) / Added to income $'000	Closing Balance $'000
Deferred tax assets			
Fund expenses accrued but not paid	1,653	780	2,433
	1,653	780	2,433
Deferred tax liabilities			
Income receivable	(2,705)	(2,907)	(5,612)
Unrealised losses / (gains) on investments	(102,726)	37,078	(65,648)
	(105,431)	34,171	(71,260)
Net deferred tax (liability) / asset	(103,778)	34,951	(68,827)

20. Net investment revenue

	2021 $'000	2020 $'000
Trust distributions and dividends	**174,757**	**204,270**
Changes in fair value of investments:		
Unrealised change in market value of investments at the end of the financial year	971,591	(228,458)
Investments realised during the financial year	275,660	(184,123)
Investments interest revenue	40,263	40,287
	1,287,514	**(372,294)**
	1,462,271	**(168,024)**

21. Expenses

Investment expenses

	2021 $'000	2020 $'000
Investment management, asset consultant and custodian fees	37,168	30,414
	37,168	**30,414**

These are expenses charged directly to the Fund for the management of the Fund's investments and advice from professional investment advisers.

The increase in direct investment expenses relates to an increase in the average amount of funds under management.

Administration expenses

	2021 $'000	2020 $'000
Administration charges	17,577	16,996
	17,577	**16,996**

Administration charges have increased by $581,000 (3.42%) (2020: decreased $441,000 (2.37%)) due to the annual increase in the trustee admin expense, as per the contract, and an increase in project costs relating to the merger.

21. Expenses (Continued)

2021 2020

Other operating expenses

	2021 $'000	2020 $'000
APRA membership fees	467	629
Audit and Tax Agent fees	567	494
Actuarial fees	47	50
Consulting fees	439	549
Sponsorship and advertising expenses	1,414	1,281
Insurance management	161	168
Legal fees	432	312
Project costs	1,163	1,248
Rent	-	99
Loss on sale	19	74
Trustee fees and expenses	1,378	1,376
Amortisation and depreciation	1,238	1,268
Communication and strategy	77	183
Industry ratings and membership fees	235	177
Technology initiatives	-	9
Financial Planning Fees (Single Topic Advice, First Interview and Seminars)	1,450	1,718
Other expenses	1,186	887
	10,273	10,522

Interest expense on lease liabilities of $399,000 (2020 $427,000) is included in "Other Expenses".

22. Leases

Right-of-use assets
Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2021 $'000	2020 $'000
As at 1 July	7,888	8,801
Additions	141	-
Amortisation expense recognised in profit or loss	(996)	(913)
As at 30 June	7,033	7,888

Lease liabilities
Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021	2020
As at 1 July	8,232	8,801
Accretion of interest	399	427
Principle repayments	(1,126)	(996)
As at 30 June	7,505	8,232
Current	804	727
Non-current	6,701	7,505

The maturity analysis of lease liabilities are disclosed in Note 27 (c)

Critical judgements in determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

As at 30 June 2021, potential future cash outflows of $7,520,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (2020: $7,520,000).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Fund becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

23. Notes to the cash flow statement

	2021 $'000	2020 $'000
Reconciliation of net cash flows from operating activities to operating result after income tax:		
Operating result after income tax	179,204	(115,798)
Adjustments for:		
Net benefits allocated to defined contribution member accounts	1,073,139	(108,659)
Net change in defined benefit member liabilities	49,033	62,024
Net changes in fair value of investments	(1,247,251)	412,581
(Increase)/decrease in other receivables and prepayments	(14,010)	6,368
Net effect of insurance activities	(29,845)	(24,731)
Net effect of financial planning fees other	(1,005)	(950)
Increase /(decrease) in trade and other payables	(1,812)	(1,495)
Increase/(decrease) in provision for tax and deferred taxes	123,940	(20,291)
Net cash inflows/(outflows) from operating activities	131,393	209,049

24. Related party transactions

(a) Related parties

(i) Parent entity
Shares in ESI Financial Services Pty Ltd are held by Electricity Supply Industry Superannuation (Qld) Ltd as Trustee for the Fund.

The Fund has provided a guarantee to the National Australia Bank in respect of an overdraft facility of $250,000 (2020: $250,000) for ESI Financial Services Pty Ltd. These facilities may be terminated at any time without penalty by ESI Financial Services Pty Ltd at the election of the Fund.

(ii) Key management personnel
Disclosures relating to key management personnel are set out in note 3.

(iii) Other related party transactions
The Fund paid superannuation administration fees of $12,361,866 (2020: $11,911,775) to ESI Financial Services Pty Ltd during the financial year. Advice related fees (single topic advice, first interview fees, seminars) of $1,449,927 (2020: $1,718,040) were paid to ESI Financial Services Pty Ltd during the year. For the current year, the Fund did not receive any rental income from ESI Financial Services Pty Ltd (2020: $110,638).

ESI Financial Services Pty Ltd has an agreement with the Fund to provide financial advice to its members. Members authorise the Fund to deduct fees from their member accounts to cover the cost of comprehensive advice. These comprehensive advice fees are member based activity fees and will not be deducted from member accounts without a valid authorisation. The comprehensive advice fees deducted from member accounts are then transferred to ESI Financial Services Pty Ltd. Comprehensive advice fees transferred from the Fund on behalf of members to ESI Financial Services Pty Ltd for the reporting period were $1,004,653 (2020: $950,048).

The Fund received from ESI Financial Services Pty Ltd employer contributions revenue of $1,122,097 (2020: $1,096,760) during the financial year.

There is no trade receivable by the Fund for the current financial year from ESI Financial Services Pty Ltd (2020: $nil). There is no trade payable from the Fund to ESI Financial Services Pty Ltd (2020: $nil).

There is an intercompany receivable from ESI Financial Services Pty Ltd of $127,259 (2020: payable $35,821).

During the year the Fund paid $1,348,290 (2020: $1,318,632) to ESI Financial Services Pty Ltd to facilitate lease payments to GPT on the premises lease recognised by the Fund. As this is on an agency basis for the Fund, no revenue or expense is recognised for these receipts and payments within ESI Financial Services Pty Ltd.

The Fund pays a premium for Trustee liability insurance to which the Directors (and indirectly the Fund) receive the benefit. This insurance forms part of the definition of Directors of the Trustee remuneration, but due to impracticality, the insurance premium has not been allocated to each Director.

(iv) Agreements
The Fund has an agreement in place with ESI Financial Services Pty Ltd on a fixed fee basis for the provision of financial planning and superannuation services to the Fund.

(b) ESI Financial Services Pty Ltd

Administration fees were paid to ESI Financial Services Pty Ltd during the year.

	2021 $	2020 $
Administration fees	12,361,866	11,911,775

(c) ESI Financial Services Pty Ltd

Outstanding balances at year-end are unsecured and interest free. For the year ended 30 June 2021, the Fund has not recorded any impairment of receivables relating to amounts owed by related parties (2020: nil).

25. Commitments

(i) Capital expenditure commitments

There are no future capital expenditure commitments at 30 June 2021 (2020: $nil).

(ii) Investment commitments (unlisted trusts and mandates) for uncalled capital

(a) 30 June 2021

	Commitment $'000	Paid up $'000	Balance of commitment $'000	AUD equivalent $'000
Commitments denominated in AUD	703,658	289,810	413,848	413,848
Commitments denominated in USD	1,125,792	518,123	607,669	810,225
Commitments denominated in EUR	60,000	37,047	22,953	37,560
Total commitment for uncalled capital				**1,261,633**

(b) 30 June 2020

	Commitment $'000	Paid up $'000	Balance of commitment $'000	AUD equivalent $'000
Commitments denominated in AUD	293,658	168,849	124,809	124,809
Commitments denominated in USD	527,792	335,749	192,043	278,323
Commitments denominated in EUR	60,000	-	60,000	98,184
Total commitment for uncalled capital				**501,316**

26. Contingent liabilities

At 30 June 2021, the Fund has provided GPT Funds Management Limited a guarantee limited to $755,701 (30 June 2020: $755,701) for the lease of office space at 123 Eagle Street, Brisbane.

Other than this, the Fund has no other known contingent liabilities or assets as at 30 June 2021 and 2020.

27. Financial instruments

Overview

The Fund's financial assets principally consist of investments which comprise units in collective investment vehicles, shares in listed and unlisted entities, private equity investments, derivative financial instruments and term deposits. The Trustee has determined that these types of investments are appropriate for the Fund and are in accordance with the Fund's investment strategy.

The Trustee has appointed National Australia Bank Limited ABN 12 004 044 937 trading as National Asset Servicing (NAS) (the "custodian") as custodian of the Fund's aforementioned investments.

The allocation of assets between the various types of investments described above is determined by the Trustee, who manages the Fund's portfolio of investments in accordance with the investment strategy prescribed by the Trustee to achieve the Fund's investment objectives.

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

(a) market risk,
(b) credit risk,
(c) liquidity risk.

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. The risk management framework is documented in the Fund's Risk Management Strategy which is subject to regular review both by management and the Board.

The Board has established an Investment Committee which is responsible for monitoring the Fund's risk management policies related to investment activities. This includes oversight of the allocation of investments to fund managers and evaluating their performance. The Investment Committee is currently comprised of eight directors and one independent specialist member.

The Investment Committee receives investment reports from the asset consultant (JANA Investment Advisers Pty Ltd) on a quarterly basis (with additional reporting provided as and when required). Divergence from target allocations and the composition of the portfolio is reported by the custodian to Management who provide regular reporting to the Investment Committee and is separately monitored by the asset consultant, the investment management team and the Chief Investment Officer on a monthly basis.

The Trustee's Audit, Compliance and Risk Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management policies and procedures and the adequacy of the risk management framework in relation to the risks faced by the Fund. The Trustee's Audit, Compliance and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Compliance and Risk Committee.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; currency risk, interest rate risk and other market price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

To mitigate all types of market risks, the Trustee has constructed a diversified portfolio of fund managers and investments which are traded on various markets. The Fund undertakes extensive due diligence including advice from the asset consultant prior to and during the appointment of fund managers, with the recommendation for their appointment and removal made by the Investment Committee.

The Trustee regularly conducts ongoing monitoring of the market conditions and benchmark analysis. On a quarterly basis the strategic asset allocation is reviewed by the Investment Committee to ensure the Fund is best positioned to achieve objectives given market conditions. Annually, the asset consultant undertakes asset class reviews at which manager performance and asset allocations are reviewed to determine ongoing appropriateness for use.

(i) Currency risk

The Fund is directly exposed to currency risk on financial instruments that are denominated in a currency other than the functional currency (Australian Dollars) of the Fund.

The Fund may invest in financial instruments and enter into transactions in currencies other than its functional currency within the conditions of the investment strategy. The Fund's strategy on the management of currency risk is driven by the Fund's investment objective and strategy. The Fund's investment strategy does not specify a limit to the value of investments denominated in foreign currencies but the Trustee requires that currency exposure be hedged as follows for the years ended 30 June 2021 and 30 June 2020:

Investment	Hedging
Global fixed interest	100% hedging
Global Diversified Income	100% hedging
Unlisted Global Infrastructure	100% hedging
Unlisted Global Property	100% hedging
Stable	10% hedging
Capital Managed	15% hedging
Balanced and SRI Balanced	21% hedging
Growth alternatives	26% hedging
MySuper	23% hedging
International equities	28% hedging

27. Financial instruments (continued)

After taking into account the hedged positions, the Fund's net exposure to fluctuations in foreign currency exchange rates at the reporting date was as follows:

Assets	**2021 $'000**	**2020 $'000**
Units in unlisted unit trusts		
US dollar	1,329,953	951,901
Euro	208,533	141,950
Yen	71,948	67,238
Pounds sterling	134,676	82,270
Other	317,008	257,112
	2,062,118	1,500,471

The exposure to foreign currency exchange rate represents 22.96% of the funds under management as at year end (2020: 19.83%).

Sensitivity analysis - currency risk

Following analysis of currency rate movement during the 2021 financial year, a 10% movement in the Australian Dollar (AUD) was considered reasonably possible. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is based on the Fund's financial instruments that have direct currency exposure. This analysis has been performed on the same basis as for the 2020 financial year.

A 10% weakening/strengthening of the AUD at 30 June would have increased/(decreased) net assets available for member benefits by the amounts shown below:

	Carrying amount	**Changes in operating result**		**Net assets available for member benefits**	
Effect in thousands of AUD		**-10%**	**+10%**	**-10%**	**+10%**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2021					
US dollar	1,329,953	147,773	(120,905)	147,773	(120,905)
Euro	208,533	23,170	(18,958)	23,170	(18,958)
Yen	71,948	7,994	(6,541)	7,994	(6,541)
Pounds sterling	134,676	14,964	(12,243)	14,964	(12,243)
Other	317,008	35,223	(28,819)	35,223	(28,819)
	2,062,118	**229,124**	**(187,466)**	**229,124**	**(187,466)**

	Carrying amount	**Changes in operating result**		**Net assets available for member benefits**	
Effect in thousands of AUD		**-10%**	**+10%**	**-10%**	**+10%**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2020					
US dollar	951,901	105,767	(86,536)	105,767	(86,536)
Euro	141,950	15,772	(12,905)	15,772	(12,905)
Yen	67,238	7,471	(6,113)	7,471	(6,113)
Pounds sterling	82,270	9,141	(7,479)	9,141	(7,479)
Other	257,112	28,568	(23,374)	28,568	(23,374)
	1,500,471	**166,719**	**(136,407)**	**166,719**	**(136,407)**

(ii) Interest rate risk

The majority of the Fund's financial instruments are non-interest bearing with only cash and cash equivalents being directly subject to interest rate risk. Any excess cash and cash equivalents above immediate working capital requirements are invested in call accounts and term deposits. The Fund's interest rate risk is monitored on a limited basis as surplus cash is invested in short-term deposits on a daily basis.

Profile

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

Interest-bearing instruments

	Floating	**Fixed 3 months or less**	**Fixed 3-12 months**	**Fixed 1-5 years**	**Fixed 5+ years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2021						
Cash and cash equivalents	137,143	98,500	268,500	-	-	504,143
Fixed interest investments	38,110	7,479	667	91,358	260,828	398,442
	175,253	**105,979**	**269,167**	**91,358**	**260,828**	**902,585**
30 June 2020						
Cash and cash equivalents	184,869	216,000	347,250	-	-	748,119
Fixed interest investments	59,981	1,837	6,537	51,125	183,528	303,008
	244,850	**217,837**	**353,787**	**51,125**	**183,528**	**1,051,127**

27. Financial instruments (continued)

Sensitivity analysis - interest rate risk

Following analysis of historical data over the past five years and expected interest rate movement during the 2021 financial year, the Trustee believes 100 basis points or a 1% movement in interest rates was considered reasonably possible. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2020.

An increase/decrease of 100 basis points or 1% in interest rates at the reporting date would have increased/(decreased) net assets available for member benefits by the amounts shown below:

Effect in thousands of AUD	Carrying amount	Changes in operating result		Net assets available for member benefits	
		- 100bps (1%)	+ 100bps 1%	- 100bps (1%)	+ 100bps 1%
	$'000	$'000	$'000	$'000	$'000
30 June 2021					
Cash and cash equivalents	504,143	(5,041)	5,041	(5,041)	5,041
Fixed interest investments	398,442	(3,984)	3,984	(3,984)	3,984
	902,585	**(9,025)**	**9,025**	**(9,025)**	**9,025**
30 June 2020					
Cash and cash equivalents	748,119	(7,481)	7,481	(7,481)	7,481
Fixed interest investments	303,008	(3,030)	3,030	(3,030)	3,030
	1,051,127	**(10,511)**	**10,511**	**(10,511)**	**10,511**

(iii) Other market price risk

Sensitivity analysis - other market price risk

Using available published investment analysis of expected seven year investment rate movements, the following movements in other market price risk were reasonably possible:

	2021	2020
Australian shares	6.1%	6.5%
International shares	5.6%	3.7%
Fixed interest	2.1%	1.2%
Property	6.0%	4.9%
Cash	0.4%	0.1%
Socially responsible investment (SRI)	3.6%	4.1%
Growth alternatives	7.7%	6.3%
Infrastructure	7.1%	7.6%

The increase/(decrease) in the market price against the investments of the Fund at 30 June 2021 would have increased/ (decreased) the net assets available for member benefits by the amounts shown below. The 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 2020.

The sensitivity analysis is based on the five year average of the change in investment return (standard deviation) for each asset class.

Effect in thousands of AUD	%	Carrying amount $'000	Changes in operating result Decrease	Changes in operating result Increase	Net assets available for member benefits Decrease	Net assets available for member benefits Increase
30 June 2021						
Australian shares	6.1%	2,269,992	(124,527)	124,527	(124,527)	124,527
International shares	5.6%	2,460,487	(124,560)	124,560	(124,560)	124,560
Fixed interest	2.1%	398,442	(7,452)	7,452	(7,452)	7,452
Property	6.0%	647,723	(35,123)	35,123	(35,123)	35,123
Cash	0.4%	839,297	(3,248)	3,248	(3,248)	3,248
SRI	3.6%	24,796	(810)	810	(810)	810
Derivative instruments	7.7%	15,550	(1,081)	1,081	(1,081)	1,081
Wholly owned subsidiary	7.7%	621	(43)	43	(43)	43
Growth alternatives	7.7%	542,502	(37,712)	37,712	(37,712)	37,712
Defensive alternatives	7.7%	1,186,257	(82,462)	82,462	(82,462)	82,462
Infrastructure	7.1%	580,878	(36,998)	36,998	(36,998)	36,998
		8,966,545	**(454,016)**	**454,016**	**(454,016)**	**454,016**

27. Financial instruments (continued)

Effect in thousands of AUD	%	Carrying amount $'000	Changes in operating result Decrease	Changes in operating result Increase	Net assets available for member benefits Decrease	Net assets available for member benefits Increase
30 June 2020						
Australian shares	6.5%	1,732,851	(101,372)	101,372	(101,372)	101,372
International shares	3.7%	1,966,027	(65,469)	65,469	(65,469)	65,469
Fixed interest	1.2%	303,008	(3,272)	3,272	(3,272)	3,272
Property	4.9%	544,168	(23,998)	23,998	(23,998)	23,998
Cash	0.1%	1,140,868	(1,027)	1,027	(1,027)	1,027
SRI	4.1%	32,687	(1,206)	1,206	(1,206)	1,206
Derivative instruments	6.3%	12,633	(716)	716	(716)	716
Wholly owned subsidiary	6.3%	621	(35)	35	(35)	35
Growth alternatives	6.3%	324,755	(18,414)	18,414	(18,414)	18,414
Defensive alternatives	6.3%	873,046	(49,502)	49,502	(49,502)	49,502
Infrastructure	7.6%	465,173	(31,818)	31,818	(31,818)	31,818
		7,395,837	(296,829)	296,829	(296,829)	296,829

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is continually monitored and evaluated by the Trustee and the Fund's investment managers, whose goal is to maximise investment returns within acceptable risk profiles for each investment option.

The carrying amounts of financial instruments best represent the maximum credit risk exposure at the reporting date. No collateral is held as security for financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Fund's financial instruments exposed to credit risk amounted to the following:

	2021 $'000	2020 $'000
Rated institutions		
Cash and cash equivalents with institutions rated AA and above	-	-
Cash and cash equivalents with institutions rated A	504,143	748,119
Cash and cash equivalents with institutions rated below A	-	-
Unrated institutions and Investment Managers		
Unlisted unitised trusts and investment mandates	8,063,047	6,422,650
Shares in unlisted entities	383,805	212,435
Derivative financial instruments	-	12,633
Distributions receivable	87,354	248,502
Other receivables	8,071	9,728
	9,046,420	7,654,067

Substantially all of the cash held by the Fund is held by Bendigo and Adelaide Bank, Galilee Energy Limited, Credit Union Australia, Industrial and Commercial Bank of China Limited, Cuscal Limited, G&C Mutual Bank Limited, Bank of Queensland, Members Equity Bank, China Constructions Bank and National Australia Bank. Bankruptcy or insolvency by aforementioned banks may cause the Fund's rights with respect to cash held by the aforementioned banks to be delayed or limited. The Fund monitors its credit risk by monitoring the credit quality and financial positions of the banks and other Authorised Deposit Taking institutions through a review of their most recent externally sourced credit rating and also through ensuring that the institution has a current Authorised Deposit Taking status.

Credit risk arising on other investments is mitigated by performing extensive due diligence prior to the appointment of fund managers, appropriate monitoring of the market conditions and benchmark analysis.

Substantially all of the assets of the Fund are held by the custodian of the Fund. While considered unlikely, bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial positions of the custodian through a regular analysis of their credit rating and importantly through a review of their APRA and ASIC service provider monitoring pack and attestations. There is regular review by management of compliance reports from the custodian and fortnightly teleconferencing between management and the custodian.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Trustee is of the view that the Fund experiences sufficient positive cash flow and holds sufficient cash reserves to meet its operational needs and benefit payments as they arise.

The Fund's financial instruments include investments in shares of unlisted entities, which are not traded in an organised public market and which generally may be illiquid. As a result, there is a risk that the Fund may not be able to liquidate some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements. These investments are monitored to ensure compliance within the asset allocation stipulated in the Fund's investments strategy.

As at 30 June 2021, investments in shares of unlisted entities and units in unlisted unit trusts amounted to $1,452 million (2020: $1,123 million). This risk is mitigated by the Fund's asset allocation which stipulates that most of the Fund's member investment options maintain a percentage of their assets in cash. For example, the Balanced, Defined Benefit, MySuper and Growth options have a strategic asset allocation of between 2% - 8% in cash. Consequently, the liquidity risk resulting from the amount the Fund has invested in shares of unlisted entities, is offset by the amount allocated to cash in each of the investment options. It is considered the cash held in each of the investment options is sufficient to meet the Fund's liquidity requirements.
The Fund's significant financial liabilities are member benefit liabilities, trade and other payables, and current tax liabilities.

Member liabilities have been included in the less than 1 month column as the amount the member could call upon at year end. This is the earliest date on which the Fund can be required to pay members' liabilities, however members may not necessarily call upon these liabilities during this time.

The Fund manages its obligation to pay defined contribution and defined benefit member liabilities by monitoring cash flow on a daily basis, conducting stress testing at least annually and identifying events which would trigger the implementation of the Fund's contingency plan for liquidity shortfalls. As a further risk mitigation strategy, it is the Trustee's policy that the Fund cannot have an exposure of more than 30% of illiquid assets at any one point in time.

27. Financial instruments (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities at undiscounted values (including future interest expected to be paid and excluding the impact of netting agreements). Accordingly these values may not agree to the carrying amounts.

	Carrying amount	Contractual cash flows	Less than 1 month	1-12 months	1-5 years	Greater than 5 years
Effect in thousands of AUD	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2021						
		-	-		-	-
Member benefit liabilities	8,382,195	8,382,195	8,382,195	-	-	-
Trade and other payables	8,260	8,260	8,260	-	-	-
Lease liabilities	7,505	9,080	97	1,070	5,152	2,761
	8,397,960	8,399,535	8,390,552	1,070	5,152	2,761
30 June 2020						
				-	-	-
Member benefit liabilities	7,276,331	7,276,331	7,276,331	-		-
Trade and other payables	10,072	10,072	10,072	-		-
Lease liabilities	8,232	10,206	94	1,032	4,955	4,125
	7,294,635	7,296,609	7,286,497	1,032	4,955	4,125

The Fund is also committed to making further investments in financial instruments as discussed in note 25.

Effective 1 July 2021, all assets and liabilities of the Fund had been transferred to LGIAsuper. Refer to Note 31 for details.

28. Fair value measurements

Estimation of fair values

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$ '000	$ '000	$ '000	$ '000
30 June 2021				
Direct mandates	5,730,390	-	-	5,730,390
Cash and cash equivalents	504,143	-	-	504,143
Units in unlisted unit trusts	-	1,363,993	968,664	2,332,657
Shares in unlisted entities	-	-	483,409	483,409
Derivative financial instruments	-	15,550	-	15,550
Trade and other receivables	95,425	-	-	95,425
	6,329,958	**1,379,543**	**1,452,073**	**9,161,574**

	Level 1	Level 2	Level 3	Total
	$ '000	$ '000	$ '000	$ '000
30 June 2020				
Direct mandates	4,600,765	-	-	4,600,765
Cash and cash equivalents	748,119	-	-	748,119
Units in unlisted unit trusts	-	911,399	910,486	1,821,885
Shares in unlisted entities	-	-	212,435	212,435
Derivative financial instruments	-	12,633	-	12,633
Trade and other receivables	258,230	-	-	258,230
	5,607,114	**924,032**	**1,122,921**	**7,654,067**

28. Fair value measurements (continued)

Reconciliation of Level 3 fair value measurements of financial instruments

30 June 2021	Units in unlisted unit trusts $ '000	Shares in unlisted entities $ '000	Total $ '000
Opening Balance	910,486	212,435	1,122,921
Transferred from level 2	-	16,694	16,694
Total gains/(losses) recognised in the Income Statement for the year	(86)	(325)	(411)
Total unrealised gains/(losses) recognised in the Income Statement for assets held at the end of the reporting year	44,755	112,134	156,889
Purchases/applications	44,667	152,854	197,521
Sales/redemptions	(31,158)	(10,383)	(41,541)
Closing balance	968,664	483,409	1,452,073

30 June 2020	Units in unlisted unit trusts $ '000	Shares in unlisted entities $ '000	Total $ '000
Opening Balance	980,317	187,429	1,167,746
Total gains/(losses) recognised in the Income Statement for the year	(48)	71	23
Total unrealised gains/(losses) recognised in the Income Statement for assets held at the end of the reporting year	(129,729)	(25,757)	(155,486)
Purchases/applications	133,428	73,838	207,266
Sales/redemptions	(73,482)	(23,146)	(96,628)
Closing balance	910,486	212,435	1,122,921

There have been no significant transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the period.

Valuation techniques

Units in unlisted unit trusts

The market value of the investment in unlisted unit trusts, listed in note 11, is determined by reference to the unit redemption price as at the reporting date as advised by the investment managers which are based on the fair value of the underlying investments. Unit values denominated in foreign currency are then translated to Australian Dollars at the current exchange rates. The Fund categorises these investments as Levels 2 and 3.

Derivative financial instruments

The market value of derivative financial instruments listed in note 12 is determined as if the contracts were closed out as at the reporting date. The Fund's derivative financial instruments comprise of forward foreign currency contracts. The Fund classifies these investments as Level 2. The market value of forward foreign currency contracts (forwards) fluctuates with changes in foreign exchange rates. The forward contracts are consistently marked-to-market throughout the financial year. When the forward contract is closed, the Fund records a realised gain or loss equal to the difference between the value at the time the forward contract was entered into and the value at the time it was closed as a change in the fair value of investments in the Income Statement.

Shares in unlisted entities

Shares in unlisted entities in note 13 are valued according to the most recent valuation obtained from the underlying managers at fair value adjusted for subsequent new investments, redemptions and significant changes in underlying market conditions through to reporting date. The Fund categorises these investments as Level 3.

Direct shares holding via investment mandates

The market value of direct shareholding investments listed in note 11 are valued according to the most recent valuation obtained from the investment manager at fair value. The Fund classifies these investments as level 1.

Valuation process for Level 3 valuations

Units in unlisted unit trusts and investment mandates

Investments in these structures are typically less liquid. These investments are unitised and are in various asset classes including private equity, private debt, unlisted property and infrastructure. The underlying assets held in these trusts are valued on a regular basis by the investment manager or trustee for the pooled investment vehicle, and independent valuations are conducted at least annually. The valuation of the underlying assets of such trusts form part of the financial reporting for these unitised investments that may provide the basis for the adopted unit price used by the Fund for valuation purposes. The Fund periodically reviews the valuation techniques and policies used by investment managers to ensure consistency with the Fund's valuation policy.

Valuation methodology models adopted by the investment manager or trustee for the pooled investment vehicle may include the use of projected future cashflows discounted back to their present value using an appropriate risk adjusted discount rate, specifically for property the capitalisation method using an appropriate capitalisation rate and other methods of valuation. These models are sensitive to a number of assumptions, including but not limited to projected future earnings, cashflows and discount rates. Recent prices of similar transactions and comparison to earnings multiples for comparative investments can also be used as an input to the valuation process undertaken by the investment manager or trustee for the pooled investment vehicle.

Shares in unlisted entities

Investments in unlisted entities are typically less liquid. With the exception of the Trustee's investment in ESI Financial Services Pty Ltd, these investments are unitised. The underlying assets held in these trusts are valued on a regular basis by the investment manager with either management or independent valuations conducted at least annually. The valuation of the underlying assets of such trusts form part of the financial reporting for these unitised investments that may provide the basis for the adopted unit price used by the Fund for valuation purposes. The Fund periodically reviews the valuation techniques and policies used by investment managers to ensure consistency with the Fund's valuation policy.

Valuation methodology models adopted by the investment manager may include the use of projected future cashflows discounted back to their present value using an appropriate risk adjusted discount rate, recent prices of similar transactions and comparison to earnings and/or revenue multiples for comparative investments.

28. Fair value measurements (continued)

Level 3 valuation inputs and relationships to fair value

The following table summarises quantitative information about the significant unobservable inputs used by the Trustee in Level 3 values.

Description	Fair value 30 June 2021 '$'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Units in unlisted unit trusts	968,664	redemption price	Higher/(lower) estimated resale (+/-10%) would increase/ (decrease) fair value by $96,866,400
Shares in unlisted entities	483,409	redemption price	Higher/(lower) sale price (+/-10%) would increase/(decrease) fair value by $48,340,900

Description	Fair value 30 June 2020 '$'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Units in unlisted unit trusts	910,486	redemption price	Higher/(lower) estimated resale (+/-10%) would increase/ (decrease) fair value by $91,048,600
Shares in unlisted entities	212,435	redemption price	Higher/(lower) sale price (+/-10%) would increase/(decrease) fair value by $21,243,500

29. Derivative financial instruments

As at 30 June 2021 and 30 June 2020 the derivative overlay accounts were held in the name of the Fund.

The Fund's investment managers may use derivative financial instruments to reduce the risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets. Derivative financial instruments are separately disclosed in the Statement of Financial Position.

At reporting date, the notional principal amounts and fair value of derivatives held by the Fund were as follows:

	Notional principal amounts		Fair value	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Australian cash deposits	-	-	-	-
Forward contracts	2,655,030	6,199,048	15,550	12,633
	2,655,030	6,199,048	15,550	12,633

30. Remuneration of auditors

	2021 $	2020 $
BDO Audit Pty Ltd:		
- Audit of Financial Statements of the Fund and Trustee	84,500	81,000
- Other regulatory compliance audit of the Fund and Trustee	28,000	28,250
	112,500	109,250

31. Events subsequent to reporting date

Successor Fund Transfer

The Trustee determined that the Fund was to be wound up and the Fund's net assets, members' benefit liabilties and reserves transferred to LGIAsuper in the form of a successor fund transfer ("SFT") dated 1 July 2021. In accordance with the SFT deed, the assets and liabilties of the Fund were transferred effective 1 July 2021.

Under the indemnity provisions, including certain conditions, of the SFT, the Trustee is indemnified against Fund's liabilities that may arise after the transfer of the net assets and members of the Fund.

Assets, liabiltities and reserves transferred on 1 July 2021 are listed below:

	2021 $'000
Assets	
Cash and Cash equivalents	504,143
Units in unlisted unit trusts and investment mandates	8,063,047
Deriviative financial assets	15,550
Shares in unlised entities	383,805
Other receivables	95,425
Other assets	588
Plant and Equipment	7,323
Total Assets	9,069,881
Liabilties excluding member benefits	
Trade and other payables	8,260
Income tax payable	42,232
Provisions	204
Lease liabilties	7,505
Deferred tax liabilities	142,161
Total Liabilties excluding member benefits	200,362
Liabilties excluding member benefits	
Definied Contributions member liabilities	7,538,817
Defined benefit member liabilities	842,816
Unallocated to members	562
Total Liabilties excluding member benefits	8,382,195
NET ASSETS	487,324
Equity	
Defined benefits that are over funded	393,512
Operaitonal Risk Financial Reserve	21,230
Other reserves and balances	72,582
Total equity	487,324

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations or the state of affairs of the Fund in subsequent years.

ENERGY SUPER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021
TRUSTEE DECLARATION

In the opinion of the Directors of Electricity Supply Industry Superannuation (Qld) Ltd being the Trustee of Energy Super:

1. The accompanying Financial Statements of Energy Super are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2021 and the results of its operations for the year ended on that date in accordance with the Australia Accounting Standards and Interpretations and other mandatory professional reporting requirements in Australia; and

2. The Fund has been conducted in accordance with its constituent Trust Deed dated 16 June 1995 (as amended) and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations and the Corporations Act 2001 and Regulations and Guidelines during the year.

Signed in accordance with a resolution of the Directors of the Trustee by:

RICHARD FLANAGAN
CHAIR

TERESA DYSON
DIRECTOR

Dated this 28 day of September 2021
Brisbane

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INDEPENDENT AUDITOR'S REPORT

Energy Super (ABN 33 761 363 685)

Report by the Registrable Superannuation Entity's Auditor to the trustee and members

Opinion

I have audited the financial statements of Energy Super (the RSE) for the year ended 30 June 2021 comprising the statement of financial position as at 30 June 2021, income statement, statement of changes in member benefits, statement of changes in reserves, and the statement of cash flows.

In my opinion, the financial statements present fairly, in all material aspects, in accordance with Australian Accounting Standards the financial position of Energy Super as at 30 June 2021 and the results of its operations, cash flows, changes in reserves and changes in members' benefits for the year ended 30 June 2021.

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 for the audit of the financial statements* 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.

Emphasis of matter - Basis of preparation

We draw attention to Note 2 in the financial statements, noting that the trustee resolved to cease operations of the RSE by way of a successor fund transfer to LGIAsuper (successor fund). A successor fund transfer is the transfer of the legal title of assets, liabilities and membership to the successor fund. The RSE will be wound-up and deregistered after the successor fund transfer. The RSE's financial statements have therefore been prepared on a non-going concern basis. My opinion is not modified in respect of this matter.

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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.

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- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My auditor conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

BDO Audit Pty Ltd

BDO

C R Jenkins
Director

Brisbane, 28 September 2021

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