



MAPLE-BROWN ABBOTT

INVESTMENT MANAGERS SINCE 1984

Maple-Brown Abbott

Pooled Superannuation Trust

RSE No. R1000245

RSE Licence No. L0000130

ABN 89 672 954 462

Annual Financial Report
30 June 2019

Maple-Brown Abbott Pooled Superannuation Trust

Annual Financial Report

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Maple-Brown Abbott Pooled Superannuation Trust
Statement of Financial Position
As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	9(a)	23,325	38,074
Financial assets at fair value through profit or loss:	10(a)		
Fixed interest securities		20,021	38,738
Overseas equities held via unlisted unit trust	3, 8(b)	27,033	45,502
Alternative assets held via unlisted unit trust	3, 8(b)	8,340	13,852
Australian-listed equities		39,563	71,417
Australian-listed equities held via unlisted unit trust	3, 8(b)	1,799	2,935
Australian-listed property trusts		9,450	15,394
Receivables:			
Applications receivable		46	28
Balances due from brokers		-	940
Interest receivable		90	116
Dividends and distributions receivable		2,754	5,321
Other receivables		-	54
Current tax asset	7(b)	1,389	442
Reduced input tax receivable		<u>13</u>	<u>23</u>
Total assets		<u>133,823</u>	<u>232,836</u>
Liabilities			
Redemptions payable		165	167
Sundry creditors and accruals		73	117
Current tax liability	7(b)	-	-
Deferred tax liability	7(c)	<u>4,027</u>	<u>6,474</u>
Total liabilities		<u>4,265</u>	<u>6,758</u>
Net assets		<u>129,558</u>	<u>226,078</u>
Equity			
Unitholders' funds*		<u>129,558</u>	<u>226,078</u>

* Fair value based on 6,707,323.50 units (30 June 2018: 12,510,558). Effective from 1 July 2018, financial assets are valued at their quoted last sale price or net asset value price to be consistent with the inputs used for the calculation of unit prices for applications and redemptions. Refer to Note 1(c).

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

Maple-Brown Abbott Pooled Superannuation Trust
Statement of Comprehensive Income
For the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Revenue			
Dividends and distributions		10,653	11,231
Interest	5	1,964	2,397
Net change in the fair value of financial instruments at fair value through profit and loss		(7,534)	4,445
Other income		<u>116</u>	<u>3</u>
		<u>5,199</u>	<u>18,076</u>
Expenses			
Trustee fees	8(b)	931	1,240
Transaction costs		76	85
Other expenses	6	<u>40</u>	<u>35</u>
		<u>1,047</u>	<u>1,360</u>
Profit / (loss) from operating activities before income tax expense		4,152	16,716
Income tax benefit / (expense) attributable to operating activities	7(a)	<u>1,738</u>	<u>(796)</u>
Change in net assets attributable to unitholders / Total Comprehensive Income		<u>5,890</u>	<u>15,920</u>

The above Statement of Comprehensive Income are to be read in conjunction with the accompanying notes.

Maple-Brown Abbott Pooled Superannuation Trust
Statement of Changes in Equity
For the financial year ended 30 June 2019

	2019	2018
	\$'000	\$'000
Opening balance	226,078	230,029
Change in net assets attributable to unitholders / Total Comprehensive		
Income	5,890	15,920
Transactions with unitholders:		
Applications	12,281	4,481
Redemptions	<u>(114,691)</u>	<u>(24,352)</u>
Unitholders' funds	<u>129,558</u>	<u>226,078</u>

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

Maple-Brown Abbott Pooled Superannuation Trust
Statement of Cash Flows
For the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Operating activities			
Interest received		1,990	2,432
Dividends and distributions received		7,531	4,864
Other income received		116	3
Transaction costs paid		(87)	(77)
Income tax (paid) / received		(1,656)	(5,999)
Trustee fees and other expenses paid		<u>(994)</u>	<u>(1,289)</u>
Cash flows from operating activities	9(b)	<u>6,900</u>	<u>(66)</u>
Investing activities			
Proceeds from sale of investments		98,684	39,673
Purchase of investments		<u>(19,601)</u>	<u>(24,114)</u>
Cash flows from investing activities		<u>79,083</u>	<u>15,559</u>
Financing activities			
Proceeds from issue of units		2,885	4,515
Payments on redemption of units		<u>(103,617)</u>	<u>(24,254)</u>
Cash flows used in financing activities	9(d)	<u>(100,732)</u>	<u>(19,739)</u>
Change in cash and cash equivalents		(14,749)	(4,246)
Cash and cash equivalents at beginning of year		<u>38,074</u>	<u>42,320</u>
Cash and cash equivalents at 30 June	9(a)	<u>23,325</u>	<u>38,074</u>

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

Maple-Brown Abbott Pooled Superannuation Trust

Notes to and forming part of the financial statements

For the financial year ended 30 June 2019

1 Summary of significant accounting policies

The Maple-Brown Abbott Pooled Superannuation Trust (the Fund) is a fund domiciled in Australia and is a for profit entity. The Fund was constituted on 7 April 1986 and will continue until such time as Superannuation law provides or the Trustee determines.

Maple-Brown Abbott Limited is the Trustee of the Fund. The registered office and principal place of business of the Trustee is Level 31, 259 George Street, Sydney, NSW 2000.

This annual financial report covers the Fund as an individual entity.

The Annual Financial Report was authorised for issue by the directors on 12 September 2019. The directors of the Trustee have the power to amend and reissue the financial report.

(a) Statement of compliance

The Annual Financial Report is a general purpose financial report which has been prepared in accordance with the requirements of the Trust Deed (as amended), Australian Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

The Annual Financial Report of the Fund also complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial report is presented in Australian dollars. The financial report is prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

New accounting standards and interpretations not yet adopted

From 1 July 2019, a number of new standards, amendments to standards and interpretations come into effect. The Trustee has assessed the impact of these new standards, amendments to standards and interpretations as not material or relevant to the Fund's financial report in the current or future reporting periods and on foreseeable future transactions.

New and amended standards adopted by the Fund

Except as described below, there are no other new standards, amendments to standards or interpretations to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the Fund.

o AASB 9 *Financial Instruments*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It replaced the multiple classification and measurement models in AASB 139 with a new model that classifies financial instruments based on the business model within which the financial instruments are managed, and whether the contractual cashflows under the instrument solely represent the payment of principal and interest. AASB 9 also introduces revised rules around hedge accounting and impairment.

Under AASB 9, financial instruments are classified as:

- Amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows only and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI);

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

1 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

- Fair value through other comprehensive income if the objective of the business model is to hold the financial instruments both to collect contractual cashflows from SPPI and for the purpose of sale; or
- All other financial instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

Effective from 1 July 2018, AASB 9 has been applied retrospectively (without restating comparatives) by the Fund and did not result in a change to the measurement of financial instruments. The Fund's investment portfolio is classified as fair value through profit or loss and other financial assets which are held for collection is measured at amortised cost. The derecognition rules have not been changed from previous requirements and the Fund does not apply hedge accounting. As the Fund's investments are all at fair value through profit or loss, the change in impairment rules does not have a material impact on the Fund.

The Fund's cash and cash equivalents, receivables and receivables for securities sold which had previously been classified as loans and receivables and measured at amortised cost under AASB 139 are now classified as amortised cost and continue to be measured at amortised cost under AASB 9 and the impact of any expected credit losses (ECL) is not material.

○ *AASB 15 Revenue from Contracts with Customers*

The main objective of AASB 15 is to provide a single revenue recognition framework using a five-step model based on the transfer of goods and services and the consideration expected to be received in return for that transfer.

The Fund's main source of income is investment income, in the form of gains on financial instruments at fair value as well as interest, dividends and distributions income. All of these income types are outside the scope of the standard. Accordingly, the new revenue recognition rules do not have a significant impact on the Fund accounting policies or the amounts recognised in the financial statements.

Effective from 1 July 2018, AASB 15 has been applied retrospectively (without restating comparatives) by the Fund and did not result in a material change in revenue recognition for the Fund.

The accounting policies set out below have been consistently applied to all periods presented in the Annual Financial Report.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

1 Summary of significant accounting policies (continued)

(c) Financial instruments

Classification

The Trustee classifies the Fund's investments based on its investment strategy for managing those financial assets and their contractual cash flow characteristics. The Trustee evaluates the performance and related financial information about its investments on a fair value basis in accordance with the Fund's investment strategy.

The Fund holds financial assets and financial liabilities comprising fixed interest securities, equity securities, derivatives and unlisted unit trusts. From 1 July 2018, on adoption of AASB 9, these securities continued to be measured at fair value but are now mandatorily classified as fair value through profit or loss. Prior to 1 July 2018 these securities had been designated at fair value through profit or loss under AASB 139.

Measurement

Financial assets

The Fund's financial assets are classified either as "fair value through profit or loss" or as "amortised cost". Financial assets which are classified as "fair value through profit or loss" are recognised or derecognised by the Trustee as such at trade date. They are initially recognised at fair value, excluding transaction costs, which are expensed as incurred. Thereafter they are re-measured at fair value, with any resultant gain or loss recognised immediately as revenue in the Statement of Comprehensive Income.

Financial assets' fair values are determined as follows:

Fixed interest securities

Effective from 1 July 2018, fixed interest securities are valued at last sale price plus any interest accrued at reporting date, to be consistent with the inputs used for the calculation of unit prices for applications and redemption. Accordingly, there is no difference between the net market value used in unit pricing and fair value presented in the financial report for the year ended 30 June 2019. Prior to 1 July 2018 these securities were valued at their last quoted bid price plus any interest accrued at reporting date.

Equities held via unlisted unit trusts

Effective from 1 July 2018, equities held via units in unlisted unit trusts are valued at the net asset value price as reported by the manager at close of business on the day the trusts are being valued. Accordingly, there is no difference between the net market value used in unit pricing and fair value presented in the financial report for the year ended 30 June 2019. Prior to 1 July 2018 unlisted unit trusts were valued at redemption price.

Australian-listed equities, Australian-listed property trusts (REITs)

Effective from 1 July 2018, these securities are valued at their quoted last sale price, to be consistent with the inputs used for the calculation of unit prices for applications and redemption, on the Australian Securities Exchange as of the close of business on the day the securities are being valued. Accordingly, there is no difference between the net market value used in unit pricing and fair value presented in the financial report for the year ended 30 June 2019. Prior to 1 July 2018 these securities were valued at their last quoted bid price.

The above changes from last quoted bid price to last sale price and redemption price to net asset value price did not have a material impact on the fair values of the above securities on the Fund's financial position or financial performance for the year ended 30 June 2019.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

1 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents may include cash at bank, deposits at call with banks, term deposits and bank bills of exchange and are valued at cost.

Receivables

Receivables include balances due from brokers, dividend and distribution receivables, reduced input tax credit receivable as well as other receivables. Amounts are generally received within 30 days of being accrued for. Receivable amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

The amount of the impairment loss is recognised in profit or loss within other operating expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating expenses in profit or loss.

Financial liabilities

Financial liabilities of the Fund are either measured at “fair value through profit or loss” or at “amortised cost” using the effective interest method.

Financial liabilities other than those at “fair value through profit or loss” include distributions payable, balances due to brokers, redemptions payable and sundry creditors and accruals which are carried at “amortised cost” using the effective interest method. These financial liabilities are of a short term nature and hence their carrying value approximates fair value.

The issue of redeemable units in the Fund are classified as equity because the units issued by the Fund satisfies all criteria for the classification of puttable financial instruments as equity under AASB 132 *Financial Instruments: Presentation*.

Derivatives

Derivative financial instruments are held for trading and accounted for on a fair value basis using the most recent verifiable source of market prices. Fair values are obtained using quoted market prices or determined through the use of valuation techniques. All derivatives are carried as assets when the fair value is positive and as liabilities when fair value is negative.

The Fund does not designate any derivatives as hedges in a hedging relationship.

Offsetting financial instruments

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

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

1 Summary of significant accounting policies (continued)

(d) Revenue and expenses

Dividends are recognised as revenue on the date the shares are quoted ex-dividend. Distributions from unlisted unit trusts are recognised as at the date the unit value is quoted ex-distribution. Where a present entitlement to a distribution exists at year end, it is derived for tax purposes.

Interest on cash deposits, bank bills of exchange and fixed interest securities is calculated using the effective interest method and is recognised as revenue in the Statement of Comprehensive Income on an accruals basis.

Net change in the fair value of financial instruments at fair value through profit and loss is determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or acquisition (if the investment was acquired during the year).

Other income is recognised in the Statement of Comprehensive Income on an accruals basis.

Transaction costs incurred in the acquisition and disposal of assets are expensed in the Statement of Comprehensive Income on an accruals basis.

Expenses, including Trustee fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

(e) Taxation

The Fund is taxed as a Pooled Superannuation Trust in accordance with Part IX of the Income Tax Assessment Act 1936 (as amended). The Fund is liable for tax on investment income and realised capital gains directly and the unitholders are exempt from income tax on any gains on disposal of their units in the Fund.

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income.

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

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

1 Summary of significant accounting policies (continued)

(e) Taxation (continued)

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

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, the income tax will be levied at 47% on the Fund's taxable income.

(f) Determination of redemption price for units in the Fund

The redemption price is determined in accordance with the Trust Deed and is calculated as the value of the assets of the Fund less its liabilities (including current and deferred tax liabilities), divided by the number of units on issue.

(g) Goods and services tax (GST)

The Trustee fees and other expenses are recognised net of the amount of GST recoverable as a reduced input tax credit (RITC). Receivables and payables are stated inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis.

(h) Unitholders' funds

In accordance with AASB 132, the Fund units are classified as equity on the basis that the units are a puttable instrument. The key features of a puttable instrument include:

- it entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation;
- the instrument is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments within the class have identical features;
- the instrument contains no other contractual obligations other than the redemption obligation;
- the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the fund over the life of the instrument; and
- the issuer have no other financial instrument or contract that has:
 - total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the fund; and
 - the effect of substantially restricting or fixing the residual return to the puttable instrument holders.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

2 Investment in unconsolidated subsidiaries

The Fund has applied the AASB 10 investment entity exemption and accordingly has valued these financial assets at fair value through profit or loss.

	Country of incorporation	Ownership interest	Ownership interest
		2019	2018
		%	%
Subsidiaries			
Units in the Maple-Brown Abbott International Equity Trust	Australia	26.2	36.9
Units in the Maple-Brown Abbott Asian Investment Trust*	Australia	12.0	18.6

* At 30 June 2019, The Maple-Brown Abbott International Equity Trust held 45.7% (2018: 50.4%) of the units, giving the Fund an indirect interest of 12.0% (2018: 18.6%).

The Fund does not have current commitments or intentions and contractual obligations to provide financial or other support to its unconsolidated subsidiaries. There are no loans or advances currently made to the unconsolidated subsidiaries.

There are no significant restrictions on the ability of an unconsolidated subsidiary to transfer funds to the Fund in the form of cash distributions.

3 Interests in unconsolidated structured entities

The table below sets out the unconsolidated structured entities held by the Fund at 30 June:

Asset class	Statement of Financial Position reference	Fair value*
2019		\$'000
Overseas equities	Overseas equity funds held via unlisted unit trust	27,033
Alternative assets	Alternative assets held via unlisted unit trust	8,340
Australian equities	Australian-listed equities held via unlisted unit trust	1,799
		<u>37,172</u>
2018		
Overseas equities	Overseas equity funds held via unlisted unit trust	45,502
Alternative assets	Alternative assets held via unlisted unit trust	13,852
Australian equities	Australian-listed equities held via unlisted unit trust	2,935
		<u>62,289</u>

* Effective from 1 July 2018, these investments are valued at their net asset value price. Prior to 1 July 2018, these investments were valued at their redemption price. Refer to Note 1(c).

The fair value represents the maximum exposure to loss for each unconsolidated structured entity. The fair value of the exposure will change daily and in subsequent periods will cease once the investments are disposed of.

The investment manager of each unconsolidated structured entity is responsible for implementing and monitoring the entity's investment objective and strategy. The investment decisions are based on the analysis conducted by the underlying investment manager. The return of the Fund is exposed to the variability of the performance of the underlying structured entity.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
4 Net assets attributable to unitholders

	2019		2018	
	\$'000	Units '000	\$'000	Units '000
Opening balance	226,078	12,511	230,029	13,649
Change in net assets attributable to unitholders / Total				
Comprehensive Income	5,890	-	15,920	-
Transactions with unitholders				
Applications	12,281	654	4,481	257
Redemptions	<u>(114,691)</u>	<u>(6,458)</u>	<u>(24,352)</u>	<u>(1,395)</u>
Total transactions with unitholders	<u>(102,410)</u>	<u>(5,804)</u>	<u>(19,871)</u>	<u>(1,138)</u>
Closing balance	<u>129,558</u>	<u>6,707</u>	<u>226,078</u>	<u>12,511</u>

The Trustee considers net assets attributable to unitholders as capital. This capital is invested in accordance with the provisions of the Fund's Constitution. The Trustee may make additional investments in the case of net applications, or realise investments in the case of net redemptions, depending on the desired level of liquidity in the Fund. Under the Fund's Constitution, the Trustee may suspend applications or redemptions if it is considered to be in the best interests of unitholders.

5 Interest income

	2019	2018
	\$'000	\$'000
Cash and cash equivalents	599	700
Fixed interest securities	<u>1,365</u>	<u>1,697</u>
Total interest income	<u>1,964</u>	<u>2,397</u>

6 Other expenses

	2019	2018
	\$'000	\$'000
Audit services – KPMG*:		
Audit of the Annual Financial Report	33	32
APRA Levy	<u>7</u>	<u>3</u>
Total other expenses	<u>40</u>	<u>35</u>

* Regulatory audit fees (SIS and APRA return) are paid by the Trustee.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

7 Income tax

(a) Income tax benefit / (expense)

Recognised in the Statement of Comprehensive Income

	2019	2018
	\$'000	\$'000
Current tax benefit / (expense):		
Current year	(241)	(500)
Adjustments for prior years	<u>(468)</u>	<u>(728)</u>
	(709)	(1,228)
Deferred tax benefit / (expense):		
Origination and reversal of temporary differences	<u>2,447</u>	<u>432</u>
Total income tax benefit / (expense) in Statements of Comprehensive Income	<u>1,738</u>	<u>(796)</u>

Reconciliation between pre-tax net profit and tax benefit

	2019	2018
	\$'000	\$'000
Profit / (loss) from operating activities before income tax benefit/(expense)	4,152	16,716
Income tax benefit / (expense) at the complying superannuation fund tax rate of 15%	(623)	(2,507)
(Increase) / decrease in income tax expense due to:		
Assessability of imputation credits on franked dividends	(421)	(233)
Assessability of foreign income tax offset	(15)	(22)
Non-taxable capital gain/(losses)	<u>(114)</u>	<u>141</u>
	<u>(550)</u>	<u>(114)</u>
(Increase) / decrease in income tax expense due to:		
Imputation credits available	2,808	1,554
Foreign income tax offset available	100	147
Other	471	845
Over / (under) provision in prior year	<u>(468)</u>	<u>(721)</u>
	<u>2,911</u>	<u>1,825</u>
Income tax benefit / (expense) attributable to operating activities	<u>1,738</u>	<u>(796)</u>

(b) Current tax asset / (liability)

	2019	2018
	\$'000	\$'000
Movements during the year were as follows:		
Balance at the beginning of the year	442	(4,329)
Income tax paid – on account of the prior year	26	5,057
Income tax paid – on account of the current year	1,630	942
Current income tax expense	(241)	(500)
Over / (under) provision in prior year	<u>(468)</u>	<u>(728)</u>
Balance at the end of the year	<u>1,389</u>	<u>442</u>

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
7 Income tax (continued)

(c) Deferred tax liabilities

	2019	2018
	\$'000	\$'000
Deferred tax liabilities are attributed to the following:		
Income not yet assessable for income tax purposes	33	118
Tax credits associated with income not yet assessable for income tax purposes	(64)	(226)
Unrealised gains on investments not yet assessable for income tax purposes	<u>4,058</u>	<u>6,582</u>
Total deferred tax liability	<u>4,027</u>	<u>6,474</u>

8 Related parties

(a) Trustee and Key Management Personnel

Maple-Brown Abbott Limited (ABN 73 001 208 564) is the Trustee. Maple-Brown Abbott Limited is also the investment manager of the Fund.

As Trustee, Maple-Brown Abbott Limited is regarded as fulfilling the role and obligations of key management personnel of the Fund. The directors of Maple-Brown Abbott Limited are regarded as key management personnel of that company and not of the Fund.

(b) Trustee

The names of the persons who were directors of the Trustee during or since the end of the year are as follows:

Name	Period of directorship
J K Kightley	Appointed 11/02/1994 (retired 16/10/2018)
G M Rossler	Appointed 19/07/1999
R A Grundy	Appointed 01/07/2008
G R Bazzan	Appointed 01/07/2008
D L Maple-Brown	Appointed 01/07/2009 (retired 16/10/2018)
T T Robinson	Appointed 07/03/2013
R A R Lee	Appointed 22/10/2015
J A Elliott	Appointed 04/01/2017
S N Roberts	Appointed 04/04/2019

Loans to key management personnel of Maple-Brown Abbott Limited

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel of Maple-Brown Abbott Limited, or their personally related entities at any time during the reporting period.

Other transactions with key management personnel of Maple-Brown Abbott Limited

Apart from those details disclosed in this note, no key management personnel of Maple-Brown Abbott Limited have entered into a contract for services with the Fund since the end of the previous financial year.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

8 Related parties (continued)

(b) Trustee (continued)

Remuneration

The Trustee's fee is 0.58% per annum (exclusive of GST, refer note 1(g)), accrued daily based on the market value of the Fund. The total fee of \$931,219 (2018: \$1,239,605) is disclosed as an item of expense in the Statement of Comprehensive Income and the fee paid during the year is disclosed separately in the Statement of Cash Flows.

Related Party Transactions

Investing activities (in other Maple-Brown Abbott funds)

The Fund may purchase and sell units in other registered managed investment schemes managed by the Trustee in the ordinary course of business at application and redemption prices calculated in accordance with the Constitutions of those funds. Where the Fund invests in other such schemes, no additional investment management or responsible entity fees are charged in respect of these inter-fund investments.

At 30 June details of the Fund's investments in other funds managed by Maple-Brown Abbott Limited are set out below:

	Number of units held	Fair value*	Interest held in the Fund	Units purchased during the year	Units sold during the year	Distributions received/ receivable during the year
2019		\$	%			\$
Maple-Brown Abbott Small Companies Trust	2,297,914	1,798,813	2.6	141,745	1,419,105	106,482
Maple-Brown Abbott International Equity Trust	24,773,787	27,032,737	26.2	4,442,338	18,873,710	3,186,266
Maple-Brown Abbott Global Listed Infrastructure Fund	4,438,005	8,339,547	1.0	255,320	4,087,550	284,749
2018						
Maple-Brown Abbott Small Companies Trust	3,575,274	2,934,585	2.8	186,594	598,282	123,936
Maple-Brown Abbott International Equity Trust	39,205,159	45,501,923	36.9	6,798,212	5,156,904	5,916,200
Maple-Brown Abbott Global Listed Infrastructure Fund	8,270,235	13,851,639	1.9	2,117,363	518,812	443,015

* Effective from 1 July 2018, these investments are valued at their net asset value price. Prior to 1 July 2018, these investments were valued at their redemption price. Refer to Note 1(c).

The transactions with those entities are carried out on the same terms and conditions as for other unitholders in the funds.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

8 Related parties (continued)

(b) Trustee (continued)

Transactions with other parties

At 30 June details of the transactions by each specified director of Maple-Brown Abbott Limited and their personally related entities are as follows:

Unitholder	Units held at 1 July	Units purchased during the year	Units sold during the year	Units held at 30 June	Fair Value*
2019					\$
G R Bazzan	11,545	-	-	11,545	222,606
R A Grundy	27,904	-	-	27,904	538,014
R A R Lee	69,070	11,718	-	80,788	1,557,667
2018					
G R Bazzan	11,545	-	-	11,545	208,795
R A Grundy	27,904	-	-	27,904	504,635
R A R Lee	69,070	-	-	69,070	1,249,097

* Effective from 1 July 2018, these investments are valued at their net asset value price. Prior to 1 July 2018, these investments were valued at their redemption price. Refer to Note 1(c).

Other entities associated with the Trustee may hold units in the Fund from time to time in various capacities. The transactions with those entities are carried out on the same terms and conditions as for other unitholders in the Fund.

9 Notes to the Statement of Cash Flows

(a) Components of cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash at bank	1,390	4,139
Term deposits	9,000	21,000
Bank bills of exchange	<u>12,935</u>	<u>12,935</u>
Cash at the end of financial year	<u>23,325</u>	<u>38,074</u>

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
9 Notes to the Statement of Cash Flows (continued)

(b) Reconciliation of change in net assets attributable to unitholders to cash flows from operating activities

	2019	2018
	\$'000	\$'000
Change in net assets attributable to unitholders	5,890	15,920
Adjustments for:		
Dividend and distribution income reinvestment	(5,689)	(8,887)
Net change in the fair value of financial instruments at fair value through profit and loss	7,534	(4,445)
Changes in operating assets and liabilities during the year:		
Interest, dividends and distribution receivables	2,593	2,556
RITC receivables	10	16
Current tax asset	(947)	(4,771)
Sundry creditors and accruals	(44)	(23)
Deferred tax liabilities	<u>(2,447)</u>	<u>(432)</u>
Cash flows from operating activities	<u>6,900</u>	<u>(66)</u>

(c) Non-cash operating, financing and investing activities

The following amounts are not included in the Statement of Cash Flows:

Operating activities

Dividend and distribution income reinvestment

During the year the Fund received dividends and distributions in the form of shares or units via a dividend or distribution reinvestment plan (DRP). The value of the shares or units received is based on the market value as determined by the DRP rules and is detailed below:

	2019	2018
	\$'000	\$'000
Dividends and distributions received in the form of shares or units	5,689	8,887

Financing activities

In-specie transfer of assets

The Fund can issue or redeem units and distribute fund income by way of in-specie transfer of assets. The value of the units and number of units issued or redeemed during the year is summarised below:

	2019		2018	
	\$'000	units '000	\$'000	units '000
Units issued or redeemed:				
In-specie transfer of assets	(1,698)	(98)	-	-

Investing activities

The above dividend and distribution income reinvestments are not included in the Statement of Cash Flows relating to the purchase of investments.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

9 Notes to the Statement of Cash Flows (continued)

(d) Reconciliation of liabilities from financing activities

The net change in financing activities during the year is (\$100,732,238) which was from application and redemption transactions made by unitholders (2018: (\$19,738,685)).

10 Financial instruments

Risks and capital management objectives

The Fund's activities expose it to a variety of risks: market risk (including price risk, interest rate risk and currency risk), liquidity risk, credit risk and operational risk.

The Trustee seeks to manage the Fund's financial risks through a variety of activities, including diversification of the investment portfolio and the selection of liquid investments in accordance with the specific investment policies and restrictions set out in the Product Disclosure Statement.

The key element in the Fund's investment philosophy is to seek to buy investments that offer relatively good long term value. The investment philosophy can also be described as contrarian and conservative, which helps to manage the Fund's financial risks.

The nature and extent of the financial instruments outstanding at the balance date and the risk management policies employed by the Trustee are discussed below together with the specific investment objectives and policies applicable to the Fund.

(a) Market risk

Market risk is the risk that the value of a financial instrument will change as a result of exposure to market price changes, interest rate changes and currency movements.

Price risk

The Fund's market price risk is managed on a daily basis in accordance with the following specific investment policies and restrictions:

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(a) Market risk (continued)

Investment policies

The Fund's model asset allocation (the current target) is reviewed at regular asset allocation meetings having regard to the neutral, maximum and minimum asset allocations set out below:

	Neutral	Maximum	Minimum
	%	%	%
Fixed Interest	20	50	10
Overseas Equities	25	35	10
Alternative Assets	5	10	0
Australian Equities	35	60	20
REITs	8	15	0
Liquidity	<u>7</u>	25	0
Total	<u>100</u>		

There is also a neutral, maximum and minimum range for total growth assets (Australian equities, overseas equities and REITs) and defensive assets as follows:

	Neutral	Maximum	Minimum
	%	%	%
Growth assets	68	90	50
Defensive assets	<u>32</u>	50	10
Total	<u>100</u>		

At the asset allocation meetings relevant macro-economic information is reviewed. To assess the relative value of each asset class we utilise in-house models to generate our total rate of return forecasts. When assessing the relative merits of the asset classes a four year outlook is undertaken.

The Trustee adheres closely to the model weightings (subject to tolerances) determined at the asset allocation meetings. Hence the model acts as a buy-sell discipline. For example, if the Australian stock market rises, and there are no other changes to the other asset classes, the Australian equity weighting correspondingly rises and it then becomes necessary to sell Australian stocks to bring the asset classes into line with the model.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(a) Market risk (continued)

Investment restrictions

The main guideline in relation to portfolio composition is as follows:

- Exposure to a single entity should not be greater than 5% above its weighting in the Trustee's customised Australian equities ex-A-REITs index. Exposure to the Maple-Brown Abbott Small Companies Trust should not be greater than 5% of the Fund's Australian equity portfolio.
- The total market value held in any one REIT should not exceed by more than 10% the weighting of that REIT in the S&P/ASX 300 A-REIT Index (Total Returns).
- Alternative asset exposure is ordinarily achieved through the Maple-Brown Abbott Global Listed Infrastructure Fund. Up to 10% of the Fund's market value may be invested in alternative assets.

Market exposures

As at 30 June the market exposures were:

	2019	2018
	\$'000	\$'000
Financial assets mandatorily classified at fair value through profit or loss:		
(2018: Designated at fair value through profit or loss)*		
- Overseas equities held via unlisted unit trust	27,033	45,502
- Alternative assets held via unlisted unit trust	8,340	13,852
- Australian-listed equities	39,563	71,417
- Australian-listed equities held via unlisted unit trust	1,799	2,935
- Australian-listed REITs	<u>9,450</u>	<u>15,394</u>
Total	<u>86,185</u>	<u>149,100</u>

* Effective from 1 July 2018, financial assets are valued at their quoted last sale price or net asset value price and prior to 1 July 2018, these investments were valued at their last quoted bid price or redemption price. Refer to Note 1 (c).

Carrying amounts versus fair values

The fair values of financial assets and financial liabilities approximates their carrying amounts in the Statement of Financial Position.

Sensitivity analysis

The table below details the approximate change in net assets attributable to unitholders and unitholders' funds if there is a percentage change in the above asset classes' benchmarks (as outlined in the investment restrictions above) assuming all other variables are constant:

	2019		2018	
	% change	\$'000	% change	\$'000
Increase in benchmarks	10	8,368	10	14,591
Decrease in benchmarks	10	(8,368)	10	(14,591)

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(a) Market risk (continued)

Fair value measurement recognised in the Statement of Financial Position

The fair value measurement disclosures use a three-tier value hierarchy that reflects the significance of the inputs used in measuring fair values. The fair value hierarchy is comprised of the following levels:

- Level 1 – fair values measured using quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 – fair values measured using directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs, other than quoted prices included in Level 1; and
- Level 3 – fair values measured using inputs that are not based on observable market data (unobservable inputs).

At 30 June the financial instruments carried at fair value split by valuation method is summarised below:

	Level 1	Level 2	Level 3	Total
2019	\$'000	\$'000	\$'000	\$'000
Financial assets mandatorily classified at fair value through profit or loss:*				
Fixed interest securities	-	20,021	-	20,021
Overseas equities held via unlisted unit trust	-	27,033	-	27,033
Alternative assets held via unlisted unit trust	-	8,340	-	8,340
Australian-listed equities	39,563	-	-	39,563
Australian-listed equities held via unlisted unit trust	-	1,799	-	1,799
Australian-listed REITs	<u>9,450</u>	-	-	<u>9,450</u>
Total	<u>49,013</u>	<u>57,193</u>	-	<u>106,206</u>
2018				
Financial assets designated at fair value through profit or loss:				
Fixed interest securities	31,351	7,387	-	38,738
Overseas equities held via unlisted unit trust	-	45,502	-	45,502
Alternative assets held via unlisted unit trust	13,852	-	-	13,852
Australian-listed equities	71,417	-	-	71,417
Australian-listed equities held via unlisted unit trust	2,935	-	-	2,935
Australian-listed REITs	<u>15,394</u>	-	-	<u>15,394</u>
Total	<u>134,949</u>	<u>52,889</u>	-	<u>187,838</u>

* Effective from 1 July 2018, financial assets are valued at their quoted last sale price or net asset value price and prior to 1 July 2018, these investments were valued at their last quoted bid price or redemption price. Refer to Note 1 (c).

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(a) Market risk (continued)

Transfers between levels

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

2019	Level 1 \$'000	Level 2 \$'000
Transfers between level 1 and level 2:		
Fixed interest securities	(12,417)	12,417
Alternative assets held via unlisted unit trust	(8,340)	8,340
Australian-listed equities held via unlisted unit trust	(1,799)	1,799

Investments in fixed interest securities and equities held via unlisted unit trusts that were previously classified as level 1 have been transferred to level 2 to better reflect the use of the directly or indirectly observable inputs, other than quoted prices (unadjusted) in active markets, used to determine their fair value. There were also no changes made to any of the valuation techniques applied as of 30 June 2019. There have been no transfers between levels in the fair value hierarchy at the end of 30 June 2018.

Fair value measurement

Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and equity securities) is based on last sale prices (2018: bid prices) at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value in an inactive or unquoted market (level 2 and 3)

The investments in unlisted trusts included as level 2 in the above table relate to investments in other funds managed by the Trustee. Further details of these investments are disclosed in note 8(b). These investments are valued at their quoted net asset value price (2018: redemption price) at balance date in accordance with note 1(c).

As per note 1(c), the Fund's investments in government, semi-government and corporate fixed interest securities are priced on appropriate yield curves taking into account factors such as credit rating, security types, and term to maturity.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(a) Market risk (continued)

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. Quoted market prices or dealer quotes for similar instruments are used for debt securities held. The Fund may use a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Valuation techniques used for non-standardised financial instruments, such as over-the-counter derivatives, include the use of comparable arm's length transactions, reference to the current fair value of a substantially similar other instrument or any other valuation technique that is commonly used by market participants which maximises the use of market inputs and relies as little as possible on entity-specific inputs.

For other pricing models, inputs are based on market data at the end of the reporting period.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2019 or year ended 30 June 2018.

Financial instruments not measured at fair value

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values due to their short term nature.

Interest rate risk

The Fund's exposure to interest rate risk largely relates to cash and cash equivalents and fixed interest securities. Interest rate risk is caused by fluctuations in the prevailing levels of market interest rates which directly impacts on the investment values or returns.

Investment policies

For Australian fixed interest securities the Trustee conducts fundamental analysis of economic criteria including economic growth and inflation, in order to estimate the fair value of short and long term security yields. Relative valuations, in addition to absolute valuations, are monitored and considered for the purpose of portfolio construction.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(a) Market risk (continued)
Investment restrictions

Fixed interest securities are usually Government or semi-Government securities, or highly rated corporate bonds, but the Fund may from time to time buy other paper, including listed floating rate notes and redeemable preference shares.

At 30 June the Fund's exposure to interest rate risk for classes of financial assets is set out below:

	Floating interest rate \$'000	Fixed interest rate \$'000	Total \$'000
2019			
Cash at bank	1,390	-	1,390
Term deposits	-	9,000	9,000
Bank bills of exchange	-	12,935	12,935
Fixed interest securities*	-	20,021	20,021
Total	<u>1,390</u>	<u>41,956</u>	<u>43,346</u>
 2018			
Cash at bank	4,139	-	4,139
Term deposits	-	21,000	21,000
Bank bills of exchange	-	12,935	12,935
Fixed interest securities	-	38,738	38,738
Total	<u>4,139</u>	<u>72,673</u>	<u>76,812</u>

* Effective from 1 July 2018, these investments are valued at their last sale price plus any accrued interest. Prior to 1 July 2018, these investments were valued at their last quoted bid price plus any accrued interest. Refer to Note 1(c).

Interest rate sensitivity (fixed interest securities)

The table below details the approximate change in net assets attributable to unitholders and unitholder's funds at reporting date if there is a change in interest rates assuming all other variables are constant:

	2019		2018	
	Basis point change	\$'000	Basis point change	\$'000
Increase in interest rates	100	(374)	100	(762)
Decrease in interest rates	100	412	100	791

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates for financial instruments denominated in currencies other than the functional currency (AUD) of the Fund.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(a) Market risk (continued)

Investment policies

Predicting currency fluctuations is difficult but an attempt to manage currency risk is done by taking currency forecasts into account when making investments. Overseas investment exposure is achieved through the Maple-Brown Abbott Global Listed Infrastructure Fund (GLIF) and the Maple-Brown Abbott International Equity Trust (IET), which in turn invests part of its assets in the Maple-Brown Abbott Asian Investment Trust (AIT). The investment manager may from time to time hedge the Fund's foreign exchange exposure which may be undertaken in any of the GLIF, IET or AIT. Currency fluctuations are included in the net asset value price (2018: redemption price) of the unlisted unit trusts and are considered part of the price risk sensitivity analysis.

Investment restrictions

At the asset allocation level the Trustee adheres closely to the model weightings, subject to tolerances, determined at the asset allocation meetings, hence the model acts as a buy-sell discipline for the asset classes impacted by currency exposure.

(b) Liquidity risk

The liquidity risk to which the Fund is exposed arises because unitholders may request redemption of their units in the Fund from time to time, which under normal circumstances are payable within periods of up to six business days. Liquidity risk is managed by maintaining sufficient cash and selecting liquid investments traded on a recognised reputable stock exchange and holding investments in unlisted unit trusts which hold investments traded on a recognised reputable stock exchange.

The table below shows other financial liabilities at contractual undiscounted cashflow amounts grouped into relevant maturities based on the remaining period at 30 June to the contractual maturity date:

	Less than 1 month	1-3 months	3-12 months	More than 1 year	Undated	Total*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019						
Redemptions payable	165	-	-	-	-	165
Sundry creditors and accruals	60	13	-	-	-	73
Total	225	13	-	-	-	238
2018						
Redemptions payable	167	-	-	-	-	167
Sundry creditors and accruals	105	12	-	-	-	117
Total	272	12	-	-	-	284

* The carrying amounts equal the contractual cashflow amounts.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(c) Credit risk

Credit risk is the risk that the Fund may incur a loss if other parties fail to perform their obligations under the financial instruments which comprise the Fund's investment portfolios.

Any non-equity investments generally incorporate credit assessments in investment valuations and the risk of loss is implicitly provided for in the determination of the fair value of such investments. The Fund also has a credit risk exposure in relation to its transactions with counterparties such as brokers, banks and other financial intermediaries.

The Fund manages concentrations of credit risk by transacting through a number of brokers all of whom operate on recognised and reputable exchanges. All bank bill securities held by the Fund are endorsed or accepted by major Australian trading banks. The credit risk exposure to any one counterparty is low.

Total credit risk for the Fund arising from recognised financial instruments is limited to the value of the Fund's investments and receivables shown in the Statement of Financial Position.

At 30 June the Standard and Poor's credit rating is set out below:

	Short-term credit rating		Long-term credit rating					Total
	A1+	AAA	AA+	AA-	A	A-	BBB	
2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at bank	7,366	-	-	-	-	-	-	7,366
Term deposits	9,000	-	-	-	-	-	-	9,000
Bank bills of exchange	6,959	-	-	-	-	-	-	6,959
Fixed interest (Aust.)*								
Government	-	13,422	-	-	-	-	-	13,422
Semi-Government	-	3,150	918	-	-	-	-	4,068
Corporate	-	-	-	1,247	509	775	-	2,531
Total	<u>23,325</u>	<u>16,572</u>	<u>918</u>	<u>1,247</u>	<u>509</u>	<u>775</u>	<u>-</u>	<u>43,346</u>
2018								
Cash at bank	4,139	-	-	-	-	-	-	4,139
Term deposits	21,000	-	-	-	-	-	-	21,000
Bank bills of exchange	12,935	-	-	-	-	-	-	12,935
Fixed interest (Aust.)								
Government	-	23,824	-	-	-	-	-	23,824
Semi-Government	-	4,580	2,947	-	-	-	-	7,527
Corporate	-	-	-	3,447	1,015	1,780	1,145	7,387
Total	<u>38,074</u>	<u>28,404</u>	<u>2,947</u>	<u>3,447</u>	<u>1,015</u>	<u>1,780</u>	<u>1,145</u>	<u>76,812</u>

* Effective from 1 July 2018, these investments are valued at their last sale price plus any accrued interest. Prior to 1 July 2018, these investments were valued at their last bid price plus any accrued interest. Refer to Note 1(c).

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019
10 Financial instruments (continued)

(d) Operational risk

Operational risk is the risk of direct or indirect loss to the Fund associated with the Trustee's processes, personnel, technology and infrastructure, and from external forces (other than credit, market and liquidity risks) such as those arising from changes to legal and regulatory requirements.

The objective of the Trustee in managing operational risk is to mitigate as much as possible the risk of financial losses and damage to reputation, commensurate with overall cost effectiveness.

The Trustee is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of an overall control framework implemented to manage operational risk, key aspects of which include:

- appropriate segregation of duties, including the independent authorisation of transactions;
- cash and securities positions are completely and accurately recorded and reconciled to third party data;
- monitoring the performance of external service providers;
- documentation of controls and procedures;
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- reporting of operational losses and proposed remedial action, with appropriate follow-up;
- assessment and mitigation of cyber risks and development of contingency business continuity, including disaster recovery, plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

11 Derivative financial instruments

A derivative is a financial instrument whose value is derived from the value of an underlying asset. The value of a financial derivative is generally derived from the price of an underlying item, such as an asset or index.

Derivative financial instruments will generally require no initial net investment or an initial net investment that is smaller than what would be required for other types of financial instruments that have a similar response to changes in market factors.

Holding derivatives is considered to be part of the investment process. Whilst derivatives are used for trading purposes, the Trustee is prohibited to use derivatives to gear (leverage) the Fund. The use of derivatives is multifaceted and can include:

- hedging to protect a Fund asset or liability against fluctuations in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the investment guidelines.

Maple-Brown Abbott Pooled Superannuation Trust
Notes to and forming part of the financial statements
For the financial year ended 30 June 2019

11 Derivative financial instruments (continued)

(a) Futures

Futures are contractual obligations to buy or sell on a future date at a specified price. Buying or selling futures require an initial margin payment which is marked to market daily.

At 30 June the Fund's holding in futures is nil (2018: nil).

12 Events subsequent to balance date

As the investments are measured at their 30 June 2019 fair values in the financial report, any change in values subsequent to the end of the reporting period is not reflected in the Statement of Comprehensive Income or the Statement of Financial Position. However the change in the value of investments is reflected in the current unit price. The current unit price is available at maple-brownabbott.com.au/funds.

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

Maple-Brown Abbott Pooled Superannuation Trust
Statement by Trustee to the unitholders of the Maple-Brown Abbott Pooled
Superannuation Trust

The Trustee reports that in its opinion:

- 1 the accompanying annual financial statements and notes to and forming part of the financial statements have been prepared in accordance with the provisions of the Fund Deed dated 7 April 1986 (as amended) including:
 - (a) complying with Australian Accounting Standards and other mandatory professional reporting requirements;
 - (b) presenting fairly the Fund's financial position as at 30 June 2019 and the results of its operations and cash flows for the year then ended; and
 - (c) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).
- 2 the operation of the Maple-Brown Abbott Pooled Superannuation Trust has been carried out in accordance with the provisions of the Trust Deed dated 7 April 1986 (as amended) and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations, applicable sections of *Corporations Act 2001 and Regulations* and the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001; and
- 3 as at 30 June 2019 the Fund had sufficient liquidity to meet redemption requests in the normal course of business in accordance with the terms of the Trust Deed dated 7 April 1986 (as amended).

Dated at Sydney this 12 day of September 2019.

Signed in accordance with a resolution of the directors of Maple-Brown Abbott Limited.



Director of Maple-Brown Abbott Limited (ABN 73 001 208 564)



Independent Auditor's report on financial statements

Maple-Brown Abbott Pooled Superannuation Trust (ABN 89 672 954 462) (RSE)

Report by the RSE Auditor to the trustee and members

Opinion

I have audited the financial statements of Maple-Brown Abbott Pooled Superannuation Trust (the Fund) for the year ended 30 June 2019, comprising the Statement of financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes 1 to 12.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards, the financial position of Maple-Brown Abbott Pooled Superannuation Trust as at 30 June 2019 and the results of its operations, cash flows, changes in equity and changes in members' benefits for the year ended 30 June 2019.

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* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the trustee for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will



always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgement 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 auditor conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern;
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- 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.

KPMG

Karen Hopkins
Partner

Sydney

12 September 2019