



**MAPLE-BROWN ABBOTT**

INVESTMENT MANAGERS SINCE 1984

# Maple-Brown Abbott Group

ABN 73 001 208 564

Consolidated  
Annual Financial Report  
30 June 2020

## Maple-Brown Abbott Group

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## Maple-Brown Abbott Group

ABN 73 001 208 564

### Directors' Report

The Directors present their report together with the consolidated financial statements of the Maple-Brown Abbott Group comprising Maple-Brown Abbott Limited (the Company) and its subsidiaries for the year ended 30 June 2020 and the auditors' report thereon.

### Directors

The following persons were Directors at any time during or since the end of the financial year:

#### **Mr R A R Lee**

Age: 55

Directorships include Westmead IVF Pty Limited

Master of Business Administration, Bachelor of Science

Director since October 2015

#### **Ms S S Rahmani**

Age: 42

Bachelor of Laws (Hons), Bachelor of Commerce

Director since October 2019

#### **Mr T T Robinson**

Age: 63

Directorships include Maitland Mutual Limited

Bachelor of Commerce, Bachelor of Laws

Director since March 2013

#### **Ms J A Elliott**

Age: 55

Directorships include Ignite Limited

Bachelor of Arts, Bachelor of Laws, Master of Arts

Public Member of Australian Press Council

Director since January 2017

#### **Ms S N Roberts**

Age: 50

Directorships include Teachers Federation Health Limited and AIG Australia Limited

Bachelor of Economics

Fellow of the Actuaries Institute of Australia

Adjunct Professor of Finance at the University of Sydney Business School

Director since April 2019

#### **Mr G M Rossler**

Age: 63

Master of Commerce

Member of the Institute of Chartered Accountants, South Africa

Member of the CFA Institute

Director since July 1999. Resigned as a director on 5 March 2020.

## **Maple-Brown Abbott Group**

ABN 73 001 208 564

### **Directors' Report (continued)**

#### **Directors (continued)**

##### **Mr R A Grundy**

Age: 58

Directorships include Maple-Brown Abbott Funds PLC

Bachelor of Economics

Member of Chartered Accountants Australia and New Zealand

Director since July 2008

##### **Mr G R Bazzan**

Age: 48

Directorships include Maple-Brown Abbott Funds PLC

Bachelor of Business (Hons)

Member of the CFA Institute

Director since July 2008

#### **Company Secretary**

##### **Mr D A Smedley**

Age: 58

Bachelor of Commerce

Member of Chartered Accountants Australia and New Zealand

Member of the CFA Institute

Appointed 1 July 2008

## Maple-Brown Abbott Group

ABN 73 001 208 564

### Directors' Report (continued)

#### Directors' meetings

The number of Directors' meetings and the number of meetings eligible to be attended by each of the Directors of the Company during the financial year are:

Director	No. of meetings attended				No. of meetings eligible to attend			
	Board	A&CC	DDC	RC	Board	A&CC	DDC	RC
Mr R A R Lee	9	7	1	2	9	8	1	2
Ms S S Rahmani	8	1			8	1		
Mr T T Robinson	8	7	1	2	9	8	1	2
Ms J A Elliott	9	8		2	9	8		2
Ms S N Roberts	9	7		2	9	7		2
Mr G M Rossler	5		1		5		1	
Mr R A Grundy	9				9			
Mr G R Bazzan	9				9			

A&CC = Audit and Compliance Committee, DDC = Due Diligence Committee, RC = Remuneration Committee

Subsequent to balance sheet date, the A&CC and SCC (Scheme Compliance Committee) merged and are referred to as ARCC (Audit, Risk and Compliance Committee)

The board also held a number of informal weekly meetings during March and April of 2020 to monitor the pandemic planning process.

#### Principal activities

The principal activity of the Group during the course of the year was investment management.

There were no significant changes in the nature of the activities of the Group during the year.

#### Result

The profit for the year for the Group amounted to \$15,746,055 (2019: \$25,324,570) of which \$7,249,366 (2019: \$14,555,070) was attributable to the owners of the Company.

#### Review of operations

The total management and performance fees for the Group decreased by 18.1% compared to the previous year while total expenses decreased by 0.6%, resulting in a 37.8% decrease in group profit. The decrease in net profit mainly resulted from negative portfolio returns and net outflows across all three strategies. The Australian equities market (S&P/ASX 300 Total Return Index) returned -7.6% for the financial year (2019: 11.4%). The Asian equities market (MSCI AC Asia ex-Japan Net Index) returned 3.6% for the financial year (2019: 4.8%). The Global listed infrastructure market (FTSE Global Core Infrastructure 50/50 TR Index (AUD)) returned -6.3% for the financial year (2019: 21.6%).

The Directors have made an assessment of the impact of the COVID-19 pandemic on the results from operations and its financial position. In the opinion of the Directors the Company's revenues for the year and overall financial position as at 30 June 2020 have not been significantly impacted. The Company has not sought government assistance during the year. The Directors will continue to monitor any potential impact that the pandemic may have on the operations of the Company and its financial position.

## Maple-Brown Abbott Group

ABN 73 001 208 564

### Directors' Report (continued)

#### Dividends

Dividends paid by the Company to members during the financial year were:

Date paid	Per share	Total amount
13 September 2019	\$25.00	\$5,112,500
9 March 2020	\$20.00	\$4,090,000

All dividends paid by the Company during the financial year were fully franked.

#### State of affairs

In response to the pandemic, the Directors have implemented a pandemic plan which includes undertaking measures and precautions to ensure that the Group continues to operate and protect staff. This includes working in split teams and enhancing technology to enable staff to work from home and communicate effectively. The Group has also implemented a range of initiatives to protect staff including hygiene procedures, social distancing protocols, guidelines for visitors and travel restrictions.

In the opinion of the Directors, other than the above, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

#### Events subsequent to balance sheet date

Subsequent to balance sheet date, the Group entered into a variation of lease agreement on its premises and registered office to extend the current lease by 12 months from 31 August 2020.

The Company is reviewing the way in which executives are remunerated. On 10 September 2020 the Board resolved to terminate the Long Term Incentive Plan and noted the entitlements that have vested up to 30 June 2020, which under the plan would be paid in 2021 and 2022 in accordance with the plan information. Under the new Management Executive Plan (MEP) the Board also approved the MEP Share allocation, following which participants will be invited to purchase non-voting MEP Shares up to a maximum of 20% of the total number of shares on issue on a fully diluted basis after the share issuance, with associated limited-recourse loans being offered. These shares will vest over a period of time and on completion of certain agreed hurdles will automatically convert into voting ordinary shares.

Whilst the COVID-19 pandemic continues to create uncertainty in global markets, there has been no significant impact on the Company since the end of the financial year.

In the opinion of the Directors, other than the matter above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

#### Likely developments

The Group will continue to pursue its principal activity as detailed earlier in this report.

## Maple-Brown Abbott Group

ABN 73 001 208 564

### Directors' Report (continued)

#### Directors' interests

As at the date of this report, there were no relevant interests of any Director during the financial year in the ordinary share capital of the Company.

#### Directors' benefits

There were no benefits received by directors from the Company during the financial year other than remuneration which is disclosed separately in Note 20 to these consolidated financial statements.

#### Indemnification and insurance of directors and officers and auditors

The Articles of the Company in conjunction with the Deeds of Access, Insurance and Indemnity, indemnify the directors and officers against all liabilities to another person (other than the Company or related party) that may arise from their position as directors or officers of the Company, except where the liability arises out of conduct involving lack of good faith. The Articles stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

In accordance with the provisions of the Corporations Act 2001, the Company has a directors and officers' liability policy which covers all Directors and officers of the Group. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid. Auditors are not indemnified out of the assets of the Group.

#### Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms a part of this Directors' Report for the year ended 30 June 2020.

Sydney, 10 September 2020

Signed in accordance with a resolution of the Directors:



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R A R Lee  
*Chairman*



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S S Rahmani  
*Director*



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Maple-Brown Abbott Group

I declare that, to the best of my knowledge and belief, in relation to the audit of Maple-Brown Abbott Group for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

*K Hopkins*

Karen Hopkins  
*Partner*

Sydney  
10 September 2020



## Maple-Brown Abbott Group

### Statement of Comprehensive Income For the year ended 30 June 2020

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>Revenue</b>					
Management fees		<b>55,805,224</b>	64,472,751	<b>55,805,224</b>	64,472,751
Performance fees		<b>13,232</b>	3,670,722	<b>13,232</b>	3,670,722
Interest income		<b>604,501</b>	948,788	<b>473,530</b>	689,676
Movement in fair value of investments		<b>(639,634)</b>	447,982	<b>(639,634)</b>	447,982
Dividend income		-	-	<b>7,755,300</b>	8,093,000
Gain on share buy-back	9(c)	-	-	-	5,500,878
Other operating revenue		<b>1,854</b>	1,700	<b>1,854</b>	1,700
		<b><u>55,785,177</u></b>	<b><u>69,541,943</u></b>	<b><u>63,409,506</u></b>	<b><u>82,876,709</u></b>
<b>Expenses</b>					
Amortisation of intangible assets	3(j), 13	-	186,253	-	186,253
Custody, administration and distribution costs		<b>5,067,626</b>	4,690,202	<b>30,831,932</b>	36,958,880
Depreciation of property, plant and equipment	11	<b>259,758</b>	255,090	<b>259,758</b>	255,090
Depreciation of rights-of-use of assets	12	<b>777,306</b>	-	<b>777,306</b>	-
Insurance		<b>661,998</b>	619,224	<b>661,998</b>	619,224
Legal costs		<b>306,647</b>	167,689	<b>306,647</b>	167,689
Rental expense	3(n), 12	<b>13,641</b>	830,122	<b>13,641</b>	830,122
Professional services		<b>1,588,474</b>	1,282,568	<b>1,588,474</b>	1,282,568
Remuneration		<b>21,042,780</b>	21,717,475	<b>17,970,606</b>	18,967,301
Subscriptions and data		<b>1,404,815</b>	1,420,521	<b>1,404,815</b>	1,420,521
Sundry expenses		<b>2,057,491</b>	2,198,772	<b>2,057,488</b>	2,198,766
<b>Total expenses</b>		<b><u>33,180,536</u></b>	<b><u>33,367,916</u></b>	<b><u>55,872,665</u></b>	<b><u>62,886,414</u></b>
<b>Operating profit</b>		<b>22,604,641</b>	36,174,027	<b>7,536,841</b>	19,990,295
<b>Finance costs</b>	12	<b>23,610</b>	-	<b>23,610</b>	-
<b>Profit before income tax</b>		<b>22,581,031</b>	36,174,027	<b>7,513,231</b>	19,990,295
Income tax expense/ (benefit)	5(a)	<b>6,834,976</b>	10,849,457	<b>(11,954)</b>	1,916,173
<b>Profit for the year</b>		<b>15,746,055</b>	25,324,570	<b>7,525,185</b>	18,074,122
Other comprehensive income, net of income tax		-	-	-	-
<b>Total comprehensive income for the year</b>		<b><u>15,746,055</u></b>	<b><u>25,324,570</u></b>	<b><u>7,525,185</u></b>	<b><u>18,074,122</u></b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>7,249,366</b>	14,555,070	<b>7,525,185</b>	18,074,122
Non-controlling interests	16(b)	<b>8,496,689</b>	10,769,500	-	-
		<b><u>15,746,055</u></b>	<b><u>25,324,570</u></b>	<b><u>7,525,185</u></b>	<b><u>18,074,122</u></b>

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

## Maple-Brown Abbott Group

### Statement of Financial Position As at 30 June 2020

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	7	<b>38,268,979</b>	39,566,442	<b>24,882,852</b>	23,408,390
Receivables	8	<b>8,922,727</b>	13,131,027	<b>13,762,538</b>	18,081,644
Income tax receivable	5(b)	<b>755,200</b>	507,670	<b>196,119</b>	507,670
Other current assets	10	<b>581,718</b>	<u>608,792</u>	<b>581,718</b>	<u>608,792</u>
<b>Total current assets</b>		<b><u>48,528,624</u></b>	<u>53,813,931</u>	<b><u>39,423,227</u></b>	<u>42,606,496</u>
<b>Non-current assets</b>					
Investments					
At fair value through profit or loss	9(a)	<b>5,143,160</b>	5,782,794	<b>5,143,160</b>	5,782,794
At amortised cost	9(b)	<b>1,500,000</b>	1,500,000	<b>1,500,000</b>	1,500,000
In subsidiaries - at cost	9(c)	-	-	<b>210,330</b>	210,330
Property, plant and equipment	11	<b>356,403</b>	274,784	<b>356,403</b>	274,784
Right-of-use assets	12	<b>211,997</b>	-	<b>211,997</b>	-
Deferred tax assets - net	5(c)	<b>1,061,435</b>	<u>745,174</u>	<b>1,061,435</b>	<u>745,174</u>
<b>Total non-current assets</b>		<b><u>8,272,995</u></b>	<u>8,302,752</u>	<b><u>8,483,325</u></b>	<u>8,513,082</u>
<b>Total assets</b>		<b><u>56,801,619</u></b>	<u>62,116,683</u>	<b><u>47,906,552</u></b>	<u>51,119,578</u>
<b>Current liabilities</b>					
Trade and other payables	14	<b>4,255,297</b>	3,724,741	<b>12,847,595</b>	14,680,732
Lease liabilities	12	<b>184,532</b>	-	<b>184,532</b>	-
Provision for current income tax	5(b)	<b>423,026</b>	4,357,577	-	-
Provision for employee benefits - current	15	<b>4,139,287</b>	<u>2,592,866</u>	<b>4,139,287</b>	<u>2,592,866</u>
<b>Total current liabilities</b>		<b><u>9,002,142</u></b>	<u>10,675,184</u>	<b><u>17,171,414</u></b>	<u>17,273,598</u>
<b>Non-current liabilities</b>					
Lease liabilities	12	<b>66,204</b>	-	<b>66,204</b>	-
Provision for employee benefits - non-current	15	<b>547,565</b>	<u>1,929,533</u>	<b>547,565</b>	<u>1,929,533</u>
<b>Total non-current liabilities</b>		<b><u>613,769</u></b>	<u>1,929,533</u>	<b><u>613,769</u></b>	<u>1,929,533</u>
<b>Total liabilities</b>		<b><u>9,615,911</u></b>	<u>12,604,717</u>	<b><u>17,785,183</u></b>	<u>19,203,131</u>
<b>Net assets</b>		<b><u>47,185,708</u></b>	<u>49,511,966</u>	<b><u>30,121,369</u></b>	<u>31,916,447</u>
<b>Equity</b>					
Share capital	16(a)	<b>10,847,270</b>	10,847,270	<b>10,847,270</b>	10,847,270
Reserve	16(b)	<b>(132,425)</b>	(132,425)	-	-
Retained earnings		<b>27,485,535</b>	<u>29,556,237</u>	<b>19,274,099</b>	<u>21,069,177</u>
<b>Total equity attributable to owners of the Company</b>		<b>38,200,380</b>	40,271,082	<b>30,121,369</b>	31,916,447
Non-controlling interests	16(b)	<b>8,985,328</b>	<u>9,240,884</u>	-	-
<b>Total equity</b>		<b><u>47,185,708</u></b>	<u>49,511,966</u>	<b><u>30,121,369</u></b>	<u>31,916,447</u>

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

## Maple-Brown Abbott Group

### Statement of Changes in Equity For the year ended 30 June 2020

Note	Consolidated						Company		
	Attributable to owners of the Company				Non-controlling interests	Total equity	Share Capital	Retained earnings	Total
	Share Capital	Retained earnings	Reserve	Total					
	\$	\$	\$	\$	\$	\$	\$	\$	
	<u>10,847,270</u>	<u>29,556,237</u>	<u>(132,425)</u>	<u>40,271,082</u>	<u>9,240,884</u>	<u>49,511,966</u>	<u>10,847,270</u>	<u>21,069,177</u>	<u>31,916,447</u>
Balance as at 30 June 2019									
AASB 16 adjustment, net of tax	3(n) -	(117,763)	-	(117,763)	-	(117,763)	-	(117,763)	(117,763)
Total comprehensive income	-	7,249,366	-	7,249,366	8,496,689	15,746,055	-	7,525,185	7,525,185
Other adjustments	-	195	-	195	(195)	-	-	-	-
<b>Transactions with owners of the Company</b>									
Dividends	-	(9,202,500)	-	(9,202,500)	(8,752,050)	(17,954,550)	-	(9,202,500)	(9,202,500)
Total transactions with owners of the Company	-	(9,202,500)	-	(9,202,500)	(8,752,050)	(17,954,550)	-	(9,202,500)	(9,202,500)
Balance as at 30 June 2020	<u>10,847,270</u>	<u>27,485,535</u>	<u>(132,425)</u>	<u>38,200,380</u>	<u>8,985,328</u>	<u>47,185,708</u>	<u>10,847,270</u>	<u>19,274,099</u>	<u>30,121,369</u>
Balance as at 30 June 2018	<u>10,847,270</u>	<u>23,546,958</u>	<u>(132,425)</u>	<u>34,261,803</u>	<u>8,899,393</u>	<u>43,161,196</u>	<u>10,847,270</u>	<u>14,242,555</u>	<u>25,089,825</u>
Total comprehensive income	-	14,555,070	-	14,555,070	10,769,500	25,324,570	-	18,074,122	18,074,122
<b>Transactions with owners of the Company</b>									
Dividends	-	(11,247,500)	-	(11,247,500)	(7,726,300)	(18,973,800)	-	(11,247,500)	(11,247,500)
Disposal of interests without a change in control	-	2,701,709	-	2,701,709	(2,701,709)	-	-	-	-
Total transactions with owners of the Company	-	(8,545,791)	-	(8,545,791)	(10,428,009)	(18,973,800)	-	(11,247,500)	(11,247,500)
Balance as at 30 June 2019	<u>10,847,270</u>	<u>29,556,237</u>	<u>(132,425)</u>	<u>40,271,082</u>	<u>9,240,884</u>	<u>49,511,966</u>	<u>10,847,270</u>	<u>21,069,177</u>	<u>31,916,447</u>

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

## Maple-Brown Abbott Group

### Statement of Cash Flows

For the year ended 30 June 2020

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations		68,827,712	80,385,363	65,046,290	74,287,639
Cash payments in the course of operations		(37,662,610)	(45,008,935)	(60,825,904)	(74,941,220)
Goods and services tax paid		(2,633,651)	(2,711,291)	(561,573)	1,055,385
Income tax paid	5(b)	(11,282,847)	(13,803,014)	57,715	(2,245,977)
<b>Net cash provided by/(used in) operating activities</b>	19(ii)	<u>17,248,604</u>	<u>18,862,123</u>	<u>3,716,528</u>	<u>(1,844,173)</u>
<b>Cash flows from investing activities</b>					
Proceeds from sale of investments		-	1,786,168	-	1,786,168
Proceeds from share buy-back	9(c)	-	-	-	5,500,963
Payments for property, plant and equipment		(341,377)	(304,552)	(341,377)	(304,552)
Distributions received from investments		-	47,196	-	47,196
Dividends received from subsidiaries		-	-	7,755,300	8,093,000
Interest received		<u>680,271</u>	<u>931,418</u>	<u>476,922</u>	<u>707,191</u>
<b>Net cash provided by investing activities</b>		<u>338,894</u>	<u>2,460,230</u>	<u>7,890,845</u>	<u>15,829,966</u>
<b>Cash flows from financing activities</b>					
Repayment of lease liabilities		(906,801)	-	(906,801)	-
Interest expense on lease liabilities		(23,610)	-	(23,610)	-
Dividends paid		(17,954,550)	(18,973,800)	(9,202,500)	(11,247,500)
<b>Net cash used in financing activities</b>		<u>(18,884,961)</u>	<u>(18,973,800)</u>	<u>(10,132,911)</u>	<u>(11,247,500)</u>
<b>Net increase/(decrease) in cash held</b>		<b>(1,297,463)</b>	2,348,553	<b>1,474,462</b>	2,738,293
<b>Cash at the beginning of the financial year</b>	7	<u>39,566,442</u>	<u>37,217,889</u>	<u>23,408,390</u>	<u>20,670,097</u>
<b>Cash at the end of the financial year</b>	7	<u>38,268,979</u>	<u>39,566,442</u>	<u>24,882,852</u>	<u>23,408,390</u>

The Statements of Cash Flows is to be read in conjunction with the accompanying notes.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 1 Reporting entity

Maple-Brown Abbott Limited ("the Company") is a company limited by shares, incorporated and domiciled in Australia.

These consolidated financial statements comprise the Company and its subsidiaries (collectively, the Group).

The registered office and principal place of business of the Group is Level 31, 259 George Street, Sydney, NSW, 2000. The Group is a for-profit entity and is primarily involved in investment management.

#### 2 Basis of preparation

##### (a) Basis of accounting

The consolidated financial statements of the Group and the financial statements of the Company ("the financial statements") are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements comply with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The Directors have made an assessment of the impact of the COVID-19 pandemic on the results from operations and its financial position. In the opinion of the Directors, the Company's revenues for the year and overall financial position as at 30 June 2020 have not been significantly impacted. The Directors will continue to monitor any potential impact that the pandemic may have on the operations of the Company and its financial position

The financial statements were authorised by the Board of Directors for issue on 10 September 2020.

##### (b) Basis of measurement

The financial statements have been prepared on the basis of historical cost principles, except for investments in quoted companies and unit trusts which are measured at fair value.

##### (c) Functional and presentation currency

These financial statements are presented in Australian dollars, rounded to the nearest dollar, which is also the Group's functional currency.

##### (d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods. There have been no changes to the Group's key estimates and assumptions as a result of the COVID-19 pandemic.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

## 2 Basis of preparation (continued)

### (d) Use of estimates and judgements (continued)

Information about the critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in of the financial statements are outlined below:

#### **Intangible assets**

These assets are amortised on a reducing balance basis over the first four years of the expected life of the assets and a straight-line basis for the remaining three. These assets were fully amortised as at 30 June 2019.

#### **Retention incentive**

The provision for the retention incentive has been calculated at fair value after estimating the probability of payment due to the achievement of the performance hurdles by eligible employees. Fair value is based on the price of shares calculated in accordance with the Rules of the Company's Executive Share Purchase Scheme. The probability of payment is assessed at the end of each reporting period.

#### **Long term incentive**

The provision for long term incentive has been calculated at fair value after estimating the probability of payment due to the achievement of the performance hurdles by eligible employees. Fair value is based on the most recent estimate of future profits. The probability of payment is assessed at the end of each reporting period.

## 3 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of this financial report are set out below. The accounting policies adopted in the preparation of the financial statements have been applied consistently to all periods presented in the financial statements.

### (a) Basis of consolidation

#### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date on which control commences until the date on which control ceases.

#### **Non-controlling interests**

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 3 Summary of significant accounting policies (continued)

##### (b) Revenue recognition

###### Fees

Management fees are recognised as income in the period the services are provided to the customer. Management fees are generally calculated as a percentage of the portfolio value in accordance with investment management agreements or relevant disclosure documents.

The Group may earn a performance fee from its funds and discrete client portfolios. The Group is entitled to performance fees when the portfolio outperforms certain performance hurdles. Performance fees are recognised when these performance hurdles are met.

###### Interest income

Interest Income is recognised using the effective interest method.

###### Distributions

Distribution income from unlisted unit trusts is recognised when the Group is entitled to the distribution, which is as at the date the unit price is quoted ex-distribution.

###### Movement in fair value of investments

Movement in the fair value of financial instruments held 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).

##### (c) Income tax

Income tax on the result for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using current tax rates and any adjustment to tax payable in respect of previous financial periods. Deferred tax expense is the change in deferred tax assets and liabilities between the reporting periods.

Deferred tax assets and liabilities are recognised using the balance sheet method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for particular circumstances when no deferred tax asset or liability is recognised.

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 reporting date. Deferred tax assets which relates to employee provisions are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 3 Summary of significant accounting policies (continued)

##### (d) Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

##### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and term deposits with maturities of 12 months or less. The net carrying amount of cash and cash equivalents is equivalent to the fair value of the assets because of the negligible credit risk and frequent repricing. There are no cash balances held that are not available for use in normal operations.

##### (f) Receivables

Receivables are stated at the amounts to be received in the future and are presented net of any provision for impairment. The balance is not discounted because the effect of the time value of money is not material as amounts are normally settled between 30 days and 12 months. Receivable amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Group measures 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 impairment charge is recognised in profit or loss. Debts which are known to be uncollectible are written off. The COVID-19 pandemic has no significant impact on the valuation of receivables as at 30 June 2020.

##### (g) Investments

The Group holds financial assets comprising unlisted unit trusts which are measured at fair value and mandatorily classified as fair value through profit or loss. Fair value is determined by reference to the net assets reported by the relevant fund as at close of business on the day the trust or company is being valued.

Investments at amortised cost refer to term deposits with maturity of more than 12 months. These are stated at the principal amount less any expected significant credit losses. The Group's investment in term deposits is held to collect contractual cash flows and accordingly, term deposits are classified as financial assets at amortised cost.



## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 3 Summary of significant accounting policies (continued)

##### (g) Investments (continued)

Investments in subsidiaries are initially recognised at cost which equates to the fair value of consideration provided, and are subsequently carried in the Company's consolidated financial statements at cost less any accumulated impairment losses. Dividends from the subsidiaries are recognised as income on an accrual basis on the date the dividends are declared.

##### (h) Property, plant and equipment

Plant and equipment is initially recorded at cost which is the fair value of consideration provided plus incidental costs directly attributable to the acquisition. All items of plant and equipment are carried at cost less accumulated depreciation and accumulated impairment charges. Items are depreciated using the reducing balance method at rates based on the expected useful lives of the assets taking into account estimated residual values. Depreciation rates and residual values are reviewed annually and any changes are accounted for prospectively.

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

	Depreciation rate	Depreciation method
Plant and equipment	13.5% - 40%	Reducing balance
Computers	40%	Reducing balance
Office furniture & fittings	13.5% - 20%	Reducing balance

The carrying amount of each class of plant and equipment is reviewed each reporting date by determining whether there is an indication that the carrying value of a class may be impaired. If such indication exists, the item is tested for impairment by comparing the recoverable amount of the asset to the carrying value. An impairment charge is recognised whenever the carrying value exceeds the recoverable amount. Impairment charges are recognised in profit or loss and may be reversed where there has been a change in the estimates used to determine the recoverable amount.

##### (i) Leases

The Group has applied AASB 16 *Leases* using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 *Leases*.

The Group determines if an arrangement meets the definition of a lease at contract inception. The Group has not recognised right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group has a policy to identify short-term and low-value assets, which are reviewed annually. In determining the length of the lease term, the Group utilises judgment in assessing the likelihood of whether it is reasonably certain that it will exercise an option to extend or early-terminate a lease, if such options are provided in the lease agreement.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 3 Summary of significant accounting policies (continued)

##### (i) Leases (continued)

The Group recognises a right-of-use asset and lease liabilities on the statement of financial position at lease commencement date. Right-of-use assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognised based on the present value of lease payments over the lease term. As substantially all of the Group's leases do not provide an implicit interest rate, the Group uses its estimated secured incremental borrowing rates at the lease commencement date in determining the present value of lease payments.

At commencement, the Group's initial measurement of the right-of-use asset is calculated as the present value of the remaining lease payments (i.e. lease liability), with additive adjustments reflecting: initial direct costs and prepaid lease payments (if any); and reduced by any lease incentives provided by the lessor if: (i) received before lease commencement or (ii) receipt of the lease incentive is contingent upon future events for which the occurrence is both probable and within the Group's control.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Group has lease agreements which include lease and non-lease components. The Group has elected to combine the lease components and non-lease components and to account for as a single lease component.

##### **Leases classified as operating leases under AASB 117**

Prior to the adoption of AASB16 *Leases* on 1 July 2019, leases of property, plant and equipment are classified as operating leases where the lessor retains substantially all of the risks and benefits of ownership. Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except in those circumstances where an alternative basis would be more representative of the pattern of benefits to be derived from the leased property.

##### (j) Intangible assets

Scheme management rights are intangible assets and amortised on a reducing balance basis over the first four years of the expected life of seven years of the rights acquired and on a straight-line basis for the remaining three years. The assets are reviewed for impairment annually by preparing a calculation of the present value of the expected future cash flows of the management rights acquired, based on forecast for future growth rates and discounted using a risk adjusted discount rate. Where the present value is less than the carrying amount, an impairment charge is recognised.

##### (k) Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received. The balance is not discounted because the effect of the time value of money is not material as amounts are normally settled within 30 days.

## Maple-Brown Abbott Group

### Notes to the financial statements

#### For the year ended 30 June 2020

### 3 Summary of significant accounting policies (continued)

#### (l) Employee entitlements

##### Share based payments

##### Retention incentive

The Company provides a retention incentive for one of its senior employees. The incentive offered is calculated by reference to a specified number of shares multiplied by the value of a share in the Company as determined at the end of the incentive performance period. To receive the retention incentive, the employee must be employed for the whole of the performance period.

The incentive is accounted for as a cash settled share based payment and the fair value of the liability payable by the Company under these arrangements is measured at each reporting date (refer to Note 2(d)). Fair value is based on the price of shares calculated in accordance with the Rules of the Company's Executive Share Purchase Scheme. The probability of payment is assessed at the end of each reporting period.

##### Long term incentive

A long term incentive plan was introduced in 2015 whereby eligible employees may be awarded a bonus, payable at the end of a three year vesting period, subject to certain performance hurdles being met. The total amount payable is to be recognised over the three year period from the date the employees become entitled to the payment.

##### Wages, salaries and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represents the amount which the entity has as a present obligation to pay resulting from employees' services provided up to the balance date.

##### Long service leave

The provision for employee entitlements to long service leave represents the amount which the entity has as a present obligation to pay resulting from employees' services provided up to the balance date.

##### Superannuation funds

The Company contributes to superannuation funds on behalf of its employees. Such contributions are expensed in Statement of Comprehensive Income as incurred.

#### (m) Dividends payable

Dividends payable are provided when dividends are declared by Directors and represent the cash amounts payable to shareholders.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 3 Summary of significant accounting policies (continued)

##### (n) Standards issued

###### New and amended standards adopted by the Group

Except as described below, there are no new standards, amendments to standards or interpretations to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the Group.

###### (a) AASB 16 *Leases* (effective from 1 July 2019 for the Group)

The Group has applied AASB 16, "Leases" in the current financial year with the initial application date of 1 July 2019. The Group has elected to apply the modified retrospective approach and as such the information presented for 2019 has not been restated – i.e. they are presented, as previously reported. Any differences between current and former accounting method was adjusted to the opening balance of Retained earnings as at 1 July 2019.

The application of this new standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months on initial adoption.

In applying AASB 16, the Group has used the following practical expedients as permitted by the standard:

- (i) The Group has elected not to reassess whether a contract is, or contains a lease at 1 July 2019. Instead, for contracts entered into before this date the Group relied on its assessment made applying previous guidance.
- (ii) The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (iii) The Group has elected not to include initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- (iv) The Group has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Previously, the Group classified the lease on premises as operating leases under AASB 117. On transition to AASB 16, a right-of-use assets and lease liability was measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 3 Summary of significant accounting policies (continued)

##### (n) Standards issued (continued)

The impact on transition is summarised below:

Rights-of-use assets	989,303
Lease liabilities	1,157,536
Deferred tax asset	50,470
Retained earnings, net of tax	(117,763)
<b>Operating lease commitments as at 30 June 2019</b>	<b>1,176,406</b>
Weighted average incremental borrowing rate as at 1 July 2019	3.16%
Discounted operating lease commitments as at 1 July 2019	1,157,536
Less: Short-term leases not recognised as liability	-
Less: Low-value assets not recognised as liability	-
<b>Lease liabilities recognised as at 1 July 2019</b>	<b>1,157,536</b>
<b>Current lease liabilities</b>	<b>906,800</b>
<b>Non-current lease liabilities</b>	<b>250,736</b>

##### (b) IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 July 2019 for the Group)

The Group consists of individual entities each designated individually as a taxable entity. IFRIC 23 became effective for each entity in the Group from 1 July 2019 and clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. The Group assessed that its existing accounting policy for uncertain income tax treatments is consistent with the requirements in IFRIC 23 (refer to Note 3(c)).

##### Standards issued but not yet effective

There are no new standards, interpretations or amendments to existing standards that were issued but not yet effective from 1 July 2019 that have a material impact on the Group.

#### 4 Auditors' remuneration

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Audit services				
Auditors of the Group	96,900	96,300	64,700	56,500
Other services	330,500	390,737	264,100	304,320
	<u>427,400</u>	<u>487,037</u>	<u>328,800</u>	<u>360,820</u>

Other services provided by the auditors include trust and compliance plan audits, and other assurance services.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 5 Taxation

##### (a) Income tax expense reconciliation

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Prima facie income tax expense calculated at 30% (2019: 30%) of the profit for the year before income tax	6,774,309	10,852,208	2,253,969	5,997,089
Increase in income tax expense due to:				
Deferred tax on transition to AASB 16	50,470	-	50,470	-
Non-deductible expenses	12,215	11,907	12,215	11,907
Over provision in prior year	(2,018)	(14,658)	(2,018)	(14,658)
Franking credits on dividends from subsidiaries	-	-	997,110	1,747,783
Franking tax offsets on dividends from subsidiaries	-	-	<u>(3,323,700)</u>	<u>(5,825,948)</u>
Total income tax expense	<u>6,834,976</u>	<u>10,849,457</u>	<u>(11,954)</u>	<u>1,916,173</u>
Total income tax expense is made up of:				
Current income tax expense	7,102,785	9,667,827	255,855	734,543
Deferred tax on transition to AASB 16	50,470	-	50,470	-
Over provision in prior year	(2,018)	(14,658)	(2,018)	(14,658)
Deferred tax movement	<u>(316,261)</u>	<u>1,196,288</u>	<u>(316,261)</u>	<u>1,196,288</u>
Total income tax expense	<u>6,834,976</u>	<u>10,849,457</u>	<u>(11,954)</u>	<u>1,916,173</u>

##### (b) Provision for current income tax / (Income tax receivable)

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Movements during the year were as follows:				
Balance at beginning of year	3,849,907	7,999,752	(507,670)	1,018,422
Current income tax expense on operating profit	10,426,484	15,493,775	3,579,554	6,560,491
Income taxes paid during the year	(11,282,847)	(13,803,014)	57,715	(2,245,977)
Over provision in prior year	(2,018)	(14,658)	(2,018)	(14,658)
Franking tax offsets	<u>(3,323,700)</u>	<u>(5,825,948)</u>	<u>(3,323,700)</u>	<u>(5,825,948)</u>
Balance at end of year	<u>(332,174)</u>	<u>3,849,907</u>	<u>(196,119)</u>	<u>(507,670)</u>

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Provision for current income tax	423,026	4,357,577	-	-
Income tax receivable	<u>(755,200)</u>	<u>(507,670)</u>	<u>(196,119)</u>	<u>(507,670)</u>
Total Provision for current income tax / (Income tax receivable)	<u>(332,174)</u>	<u>3,849,907</u>	<u>(196,119)</u>	<u>(507,670)</u>

**Maple-Brown Abbott Group**  
**Notes to the financial statements**  
**For the year ended 30 June 2020**

**5 Taxation (continued)**

**(c) Deferred tax assets - net**

	Consolidated and Company	
	2020	2019
	\$	\$
Deferred tax asset comprises the estimated future benefit, at income tax rates applicable in the periods the benefit is likely to be realised, on the following items:		
Employee provisions	1,469,468	1,356,719
Capital loss on investments	64,150	64,150
Lease	<u>11,622</u>	<u>-</u>
	<b>1,545,240</b>	<b>1,420,869</b>
Deferred tax liability comprises the estimated future liability, at income tax rates applicable in the periods the liability is likely to be realised, on the following items:		
Unrealised gain on investments	483,805	675,695
Deferred tax assets - net	<u><b>1,061,435</b></u>	<u><b>745,174</b></u>

**6 Dividends**

	2020	2019
	\$	\$
Dividends paid in the current year by the Company are:		
(i) A fully franked dividend of \$25.00 per share (2019: \$25.00) paid on 13 September 2019 (2019: 14 September 2018)	5,112,500	5,112,500
(ii) A fully franked dividend of \$20.00 per share (2019: \$30.00) paid on 9 March 2020 (2019: 8 March 2019)	<u>4,090,000</u>	<u>6,135,000</u>
	<u><b>9,202,500</b></u>	<u><b>11,247,500</b></u>

**Dividend franking account**

Estimated amounts of retained profits and reserves that could be distributed as franked dividends using franking credits already in existence before the payment of income tax provided for in the consolidated financial statements of the Group, and before deducting franking credits to be used in the payment of dividends.

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Franked at 30% (2019: 30%)	<u>19,637,435</u>	<u>19,373,095</u>	<u>12,141,727</u>	<u>16,143,371</u>

The ability to utilise franking credits is dependent upon there being sufficient available retained profits to declare dividends.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 7 Cash and cash equivalents

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash on hand and at bank	1,350,945	854,349	1,318,753	822,181
Short term bank deposits at call and paying interest at an interest rate of 0.77% (2019: 1.75%)	15,397,154	23,191,213	8,043,219	12,065,329
Term Deposits paying interest at an interest rate 1.04% (2019: 2.48%)	21,520,880	15,520,880	15,520,880	10,520,880
	<u>38,268,979</u>	<u>39,566,442</u>	<u>24,882,852</u>	<u>23,408,390</u>

#### 8 Receivables

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Current</b>				
Sundry receivables	800	800	800	800
Service fees receivable (refer to Note 20)	-	-	4,843,805	5,026,990
Accrued income and receivables	8,921,927	13,130,227	8,917,933	13,053,854
	<u>8,922,727</u>	<u>13,131,027</u>	<u>13,762,538</u>	<u>18,081,644</u>

#### 9 Investments

##### (a) At fair value through profit or loss

	Consolidated and Company	
	2020	2019
	\$	\$
Investments at cost	3,530,476	3,530,476
Fair value adjustments	1,612,684	2,252,318
Total investment at fair value through profit or loss	<u>5,143,160</u>	<u>5,782,794</u>

The Group has 0.7% (2019: 0.7%) investment in Maple-Brown Abbott Funds PLC, a company incorporated in Ireland (refer to Note 21).

Fair value adjustments in relation to these investments are reflected in the Statement of Comprehensive Income of the Group.

##### (b) At amortised cost

	Consolidated and Company	
	2020	2019
	\$	\$
Term Deposits - ORFR	<u>1,500,000</u>	<u>1,500,000</u>



## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 9 Investments (continued)

##### (b) At amortised cost (continued)

Under APRA Prudential Standards SPS114: Operational Risk Financial Requirement (ORFR), the Maple-Brown Abbott Pooled Superannuation Trust (the Trust) for which the Company acts as RSE Licensee is required to maintain an ORFR target amount as a reserve of at least 0.25% of the Trust's net assets. The Company has elected to hold the financial resources to meet the ORFR target amount as operation risk trustee capital. This capital is held in a form that is equivalent to Common Equity Tier 1 Capital.

The ORFR reserve is part of the financial management of the Trust and is operated in accordance with the ORFR policy which is reviewed annually. The ORFR may be used in certain circumstances to address operational risk events or claims against the Trust arising from operational risk.

##### (c) In subsidiaries - at cost

The following table summarises the Company's interests in subsidiaries which are carried at cost:

	2020		2019	
	%	\$	%	\$
Maple-Brown Abbott (Asia) Pty Limited (MBA Asia)	52.5%	209,910	52.5%	209,910
Maple-Brown Abbott Global Listed Infrastructure Pty Limited (MBA GLI)	45.9%	<u>420</u>	45.9%	<u>420</u>
		<b><u>210,330</u></b>		<b><u>210,330</u></b>

In FY19, MBA GLI conducted a share-split resulting in a new class of shares (B Class). B Class shares have the same rights as A Class shares except they do not have voting rights. Following the share-split, the subsidiary repurchased and immediately cancelled 170 B Class shares of the MBA GLI for a consideration of \$5,500,963.

	2020 and 2019		Total number of shares
	A Class shares in MBA GLI	B Class shares in MBA GLI	
Company's holdings	505	335	840
NCI's holdings	<u>495</u>	<u>495</u>	<u>990</u>
Total	<b><u>1,000</u></b>	<b><u>830</u></b>	<b><u>1,830</u></b>

There are no significant restrictions on the ability of MBA Asia and MBA GLI to transfer funds to the Company in the form of cash dividends.

#### 10 Other current assets

	Consolidated and Company	
	2020	2019
	\$	\$
Prepayments	<b><u>581,718</u></b>	<b><u>608,792</u></b>

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 11 Property, plant and equipment

	Consolidated and Company	
	2020	2019
	\$	\$
Office furniture and equipment at cost	2,090,901	1,749,524
Less: Accumulated depreciation	<u>(1,734,498)</u>	<u>(1,474,740)</u>
Total property, plant and equipment at net book value	<u>356,403</u>	<u>274,784</u>
Property, plant and equipment (reconciliation)		
Net book value at beginning of year	274,784	225,322
Additions at cost	341,377	304,552
Disposals at net book value	-	-
Depreciation	<u>(259,758)</u>	<u>(255,090)</u>
Net book value at end of year	<u>356,403</u>	<u>274,784</u>

#### 12 Leases

The Group leases its premises and registered office for a term of five years with an option to renew for a further five years, seven months before the expiry date. The lease expired on 31 August 2020 and the Group has not exercised the option. Subsequent to balance sheet date, the Group extended the lease and entered into a one year lease variation agreement with no option term.

The Group has a lease contract for offsite data centre which expired on May 2020 which was extended to July 2020. With effect from 24 July 2020 the Group entered into a new three year agreement for the provision of offsite data centre services. The Group also has two lease contracts for office equipment with contract terms of three and five years expiring in November 2022 and December 2023, respectively.

The Group has recognised right-of-use assets and lease liabilities for these leases. Previously, these leases were classified as operating lease under AASB 117.

##### (a) Right-of-use assets

	Consolidated and Company		
	Lease of premises	Office equipment	Total
	\$	\$	\$
Right-of-use assets at cost	3,628,666	188,867	3,817,533
Less: Accumulated depreciation	<u>(3,508,696)</u>	<u>(96,840)</u>	<u>(3,605,536)</u>
Right-of-use assets at net book value	<u>119,970</u>	<u>92,027</u>	<u>211,997</u>
Right-of-use assets (reconciliation)			
Net book value as at 1 July 2019	859,502	129,801	989,303
Additions at cost	-	-	-
Disposals at net book value	-	-	-
Depreciation	<u>(739,532)</u>	<u>(37,774)</u>	<u>(777,306)</u>
Net book value at end of year	<u>119,970</u>	<u>92,027</u>	<u>211,997</u>

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 12 Leases (continued)

##### (b) Lease liabilities

Lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	187,859	3,326	184,532
Between one and five years	68,135	1,931	66,204
More than five years	-	-	-
Total	<u>255,994</u>	<u>5,257</u>	<u>250,736</u>

##### (c) Amounts recognised in profit or loss

###### (i) 2020 - Leases under AASB 16

	Consolidated and Company 2020 \$
Depreciation charge for right-of-use assets	777,306
Interest on lease liabilities	23,610
Expenses relating to low-value assets	10,641
Expenses relating to short-term leases	3,000
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-

###### (ii) 2019 - Operating leases under AASB 117

	Consolidated and Company 2019 \$
Rental expense	830,122
Sundry expenses	72,184

##### (d) Amounts recognised in statement of cash flow

	Consolidated and Company 2020 \$
Total cash outflow for leases	948,334

#### 13 Intangible assets

	Consolidated and Company	
	2020 \$	2019 \$
Scheme management rights at cost	14,000,000	14,000,000
Less accumulated amortisation	<u>(14,000,000)</u>	<u>(14,000,000)</u>
Scheme management rights at net book value	<u>-</u>	<u>-</u>

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 14 Trade and other payables

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Current</b>				
Investment management service fees (refer to Note 20)	-	-	9,665,038	11,831,598
Accrued expenses	2,877,253	1,754,968	2,877,253	1,754,968
Trade and other payables	1,378,044	1,969,773	305,304	1,094,166
	<u>4,255,297</u>	<u>3,724,741</u>	<u>12,847,595</u>	<u>14,680,732</u>

#### 15 Provision for employee benefits

	Consolidated and Company	
	2020	2019
	\$	\$
<b>Current</b>		
Retention incentive	320,500	456,300
Long term incentive - current	1,473,438	-
Annual leave	1,010,200	838,443
Long service leave - current	1,335,149	1,298,123
	<u>4,139,287</u>	<u>2,592,866</u>
<b>Non-current</b>		
Long term incentive - non-current	315,667	1,692,299
Long service leave - non-current	231,898	237,234
.	<u>547,565</u>	<u>1,929,533</u>

#### 16 Equity

##### (a) Share Capital

	Consolidated and Company			
	2020		2019	
	Shares	\$	Shares	\$
Ordinary shares	<u>204,500</u>	<u>10,847,270</u>	<u>204,500</u>	<u>10,847,270</u>

No shares were issued in the current year or prior year.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends (refer to Note 6) as declared from time to time and are entitled to one vote per share at meetings of the Company.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 16 Equity (continued)

##### (b) Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations.

	2020			2019		
	MBA Asia	MBA GLI	Total	MBA Asia	MBA GLI	Total
NCI percentage	47.5%	54.1%		47.5%	54.1%	
	\$	\$	\$	\$	\$	\$
Current assets	7,539,320	16,074,920		9,419,324	18,646,699	
Current liabilities	<u>2,083,656</u>	<u>4,255,914</u>		<u>3,478,700</u>	<u>6,781,472</u>	
Net assets	5,455,664	11,819,006		5,940,624	11,865,227	
Carrying amount of NCI	<u>2,591,440</u>	<u>6,393,888</u>	<u>8,985,328</u>	<u>2,821,796</u>	<u>6,419,088</u>	<u>9,240,884</u>
Total comprehensive income	2,215,040	13,761,129		7,686,072	13,158,256	
Profit allocated to NCI	<u>1,052,144</u>	<u>7,444,545</u>	<u>8,496,689</u>	<u>3,650,884</u>	<u>7,118,616</u>	<u>10,769,500</u>
Cash flows from operating activities	584,686	6,654,726		4,374,649	6,219,611	
Cash flows from investing activities	28,292	77,786		44,850	70,225	
Cash flows from financing activities	<u>(1,282,500)</u>	<u>(7,469,550)</u>		<u>(3,895,000)</u>	<u>(7,098,062)</u>	
Net increase/(decrease) in cash and cash equivalents	<u>(669,522)</u>	<u>(737,038)</u>		<u>524,499</u>	<u>(808,226)</u>	

In FY19, MBA GLI conducted a buy-back of 170 class B shares by the Company, decreasing the Company's effective interests from 50.5% to 45.9% (refer to Note 9c).

Equity reserve is used to record the differences described in Note 3(a) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

#### 17 Commitments

##### (a) Lease

###### 2019 - Operating leases under AASB 117

The estimated minimum amount of commitments for operating leases (refer to Note 12) as at 30 June 2019 is:

	Consolidated and Company
	\$
Future lease payments not provided for in the consolidated financial statements and payable:	
No longer than one year	923,243
Longer than one year but not later than five years	<u>253,163</u>
	<u>1,176,406</u>

##### (b) Controlled subsidiaries

The Company has arrangements in place to purchase shares from the minority shareholders in its controlled subsidiaries, in the event of the cessation of their employment with the Company.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 17 Commitments (continued)

##### (b) Controlled subsidiaries (continued)

In respect of MBA Asia, under the rules of MBA Asia's Executive Share Purchase Scheme (ESPS), MBA Asia may purchase shares from participating employees who are deemed to have disposed of their shares as a result of the cessation of their employment with the Company and where MBA Asia has not nominated another buyer of those shares. There are currently three such employees who have been deemed to have disposed of their shares. As at the date of this report, no commitment has been made by the Company or MBA Asia to acquire the relevant parcels of shares.

The Company is party to a Shareholders' Agreement with MBA GLI and the Principal shareholders in respect of MBA GLI. In accordance with the agreement if a Principal shareholder's employment ceases, they are taken to have given notice to MBA GLI to dispose of their shares. MBA GLI can purchase shares in certain circumstances, alternatively the Company can facilitate another purchaser. During the financial year the employment of one of the Principal shareholders ceased. As at the date of this report, no commitment has been made by the Company or MBA GLI to acquire the relevant parcel of shares.

#### 18 Remuneration

##### Retention incentive

During the year an amount of \$456,372 (2019: \$424,206) was paid to employees in respect of the retention incentive share scheme.

	Consolidated and Company	
	2020	2019
	\$	\$
Increase/(reduction) in fair value of liability in respect of:		
Retention incentive scheme	456,372	424,206
Retention incentive scheme payment	(456,372)	(424,206)
	<u>-</u>	<u>-</u>

##### Long term incentive plan

The entitlement for each participant is calculated in accordance with the plan information as a percentage of earnings before interest and tax, adjusted for normal bonus and earnings from investments, for the 2017 financial year and as a percentage of attributable earnings after tax, adjusted for normal bonus and earnings from investments, for the 2018 and 2019 financial years. The entitlement arising during the 2017 financial year, payable in September 2020, has been recognised as an expense over the three years ending 30 June 2018, 2019 and 2020. The entitlement arising during the 2018 financial year is being recognised as an expense over the three years ending 30 June 2019, 2020 and 2021. The entitlement arising during the 2019 financial year is being recognised as an expense over the three years ending 30 June 2020, 2021 and 2022.

	Consolidated and Company	
	2020	2019
	\$	\$
<b>Entitlement year</b>		
2017	226,965	510,632
2018	(187,000)	431,667
2019	<u>71,000</u>	<u>-</u>
	<u>110,965</u>	<u>942,299</u>

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 19 Notes to the Statement of Cash Flows

##### (i) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank. Cash as 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 (refer to Note 7).

##### (ii) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	Consolidated		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Profit from ordinary activities after income tax</b>	<b>15,746,055</b>	25,324,570	<b>7,525,185</b>	18,074,122
Adjustment for:				
Dividend received from subsidiaries	-	-	<b>(7,755,300)</b>	(8,093,000)
Distributions received from investments	-	(47,196)	-	(47,196)
Proceeds from share buy-back	-	-	-	(5,500,963)
Cancellation of shares in subsidiaries	-	-	-	85
Movement in fair value of investments	<b>639,634</b>	(447,982)	<b>639,634</b>	(447,982)
Interest received	<b>(680,271)</b>	(931,418)	<b>(476,922)</b>	(707,191)
Interest paid	<b>23,610</b>	-	<b>23,610</b>	-
Amortisation of intangibles	-	186,253	-	186,253
Deferred tax on transition to AASB 16	<b>50,471</b>	-	<b>50,471</b>	-
Provision for employee benefits	<b>164,453</b>	(3,725,898)	<b>164,453</b>	(3,725,898)
Depreciation	<b>1,037,064</b>	<u>255,090</u>	<b>1,037,064</b>	<u>255,090</u>
Net cash provided by/(used in) operating activities before changes in assets and liabilities	<b>16,981,016</b>	<u>20,613,419</u>	<b>1,208,195</b>	<u>(6,680)</u>
Changes in assets and liabilities during the financial year:				
Decrease in receivables	<b>4,208,300</b>	2,345,200	<b>4,319,105</b>	933,041
Decrease/(increase) in income tax receivable	<b>(247,530)</b>	(507,670)	<b>311,552</b>	(507,670)
Decrease/(increase) in other current assets	<b>27,074</b>	(64,311)	<b>27,074</b>	(64,311)
(Decrease)/increase in trade and other payables	<b>530,556</b>	(1,078,628)	<b>(1,833,137)</b>	(2,376,419)
Decrease/(increase) in deferred tax asset - net	<b>(316,261)</b>	1,196,288	<b>(316,261)</b>	1,196,288
Decrease in provision for current income tax	<b>(3,934,551)</b>	<u>(3,642,175)</u>	<b>-</b>	<u>(1,018,422)</u>
<b>Net cash provided by/(used in) operating activities</b>	<b>17,248,604</b>	<u>18,862,123</u>	<b>3,716,528</b>	<u>(1,844,173)</u>

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 20 Related party disclosures

##### Directors and Key Management Personnel

The Directors of the Company are regarded as being Key Management Personnel of the Company.

The names of each person holding the position of Director of the Company at any time during the financial year were Mr R A R Lee, Ms S S Rahmani, Mr T T Robinson, Ms J A Elliott, Ms S N Roberts, Mr G M Rossler, Mr R A Grundy and Mr G R Bazzan.

Details of compensation of Key Management Personnel, is as follows:

	Consolidated and Company	
	2020	2019
	\$	\$
Short term employee benefits	3,088,458	3,544,702
Share based payments <sup>(1)</sup>	320,572	458,366
Other long term benefits	137,955	432,978
Post-employment benefits	<u>137,769</u>	<u>130,559</u>
Total compensation	<u>3,684,754</u>	<u>4,566,605</u>

<sup>(1)</sup> The amount shown for Share based payments represents a net charge to profits after any adjustment to account for increases or decreases in the estimated price of the shares upon which the provision is based. Share based payments made during the year amounted to \$456,372 (2019: \$424,206).

Directors' remuneration does not include insurance premiums paid by the Company or related parties in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts, as the insurance policies do not specify premiums paid in respect of individual directors.

##### Directors' shareholdings/dividends

During the year, there were no Directors who held an interest in the Company.

##### Loans to Directors

There were no loans made to Directors by the Company during the year and no loans to Directors are outstanding under the Executive Share Purchase Scheme at the end of the year.

##### Transactions with subsidiaries

The Company pays the subsidiaries investment management fees for the services provided by the subsidiaries. The fees charged to the Company during the year and balances outstanding at year end are set out below.

	2020	2019
	\$	\$
Investment management service fees	39,646,054	46,506,802
Balance payable	9,665,038	11,831,598



## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 20 Related party disclosures (continued)

##### Transactions with subsidiaries (continued)

The Company receives service fees from the subsidiaries based on the costs directly attributable to the subsidiaries and a share of business support costs. The service fees billed by the Company during the year and balances outstanding at year end are set out below.

	2020	2019
	\$	\$
Service fees	16,953,922	16,988,299
Balance receivable	4,843,805	5,026,990

##### Transactions with other related parties

The Company is the Responsible Entity or RSE Licensee for a number of registered and unregistered managed investment schemes and registrable superannuation entities ("Trusts") from which it derives fees on terms and conditions in accordance with each Trust's product disclosure statement, constitution or trust deed. The fees (net of rebates) charged to the Trusts during the year and balances outstanding at year end are set out below.

	2020	2019
	\$	\$
Fees charged (net of rebates)	17,457,285	18,258,633
Balance receivable (net of payable)	1,156,733	1,476,430

The Company has a 52.5% (2019: 52.5%) interest in a subsidiary, Maple-Brown Abbott (Asia) Pty Limited. The subsidiary provides investment management services to the Company. As at 30 June 2020 the carrying value of the Company's interest in the subsidiary was \$209,910 (2019: \$209,910).

The Company also has a 45.9% (2019: 45.9%) interest in Maple-Brown Abbott Global Listed Infrastructure Pty Limited, and holds 50.5% of the voting rights. These rights may be exercised in conjunction with the provisions of the Shareholders' Agreement. MBA GLI provides investment management services to the Company. As at 30 June 2020 the carrying value of the Company's interest in MBA GLI was \$420 (2019: \$420).

Under investment management services agreements with its subsidiaries, the Company pays investment management fees, after deducting the cost of providing employees and resources, to those subsidiaries.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 21 Financial instruments

##### Risks and capital management objectives

The Group activities expose it to a variety of risks: market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Group's revenues are also materially exposed to market risk, in particular movements in securities prices and foreign exchange rates which may impact investment portfolio values on which investment management fees are based.

The Group seeks to minimise the Group's financial risks through a variety of activities, including hold cash and term deposits or investments in well diversified and highly liquid underlying equities.

While the COVID-19 pandemic has caused uncertainty and market volatility during the period, the Group has continued to follow its established policies and process (as set out in this note) in managing risk.

The nature and extent of the financial instruments outstanding at the balance date and the risk management policies employed by the Group are set out below.

##### (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.

##### (i) Price risk

##### Market exposures

Total price risk is minimised through the Group's selection of investments in managed investment schemes which hold listed equities and are priced daily. The Group is principally exposed to market price risk through its investment at fair value through profit or loss (refer to Note 9a).

The table below details the approximate change in net assets attributable to the Group if there is a change in the relevant benchmarks:

	2020		2019	
	% change	\$	% change	\$
Increase in benchmarks	10	484,150	10	562,492
Decrease in benchmarks	10	(484,150)	10	(562,492)

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 21 Financial instruments (continued)

##### (a) Market risk (continued)

##### (ii) Interest rate risk

The Group monitors the overall exposure to cash and consequently interest rate sensitivity on a daily basis. The carrying value of the Group's financial assets reflects the interest accrued to 30 June. Therefore a change in interest rates at the reporting date would not affect profit or loss. The Group's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below:

	Consolidated				Total
	Securities contracted to mature				
	or be repriced in:				
	Floating interest rate	1 year or less	Over 1 year to 5 years	Non-interest bearing	
\$	\$	\$	\$	\$	
<b>2020</b>					
Financial assets					
Cash at bank and deposits	16,748,099	-	-	-	16,748,099
Term deposits	-	21,520,880	-	-	21,520,880
Investments at amortised cost	-	1,500,000	-	-	1,500,000
	<u>16,748,099</u>	<u>23,020,880</u>	<u>-</u>	<u>-</u>	<u>39,768,979</u>
<b>2019</b>					
Financial assets					
Cash at bank and deposits	24,045,562	-	-	-	24,045,562
Term deposits	-	15,520,880	-	-	15,520,880
Investments at amortised cost	-	1,500,000	-	-	1,500,000
	<u>24,045,562</u>	<u>17,020,880</u>	<u>-</u>	<u>-</u>	<u>41,066,442</u>
	Company				
	Securities contracted to mature				
	or be repriced in:				
	Floating interest rate	1 year or less	Over 1 year to 5 years	Non-interest bearing	Total
	\$	\$	\$	\$	\$
<b>2020</b>					
Financial assets					
Cash at bank and deposits	9,361,972	-	-	-	9,361,972
Term deposits	-	15,520,880	-	-	15,520,880
Investments at amortised cost	-	1,500,000	-	-	1,500,000
	<u>9,361,972</u>	<u>17,020,880</u>	<u>-</u>	<u>-</u>	<u>26,382,852</u>
<b>2019</b>					
Financial assets					
Cash at bank and deposits	12,887,510	-	-	-	12,887,510
Term deposits	-	10,520,880	-	-	10,520,880
Investments at amortised cost	-	1,500,000	-	-	1,500,000
	<u>12,887,510</u>	<u>12,020,880</u>	<u>-</u>	<u>-</u>	<u>24,908,390</u>

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 21 Financial instruments (continued)

##### (a) Market risk (continued)

###### (iii) 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 in which the value of these financial instruments are denominated in a currency other than the functional currency (AUD) of the Group. These financial instruments include financial assets at fair value through profit or loss, receivables from management and performance fees attributable to MBA Asia and MBA GLI, and trade payables.

The table below shows the comparative numerical currency exposure of the Group's financial assets and liabilities.

Consolidated								
At 30 June 2020					At 30 June 2019			
	Investments	Net Monetary Assets/ (Liabilities)	Total		Investments	Net Monetary Assets/ (Liabilities)	Total	
	\$	\$	\$	%	\$	\$	\$	%
EUR	2,574,025	(194,625)	2,379,400	4.8	3,010,669	(195,269)	2,815,400	5.0
GBP	2,496,462	624,619	3,121,081	6.3	1,344,404	556,539	1,900,943	3.4
USD	72,673	2,568,151	2,640,824	5.3	1,427,721	5,036,377	6,464,098	11.5
CAD	-	1,223,051	1,223,051	2.5	-	1,568,938	1,568,938	2.8
NZD	-	441,909	441,909	0.9	-	-	-	-
SGD	-	(79,086)	(79,086)	(0.2)	-	(72,623)	(72,623)	(0.1)
AUD	<u>1,500,000</u>	<u>38,352,390</u>	<u>39,852,390</u>	<u>80.4</u>	<u>1,500,000</u>	<u>42,078,766</u>	<u>43,578,766</u>	<u>77.4</u>
Total	<u>6,643,160</u>	<u>42,936,409</u>	<u>49,579,569</u>	<u>100.0</u>	<u>7,282,794</u>	<u>48,972,728</u>	<u>56,255,522</u>	<u>100.0</u>

  

Company								
At 30 June 2020					At 30 June 2019			
	Investments	Net Monetary Assets/ (Liabilities)	Total		Investments	Net Monetary Assets/ (Liabilities)	Total	
	\$	\$	\$	%	\$	\$	\$	%
EUR	2,574,025	(194,625)	2,379,400	7.3	3,010,669	(195,269)	2,815,400	8.3
GBP	2,496,462	624,619	3,121,081	9.6	1,344,404	556,539	1,900,943	5.5
USD	72,673	2,568,151	2,640,824	8.1	1,427,721	5,036,377	6,464,098	19.0
CAD	-	1,223,051	1,223,051	3.8	-	1,568,938	1,568,938	4.6
NZD	-	441,909	441,909	1.4	-	-	-	-
SGD	-	(79,086)	(79,086)	(0.2)	-	(72,623)	(72,623)	(0.2)
AUD	<u>1,500,000</u>	<u>21,213,776</u>	<u>22,713,776</u>	<u>70.0</u>	<u>1,500,000</u>	<u>19,915,340</u>	<u>21,415,340</u>	<u>62.8</u>
Total	<u>6,643,160</u>	<u>25,797,795</u>	<u>32,440,955</u>	<u>100.0</u>	<u>7,282,794</u>	<u>26,809,302</u>	<u>34,092,096</u>	<u>100.0</u>

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 21 Financial instruments (continued)

##### (a) Market risk (continued)

##### (iii) Currency risk (continued)

The reasonably possible strengthening and weakening of AUD against all other currencies as at 30 June 2020 of net monetary assets denominated in a foreign currency and affected equity and profit or loss (net of tax) by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact of forecast revenue and expenses.

	As at 30 June 2020		As at 30 June 2019	
	Strengthening by 10%	Weakening by 10%	Strengthening by 10%	Weakening by 10%
EUR	12,385	(15,137)	12,426	(15,188)
GBP	(39,749)	48,582	(35,416)	43,286
USD	(162,584)	200,776	(322,554)	389,204
CAD	(77,824)	95,119	(99,841)	122,029
NZD	(28,121)	34,371	-	-
SGD	5,033	(6,151)	4,621	(5,648)
	<u>(290,860)</u>	<u>357,560</u>	<u>(440,764)</u>	<u>533,683</u>

##### (b) Liquidity risk

Liquidity risk is minimised through the Group maintaining sufficient cash and selecting highly liquid investments.

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

	Consolidated				Total
	Less than 1 month	1-3 months	3-12 months	More than 12 months	
	\$	\$	\$	\$	\$
<b>2020</b>					
Trade and other payables	4,255,297	-	-	-	4,255,297
Lease liabilities	-	155,611	28,921	66,204	250,736
Total	<u>4,255,297</u>	<u>155,611</u>	<u>28,921</u>	<u>66,204</u>	<u>4,506,033</u>
<b>2019</b>					
Trade and other payables	3,724,741	-	-	-	3,724,741
Total	<u>3,724,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,724,741</u>

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 21 Financial instruments (continued)

##### (b) Liquidity risk (continued)

	Company				Total
	Less than 1 month	1-3 months	3-12 months	More than 12 months	
	\$	\$	\$	\$	\$
<b>2020</b>					
Trade and other payables	3,182,557	9,665,038	-	-	12,847,595
Lease liabilities	-	155,611	28,921	66,204	250,736
Total	<u>3,182,557</u>	<u>9,820,649</u>	<u>28,921</u>	<u>66,204</u>	<u>13,098,331</u>
<b>2019</b>					
Trade and other payables	2,849,134	11,831,598	-	-	14,680,732
Total	<u>2,849,134</u>	<u>11,831,598</u>	<u>-</u>	<u>-</u>	<u>14,680,732</u>

##### (c) Credit risk

The Group has a credit risk exposure in relation to its undertaking transactions with counterparties such as discrete clients, responsible entities of registered schemes, banks and other financial intermediaries. All bank bill securities held by the Group are endorsed or accepted by major Australian trading banks.

At 30 June the Standard & Poor's credit rating for cash and cash equivalents is set out below.

	Consolidated		Company		Credit rating
	2020	2019	2020	2019	
	\$	\$	\$	\$	
Cash on hand	1,000	1,000	1,000	1,000	-
Cash at bank – WBC	1,349,945	853,349	1,317,753	821,181	A1+
Deposits at call with banks – NAB	15,397,154	23,191,213	8,043,219	12,065,329	A1+
Term deposits with banks:					
NAB	<u>23,020,880</u>	<u>17,020,880</u>	<u>17,020,880</u>	<u>12,020,880</u>	A1+
Total	<u>39,768,979</u>	<u>41,066,442</u>	<u>26,382,852</u>	<u>24,908,390</u>	

The Group and Company have an exposure to credit risk for receivables at 30 June 2020 of \$8,922,727 (2019: \$13,131,027) and \$13,762,539 (2019: \$18,081,644), respectively. Based on historic default rates, the Group and Company is of the view that no impairment allowance is necessary.

The Group undertakes a minimal number of investment transactions during the year. Accordingly, this aspect of credit risk exposure is minimal.

##### (d) Derivatives

The Group does not use derivatives in the management of the Group's assets.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 21 Financial instruments (continued)

##### (e) Carrying amounts versus fair values

The carrying amount of the financial assets and liabilities approximates their fair value due to their short-term nature.

##### (f) 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).

The Australian and overseas listed investments held via unlisted entities are classified as follows:

	Level 1	Level 2	Level 3	Total
2020	\$	\$	\$	\$
<b>Financial assets at fair value through profit or loss:</b>				
<b>Maple-Brown Abbott Funds PLC sub-funds</b>				
Maple-Brown Abbott Asia Pacific ex-Japan Fund	963,158	-	-	963,158
Maple-Brown Abbott Asia ex-Japan Fund	1,683,540	-	-	1,683,540
Maple-Brown Abbott Global Infrastructure Fund	<u>2,496,462</u>	-	-	<u>2,496,462</u>
<b>Total</b>	<b><u>5,143,160</u></b>	<b>-</b>	<b>-</b>	<b><u>5,143,160</u></b>
	Level 1	Level 2	Level 3	Total
2019	\$	\$	\$	\$
<b>Financial assets at fair value through profit or loss:</b>				
<b>Maple-Brown Abbott Funds PLC sub-funds</b>				
Maple-Brown Abbott Asia Pacific ex-Japan Fund	1,156,635	-	-	1,156,635
Maple-Brown Abbott Asia ex-Japan Fund	1,937,141	-	-	1,937,141
Maple-Brown Abbott Global Infrastructure Fund	<u>2,689,018</u>	-	-	<u>2,689,018</u>
<b>Total</b>	<b><u>5,782,794</u></b>	<b>-</b>	<b>-</b>	<b><u>5,782,794</u></b>

##### *Transfers between levels*

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There have been no transfers between levels in the fair value hierarchy at the end of 30 June 2020 and 30 June 2019. There were also no changes made to any of the valuation techniques applied as of 30 June 2020.

## Maple-Brown Abbott Group

### Notes to the financial statements For the year ended 30 June 2020

#### 21 Financial instruments (continued)

##### (f) Fair value measurement recognised in the Statement of Financial Position (continued)

###### 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) are based on quoted prices.

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 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 Company 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 Company did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2020 or year ended 30 June 2019.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. This is determined by reference to the net assets reported by the relevant investment manager as at close of business on the day the trust or company is being valued.

#### 22 Parent only financial statements

The Company is applying ASIC Class Order [CO 10/654] which permits entities to continue to include parent entity financial statements in their financial reports.



## **Maple-Brown Abbott Group**

### **Notes to the financial statements For the year ended 30 June 2020**

#### **23 Events subsequent to balance sheet date**

Subsequent to balance sheet date, the Group entered into a variation of lease agreement on its premises and registered office to extend the current lease by 12 months from 31 August 2020.

The Company is reviewing the way in which executives are remunerated. On 10 September 2020 the Board resolved to terminate the Long Term Incentive Plan and noted the entitlements that have vested up to 30 June 2020, which under the plan would be paid in 2021 and 2022 in accordance with the plan information. Under the new Management Executive Plan (MEP) the Board also approved the MEP Share allocation, following which participants will be invited to purchase non-voting MEP Shares up to a maximum of 20% of the total number of shares on issue on a fully diluted basis after the share issuance, with associated limited-recourse loans being offered. These shares will vest over a period of time and on completion of certain agreed hurdles will automatically convert into voting ordinary shares.

Whilst the COVID-19 pandemic continues to create uncertainty in global markets, there has been no significant impact on the Company since the end of the financial year.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## Maple-Brown Abbott Limited and Its Controlled Entities

### Directors' declaration

In the opinion of the Directors of Maple-Brown Abbott Limited ("the Company"):

- 1 The financial statements and notes, set out on pages 7 to 39, are in accordance with the *Corporations Act 2001*, including:
  - a. giving a true and fair view of the financial position of the Group as at 30 June 2020 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - b. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- 2 The financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).
- 3 There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Sydney, 10 September 2020

Signed in accordance with a resolution of the Directors:



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R A R Lee  
Chairman



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S S Rahmani  
Director



# Independent Auditor's Report

To the shareholders of Maple-Brown Abbott Group

## Opinion

We have audited the **Financial Report** of Maple-Brown Abbott Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2020
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of Maple-Brown Abbott Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical 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 our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

Other Information is financial and non-financial information in Maple-Brown Abbott Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.



Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### **Responsibilities of the Directors for the Financial Report**

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our Auditor's Report.

*KPMG*

KPMG

*K Hopkins*

Karen Hopkins  
*Partner*

Sydney  
10 September 2020