NESS SUPER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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NESS SUPER
Statement of Financial Position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Cash and cash equivalents	14	5,358,912	16,601,029
Receivables	5	23,857	35,782
Investments			
Pooled superannuation trusts	4	-	778,037,973
Units in unlisted unit trusts	4	980,828,199	18,357,115
Property, plant and equipment	6	219,780	129,428
Deferred tax assets	11	165,315	125,430
Prepayments		8,407	37,114
Total assets		986,604,470	813,323,871
Liabilities			
Payables	7	(1,640,656)	(1,209,083)
Income tax payable		(7,816,074)	(2,658,123)
Deferred tax liabilities	11	(2,600,859)	-
Total liabilities excluding member benefits		(12,057,589)	(3,867,206)
Net assets available for member benefits		974,546,881	809,456,665
Member benefits			
Allocated to members		(970,402,613)	(806,251,028)
Unallocated to members		(18,128)	(62,601)
Total member liabilities	3	(970,420,741)	(806,313,629)
Net assets		**4,126,140**	**3,143,036**
Reserves			
Other reserves	10	1,823,176	1,055,246
Operational risk reserve	10	2,302,964	2,087,790
Total reserves		**4,126,140**	**3,143,036**

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

NESS SUPER
Income Statement
For the year ended 30 June 2021

	Note	2021 $	2020 $
Superannuation activities			
Interest		5,378	30,293
Distributions from unit trusts		3,489,029	944,589
Changes in assets measured at fair value	8	165,791,152	(17,748,041)
Other investment income		2,188,297	1,949,231
Other income		153,711	50,323
Total superannuation activities income		**171,627,567**	**(14,773,605)**
Investment expenses		(583,159)	-
Administration expenses		(1,106,753)	(1,021,486)
Operating expenses	12	(2,933,530)	(2,852,722)
Other expenses		(20,680)	(842,031)
Total expenses		**(4,644,122)**	**(4,716,239)**
Net result from superannuation activities		**166,983,445**	**(19,489,844)**
Profit/(Loss) from operating activities		**166,983,445**	**(19,489,844)**
Less: Net benefits allocated to members' accounts		(158,765,050)	18,333,489
Profit/(Loss) before income tax		**8,218,395**	**(1,156,355)**
Income tax (expense)/benefit	11	(7,235,291)	652,119
Profit/(Loss) after income tax		**983,104**	**(504,236)**

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

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

	Note	2021 $	2020 $
Opening balance of member benefits		806,313,629	820,586,297
Employer contributions		59,000,821	58,324,425
Member contributions		6,265,585	4,155,387
Transfers from other superannuation plans		10,159,330	16,478,838
Government co-contributions		41,545	32,555
Income tax on contributions		(8,700,086)	(8,458,277)
Net after tax contributions		**66,767,195**	**70,532,928**
Benefits to members/beneficiaries		(61,288,379)	(67,377,436)
Insurance premiums charged to members' accounts		(2,566,354)	(3,056,815)
Death and disability insurance benefits credited to members' accounts		2,429,600	3,962,144
Benefits allocated to members' accounts, comprising:			
Net investment income		160,719,103	(16,434,409)
Administration fees		(1,954,053)	(1,899,080)
Closing balance of member benefits	3	**970,420,741**	**806,313,629**

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

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

	Note	Other reserves $	Operational risk reserve $	Total reserves $
Opening balance as at 1 July 2020		1,055,246	2,087,790	3,143,036
Net transfers (to)/from reserves		(180,000)	180,000	-
Profit/(loss) after income tax		947,930	35,174	983,104
Closing balance as at 30 June 2021	10	**1,823,176**	**2,302,964**	**4,126,140**

		Other reserves $	Operational risk reserve $	Total reserves $
Opening balance as at 1 July 2019		1,583,311	2,063,961	3,647,272
Profit after income tax		(528,065)	23,829	(504,236)
Closing balance as at 30 June 2020	10	**1,055,246**	**2,087,790**	**3,143,036**

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

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

	Note	2021 $	2020 $
Cash flows from operating activities			
Interest received		5,378	30,293
Other investment income		2,188,295	1,949,231
Insurance proceeds		2,408,920	3,120,113
Administration expenses		(1,074,937)	(1,010,634)
Operating expenses		(2,786,885)	(2,795,959)
Investment expenses		(383,159)	-
Other income		153,711	50,323
Insurance premiums		(2,549,089)	(3,181,494)
Income tax refund		483,634	534,237
Net cash outflows from operating activities	14	(1,554,132)	(1,303,890)
Cash flows from investing activities			
Purchase of investments		(38,682,948)	(22,132,480)
Proceeds from sale of investments		23,530,019	29,429,670
Purchase of fixed assets		(13,875)	(13,074)
Net cash inflows/(outflows) from investing activities		(15,166,804)	7,284,116
Cash flows from financing activities			
Employer contributions		59,000,822	58,324,426
Member contributions		6,265,585	4,155,387
Transfers from other superannuation plans		10,159,330	16,478,838
Government co-contributions		41,545	32,555
Benefits paid to members/beneficiaries		(61,288,377)	(67,377,436)
Income tax paid on contributions		(8,700,086)	(8,458,277)
Net cash inflows from financing activities		5,478,819	3,155,493
Net increase in cash and cash equivalents		(11,242,117)	9,135,719
Cash and cash equivalents at the beginning of the financial year		16,601,029	7,465,310
Cash and cash equivalents at the end of the financial year	14	**5,358,912**	**16,601,029**

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

1. Operation of the Scheme

NESS Super (the 'Scheme') was established on 8 October 1987 to provide benefits to members of the Scheme. The RSE licence was varied on 28 March 2014 to public offer status and now accepts members from any employer.

The Trustee of the Scheme is NESS Super Pty Ltd (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 (registration no. R1000115).

Both the Trustee and the Scheme are incorporated and domiciled in Australia. The principle place of business is 122 Hume Highway, Chullora NSW 2190.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, the Superannuation Industry (Supervision) Act 1993 and regulations and the provisions of the Trust Deed.

The Scheme is a not-for-profit entity for the purpose of preparing financial statements. The financial statements are presented in Australian dollars.

COVID 19 was declared a world wide pandemic by the World Health Organisation in March 2020. COVID 19, despite measures to slow the spread of the virus, has since had a significant impact on global economies and equity, debt and commodity markets. On 22 March 2020 the federal government announced a temporary measure due to the effects of coronavirus on the economy. This new rule allowed individuals to access up to $10,000 of their superannuation in 2019/20 and a further $10,000 in 2020/21. For the year ended 30 June 2021 the Scheme paid out 1,537 (2020: 1,349) COVID-19 claims totalling $13,071,027 (2020: $11,086,876) in benefits to members seeking early access to their super.

The financial statements were approved by the Board of Directors of the Trustee, NESS Super Pty Ltd on 22nd September 2021.

(b) New accounting standards and interpretations

Accounting standards and interpretations effective for the current financial year

The Scheme applied for the first time certain standards and amendments which are effective for annual periods beginning on or after 1 July 2020. The nature of each standard and/or amendment is described below. The adoption of these standards and amendments has not had any significant financial impact on the financial statements.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
This amendment had no impact on the Fund's financial statements as it did not receive COVID-19 related rent concessions during the reporting period.

Amendments to IAS 1 and IAS 8 Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

This amendment had no impact on the Fund's financial statements.

2. Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that had a material impact on the Fund.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Scheme for the annual reporting period ended 30 June 2021. The impact of these standards and interpretations has been assessed and to the extent applicable to the Scheme are outlined in the table below. Standards and interpretations that are not expected to have a material impact on the Scheme have not been included.

Accounting Standard and Nature	Application Date of Standard	Application Date for Scheme
AASB 2020-1 Amendments to Australian Accounting Standards ***– Classification of Liabilities as Current or Non-current*** This Standard amends AASB 101 to clarify the requirements for classifying liabilities as current or non-current. Specifically: - the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists; and - management's intention or expectation does not affect classification of liabilities. The impact of the adoption of AASB 2020-1 is not material to the Fund.	1 Jan 2023	1 Jul 2023

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(c) Consolidation

The Scheme is an investment entity and, as such, does not consolidate the entities it controls. Instead, interests in its controlled entities are classified as fair value through profit and loss and measured at fair value.

2. Summary of significant accounting policies (continued)

(d) Financial assets and liabilities

Classification

The Scheme classifies its financial assets and financial liabilities into the categories discussed below in accordance with AASB 9. In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets
Financial assets measured at FVPL. A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ('SPPI') on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Scheme includes in this category:

- Financial instruments held for trading: this includes all instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.
- Receivables: this includes short-term receivables.

Financial liabilities
Financial liabilities measured at FVPL. A financial liability is measured at FVPL if it meets the definition of held for trading.

The Scheme includes in this category derivative contracts in a liability position and all payables.

Recognition

The Scheme recognises a financial asset or financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace regular way trades are recognised on the trade date (i.e. the date that the Scheme commits to purchase or sell the assets).

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

i. The rights to receive cash flows from the asset have expired; or
ii. The Scheme has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
iii. Either (a) the Scheme has transferred substantially all the risks and rewards of the asset, or (b) the Scheme has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Scheme derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the income statement.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Scheme recognises the difference in the income statement, unless specified otherwise.

2. Summary of significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

Subsequent measurement

After initial measurement, the Scheme measures financial assets and financial liabilities at fair value through profit or loss. Subsequent changes in the fair value of those instruments are recorded as 'changes in assets measured at fair value' through the income statement. Interest earned is recorded in 'Interest revenue' in the income statement.

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Scheme.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Scheme uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

(f) Cash and cash equivalents

Cash and cash equivalents 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, which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

(g) Receivables and payables

Receivables and payables are carried at nominal amounts due and payable which approximate fair value. Receivables and payables are normally settled on 30 day terms.

Payables represent liabilities for goods and services provided to the Scheme prior to the end of the financial year that are unpaid at year end.

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Due to the nature of these plant and equipment, the carrying amount is considered a reasonable approximation of fair value.

Depreciation is generally calculated on a straight-line-basis over the estimated useful life of the assets ranging from 2 to 5 years. The estimated useful lives are reviewed at the end of each reporting date, and adjustments should be made where appropriate.

2. Summary of significant accounting policies (continued)

(i) Revenue recognition

The specific recognition criteria described below must also be met before revenue is recognised:

Changes in assets measured at fair value
Changes in assets measured at fair value are changes in the fair value of financial assets and liabilities as at FVPL and exclude interest and dividend income. Changes in the fair value are calculated as the difference between the fair value at sale (realised gains or losses), or at reporting date (unrealised gains or losses), and the fair value at the previous valuation point. All changes are recognised in the income statement.

Interest
Interest revenue on cash and other financial assets carried at fair value is recorded according to the terms of the contract and is recognised in the income statement.

Dividends and distributions
Dividend and distribution revenue are recognised when the Scheme's right to receive payment is established. Revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as a tax expense in the income statements.

(j) Income tax

The Scheme is a complying superannuation fund for the purposes of the provisions of the Income Tax Assessment Act 1997. Accordingly, the concessional tax rate of 15% has been applied to the Scheme's taxable income.

Income tax in the income statement for the year comprises current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred 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.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses. Deferred tax assets are recognised 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 tax asset relating to the deductible temporary differences 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred 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 reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (continued)

(k) Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable; or
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

(l) Superannuation contribution surcharge

The Superannuation Laws Amendment (Abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

The superannuation contribution surcharge is levied on surchargeable contributions for a relevant year on the basis of the individual member’s adjusted taxable income for that year. The liability for the superannuation contribution surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured.

The superannuation surcharge liability recognised by the Scheme has been charged to the relevant members’ accounts.

(m) Foreign currency

The functional and presentation currency of the Scheme is Australian Dollars, which is the currency of the primary economic environment in which it operates. The Scheme’s performance is evaluated and its liquidity managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions in foreign currencies are initially recorded at the functional currency spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the income statement in the period in which they arise.

(n) Member liabilities

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

2. Summary of significant accounting policies (continued)

(o) Reserves

The reserves are operated in accordance with the Scheme's Reserve Policy and are held at a Scheme level. The Scheme maintains an operational risk reserve, group life reserve and contingency reserve to provide the Trustee with access to funds to protect members' interests and mitigate the impact of an adverse event.

The purpose of the reserves is described below:

- An operational risk reserve to provide protection to the Scheme in the event that a loss is incurred from an operational risk event occurring. The use of the operational risk reserve is governed by the requirements of SPS 114, which is applicable to all APRA-regulated funds;
- A group life reserve to finance group life premiums and insurance administration costs with levies on members. Any rebates received are used with the same objective in mind; and
- A contingency reserve to meet any operational or associated expenses incurred which are not met by the fees deducted from member accounts.

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

(p) Significant accounting judgements and estimates and assumptions

The preparation of the Scheme's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. 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 affected in the future.

The Trustee has considered the impact of COVID-19 and other market volatility in preparing its financial statements. While the specific areas of judgement are noted below, the impact of COVID-19 resulted in the application of further judgement within those identified areas. Given the dynamic and evolving nature of COVID-19 as well as limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Fund's assets and liabilities may rise in the future.

Fair value of investments

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs in these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

The Scheme's investments at the end of the financial year are held in in unlisted unit trusts and previously in pooled superannuation trusts.

Assessment as investment entity

Entities that meet the definition of an investment entity within AASB 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Scheme's product disclosure statement details its objective of providing services to members which includes investing in cash, equities, fixed income securities, real assets and other authorised investments for the purpose of returns in the form of investment income and capital appreciation.

The Scheme reports to its members via an annual report, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by AASB 1056 in the Scheme's annual report. The Scheme has a clearly documented exit strategy for all of its investments.

The Trustee has also concluded that the Scheme meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

(p) Significant accounting judgements and estimates and assumptions (continued)

The Trustee has therefore concluded that the Scheme meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

(q) Leases

Leases are recognised, measured and presented in line with AASB 16 Leases.

Valuation of right-of-use assets and lease liabilities
The application of AASB 16 requires the Fund to make judgements that affect the valuation of right-of-use assets (refer Note 6) and the valuation of lease liabilities (refer Note 7). These include determining contracts within the scope of AASB 16, determining the contract terms and determining the interest rate used for discounting of future cash flows.
The present value of the lease liability is considered a reasonable approximation of fair value.

The lease terms determined by the Fund comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Fund is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Fund is reasonably certain not to exercise that option. The lease terms are applied to determine the depreciation rate of right-of-use assets.

For leases with terms not exceeding twelve months and for leases of low-value assets (less than $5,000), the Fund has exercised the optional exemptions. The lease payments under these contracts are recognised on a straight-line basis over the lease term as other operating expenses.

In all other leases in which the Fund acts as the lessee, the present value of future lease payments is recognised as a financial liability.

Correspondingly, the right-of-use asset is recognised within property, plant and equipment at the present value of the lease liability.

The present value of the lease liability is determined using the discount rate representing the weighted average incremental borrowing rate. The weighted average incremental borrowing rate for the leased liabilities recognised as of 1 July 2020 was 3.25% p.a. (2020: 3.25%)

The right-of-use asset is depreciated on a straight-line basis over the lease term or, if shorter the useful life of the leased asset. The right of use asset less accumulated depreciation is considered a reasonable approximation of fair value.

3. Member liabilities

Member account balances are determined by unit-prices that are calculated based on the underlying net investment movements.

Members bear the investment risk relating to the underlying assets and the unit prices used to measure the member liabilities. Unit prices are calculated daily.

At 30 June 2021 $18,128 (2020: $62,601) have not been allocated to members’ at reporting date. The amount not yet allocated to members’ accounts consists of contributions received by the Scheme that have not been able to be allocated to members' as at reporting date less contribution tax on these unallocated contributions.

Refer to Note 17 for the Scheme’s management of the investment risks.

Member liabilities vest 100% to members.	**2021** **$**	**2020** **$**
Member liabilities at end of the financial year	970,420,741	806,313,629
As compared to net assets available for member benefits	974,546,881	809,456,665

4. Fair value of financial instruments

(a) Classification of financial instruments under the fair value hierarchy

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

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

	30 June 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Units in unlisted unit trusts				
SSAL Cash Account	-	7,421,996	-	7,421,996
High Growth Fund	-	802,846	-	802,846
Growth Fund	-	1,241,332	-	1,241,332
Balanced Fund	-	8,037,827	-	8,037,827
Diversified Fund	-	2,729,148	-	2,729,148
Conservative Fund	-	2,895,465	-	2,895,465
International Shares Fund	-	298,265,981	-	298,265,981
Australian Shares Fund	-	309,928,451	-	309,928,451
Cash Enhanced Fund	-	37,873,032	-	37,873,032
Cash Fund	-	15,200,689	-	15,200,689
Unlisted Property & Infrastructure Fund	-	1,286,691	137,492,567	138,779,258
Alternative Credit Exposure Fund	-	43,045,881	-	43,045,881
Australian Property Fund	-	21,653,352	-	21,653,352
Australian Fixed Income Fund	-	38,860,589	-	38,860,589
International Fixed Interest Fund	-	45,455,280	-	45,455,280
International Property Fund	-	6,334,108	-	6,334,108
Australian Cash Enhanced Fund - ORFR	-	2,302,964	-	2,302,964
	-	843,335,632	137,492,567	980,828,199
Total investments	-	843,335,632	137,492,567	980,828,199

	30 June 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Pooled superannuation trusts				
Russell Investments Pooled Superannuation Trust	-	778,037,973	-	778,037,973
	-	778,037,973	-	778,037,973
Units in unlisted unit trusts				
Russell Investments Balanced Fund	-	7,798,286	-	7,798,286
Russell Investments High Growth Fund	-	557,256	-	557,256
Russell Investments Growth Fund	-	1,019,931	-	1,019,931
Russell Investments Diversified 50 Fund	-	4,137,041	-	4,137,041
Russell Investments Conservative Fund	-	1,954,074	-	1,954,074
Russell Investments Australian Cash Fund	-	802,737	-	802,737
Russell Investments Australian Cash Enhanced Fund	-	2,087,790	-	2,087,790
	-	18,357,115	-	18,357,115
Total investments	-	796,395,088	-	796,395,088

4. Fair value of financial instruments (continued)

(a) Classification of financial instruments under the fair value hierarchy (continued)

Valuation technique

Units in unlisted unit trusts and pooled superannuation trusts

The Scheme invests in these trusts which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. The Scheme considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the net asset value ('NAV') of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Scheme classifies these funds as either Level 2 or Level 3.

Units in SSAL Cash account

The Scheme invests in a bank account held by the Custodian. This is valued based on transactions and interest if applicable.

Valuation process for Level 3 valuations

Valuations are the responsibility of the Trustee.

The investment committee, which is a sub-committee of the Trustee Board and reports directly to the Trustee, is responsible for the management of the Fund's financial instruments. The Trustee uses asset consultants to advise on investment issues, including asset allocation, portfolio construction and manager selection and implementation.

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 fair value measurement. The use of reasonably possible alternative assumptions could produce a different fair value measurement.

Quantitative information of significant unobservable inputs - Level 3:

Description	**Level 3 $**	**Valuation technique**	**Significant unobservable inputs**
Unlisted Property & Infrastructure Fund	2021: $137,492,567 2020: $Nil	Appraisal method / Independent valuation Discounted cashflow valuation	Prior sales comparison Weighted average cost of capital Discount rate

Sensitivity analysis of the effect on fair value based on significant changes in unobservable inputs within Level 3 hierarchy:

Description	**Input**	**Sensitivity used**	**Effect on fair value $**
Unlisted Property & Infrastructure Fund	Prior sales comparison Weighted average cost of capital Discount rate	+ / - 0.5%	2021: 687,462/ (687,462) 2020: N/A

4. Fair value of financial instruments (continued)

(b) Level 3 reconciliation

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 2021	**Unlisted Property & Infrastructure Fund** $	**TOTAL** $
Opening balance	-	-
Total realised/unrealised gains and losses through income statement	5,774,748	5,774,748
Purchases/Applications	131,717,819	131,717,819
Closing Balance	137,492,567	137,492,567

(c) Transfers between hierarchy levels

The Scheme's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting date.

There have been no transfers between Level 1 and Level 2, nor between Level 2 and Level 3 of the fair value hierarchy during the reporting period.

5. Receivables

	2021 $	**2020** $
Recoverable within 12 months		
GST receivable	23,857	35,782
	23,857	35,782

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

The maximum exposure to credit risk is the fair value of receivables. Information regarding credit risk exposure is set out in Note 17.

6. Property, plant and equipment

The net carrying amount of plant and equipment is considered a reasonable approximation of fair value. A reconciliation of the net carrying amount of plant and equipment at the beginning and end of the reporting date is set out as below:

	2021 $	**2020** $
Property, plant and equipment		
Cost	100,634	86,288
Accumulated depreciation	(54,545)	(40,702)
Net carrying amount	46,089	45,586
Right of use assets		
Cost	287,194	122,091
Accumulated depreciation	(113,503)	(38,249)
Net carrying amount	173,691	83,842
Total net written down value	219,780	129,428

7. Payables

	2021 $	2020 $
Due within 12 months		
Trade and other creditors	1,322,564	1,017,672
Accrued expenses	145,635	109,276
Total due within 12 months	1,468,199	1,126,948
Lease liability		
Less than one year	91,698	5,741
More than one year	80,759	76,394
Total lease liability	172,457	82,135
Total Payables	1,640,656	1,209,083

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 17.

8. Changes in assets measured at fair value

	2021 $	2020 $
Investments held at reporting date		
Pooled superannuation trusts	-	(9,067,292)
Units in unlisted unit trusts	81,427,821	(1,411,047)
Total unrealised gains	81,427,821	(10,478,339)
Investments realised during the year		
Pooled superannuation trusts	82,471,470	(7,190,360)
Units in unlisted unit trusts	1,891,859	(79,342)
Total realised gains/(losses)	84,363,329	(7,269,702)
Change in assets measured at fair value	165,791,150	(17,748,041)

The amounts recorded as 'Total realised gains/(losses)' above is the difference between the fair value at sale and the carrying amount at the beginning of the reporting period or when acquired, if acquired during the year.

9. Funding arrangements

The employers have contributed to the Scheme during the financial year at a rate of at least 9.5% (2020: 9.5%) of the gross salaries of those employees who were members of the Scheme. Employees are also able to make voluntary contributions.

10. Reserves

	2021 $	2020 $
Other reserves		
Investment and taxation reserve	485,318	-
Group life reserve	224,223	184,410
Administration reserve	485,636	-
Contingency reserve	627,999	870,836
	1,823,176	1,055,246
Operational risk reserve	2,302,964	2,087,790
	4,126,140	3,143,036

The current operational risk reserve represents approximately 0.24% (2020: 0.26%) of the net assets available for member benefits of the Scheme. The Trustee intends to maintain this reserve between 0.20% and 0.30% of net assets.

The purpose of the reserves is outlined in Note 2(o).

11. Income tax

	2021 $	2020 $
(a) Major components of income tax expenses for the years ended 30 June 2021 and 30 June 2020:		
Income statement		
Current tax expense		
Current tax charge	4,709,258	(757,180)
Adjustments in respect of current income tax of previous years	(34,941)	74,322
Deferred tax		
Relating to origination and reversal of temporary differences	2,560,974	30,739
Total tax (benefit)/expense as reported in the income statement	7,235,291	(652,119)

	2021 $	2020 $
(b) Reconciliation between income tax expenses and the accounting profit before income tax		
(Loss) before income tax	8,218,395	(1,156,355)
Income tax at 15%	1,232,759	(173,453)
Derecognition of temporary differences	691	541
Net benefits allocated to members' accounts	23,814,758	(2,750,023)
Anti-detriment deduction	-	-
Non-deductible/(assessable) capital losses/(gains and distributions)	(15,431,235)	2,353,120
Non-deductible operating expenses	-	618
Exempt pension income	(189,029)	(106,020)
Net imputation and foreign tax credits	(2,157,712)	(51,224)
Under provision in the previous year	(34,941)	74,322
	7,235,291	(652,119)

(c) Deferred tax

	Opening Balance $	30 June 2021 (Charged)/Credited to income $	Closing Balance $
Deferred tax assets			
Scheme expenses accrued but not incurred	125,430	39,885	165,315
	125,430	39,885	165,315
Deferred tax liabilities			
Unrealised (gains) on investments	-	(2,600,859)	(2,600,859)
	-	(2,600,859)	(2,600,859)
Net deferred tax asset	125,430	(2,560,974)	(2,435,544)

	Opening Balance $	30 June 2020 (Charged)/Credited to income $	Closing Balance $
Deferred tax assets			
Scheme expenses accrued but not incurred	156,169	(30,739)	125,430
	156,169	(30,739)	125,430
Deferred tax liabilities			
Unrealised (gains)/ loss on investments	-	-	-
	-	-	-
Net deferred tax asset	156,169	(30,739)	125,430

The Scheme offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities.

12. Operating expenses

	2021 $	2020 $
Audit fees - external and internal	173,399	153,619
Trustee liability insurance	65,398	29,225
APRA fees	59,295	56,023
Consulting fees	79,275	171,458
Marketing expenses	52,014	25,625
Project costs	248,244	258,982
Sponsorship and advertising expenses	46,371	110,758
Trustee expenses	1,611,491	1,589,882
Other administration expenses	598,043	457,150
	2,933,530	2,852,722

13. Auditor's remuneration

	2021 $	2020 $
Amount received or due and receivable by Ernst & Young:		
Audit of financial reports and compliance	79,000	78,162
Taxation services	12,375	10,175
	91,375	88,337

14. Cash flow statement reconciliation

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

	2021 $	2020 $
Cash and cash equivalents	5,358,912	16,601,029
Reconciliation of net cash from operating activities to net profit after income tax		
(Loss)/profit after income tax	983,104	(504,236)
Adjustments for:		
Changes in assets measured at fair value	(169,280,181)	16,803,450
Other non-cash items	13,844	13,379
Decrease/(increase) in insurance	(136,757)	905,331
(Decrease)/increase in payables	381,883	(70,443)
(Decrease)/increase in income tax payable	7,718,925	(117,882)
Anti-detriment	-	-
Allocation to members' accounts	158,765,050	(18,333,489)
Net cash outflows from operating activities	(1,554,132)	(1,303,890)

15. Segment information

The Scheme operates solely in one reportable business segment, being the provision of superannuation 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 and unrealised changes in the value of investments.

16. Related party disclosures

(a) Trustee and key management personnel

The Trustee of NESS Super is NESS Super Pty Ltd (ABN 28 003 156 812), which as an RSE licensee fulfils the role of key management personnel of the Scheme.

The names of the directors of the Trustee company, which are key management personnel of the Trustee, who held office during part or all of the year, or who have subsequently held office are:

Employer representatives	Reginald Alan Young (Chairperson - resigned 20/05/2021) Christopher Madson Bruce Duff (Alternate Director - appointed 31/01/2021, resigned 23/08/2021) John Williams (appointed 21/05/2021)
Member representatives	Bradley Ronald McDougall Steven Robinson Benjamin Ross Lister (Alternate Director)
Independent director	Paul Alan Lahiff (Chairperson)

The other members of key management personnel are:

Paul Cahill - Chief Executive Officer
Phil Grindley - Audit Risk Operations Claims and Compliance Manager (resigned 12/02/2021)
Felix Feist - Risk and Compliance Manager (appointed 08/02/2021)

The Trustee applied for a licence from the Australian Prudential Regulation Authority. The RSE licence was granted on 12 August 2005 (licence no. L0000161).

(b) Compensation of key management personnel

	2021 $	2020 $
Short-term employee benefits (salaries, director fees)	750,362	959,387
Post-employment benefits (superannuation)	66,195	76,316
Total compensation	816,557	1,035,703

Compensation of key management personnel represents remuneration of the executive officers of the Scheme and fees paid to each director of the Trustee for services rendered for the Scheme. Remuneration for key management personnel is paid by the Scheme, with these expenses included within 'Trustee Expenses' in Note 12.

There are no other transactions with key management personnel.

(c) Related party transactions

Trustee

There were no transactions between the Scheme and NESS Super Pty Ltd during the year (2020: $Nil).

Trustee directors

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

16. Related party disclosures (continued)

(c) Related party transactions (continued)

National Electrical and Communications Association

During the financial period premises rental cost, advertising expenses and sponsorship totalling $89,447 (2020: $56,047) were paid to the National Electrical and Communications Association ('NECA') entities. The Directors nominated by NECA are the Employer Representatives as set out in Note 16(a) and were paid Directors' fees that are included in short-term employee benefits as set out in Note 16(b).

The Electrical Trades Union (ETU)

During the financial period sponsorship for $14,327 (2020: $1,750) was paid to ETU. The Directors nominated by ETU are the Member Representatives as set out in Note 16(a) and were paid Directors' fees that are included in short-term employee benefits as set out in Note 16(b).

All related party transactions are at arm's length and on normal commercial terms and conditions. There have been no guarantees provided for any related party payables.

17. Financial risk management objectives and policies

Introduction

The Scheme's financial instruments principally comprise units in collective investment vehicles. 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 also has various other financial instruments such as sundry receivables and payables, which arise directly from its operations. These are mainly current in nature.

Risk is inherent in the Scheme's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Scheme is exposed to credit risk, liquidity risk and market risk (which includes currency risk, interest rate risk and other price risk).

The Trustee's robust risk management framework continues to be applied across the Scheme's operations and the Trustee continues to monitor the impact of COVID-19 on the Scheme's risk profile. Non-financial risks emerging from global and domestic movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Trustee's risk management framework.

(a) 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 framework and associated policies which are 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 Risk 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.

17. Financial risk management objectives and policies (continued)

(a) Risk management structure (continued)

An external Investment Manager and 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, in consultation with the appointed Investment Manager and Consultant, undertakes extensive due diligence to ensure the appointed fund managers have the requisite skills and expertise. Investments are monitored on a monthly basis through evaluation of prevailing market conditions and benchmark analysis. Russell Investment Management Ltd ('Russell') was appointed as the Investment Manager and Consultant for all the investment assets. The investment assets with Russell are held in custody by State Street Australia Limited.

The allocation of the investments of the Scheme to the various types of asset classes is determined by the Scheme's Investment Manager and Consultant and is 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 Investment Manager and Consultant.

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 monthly and quarterly reports from the Scheme's Investment Manager and Consultant. Divergence from target asset allocations and the composition of the portfolio is monitored by the Scheme's 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;
- investment returns against benchmark;
- investment returns against peers; and
- net investment returns.

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

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss. The exposure to credit risk is monitored on an ongoing basis by the Scheme's Investment Manager and Consultant. The Scheme has 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.

Cash not invested in a trust is held with the Westpac Operational Bank Account which has an Aa3 (2020: Aa3) rating as reported by Moody’s. The Scheme monitors its credit risk by monitoring the credit quality and financial positions of the bank through regular analysis of their financial reports.

Credit risk arising from collective investments 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.

(c) 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 Management Plan, which is part of the Investment Policy Statement.

17. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

The liquidity risks to be managed within the Scheme as per the Material Risk Register are:

- Failure to manage the liquidity requests of the Scheme, resulting in insufficient cash available to meet benefit payments, tax liabilities, or operating expenses in a timely manner; and
- Failure to set, follow and maintain prudent practices with regard to the valuation and monitoring of unlisted assets.

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 Manager and 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 Manager and 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 quarterly basis by the Trustee.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. Member benefits have been included in the 'less than 1 month' column below as this is the amount that members could call upon as at year end. The amounts in the table are the contractual undiscounted cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 Month	1+ Months
30 June 2021				
Payables	1,640,656	1,640,656	1,460,593	180,063
Member liabilities	970,420,741	970,420,741	970,420,741	-
	972,061,397	972,061,397	971,881,334	180,063
30 June 2020				
Payables	1,209,083	1,209,083	1,209,083	-
Member liabilities	806,313,629	806,313,629	806,313,629	-
	807,522,712	807,522,712	807,522,712	-

Financial assets that are available in cash or are readily convertible to cash within five business days to meet the above financial liabilities are $5,358,912 (2020: $16,601,029).

(d) Market risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market 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.

Interest rate risk

Interest rate risk is the risk that the fair value or 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 collective investment vehicles, which invest in a variety of short and long-term interest bearing securities.

17. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

Interest rate risk (continued)

The interest rate risk disclosures have not been prepared on a look through basis for investments held indirectly through collective investment vehicles. Consequently, the disclosure of interest rate risk in this note does not represent a comprehensive interest rate risk profile of the Scheme.

Interest rates on the Scheme's cash deposits and bank accounts can be either floating or fixed rates and vary with market interest rate. Any change in interest rates will have no significant impact on the valuation of the account. The amount of interest the Scheme receives after interest rate changes is dependent on the Scheme's cash deposits and bank account balances in the future.

The Scheme's financial assets exposed to interest rate risk are as follows:

	2021 $	2020 $
Cash and cash equivalents	5,358,912	16,601,029

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

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

	Carrying Amount	Profit Before Income Tax		Statement of Financial Position	
		-100bps	+100bps	-100bps	+100bps
30 June 2021					
Cash and cash equivalents	5,358,912	(53,589)	53,589	(53,589)	53,589
	5,358,912	(53,589)	53,589	(53,589)	53,589
30 June 2020					
Cash and cash equivalents	16,601,029	(166,010)	166,010	(166,010)	166,010
	16,601,029	(166,010)	166,010	(166,010)	166,010

Other price risk

Other 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.

Equity price risk exposure arises from the Scheme's investment portfolio.

The effect on the statement of financial position due to a reasonably possible change in market factors, as represented by the volatility of change in the individual indices over the last 10 years, with all other variables held constant, is indicated in the table below.

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

17. Financial risk management objectives and policies (continued)

(d) Market risk (continued)

Other price risk (continued)

	%	Carrying Amount	Effect on assets/ investment returns Decrease	Increase
30 June 2021				
Units in unlisted unit trusts	10	980,828,199	(98,082,820)	98,082,820
		980,828,199	(98,082,820)	98,082,820
30 June 2020				
Pooled superannuation trusts	10	778,037,973	(77,803,797)	77,803,797
Units in unlisted unit trusts	10	18,357,115	(1,835,712)	1,835,712
		796,395,088	(79,639,509)	79,639,509

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 invests in Australian domiciled investments where the underlying investments may include international equities and bonds. The investments are all denominated in Australian dollars. The Scheme had no direct exposure to currency risk during the reporting period.

The Scheme's indirect exposures to currency risk are as follows:

	2021 $	2020 $
International Equities:		
• held in Australian currency denominated unit trusts	350,055,369	7,935,420
• held in Australian currency denominated pooled superannuation trusts	-	270,520,937
	350,055,369	278,456,357

The currency risk disclosures have been prepared considering the primary level of exposure the Scheme has to currency risk and therefore, no sensitivity analysis is presented.

18. Insurance

The Scheme provides death and disability benefits to members. These benefits are greater than the members' vested benefits and as such the Trustee has a group policy in place with a third party to insure death and disability benefits in excess of vested benefits. The Trustee acts as an agent for these arrangements.

19. Commitments and contingent liabilities

The Scheme has no commitments or contingent liabilities.

20. Significant events after the reporting date

As the impact of COVID-19 continues, there is heightened uncertainty in terms of the severity and duration of economic recession and volatility in the investment markets and business disruption. The Fund will continue to manage and respond to these risks presented and importantly support our members.

Since 30 June 2021 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 Statement
For the year ended 30 June 2021

In the opinion of the Trustee of NESS Super:

(i) The accompanying financial statements are drawn up so as to present fairly the financial position of the Scheme as at 30 June 2021 and the results of its operations and cash flows for the year then ended in accordance with Accounting Standards, other mandatory professional reporting requirements and the provisions of the Trust Deed, as amended; and

(ii) The operations of NESS Super has been carried out in accordance with its Trust Deed, as amended and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, Regulations and the Corporations Act 2001 and Regulations and Guidelines, during the year ended 30 June 2021.

Signed in accordance with a resolution of the directors of the Trustee.

Signed at Sydney this 22nd September 2021.

Director

Director

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Part 1 – Independent Auditor's report on financial statements

For a Reporting Entity

Independent Auditor's report approved form for an RSE that is a reporting entity

NESS Super ABN 72 229 227 691

Report by the RSE Auditor to the trustee

Opinion

I have audited the financial statements of NESS Super for the year ended 30 June 2021 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in equity/reserves.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of NESS Super as at 30 June 2021 and the results of its operations, cash flows, changes in equity/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* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustee for the Financial Statements

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

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

Building a better working world

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My 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.

David Jewell

David Jewell
Partner
Sydney

22 September 2021