NESS SUPER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NESS SUPER
FOR THE YEAR ENDED 30 JUNE 2014

CONTENTS :

NESS SUPER
Statement of Financial Position
As at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Cash and cash equivalents			
Cash	(11b)	8,128,018	7,397,296
Trade and Other Receivables			
Contributions Receivable		3,623,613	3,836,229
Investment Income Receivable	(13)	8,783,509	5,216,228
Group Life Insurance Rebate Receivable		-	195,058
GST Receivable		37,047	34,369
Investments	(3)		
Financial Assets			
Property Trusts		3,400,710	8,992,660
Pooled Superannuation Trusts		242,840,039	240,162,746
Insurance Policies - Investment Linked		260,327,996	194,049,371
Insurance Policies - Pensions		5,570,393	3,231,646
Other Assets			
Property, Plant & Equipment	(14)	2,821	4,455
Deferred tax assets	(10d)	87,538	4,835,726
TOTAL ASSETS		532,801,684	467,955,784
LIABILITIES			
Trade and Other Payables			
Benefits Payable		474,706	1,727,095
Administration fees		74,616	71,395
Provision for Employee Entitlements		76,971	26,962
Group Life Insurance		396,643	164,603
Group Tax Payable		10,337	14,696
No TFN Contributions Tax Payable/ (Receivable)		(13,577)	45,520
Trustee Expenses		112,311	122,549
Tax Liabilities			
Provision for Income Tax	(10c)	1,054,374	1,723,910
Deferred tax liabilities	(10d)	1,447,864	569,652
TOTAL LIABILITIES		3,634,245	4,466,382
NET ASSETS AVAILABLE TO PAY BENEFITS		529,167,439	463,489,402
REPRESENTED BY:			
LIABILITY FOR ACCRUED BENEFITS	(4), (5), (6)		
Allocated to Members' Accounts		524,501,136	459,568,223
Unallocated to Members' Accounts		2,844,115	1,780,270
Reserves		1,822,188	2,140,909
		529,167,439	463,489,402

This Statement of Financial Position should be read in conjunction with the accompanying notes on pages 6 to 27.

NESS SUPER
Operating Statement
For the Year Ended 30 June 2014

	Note	2014	2013
		$	$
INVESTMENT REVENUE			
Distributions		11,534,898	8,317,242
Changes in net market values	(7)	50,624,147	57,541,551
		62,159,045	65,858,793
CONTRIBUTIONS REVENUE			
Employer contributions		44,580,360	41,417,807
Member contributions		2,675,317	1,244,940
Transfers in from other funds		5,894,380	5,045,366
		53,150,057	47,708,113
OTHER REVENUE			
Proceeds from group life policies		1,063,548	1,941,550
Interest received - bank		150,525	168,241
Other income		-	235,850
Forgone benefits		15,731	3,132
		1,229,804	2,348,773
TOTAL REVENUE		116,538,906	115,915,679
GROUP LIFE INSURANCE EXPENSES		(5,274,784)	(2,215,258)
INVESTMENT FEE REBATES		230,469	228,469
GENERAL ADMINISTRATION EXPENSES			
Administration expenses	(8)	(1,297,329)	(907,852)
Trustee expenses	(15)	(1,086,228)	(993,700)
Other Scheme expenses	(17)	(422,851)	(504,668)
Auditors remuneration	(9)	(84,535)	(67,760)
No TFN contributions tax		13,493	(45,520)
Superannuation contribution surcharge		1,785	-
TOTAL EXPENSES		(7,919,980)	(4,506,289)
BENEFITS ACCRUED BEFORE INCOME TAX		108,618,926	111,409,390
INCOME TAX EXPENSE	(10a,10b)	(9,904,583)	(8,562,267)
BENEFITS ACCRUED AFTER INCOME TAX		98,714,343	102,847,123

This Operating Statement should be read in conjunction with the accompanying notes on pages 6 to 27.

NESS SUPER
Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014	2013
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows:			
Distribution income received		7,967,617	5,816,229
Interest income received		150,525	168,241
Contributions income received		53,362,673	47,638,013
Group Life Insurance Proceeds		1,258,606	1,886,492
Other Revenue		15,731	238,982
Cash Outflows:			
Administration Expenses		(1,294,108)	(922,859)
GST Expense		(2,678)	(9,234)
Audit & Other Services Fees		(71,445)	(65,560)
Insurance Premiums		(5,042,744)	(2,261,533)
Operating Expenses		(1,485,123)	(1,529,104)
Surcharge Tax Credits		1,785	-
Income Tax Paid		(4,993,323)	(4,366,490)
Members' Benefits		(34,288,694)	(27,106,428)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(11a)	15,578,822	19,486,749
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Investments		54,935,256	41,726,998
Units in Investments purchased		(70,013,825)	(60,179,243)
Direct Investment Rebates		230,469	228,469
NET CASH FLOW (USED IN) INVESTING ACTIVITIES		(14,848,100)	(18,223,575)
NET INCREASE IN CASH AND CASH EQUIVALENTS		730,722	1,263,174
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		7,397,296	6,134,122
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	(11b)	8,128,018	7,397,296

This Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 6 to 27.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation
The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standard AAS 25 : "Financial Reporting by Superannuation Plans," ("AAS 25") as amended by AASB 2005-13 "Amendments to Australian Accounting Standards (AAS25), the Superannuation Industry (Supervision) Act 1993 and Regulations and the provisions of the Trust Deed and other accounting standards to the extent applicable.

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments and derivatives which are measured at net market value.

(b) Statement of Compliance
The financial statements comply with AAS 25. Since AAS 25 is the principal standard that applies to the financial statements, other Australian Accounting Standards issued by the AASB are also applied where necessary except to the extent that they differ from AAS25.

New Accounting Standards and Interpretations
The following standards and interpretations have been issued by the AASB but are not yet effective for the period ended 30 June 2014.

The Trustee, NESS Super Pty Ltd, anticipates the adoption of these Standards will not have a material financial impact on the financial report of NESS Super ("Scheme").

Reference	Title	Summary	Application date of standard
AASB 1056	Superannuation Entities	AASB 1056 is a new Standard applying to superannuation entities replacing AAS 25 Financial Reporting by Superannuation Plans. This new standard specifies requirements for general purpose financial statements of superannuation entities and results in significant changes to presentation of financial statements, measurement and disclosure of defined benefit obligations and disclosure of disaggregated financial information.	1 July 2016
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets	AASB 2012-3 adds application guidance to AASB 132 *Financial* Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of	1 January 2014

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting standards and interpretations issued, but not yet effective

Reference	Title	Summary	Application date of standard
AASB 2014-2	Amendments to AASB 1053 – Transition to and between Tiers, and related 2 Disclosure Requirements [AASB 1053]	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to: • clarify that AASB 1053 relates only to general purpose financial statements; • make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards; • clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and • specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	1 July 2014
AASB 9/IFRS 9	Financial Instruments	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 January 2018

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Investments and Derivatives
Investments of the Scheme are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments are measured at net market value. Gains or losses on investments are recognised in the Operating Statement.

Net market values of investments have been determined as follows:

* property trusts
  at redemption price at balance date as quoted by the investment manager

* pooled superannuation trusts
  at redemption price at balance date as quoted by the investment manager

* life office policies
  at surrender value at balance date as advised by the insurer

The Trustee has concluded that the above measurement bases are appropriate. The nature of the assets and liabilities is that measurement amounts may change over time.

Purchases and sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place are recognised on the trade date ie. the date that the Scheme commits to purchase the asset.

(d) Revenue Recognition
Revenue is recognised and measured as fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Scheme and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Changes in net market values
Changes in the net market value of investments are calculated as the difference between the net market value at sale, or at balance date, and the net market value at the previous valuation point and recognised in the Operating Statement.

Contributions and Transfers In
Contributions and transfers in are recognised when control of the asset has been attained and are recorded, gross of any tax, in the period to which they relate.

Interest
Interest revenue on cash and other financial assets carried at net market value is recorded according to terms of the contract and when the Scheme's right to receive the interest is established.

Dividends and Distributions
Revenue is recognised when the right to receive payment is established.

Proceeds from Group Life Policies
Insurance claim amounts are recognised where the insurer has agreed to pay the claim lodged and has transferred the claim amount to the Scheme.

(e) Income Tax
The Scheme is a complying superannuation fund within the provisions of the Income Tax Assessment Act. Accordingly, the concessional tax rate of 15% has been applied to the Scheme's taxable income.

Income tax on the Operating Statement for the year comprises current and deferred tax. Income tax is reflected in the Operating Statement.

Current tax expense is the expected tax payable on the taxable income for the year using the concessional tax rate of 15% for Scheme income and any adjustment to tax payable in respect of previous years. Assessable income referable to pension liabilities may be exempt from tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Income Tax (Continued)

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial purposes.

Deferred income tax liabilities are recognised for all temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

(f) Benefits Payable
Benefits payable are valued at net market value which comprises the entitlements of members who ceased employment prior to the year end but had not been paid at that time. Benefits payable are normally settled within 30 days.

(g) Receivables and Other Payables
Receivables are carried at nominal amounts due which approximate net fair value.

Other payables are recognised for amounts to be paid in the future for goods and services received prior to the end of the financial year, whether not billed by the economic entity. Receivables and other payables are normally settled within 30 days.

(h) Cash and Cash Equivalents
Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Accrued Benefits
The liability for accrued benefits is the Scheme's present obligation to pay benefits to members and beneficiaries. This has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and tax liabilities as at reporting date.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Provision for Deductions
A provision has been made for the administration levies, group life insurance premiums and contribution tax which will be deducted when the contributions included in unallocated cash and contributions receivable at 30 June 2014 are allocated to members.

The effects of this policy are as follows:

	2014	2013
	$	$
Increase in contribution tax expense and provision for tax on contributions	575,423	532,420
Reduction in Members' Funds not yet Allocated and Vested Benefits	575,423	532,420

(k) Derecognition of Financial Assets and Financial Liabilities
A financial asset is derecognised when:

* the rights to receive cash flows from the asset have expired; or
* the Scheme has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

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

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

Receivables and payables are stated inclusive of GST.

(m) Significant Accounting Judgements, Estimates and Assumptions
The preparation of the financial statements requires the making of estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities where they are not available from independent sources.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

(n) No TFN Contributions Tax
Where a member does not provide their tax file number to the Scheme, the Scheme may be required to pay no TFN contributions tax at a rate of 31.5% which is in addition to the concessional tax rate of 15% which applies to the Scheme's taxable income.

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

2. OPERATION OF THE SCHEME

The Scheme was established on 8th October 1987 to provide benefits to members of the Scheme. Members are required to be employed by a participating employer of the Scheme.

The Trustee of the Scheme is New South Wales Electrical Superannuation Scheme Pty Limited ABN 28 003 156 812.

The Scheme is a defined contribution scheme whereby contributions of the employer and the employees are made in accordance with the terms of the Trust Deed. The members' accounts are credited or debited each year with their proportionate share of the net investment income, expenses and income tax expense of the Scheme.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993 the Scheme was registered with the Australian Prudential Regulation Authority on 12 August 2005 (licence no L0000161).

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

3. INVESTMENTS

The investments of the Scheme (other than short term deposits) are managed on behalf of the Trustee by selected investment managers.

	2014 $	2013 $
Property Trusts		
Macquarie Global Infrastructure Fund 11A	3,400,710	3,240,885
AMP Infrastructure Equity Fund	-	5,751,775
	3,400,710	8,992,660
Pooled Superannuation Trusts		
JANA Managed Funds	242,840,039	240,162,746
	242,840,039	240,162,746
Insurance Policies - Investment Linked		
MLC Life Company Policies	260,327,996	194,049,371
MLC Life Company Policies - Pensions	5,570,393	3,231,646
	265,898,389	197,281,017
Total Investments	512,139,138	446,436,423

Classification of Financial Instruments under the Fair Value Hierarchy

AAS 25 requires investments to be measured using net market value. The following table shows financial instruments recorded at net market value, analysed between those whose net market value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs that are significant to the determination of net market value. Net market value is considered a reasonable approximation of fair value, and for the purposes of the "fair value hierachy", estimated costs of disposal have been disregarded for Level 1 financial assets. Listed Australian equities and listed international equities have been disclosed within Level 1 in the fair value hierarchy, as the Trustee considers this is the most appropriate treatment that reflects how listed equities are valued.

		2014		
	Valued at Quoted market price (Level 1) $	Valuation Technique Market observable inputs (Level 2) $	Valuation Technique Non-Market observable inputs (Level 3) $	TOTAL $
Property Trusts	-	-	3,400,710	3,400,710
Pooled Superannuation Trusts	-	242,840,039	-	242,840,039
Insurance Policies - Investment Linked	-	260,327,996	-	260,327,996
MLC Life Company Policies - Pensions	-	5,570,393	-	5,570,393
Total Investments	-	508,738,428	3,400,710	512,139,138

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

3. INVESTMENTS (Continued)

2013

	Valued at Quoted market price (Level 1) $	Valuation Technique Market observable inputs (Level 2) $	Valuation Technique Non-Market observable inputs (Level 3) $	TOTAL $
Property Trusts	-	-	8,992,660	8,992,660
Pooled Superannuation Trusts	-	240,162,746	-	240,162,746
Insurance Policies - Investment Linked	-	194,049,371	-	194,049,371
Insurance Policies - Pensions	-	3,231,646		3,231,646
Total Investments	-	437,443,763	8,992,660	446,436,423

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the net market value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

Disclosure of the methods and assumptions applied in determining the net market value for each class of financial assets and financial liabilities are included in Note 1 (c).

Level 3 Financial Instruments Transactions

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period.

30 June 2014

	Property Trusts $	Other Unlisted Unit Trusts $	TOTAL $
Opening balance	8,992,660	-	8,992,660
Total realised/(unrealised) gains and losses	(18,347)	-	(18,347)
Sales/ Redemptions	(6,117,669)	-	(6,117,669)
Distributions	544,066	-	544,066
Closing balance	3,400,710	-	3,400,710

30 June 2013

	Property Trusts $	Other Unlisted Unit Trusts $	TOTAL $
Opening balance	8,696,445	6,713,410	15,409,855
Total realised/(unrealised) gains and losses	296,215	(75,391)	220,824
Sales/ Redemptions	(194,036)	(6,744,024)	(6,938,060)
Distributions	194,036	106,005	300,041
Closing balance	8,992,660	-	8,992,660

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

3. INVESTMENTS (Continued)

Gains or losses recognised in the Operating Statement for Level 3 transactions are presented in the movement in net market value of investments as follows:

30 June 2014

	Property Trusts $	Other Unlisted Unit Trusts $	TOTAL $
Total gains/(losses) recognised in the Operating Statement for the period	(18,347)	-	(18,347)
Total gains/(losses) recognised in the Operating Statement for the period for assets held at the end of the reporting period	(18,347)	-	(18,347)

30 June 2013

	Property Trusts $	Other Unlisted Unit Trusts $	TOTAL $
Total gains/(losses) recognised in the Operating Statement for the period	296,215	(75,391)	220,824
Total gains/(losses) recognised in the Operating Statement for the period for assets held at the end of the reporting period	296,215	(75,391)	220,824

For financial instruments classified in Level 3 in the fair value hierarchy some of the inputs to the valuation models are unobservable and therefore subjective in nature. The use of reasonably possible alternative assumptions could produce a different net market value measurement. If the impact of using those alternative assumptions would cause the fair value of Level 3 assets to be higher or lower by 5% of the net assets of the Scheme the result for the year would have been higher or lower by $170,036 (2013 $449,633).

Transfers Between Hierarchy Levels

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

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

4. LIABILITY FOR ACCRUED BENEFITS

The liability for accrued benefits is the Scheme's present obligations to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the sundry liabilities and income tax liabilities as at reporting date.

The changes in the liability for accrued benefits for the Scheme are as follows:

	2014	2013
	$	$
a) CHANGES IN THE LIABILITY FOR ACCRUED BENEFITS		
Liability for accrued benefits at beginning of year	463,489,402	389,013,581
Plus: Benefits accrued after income tax	98,714,343	102,847,123
Less: Benefits paid (Note 12)	(33,036,306)	(28,371,302)
Liability for accrued benefits at end of year	529,167,439	463,489,402
Represented by:		
Allocated to Members' Accounts	524,501,136	459,568,223
Unallocated to Members' Accounts (Note 4b)	2,844,115	1,780,270
Reserves (Note 4c)	1,822,188	2,140,909
	529,167,439	463,489,402

b) UNALLOCATED TO MEMBER ACCOUNTS

	2014	2013
Unapplied cash	270,632	203,556
Contributions receivable	3,623,613	3,836,229
Claims payable (excluding group life)	(474,707)	(1,727,095)
Provision for deductions (Note 1j)	(575,423)	(532,420)
	2,844,115	1,780,270

The amount unallocated to members accounts above is a surplus amount in excess of vested benefits that the Scheme has not been able to allocate to members at balance date.

c) RESERVES

	2014	2013
Investment and Taxation Reserve	(343,012)	117,024
Group Life (Deficit)/ Surplus	(2,150)	228,438
Operational Risk Financial Reserve	1,207,038	1,180,597
Contingency	960,312	614,850
	1,822,188	2,140,909

The Contingency Reserve is created from funds that would otherwise be available for distribution to members. The purpose of the Reserve is to meet any operational or associated expenses incurred by the Scheme or Trustee which are not met by the fees deducted from members' accounts.

By 30 June 2016, APRA requires Trustees to hold adequate financial resources to address any losses arising from operational risks. The Operational Risk Financial Reserve will be maintained in an Operational Risk Financial Reserve account as an asset of the Scheme. The balance of the reserve account is an identifiable amount of cash. Interest earned on this account is re-invested in the account.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

5. VESTED BENEFITS

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

	2014	2013
	$	$
Vested Benefits	527,345,251	461,348,493
As compared to Net Assets available to pay Benefits	529,167,439	463,489,402

6. GUARANTEED BENEFITS

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

7. CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS

Investments Realised during the year:

	2014	2013
Other Unlisted Unit Trusts		
AMP Infrastructure Equity Fund	(5,087)	-
Goodman Australia Industrial Fund	-	(75,391)
Total Net Realised Unlisted Unit Trust (Losses)	(5,087)	(75,391)
Pooled Superannuation Trusts		
JANA Managed Funds	4,208,850	5,190,689
Total Net Realised Pooled Superannuation Trusts Gains	4,208,850	5,190,689
Insurance Policies - Investment Linked		
MLC Life Company Policies	220,471	204,210
MLC Life Company Policies - Pensions	36,506	11,911
Total Net Insurance Policies - Investment Linked Realised Gains	256,977	216,121
Total Net Realised Gains	4,460,740	5,331,419

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

7. CHANGES IN NET MARKET VALUES OF INVESTMENT ASSETS (Continued)

	2014	2013
	$	$
Investments held at reporting date:		
AMP Infrastructure Equity Fund	-	318,394
Macquarie Global Infrastructure Fund 11A	(13,259)	(22,179)
Total Net Unrealised Property Trust (Losses)/ Gains	(13,259)	296,215
JANA Managed Funds	29,428,168	40,352,345
Total Net Unrealised Pooled Superannuation Trusts Gains	29,428,168	40,352,345
MLC Life Company Policies	16,360,912	11,300,226
MLC Life Company Policies - Pensions	387,586	261,346
Total Net Unrealised Insurance Policies - Investment Linked Gains	16,748,498	11,561,572
Total Net Unrealised Gains	46,163,407	52,210,132
Total Changes in Net Market Value of Investment Assets	50,624,147	57,541,551

8. ADMINISTRATION EXPENSES

Holding fees and transaction fees are deducted from members' accounts and applied to the Reserve account to meet the costs of administration and other expenses of the Scheme.

Fees are payable to the administrator as per the Administration Agreement between the Scheme and Australian Administration Services Pty Limited.

9. AUDITOR'S REMUNERATION

	2014	2013
	$	$
Amounts received or due and receivable by Ernst & Young for		
- an audit of the financial statements of the entity.	73,150	60,060
- taxation services in relation to the entity.	7,700	7,700
- other services	3,685	-
	84,535	67,760

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

10. INCOME TAX	2014	2013
	$	$
(a) Major components of income tax expense for the years ended 30 June 2014 and 2013		
Current income tax expense		
Current income tax charge	4,265,692	4,599,986
Adjustments in respect of current income tax of previous years	12,491	67,555
Deferred income tax		
Relating to origination and reversal of temporary differences	5,626,400	3,894,726
Income tax expense reported in Operating Statement	9,904,583	8,562,267

(b) Reconciliation between income tax expense and the accounting profit before income tax

A reconciliation between income tax expense and the accounting profit before income tax multiplied by the applicable tax rate is as follows:

	2014	2013
Benefits accrued from ordinary activities before income tax	108,618,926	111,409,390
At the tax rate of 15%	16,292,839	16,711,409
Tax Effect of Imputation and foreign tax credits	303,629	324,491
Permanent Differences		
Transfers from Other Funds	(884,158)	(756,806)
Non-taxable Member Contributions	(369,387)	(148,967)
Realised Gains/ (Losses) per Capital Gains Tax	1,110,514	(49,004)
Discount on Unrealised Gains per Capital Gains Tax	(914,302)	(292,763)
Tax Free Investment Income	(3,878)	(1,705)
Tax Free Pension Income	(5,656)	(2,097)
Tax deferred investment income	(15,094)	(75,873)
Proceeds from Term Insurance	(159,532)	(291,233)
Anti Detriment Payment	(10,041)	(51,229)
Difference between accounting and Tax treatment for taxable investments	(3,426,360)	(4,715,069)
No TFN Contributions Tax	(2,024)	6,830
Surcharge Tax	(266)	-
Imputation Credits	(2,024,192)	(2,163,272)
Adjustments in respect of current income tax of previous years	12,491	67,555
Income tax expense reported in Operating Statement	9,904,583	8,562,267

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

10. INCOME TAX (Continued)

	2014 $	2013 $
(c) Provision for income tax		
Provision for income tax	1,054,374	1,723,910

(d) Deferred tax balances

	2014 Opening Balance $	2014 Charged to income $	2014 Closing Balance $	2013 Opening Balance $	2013 Charged to income $	2013 Closing Balance $
Deferred tax liabilities						
Contributions receivable	(569,652)	(878,212)	(1,447,864)	(552,735)	(16,917)	(569,652)
	(569,652)	(878,212)	(1,447,864)	(552,735)	(16,917)	(569,652)
Deferred tax assets						
Accrued expenses	53,782	33,756	87,538	64,432	(10,650)	53,782
Unrealised losses/ (gains) on investments	(1,494,402)	1,494,402	-	2,421,762	(3,916,164)	(1,494,402)
Realised losses on investments	6,276,346	(6,276,346)	-	6,227,341	49,005	6,276,346
	4,835,726	(4,748,188)	87,538	8,713,535	(3,877,809)	4,835,726
Net deferred tax asset	4,266,074	(5,626,400)	(1,360,326)	8,160,800	(3,894,726)	4,266,074

11. STATEMENT OF CASH FLOWS

a) Reconciliation of Net Cash provided by Operating Activities to Benefits Accrued from Ordinary Activities after Income Tax

	2014 $	2013 $
Benefits accrued after income tax	98,714,343	102,847,123
Benefits Paid	(33,036,306)	(28,371,302)
Depreciation of Property, Plant and Equipment	1,634	2,840
Loss on Sale of Property, Plant and Equipment	-	2,104
Change in Net Market Values of Investments and Investment Rebates	(50,854,616)	(57,770,020)
(Decrease)/ Increase in Accounts Payable	(1,040,813)	1,246,763
Decrease in Net Deferred Tax Asset	5,626,400	3,894,726
(Decrease)/ Increase in Income Taxes Payable	(669,536)	269,920
Decrease/ (Increase) in Contributions Receivable	212,616	(70,100)
(Increase) in Other Receivables	(3,374,900)	(2,565,305)
	15,578,822	19,486,749

b) Reconciliation of Cash

	2014	2013
Cash at Bank	7,031,310	6,629,106
Unpresented cheques	(110,330)	(412,407)
	6,920,980	6,216,699
Operational Risk Financial Reserve	1,207,038	1,180,597
	8,128,018	7,397,296

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

12. BENEFITS PAID

	2014	2013
	$	$
Death Benefits Paid	1,502,219	1,978,641
Group Life Insurance	32,000	(106,600)
	1,534,219	1,872,041
Withdrawals	31,500,945	26,428,128
Death	1,534,219	1,872,041
Disablement	1,142	71,133
	33,036,306	28,371,302

13. INVESTMENT INCOME RECEIVABLE

	2014	2013
Property Trusts		
AMP Infrastructure Equity Fund	-	226,518
Macquarie Global Infrastructure Fund 11A	-	317,546
	-	544,064
Pooled Superannuation Trusts		
JANA Managed Funds	8,783,509	4,672,164
	8,783,509	5,216,228

14. PROPERTY, PLANT & EQUIPMENT

	2014	2013
Office Equipment and Furniture		
At Cost	12,249	12,249
Less accumulated depreciation	(9,428)	(7,794)
Net Written Down Value	2,821	4,455
Total	2,821	4,455

15. TRUSTEE EXPENSES

	2014	2013
Directors' Fees	172,523	174,585
Superannuation - Employees	35,030	37,210
General Office Expenses	2,066	3,363
Internal Audit - KPMG	60,798	-
Legal Fees	129,822	70,806
Motor Vehicle Expenses	4,141	12,003
Professional Consulting Fees	180,113	267,674
Staff Related Costs	480,873	419,428
Travel, Accommodation & Meals	20,862	8,631
	1,086,228	993,700

16. FUNDING ARRANGEMENTS (CONTRIBUTIONS)

Employer
Each participating employer is required to contribute in respect of each eligible member such amounts or at such rates as are set out in the agreement by which the employer was admitted to participate in the Scheme. This sum is payable monthly 14 days after each month end.

Employees
Employees can contribute to the Scheme on a voluntary basis.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

17. OTHER SCHEME EXPENSES

	2014	2013
	$	$
Arrears/Debt Collection	19,447	62,846
Bank Charges	10,374	9,681
Government Charges	122,735	131,439
Investment Consulting Fees	3,583	4,627
Other Scheme Expenses	4,439	6,632
Printing	51,115	10,023
Recruitment Expenses	-	51
Service Related Charges	174,083	236,821
Trustee Liability Insurance	14,064	14,064
Trustee Meetings & Conferences	23,011	28,484
	422,851	504,668

18. MEMBERSHIP & PARTICIPATING EMPLOYERS

	2014	2013
	No.	No.
Employed Members	8,674	8,511
Not-Employed Members	6,753	7,071
Total Membership	15,427	15,582
Total Employers	4,425	3,905

19. RELATED PARTY TRANSACTIONS

(a) Trustee and key management personnel

New South Wales Electrical Superannuation Scheme Pty Limited (ABN 28 003 156 812) was appointed Trustee on 8 October 1987.

The Directors of the Trustee during the year were :

Employer Representatives
Anthony Glossop (Chairman)
Reginald Alan Young

Member Representatives
Russell Wilson
Paul Sinclair

John Michael McCrory (Independent Director)

NESS SUPER
SUPERANNUATION SCHEME
Notes to the Financial Statements
For the Year Ended 30 June 2014

19. RELATED PARTY TRANSACTIONS (Continued)

(a) Trustee and key management personnel (Continued)
The other key management personnel other than the directors disclosed above and the Trustee of the Fund, is the Chief Executive Officer, Angelina Mastrippolito.

The Trustee obtained an RSE licence from the Australian Prudential Regulation Authority on 12 August 2005 (licence no L0000161).

(b) Compensation of Key Management Personnel

	2014	2013
	$	$
Short-term benefits - key management personnel	369,319	355,020

There are no other categories of Compensation paid.

(c) Related party transactions

During the year secretariat fees of $33,000 (2013 $33,000) were paid to the National Electrical and Communications Association (NECA). The following directors of the Trustee company were also nominees of NECA:

Anthony Glossop
Reginald Alan Young

During the year fees of $64,537 (2013 $40,850) were paid to the Electrical Trades Union (ETU) for directors meeting attendance. The following directors of the Trustee company were nominees of the ETU:

Russell Wilson
Paul Sinclair

Trustee
There were no transactions between the Scheme and New South Wales Electrical Superannuation Scheme Pty Ltd during the year (2013: $nil).

Trustee Directors
Certain directors are members of the Scheme. Their membership terms and conditions are the same as those available to other members of the Scheme.

20. SEGMENT INFORMATION

The Scheme operates solely in one reportable business segment, being the provision of benefits to members. The Scheme also operates from one reportable geographic segment, being Australia, from where its activities are managed. Revenue is derived from interest, dividends, gains on the sale of investments, unrealised changes in the value of investments, and contributions revenue.

21. INSURANCE

The Scheme provides death and disability benefits to members. These benefits are greater than the members' vested benefits. The Trustee has taken out insurance to cover that part of the benefit in excess of the vested benefit.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

22. RISK MANAGEMENT

The Scheme's financial instruments principally comprise units in pooled superannuation trusts and life company policies. The main purpose of these financial instruments is to generate a return on investment. The Trustee has determined that investing via these types of instruments is appropriate for the Scheme.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:
- Market risk (which includes currency risk, interest rate risk and price risk)
- Credit risk
- Liquidity risk

These risks are described more fully on the following pages. Set out below is a general description of how investment risk is managed by the Trustee.

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

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Scheme's risk management framework. The Trustee's Audit and Compliance Committee oversees how management monitors compliance with the Scheme's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Scheme. The Trustee's risk management policies are established to identify and analyse the risks faced by the Scheme (including the investment risks managed by the Scheme's Investment Committee), to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The allocation of the investments of the Scheme to the various types of asset classes is determined by the Scheme's Implemented Investment Consultant and are subject to the agreed ranges set by the Board. Once allocated, they are invested in accordance with the Scheme's published investment strategies for the various investment options available to members.

The Board's Investment Committee consists of selected Board Members with appropriate investment experience. The Investment Committee is responsible for developing and monitoring the Scheme's risk management policies related to investment activities. This includes oversight of the performance of the Implemented Investment Consultant.

An external Implemented Investment Consultant is appointed to provide expert advice to the Trustee Board regarding the management of the Scheme's investment portfolio in accordance with the investment strategies for the Scheme's various investment options. The Trustee Board, through the appointed Implemented Investment Consultant, undertakes extensive due diligence to ensure the appointed fund managers have the requisite skills and expertise. Investments are monitored on a weekly basis through evaluation of prevailing market conditions and benchmark analysis. JANA was the appointed Implemented Investment Consultant throughout the year.

The Scheme does not have any significant exposure to any individual counterparty or industry. Its assets are invested by individual investment managers as disclosed in the Statement of Financial Position.

The Scheme holds no collateral as security or any other credit enhancements. There are no significant financial assets that are past due or impaired. Credit risk is not considered to be significant to the Scheme except in relation to investments in debt securities.

The Board of Directors of the Trustee receives quarterly risk management reports from the Scheme's Investment Consultant on its activities. Divergence from target asset allocations and the composition of the portfolio is monitored by the Board on a quarterly basis. Reports to the Board include the following:

- details of the controls in place to monitor compliance with the Scheme's various investment strategies;
- current asset allocations against target positions; and
- investment performance against benchmarks.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

22. RISK MANAGEMENT (Continued)

Set out below is a more detailed description of the components of the investment risks faced by the Scheme (ie Market, Credit and Liquidity risk), how the Trustee manages these risks and the sensitivities of the Scheme's investments to these components of investment risk.

Market risk

Market risk represents the risk that the fair value or future cashflows of a financial instrument will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual instrument (or its issuer) or factors affecting all instruments in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme has exposure to currency risk through its holdings in investments in Australian domiciled registered funds that invest in international equities and bonds.

The Scheme's exposures to currency risk at 30 June 2014 was comprised as follows:

	2014	2013
	$	$
International Equities		
- held in Australian currency denominated collective investment vehicles	115,947,228	117,279,050
	115,947,228	117,279,050

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The majority of the Scheme's financial instruments are non-interest bearing with only cash and cash equivalents and short term deposits being directly subject to interest rate risk. As a result, the Scheme is subject to limited direct exposure to interest rate fluctuations in prevailing levels of market interest rates. The Scheme is indirectly exposed to fluctuations in market interest rates through its investments in pooled superannuation trusts and life company policies, which invest in a variety of short and long term interest bearing securities. In the table set out on thefollowing page, $ Nil (2013 $ Nil) of the investments in pooled superannuation trusts and life company policies are specifically designated as holding fixed interest securities.

The interest rate risk disclosures have not been prepared on a look through basis for investments held indirectly through pooled superannuation trusts and life company policies. Consequently, the disclosure of interest rate risk in this note does not represent a comprehensive interest rate risk profile of the Scheme.

The Scheme's interest rate risk is monitored on a monthly basis by the Investment Consultant in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Investment Consultant also has the authority to transfer excess cash to short-term deposits. All transfers require dual authorisation from the Investment Consultant and the Scheme Secretary.

Currently, cash at bank and on deposit are held with Westpac Bank which has a Aa2 rating as reported by Moody's. The rating of Westpac Bank is reviewed by the Investment Committee on an annual basis. Any changes in banking arrangements requires the approval of the Trustee Board.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

22. RISK MANAGEMENT (Continued)

Interest rate risk (Continued)

At the reporting date the profile of the Scheme's interest-bearing and non-interest bearing financial instruments was:

30 June 2014

Assets	**Interest bearing**	**Non-interest bearing**	**Total**
Cash	8,128,018	-	8,128,018
Receivables and Other Assets	-	12,446,990	12,446,990
Deferred tax assets	-	87,538	87,538
Investments			
Property Trusts	-	3,400,710	3,400,710
Pooled Superannuation Trusts	-	242,840,039	242,840,039
Insurance Policies - Investment Linked	-	265,898,389	265,898,389
	8,128,018	524,673,666	532,801,684
Liabilities			
Payables	-	1,132,007	1,132,007
Income tax payable	-	1,054,374	1,054,374
Deferred tax liabilities	-	1,447,864	1,447,864
	-	3,634,245	3,634,245

30 June 2013

Assets	**Interest bearing**	**Non-interest bearing**	**Total**
Cash	7,397,296	-	7,397,296
Receivables and Other Assets	-	9,286,339	9,286,339
Deferred tax assets	-	4,835,726	4,835,726
Investments			
Property Trusts	-	8,992,660	8,992,660
Pooled Superannuation Trusts	-	240,162,746	240,162,746
Insurance Policies - Investment Linked	-	197,281,017	197,281,017
	7,397,296	460,558,488	467,955,784
Liabilities			
Payables	-	2,172,820	2,172,820
Income tax payable	-	1,723,910	1,723,910
Deferred tax liabilities	-	569,652	569,652
	-	4,466,382	4,466,382

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

22. RISK MANAGEMENT (Continued)

Sensitivity Analysis-Interest Rate Risk

Following analysis of historical data over the past 5 years and expected interest rate movement during the 2014 financial year together with consultation with the Investment Consultant, the Scheme anticipates a 100 basis point movement in interest rates is reasonably possible for the 30 June 2014 reporting period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013 and is not guaranteed.

An increase/decrease of 100 basis points in interest rates at the reporting date would have increased/decreased the Benefits accrued as a result of operations before income tax and Net assets available to pay benefits by the amounts shown below:

	Carrying Amount	Benefits accrued as a result of operations before income tax		Net Assets available to pay Benefits	
		-100bps	+100bps	-100bps	+100bps
30 June 2014					
Cash	8,128,018	(812,802)	812,802	(812,802)	812,802
30 June 2013					
Cash	7,397,296	(739,730)	739,730	(739,730)	739,730

Other market price risk

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As all of the Scheme's financial instruments are carried at net market value with changes recognised in the Operating Statement, changes in market conditions affecting net market value will be recognised in the Operating Statement. As the investments of the Scheme (other than cash held for liquidity purposes) comprise a combination of directly held securities and units in collective investment vehicles, the Scheme's exposure to other market risk is therefore limited to the market price movement of these investments. The Scheme's exposure at year end to other market price is detailed below.

Sensitivity Analysis- Other market price risk

In consultation with the Investment Consultant, the Scheme considers the following movements in other market price risk are reasonably possible for the 2014 reporting period:

Property Trusts	10%
Pooled Superannuation Trusts	
JANA Managed Funds	10%
Insurance Policies - Investment Linked	
MLC Life Company Policies	10%
MLC Life Company Policies - Pensions	10%

The increase/decrease in the market price against the investments of the Scheme at 30 June 2014 would have increased/(decreased) the Benefits accrued as a result of operations before tax 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 2013 and is not guaranteed.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

22. RISK MANAGEMENT (Continued)

Sensitivity Analysis- Other market price risk (Continued)

	%		Benefits accrued as a result of operations before income tax	
Assets		**Carrying Amount**	**Decrease**	**Increase**
30 June 2014				
Property Trusts	10	3,400,710	(340,071)	340,071
Pooled Superannuation Trusts	10	242,840,039	(24,284,004)	24,284,004
Insurance Policies - Investment Linked	10	265,898,389	(26,589,839)	26,589,839
		512,139,138	(51,213,914)	51,213,914
Assets				
30 June 2013				
Property Trusts	10	8,992,660	(899,266)	899,266
Pooled Superannuation Trusts	10	240,162,746	(24,016,275)	24,016,275
Insurance Policies - Investment Linked	10	197,281,017	(19,728,102)	19,728,102
		446,436,423	(44,643,642)	44,643,642

Credit Risk

Credit Risk is the risk that a counterparty to a financial instrument will cause a loss to the other party by failing to discharge an obligation. The Scheme has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis by the Investment Consultant. The credit policy provides guidelines as to the appropriate terms and conditions of transactions entered into and the escalation procedures to follow when the recovery of assets is considered doubtful.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No collateral is held as security nor do other credit enhancements exist for financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Scheme does not have any significant exposure to any individual counterparty or industry.

Substantially all of the cash held by the Scheme is held with Westpac Bank. The Scheme monitors its credit risk by monitoring the credit quality and financial positions of the bank through regular analysis of their financial reports.

For investment in listed Australian equities credit risk arising on these investments is mitigated by monitoring that fund managers transact predominantly with reputable brokers on recognised exchanges.

Credit risk arising from pooled superannuation trusts and life company policies is mitigated by extensive due diligence prior to the appointment of Investment and Fund Managers, and benchmark analysis of the Investment and Fund Managers appointed.

Credit risk associated with contributions receivable and other receivables is considered low as there is usually a short settlement period as the receivable relates to timing differences in respect of the receipt of contributions from the employer sponsors. The Scheme monitors the ageing of unsettled trades on a monthly basis to ensure receivables do not exceed 30 days.

All of the assets of the Scheme are held in the name of the Trustee.

NESS SUPER
Notes to the Financial Statements
For the Year Ended 30 June 2014

22. RISK MANAGEMENT (Continued)

Liquidity risk
Liquidity risk, the risk of not always having funds available to meet the Scheme's financial obligations when they fall due, is recognised in the Scheme's Liquidity Policy.

The main liquidity related risks to be managed within the Scheme are:
> Having cash ready to meet benefit payments or to meet monthly switches by members to the Cash option
> Meeting the 30 day rule for withdrawals from the Scheme (SIS regulation 6.43A)
> Avoiding breaching IPS and PDS maximum or minimum asset allocation ranges
> Avoiding the forced sale of physical assets in distressed markets
> Having funds available to pay operating expenses and taxes as they fall due.

These risks are partially mitigated by explicitly considering liquidity as part of reviews of strategic asset allocations, the use of relatively wide Strategic Asset Allocation (SAA) ranges and the Scheme's net positive, regular cash flow. Liquidity is managed by the Scheme's Investment Consultant and monitored regularly in its reports to the Trustee.

The Scheme's Trust Deed and Product Disclosure Statement provides for the daily withdrawal of benefits and it is therefore exposed to the liquidity risk of meeting members' withdrawals at any time.

The Scheme's liquidity risk is managed on a monthly basis by the Investment Consultant in accordance with policies and procedures in place and the Scheme's Investment Strategy. The Scheme's overall liquidity risks are monitored on a monthly basis by the Trustee.

The following are in contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying Amount	Contractual cash flows	Less than 1 month	1-6 Months	6+ Months
30 June 2014					
Sundry creditors	1,132,007	1,132,007	1,132,007	-	-
Income tax payable	1,054,374	1,054,374	-	-	1,054,374
Vested benefits	527,345,251	527,345,251	527,345,251	-	-
	529,531,632	529,531,632	528,477,258	-	1,054,374
30 June 2013					
Sundry creditors	2,172,820	2,172,820	2,172,820	-	-
Income tax payable	1,723,910	1,723,910	-	-	1,723,910
Vested benefits	461,348,493	461,348,493	461,348,493	-	-
	465,245,223	465,245,223	463,521,313	-	1,723,910

Vested benefits have been included in the less than one month column, as this is the amount that the Scheme could be required to pay members' vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

23. SUBSEQUENT EVENTS

Since 30 June 2014, there have been no matters or circumstances, which have arisen that have significantly affected or may significantly affect the financial position or operating results of the Scheme.

NESS SUPER

Trustee's Report
30 June 2014

In the opinion of the Trustee of NESS Super:

1. The accompanying financial statements of the New South Wales Electrical Superannuation Scheme are properly drawn up so as to present fairly the financial position of the Scheme as at 30 June 2014 and the result of its operations and cashflows for the year ended on that date are in accordance with Australian Accounting Standards and other mandatory professional reporting requirements; and

2. The Scheme has been conducted in accordance with its constituent Trust Deed (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 Board of Directors of New South Wales Electrical Superannuation Scheme Pty Limited (Trustee) (ABN 28 003 156 812).

Director
for and on behalf of the Trustee

Director
for and on behalf of the Trustee

Date: 22 October 2014