

# **ADANI RUGBY RUN TRUST**

ABN: 15 181 730 931

## **REDUCED DISCLOSURE FINANCIAL REPORT**

**FOR THE YEAR ENDED  
31 MARCH 2020**

# Adani Rugby Run Trust

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# Adani Rugby Run Trust

## Trustee's report

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The directors of Adani Rugby Run Pty Ltd ("ARRPL" or "Trustee") as trustee of Adani Rugby Run Trust ("ARRT" or "Trust") submit their report for the year ended 31 March 2020.

### TRUSTEE

The names of the trustee's directors during the year and up to the date of this report are:

Samir Vora  
Jeyakumar Janakara

### CORPORATE INFORMATION

The Trust was incorporated and commenced activities on 29 August 2017.

The registered office of the Trust is located at:  
Level 9, 120 Edward Street  
Brisbane, Queensland, Australia.

### PRINCIPAL ACTIVITIES

The principal activity of the Trust during the year was the generation of electricity through the Rugby Run solar power plant. Rugby Run has an installed capacity of approximately 85MW in direct current (DC) and exporting capability of 65MW in alternating current (AC). Eighty percent of generation is sold under a power purchase agreement (PPA) and the twenty percent balance of generation is sold in the open market.

### REVIEW OF OPERATIONS

During the year, the Rugby Run Solar Project became operational.

The loss after tax for the Trust for the year ended 31 March 2020 was \$16,818,557 (2019: \$10,438,927).

### DISTRIBUTIONS

No distribution has been paid or recommended.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the matters detailed as part of our review of the Trust's operations for the year ended 31 March 2020, there were no significant changes in the state of affairs of the Trust during the current financial year.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There have been no other matters or circumstances that have arisen since the end of the year, other than as noted below, that have significantly affected, or may significantly affect the Trust's operations, the results of those operations or the Trust's state of affairs in years after the year ended 31 March 2020.

#### *Impact of the Coronavirus (COVID-19) outbreak*

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization.

The Trust has not seen a significant impact on its operations and business to date. The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community and the economy, and therefore may affect the operations of the business. The scale and duration of these developments remain uncertain as at the date of this report; however, have the potential to impact the Trust's financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or governments' varying efforts to combat the outbreak and support businesses. This being the case, it is not considered practicable nor possible to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the future operations of the Trust at this time. Financial statements at 31 March 2020 have been prepared based on the conditions existing at balance sheet date and COVID-19 did not have any material impact on the activities of the Trust as at that date. Accordingly, no adjustments were required to be made for the impacts of COVID-19. However, the pandemic has the potential to adversely impact the carrying amount of the Rugby Run solar plant and also increase the Trust's reliance on the ultimate parent company, Adani Enterprises Limited, for financial support.

# Adani Rugby Run Trust

## Trustee's report (continued)

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### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Rugby Run Solar farm is expected to continue operations on an ongoing basis.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Trust's operations are subject to State and Federal Environmental Legislative requirements. There were no breaches or non-compliance with these requirements during the year ended 31 March 2020 and up to the date of this report.

### INSURANCE OF TRUSTEE AND INDEMNITIES

During the year, a related party paid premiums in respect of Directors' and Officers' Liability insurance cover. The insurance contract insures against certain liabilities (subject to exclusions) for persons who are or have been directors of the Trustee or officers of the Trust. A condition of the contract is that the nature of the liabilities indemnified and the premium payable shall not be disclosed.

### INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Trust has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the year ended 31 March 2020.

Signed in accordance with a resolution of directors of Adani Rugby Run Pty Ltd as trustee of Adani Rugby Run Trust.

On behalf of the Board Adani Rugby Run Pty Ltd



Samir Vora  
Director

Brisbane, 28 April 2020

# Adani Rugby Run Trust

## Statement of comprehensive income

For the year ended 31 March 2020

		Year ended 31 Mar 2020	Year ended 31 Mar 2019
	Notes	\$	\$
Lease revenue	3(a)	5,069,741	-
Other income	3(b)	4,269,732	-
Interest income		14,809	53,779
Operating expenses		(3,393,791)	-
General and administration expenses		(1,437,692)	(5,463,687)
Depreciation and amortisation		(3,477,108)	-
Foreign exchange gain/(loss)		(10,832,917)	158,998
Finance costs	4	(7,031,331)	(1,468,018)
Impairment of capital work in progress expenditure		-	(3,720,000)
<b>Loss before tax</b>		<b>(16,818,557)</b>	<b>(10,438,927)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<b>(16,818,557)</b>	<b>(10,438,927)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(16,818,557)</b>	<b>(10,438,927)</b>

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

# Adani Rugby Run Trust

## Balance sheet

As at 31 March 2020

		31 March 2020	31 March 2019
	Notes	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank		5,461,999	974,892
Trade and other receivables	5	895,130	971,954
<b>Total current assets</b>		<b>6,357,129</b>	<b>1,946,846</b>
<b>Non-current assets</b>			
Trade and other receivables	6	1,253,833	1,192,618
Investment at cost	7	1,000	900
Right of use asset	12(a)	4,190,898	-
Capital work in progress	8	-	112,208,078
Property, plant and equipment	9	113,898,580	-
Intangible assets	10	560,353	-
<b>Total non-current assets</b>		<b>119,904,664</b>	<b>113,401,596</b>
<b>Total assets</b>		<b>126,261,793</b>	<b>115,348,442</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	45,631,299	82,126,585
Lease liability	12(b)	12,848	-
Non-interest bearing loan	13	27,483,320	23,946,593
Interest bearing loan	13	1,100,000	20,382,437
<b>Total current liabilities</b>		<b>74,227,467</b>	<b>126,455,614</b>
<b>Non-current liabilities</b>			
Lease liability	12(b)	4,320,386	-
Interest bearing loan	13	75,639,669	-
<b>Total non-current liabilities</b>		<b>79,960,055</b>	<b>-</b>
<b>Total liabilities</b>		<b>154,187,522</b>	<b>126,455,614</b>
<b>Net liabilities attributable to the unit holders</b>		<b>(27,925,729)</b>	<b>(11,107,172)</b>
<b>Represented by</b>			
Units on issue	14	1,000	1,000
Undistributed losses		(27,926,729)	(11,108,172)
<b>Total equity</b>		<b>(27,925,729)</b>	<b>(11,107,172)</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# Adani Rugby Run Trust

## Statement of changes in equity

For the year ended 31 March 2020

	Units on issue Note 14(a)	Undistributed losses	Total
	\$	\$	\$
<b>For the year ended 31 March 2020</b>			
At 1 April 2019	1,000	(11,108,172)	(11,107,172)
Loss for the year attributable to the unit holder	-	(16,818,557)	(16,818,557)
Total comprehensive loss	-	(16,818,557)	(16,818,557)
At 31 March 2020	<u>1,000</u>	<u>(27,926,729)</u>	<u>(27,925,729)</u>
<b>For the year ended 31 March 2019</b>			
At 1 April 2018	1,000	(669,245)	(668,245)
Loss for the year attributable to the unit holder	-	(10,438,927)	(10,438,927)
Total comprehensive loss	-	(10,438,927)	(10,438,927)
At 31 March 2019	<u>1,000</u>	<u>(11,108,172)</u>	<u>(11,107,172)</u>

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

# Adani Rugby Run Trust

## Statement of cash flows

For the year ended 31 March 2020

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
	\$	\$
<b>Cash flows used in operating activities</b>		
Receipts from customers	9,082,728	-
Payments to suppliers and employees	(6,651,035)	(3,447,187)
Interest received	14,809	53,779
Finance costs paid	(8,512,008)	(1,875,689)
<b>Net cash used in operating activities</b>	<b>(6,065,506)</b>	<b>(5,269,097)</b>
<b>Cash flows used in investing activities</b>		
Additions to capital work in progress	(48,157,179)	(36,145,953)
Proceeds from restricted bank deposit	-	3,157,497
Investment at cost	(100)	(900)
<b>Net cash flows used in investing activities</b>	<b>(48,157,279)</b>	<b>(32,989,356)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	80,250,000	39,116,487
Repayment of borrowings	(21,540,108)	-
<b>Net cash flows from financing activities</b>	<b>58,709,892</b>	<b>39,116,487</b>
Cash at bank and on hand at beginning of the year	974,892	116,857
Net increase in cash at bank and on hand	4,487,107	858,035
<b>Cash at bank and on hand at end of the year</b>	<b>5,461,999</b>	<b>974,892</b>

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



# Adani Rugby Run Trust

## Notes to the financial statements

For the year ended 31 March 2020

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### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all periods presented, unless otherwise stated.

The general purpose financial report of Adani Rugby Run Trust (the "Trust") for the year ended 31 March 2020 was authorised for issue in accordance with a resolution of the directors on 28 April 2020.

Adani Rugby Run Pty Ltd ("Trustee") is the trustee of the Trust and Adani Renewable Asset Trust is the sole unit holder of the Trust. The nature of operations and principal activities of the Trust are described in the Trustee's report.

#### (a) Basis of accounting

##### (i) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Trust is a private sector entity which is not publicly accountable. Therefore, the financial statements for the Trust are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDR).

This general purpose financial report has been prepared for distribution to the unit holders to fulfil the trustees' financial reporting requirements under the Trust Deed. The accounting policies used in the preparation of this report are, in the opinion of the trustees, appropriate to meet the needs of unit holder.

The financial report is prepared in accordance with the historical cost convention and is presented in Australian dollars.

The financial report is the standalone financial report of the Trust and does not consolidate the financial report of its holding entity Adani Renewable Asset Trust.

##### (ii) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity in the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 31 March 2020, the Trust made a loss of \$16,818,557 (2019: \$10,438,927) and as at 31 March 2020 had current liabilities exceeding current assets by \$67,870,338 (2019: \$124,508,768). The net current liability position is mainly due to the classification of the Trust's related party payables/borrowings as current liabilities (refer to Notes 11 and 13).

The ability of the Trust to continue as a going concern is dependent upon the ongoing support of its unit holders. The ultimate parent company, Adani Enterprises Limited has agreed to not call on the Trust to repay any loans or other amounts owing to it or entities under its control if, after payment of the loans or the other amounts, the Trust would not be able to meet its debts as and when they fall due for a period not less than twelve months from date from these financial statements. Additionally, Adani Enterprises Limited, in its own capacity or through entities under its control, has agreed to provide financial support to the Trust for a period of at least twelve months from the date of these financial statements. Based on the letter of support received, the Directors of the Trustee are satisfied funds will be available to meet planned activities and contractual commitments for at least 12 months from the date of the authorisation of these financial statements.

##### (iii) New and amended standards and interpretations

The Trust applied certain amendments to the standards which are effective for annual periods beginning on or after 1 April 2019. The Trust has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below:

# Adani Rugby Run Trust

## Notes to the financial statements

For the year ended 31 March 2020

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of accounting (continued)

##### (iii) *New and amended standards and interpretations (continued)*

###### ► AASB 16 Leases

AASB 16 Leases was mandatory for financial years commencing on or after 1 April 2019. The Trust adopted the new standard from its effective date by applying the modified retrospective approach. Accordingly, comparative amounts for the year prior to first adoption were not restated.

AASB 16 has removed the distinction between operating and finance leases to result in almost all leases being recognised on the Balance Sheet. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Trust has a lease contract for land used in its operations. This lease was previously accounted for as an operating lease. The right-of-use asset relating to this lease was recognised based on the amount equal to the lease liability on adoption of the new standard. The lease liability was recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adopting AASB 16 as at 1 April 2019 was the recognition of:

Right of use asset	\$4,340,573
Lease liability	\$4,340,573

The lease liability as at 1 April 2019 reconcile to the operating lease commitments as at 31 March 2019 as follows:

Operating lease commitments as at 31 March 2019	\$8,433,851
Borrowing rate as at 1 April 2019	4.60%
Discounted operating lease commitments as at 1 April 2019	\$4,340,573

###### ► Amendments to AASB 9 *Prepayment Features with Negative Compensation*

Under AASB 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to AASB 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Trust.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial report of the Trust.

##### (iv) *New standards and interpretations not yet adopted*

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### (b) Foreign currency translation

The Trust's functional currency is the Australian dollar, being the currency of the primary economic environment in which it operates.

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the appropriate exchange rates ruling at that date. Exchange differences are dealt with in the profit or loss.

# Adani Rugby Run Trust

## Notes to the financial statements

For the year ended 31 March 2020

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**(c) Lease revenue**

Revenue is earned from a power purchase agreement with an electricity retailer for electricity delivered directly to the Australian Energy Market Operator. The agreement provides for supply of a minimum annual energy quantity adjusted for any shortfall over 12 years to 31 December 2030.

Under AASB 16 *Leases*, the Trust as lessor recognises the arrangement as an operating lease with the solar farm asset retained in the balance sheet and revenue recognised over the term of the lease on a systematic basis representative of the pattern in which benefit from the use of the asset is diminished.

Revenue recognition is based on the minimum annual energy quantity for the contract year adjusted, if required, for any shortfall or excess. Electricity supplied but unbilled at year end is recognised as accrued revenue.

**(d) Other income recognition**

**(i) Large-scale generation certificates**

The Trust earns income from large-scale generation certificates (LGC's) for electricity generated from renewable energy sources. Income is recognised as eligible electricity is generated and is valued based on the sale price of certificates or, if unsold or subject to the validation process, marked to market.

**(ii) Interest**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

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### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Income taxes

The Trust is not a taxable entity and no tax balances have been recognised.

#### (f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

#### (g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash at bank and on hand includes deposits at call which are readily convertible to cash on hand, as defined above, net of outstanding bank overdrafts.

#### (h) Trade and other receivables

Trade receivables are recognised when an amount of consideration that is unconditional is due from the customer, i.e. only the passage of time is required before payment of the consideration is due. Refer to accounting policies in note 1(j) *Financial Instruments* (i) *Financial assets - initial recognition and measurement*; and (ii) *Financial assets - subsequent measurement*.

#### (i) Investment at cost

The Trust has a full shareholding (majority shareholding in previous year) in Adani Rugby Run Finance Pty Ltd (ARRFPL). Since the Trust does not in itself have the ability to control ARRFPL, consolidated financial statements are not prepared by the Trust and the shareholding is recognised by the Trust as an investment at cost in its separate financial statements.

#### (j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) *Financial assets - initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Trust's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Financial instruments (continued)

##### (ii) *Financial assets - subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in the following categories:

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through profit or loss

##### *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Trust. The Trust measures financial assets at amortised cost if both of the following conditions are met:

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Trust's financial assets at amortised cost include receivables.

##### (iii) *Derecognition of financial assets*

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

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

##### (iv) *Impairment of financial assets*

The Trust recognises an allowance for expected credit losses (ECL's) for all debt instruments not held at fair value through profit or loss. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other receivables and contract assets, the Trust applies a simplified approach in calculating ECL's. Therefore, the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date.

The Trust considers a financial asset to be in default when internal or external information indicates that the Trust is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements help by the Trust. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### (v) *Financial liabilities - initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings, or trade and other payables as appropriate.

All financial liabilities are recognised initially at net of directly attributable transactions costs.

The Trust's financial liabilities include trade and other payables and non-interest bearing loans.

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Financial instruments (continued)

##### (vi) Financial liabilities - subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below.

##### *Loans and borrowings and trade and other payables*

This category is the most relevant to the Trust. After initial recognition, interest bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

##### (vii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

##### (viii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### (k) Capital Work in Progress

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. During the year, as a result of the Trust's activities moving from the developmental to operational phase, capital work in progress was reclassified as property, plant and equipment.

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

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses.

Cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Trust recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Property, Plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- ▶ Plant and equipment - 20 to 30 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### (m) Intangible assets

Intangible assets represent large scale generation certificates (LGC's) held as well as eligible electricity subject to the LGC validation process at year end. They are recognised as intangible assets and valued at marked to market. LGC's are actively traded.

#### (n) Leases

The Trust assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Trust as a lessee*

The Trust applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Trust recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *Right-of-use assets*

The Trust recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Trust at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

##### *Lease liabilities*

At the commencement date of the lease, the Trust recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Trust and payments of penalties for terminating the lease, if the lease term reflects the Trust exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Leases (continued)

##### *Trust as a lessee (continued)*

##### *Lease liabilities (continued)*

In calculating the present value of lease payments, the Trust uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### *Short-term leases and leases of low-value assets*

The Trust applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

##### *Trust as a lessor*

Leases in which the Trust does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (o) Impairment of non-financial assets

The Trust assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Trust makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

#### (p) Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Trust prior to the reporting date that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (q) Non-interest-bearing loans

The Trust's loan with related parties is carried at amortised cost using the effective interest rate method. The loan is for a period of five years but, on issuing notice to the Trust, the lender can require the Trust to repay the loan on demand.

The measurement of an interest free loan at amortised cost using the effective interest rate method generally results in the carrying value of the loan being lower than its principal amount. Given this loan can be required to be repaid at any time, at the unilateral demand of the lender, the loan has been classified as a current liability. Due to the ability of the loan to be called at unilateral demand of the lender, the liability has not been discounted.

#### (r) Units on issue

Units on issue are recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the unit proceeds received.



# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

### 2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

The following judgements have the most significant effect on the amounts recognised in these financial statements.

#### *Impairment*

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal (FVLCD) and its value in use. Consistent with prior periods, the recoverable amount for the Trust's property, plant and equipment is measured based on an independent valuation received by the Trustee (as part of the preparation of the financial statements). The independent valuation measures FVLCD using a discounted cash flow model. The forecast cash flows that underpin the independent valuation include a number of assumptions whose determination requires judgement and input from technical specialists. These assumptions include the marginal loss factor (MLF), forecast black energy prices and discount rate. The valuation range measured by the independent valuer is significantly affected by judgments in respect of these assumptions and, as detailed in Note 9, the FVLCD is significantly affected by changes in these variables.

Based on the independent valuation, no impairment was required in the year ended 31 March 2020. In the prior year, an impairment of \$3,720,000 was recognised.

#### *Leases - estimating the incremental borrowing rate*

The Trust cannot readily determine the interest rate implicit in its leases where it is the lessee. Therefore, it uses an incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Trust would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Trust would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Trust estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Trust's stand-alone credit rating).

#### *COVID-19*

During March 2020, the World Health Organisation declared the outbreak of COVID-19 as a global pandemic. The outbreak has not had a significant impact on the Trust's operations as at 31 March 2020 but, given the evolving nature of the COVID-19 outbreak, the potential impacts on the Trust's operations subsequent to year end cannot be reliably estimated.

	31 March 2020	31 March 2019
<b>3 LEASE REVENUE AND OTHER INCOME</b>	<b>\$</b>	<b>\$</b>
(a) Lease revenue		
Power purchase agreement revenue from electricity generation	5,069,741	-
(b) Other income		
Large-scale generation certificate income	4,269,732	-
<b>4 FINANCE COSTS</b>		
Fees and charges	1,630,446	1,132,961
Interest on amounts due from related parties	5,201,371	335,057
Interest on leases	199,514	-
	<b>7,031,331</b>	<b>1,468,018</b>

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

	31 March 2020 \$	31 March 2019 \$
<b>5 TRADE AND OTHER RECEIVABLES - CURRENT</b>		
Sundry receivables	103,055	-
Expense advances	240,545	-
GST receivables	35,793	336,456
Advance - capital expenditure	-	81,705
Accrued revenue for electricity generated but unbilled at year end	515,737	-
Hedge termination receivable	-	359,393
Security deposit	-	194,400
	<b>895,130</b>	<b>971,954</b>
<b>6 TRADE AND OTHER RECEIVABLES - NON CURRENT</b>		
Adani Renewable Asset Holdings Pty Ltd	-	1,187,117
Adani Rugby Run Finance Pty Ltd	1,250,560	3,227
Adani Renewable Asset Trust	986	986
Adani Renewable Assets Pty Ltd	648	648
Adani Rugby Run Pty Ltd	1,639	640
Amounts due from related parties	<b>1,253,833</b>	<b>1,192,618</b>
<b>7 INVESTMENT AT COST</b>		
Adani Rugby Run Finance Pty Ltd - 100% shareholding (2019: 90%)	<b>1,000</b>	<b>900</b>
<b>8 CAPITAL WORK IN PROGRESS</b>		
Opening balance	112,208,078	17,735,394
Transfer from/(to) Adani Infrastructure Pty Ltd	-	(310,443)
Additions during the year	4,945,514	98,503,127
Impairment loss	-	(3,720,000)
Impairment loss transferred to property, plant and equipment	3,720,000	-
Capitalised to property, plant and equipment	(120,873,592)	-
At the end of the year	<b>-</b>	<b>112,208,078</b>
During the year ended 31 March 2019, the Trust recognised writedown of the CGU's assets of \$3,720,000 as an impairment loss.		
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>		
Opening balance	-	-
Plant and machinery - at cost	120,946,013	-
Less: accumulated impairment loss	(3,720,000)	-
Less: accumulated depreciation	(3,327,433)	-
Written down value	<b>113,898,580</b>	<b>-</b>
<b>Reconciliation of carrying amounts at the beginning and end of the year</b>		
Capitalised from capital work in progress	120,873,592	-
Additions during the year	72,421	-
Less: accumulated depreciation	(3,327,433)	-
Less: impairment loss transferred from capital work in progress	(3,720,000)	-
At the end of the period	<b>113,898,580</b>	<b>-</b>

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

### 9 PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment testing is based on an independent expert valuation to assist the Trust establish an estimate of fair value less cost to disposal (FVLCD). The determination of FVLCD is most sensitive to the following key assumptions:

- ▶ The marginal loss factor (MLF)
- ▶ Forecast black energy prices for electricity not currently contracted under the Trust power purchase agreement (PPA) and after the cessation of the PPA in 2031
- ▶ Discount rate

At 31 March 2020, the FVLCD of the Rugby Run Solar Project approximates the carrying amount of the associated property, plant and equipment. Given FVLCD approximates carrying amount of the Rugby Run Solar Project at 31 March 2020 reasonably possible changes in key assumptions may result in impairment in future periods.

The MLF assumed for the project was based on an independent technical expert's assessment and the FVLCD uses a net MLF of 99.06% over the project life. The forecast black energy price used in the valuation model is A\$72.17/MWh. The discount rate used by the valuer was 6.08%.

A sensitivity analysis performed by the independent valuer has determined that:

- ▶ A 10% reduction in MLF would decrease the FVLCD by \$15.0 million;
- ▶ A 10% reduction in the forecast black energy price would decrease the FVLCD by \$10.3 million; and
- ▶ A 0.5% increase in discount rate would decrease the FVLCD by \$6.6 million.

	31 March 2020	31 March 2019
	\$	\$
<b>10 INTANGIBLE ASSETS</b>		
Large scale generation certificates valued at marked to market	<u>560,353</u>	<u>-</u>
<b>11 TRADE AND OTHER PAYABLES</b>		
Trade creditors and accruals	1,892,707	2,966,692
Accrued interest	339,781	-
Amounts due to related parties - repayable on demand	43,398,811	79,159,893
	<u>45,631,299</u>	<u>82,126,585</u>
Amounts due to related parties comprises:		
Adani Global DMCC	39,829,747	75,659,441
Adani Mining Pty Ltd	442,348	124,224
Adani Renewable Asset Holdings Trust	409,074	662,377
Adani Infrastructure Pty Ltd	2,713,850	2,713,850
Whyalla Renewable Trust	3,792	-
	<u>43,398,811</u>	<u>79,159,893</u>
<b>12 LEASES</b>		
The Trust has a lease contract with Adani Mining Pty Ltd for land used in its operations. The lease term is 30 years.		
(a) Carrying amount of right of use asset recognised		
As at 1 April 2019	4,340,573	
Depreciation expense	(149,675)	
As at 31 March 2020	<u>4,190,898</u>	
(b) Carrying amount of lease liability recognised		
As at 1 April 2019	4,340,573	
Accretion of interest	199,514	
Payments due at year end	(206,853)	
As at 31 March 2020	<u>4,333,234</u>	
Current	12,848	
Non-current	4,320,386	
(c) Amounts recognised in profit or loss		
Depreciation expense of right of use asset	149,675	
Interest expense on lease liabilities (included in Finance costs)	199,514	
Total amount recognised in profit or loss	<u>349,189</u>	
Total cash outflows for leases during the year ended 31 March 2020	<u>-</u>	

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

	31 March 2020	31 March 2019
	\$	\$
<b>13 LOANS</b>		
Non-interest bearing loan from Adani Global Pte Ltd*	27,483,320	23,946,593
* This is an unsecured interest free loan repayable on demand		
Interest bearing loan from Adani Rugby Run Finance Pty Ltd**	79,500,000	20,790,108
less deferred borrowing costs	(2,760,331)	(407,671)
	76,739,669	20,382,437
Classified as:		
Interest bearing loan - current	1,100,000	20,382,437
Interest bearing loan - non-current	75,639,669	-
	76,739,669	20,382,437

\*\* Adani Rugby Run Finance Pty Ltd (ARRFPL - a related party) entered into an \$79.5 million Australian dollar denominated loan note subscription agreement dated 21 November 2019. The facility matures 2 December 2024 and has a fixed interest rate of 5.1% per annum, payable quarterly.

The loan notes are secured by a first ranking security over all assets of ARRFPL and Adani Rugby Run Pty Ltd in its personal capacity and in its capacity as trustee of the Trust, including a mortgage over the lease held by the Trust.

Adani Rugby Run Finance Pty Ltd has entered into a back-to-back loan agreement with the Trust, whereby the interest and principal balances of the loan notes payable are recharged to the Trust. The inter entity loan payable to ARRFPL bears an interest rate of 5.2% per annum, payable quarterly.

During the year, ARRFPL repaid all of the loan balance outstanding on the Trust's bridging loan facility agreement using funds repaid by the Trust under the back to back loan arrangement.

	31 March 2020	31 March 2019
	\$	\$
<b>14 UNITS ON ISSUE</b>		
(a) Issued		
1000 Units of \$1 each	1,000	1,000
(b) Movement in units on issue		
	No.	No.
Opening balance	1,000	-
Issued during the year	-	1,000
End of financial year	1,000	1,000

# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

### 15 RELATED PARTY DISCLOSURES

#### (a) Parent entities

The Trust is controlled by the following entities:

Name	Type	Ownership interest	
		31 March 2020	31 March 2019
Adani Global Pte Ltd	Immediate parent entity	100%	100%
Adani Enterprises Ltd	Ultimate parent entity and controlling party	100%	100%

There were no transactions between the Trust and Adani Enterprises Ltd during the financial year.

#### (b) Transactions with other related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
	\$	\$
Recharge of expenses	2,959,005	1,999,870
Finance costs	5,201,371	4,438,652
Purchase of construction material	5,139,441	79,980,446

The Trust has a lease contract with Adani Mining Pty Ltd for land used in its operations (refer Note 12)

#### (c) Outstanding balances arising from sales of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

<i>(i) Non current receivables</i>		
Other related parties - refer to note 6 for terms and conditions	1,253,833	1,192,618
<i>(ii) Current payables</i>		
Other related parties - refer to note 11 for terms and conditions	43,398,811	79,159,893
<i>(d) Loans from related parties</i>		
<i>Loans from other related parties*</i>		
Beginning of the year	44,329,030	4,881,000
Loans received	80,250,000	39,448,030
Loan repayments	(21,540,108)	-
Foreign exchange	3,536,728	-
Prepaid expenses	(2,352,661)	-
Closing balance	104,222,989	44,329,030

\* Refer to note 13 for terms and conditions.

### 16 COMMITMENTS

#### (a) Power Purchase Commitments

The Trust has entered into a 12-year Power Purchase Agreement whereby the arrangement is treated as an operating lease with the Trust as lessor. The lease has varying terms and escalation clauses.

Future minimum lease payments expected to be received in relation to the operating leases are as follows:

Within one year	4,192,616	5,000,604
Later than one year but not later than five years	22,111,064	17,224,216
Later than five years	22,958,640	32,038,122
	49,262,340	54,262,945

#### (b) Capital commitments

Estimated capital expenditure contracted for at balance date but not provided for:

Capital expenditure	190,267	1,107,094
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# Adani Rugby Run Trust

## Notes to the financial statements (continued)

For the year ended 31 March 2020

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### 17 CONTINGENT LIABILITIES

Guarantees issued by the banks on behalf of the Trust amount to \$10,500,000 (2019 \$12,700,000).

### 18 SUBSEQUENT EVENTS

There have been no other matters or circumstances that have arisen since the end of the financial year, other than as noted below, that have significantly affected, or may significantly affect the Trust's operations, the results of those operations or the Trust's state of affairs in financial years after the financial year ended 31 March 2020.

#### *Impact of the Coronavirus (COVID-19) outbreak*

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization.

The Trust has not seen a significant impact on its operations and business to date. The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community and the economy, and therefore may affect the operations of the business. The scale and duration of these developments remain uncertain as at the date of this report; however, have the potential to impact on the financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or governments' varying efforts to combat the outbreak and support businesses. This being the case, it is not considered practicable nor possible to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the future operations of the Trust at this time. Financial statements at 31 March 2020 have been prepared based on the conditions existing at balance sheet date and COVID-19 did not have any material impact on the activities of the Trust as at that date. Accordingly, no adjustments were required to be made for the impacts of COVID-19. However, the pandemic has the potential to adversely impact the carrying amount (refer Note 9) of the Rugby Run solar plant and also increase the Trust's reliance on the ultimate parent company, Adani Enterprises Limited, for financial support (refer Note 1(a)).

# Adani Rugby Run Trust

## Trustee's declaration

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In accordance with a resolution of the directors of Adani Rugby Run Pty Ltd as the trustee of Adani Rugby Run Trust, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Trust are in accordance with the Trust Deed including:
  - (i) giving a true and fair view of the Trust's balance sheet as at 31 March 2020 and of its performance for the year ended 31 March 2020; and
  - (ii) complying with Accounting Standards to the extent described in note 1 to the financial statements; and
- (c) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Adani Rugby Run Pty Ltd



Samir Vora  
Director

Brisbane, 28 April 2020

## Independent Auditor's Report to the Unitholder of Adani Rugby Run Trust

### Opinion

We have audited the financial report, being a special purpose financial report, of Adani Rugby Run Trust (the Trust), which comprises the balance sheet as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended 31 March 2020, notes to the financial report, including a summary of significant accounting policies, and the trustee's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as of 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Trust Deed dated 29 August 2017.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Trust in complying with the financial reporting provisions of Section 3CA of the Taxation Administration Act 1953. Our report is intended solely for Adani Rugby Run Trust and its unitholder and should not be used by parties other than Adani Rugby Run Trust and its unitholder. Our opinion is not modified in respect of this matter.

### Emphasis of Matter: Subsequent Events – Impact of the Coronavirus (COVID-19) Outbreak

We draw attention to Note 18 of the financial report which notes the World Health Organisation's declaration of the outbreak of COVID-19 as a global pandemic during March 2020 and how this has been considered by the Trustee in the preparation of the financial report. As set out in Note 18, no adjustments have been made to financial report as at 31 March 2020 for the impacts of COVID-19. However, given the significant judgment involved in the measuring the recoverable amount of the Trust's property, plant and equipment and the sensitivity to changes in key valuation inputs, detailed in Note 9 of the financial report, future impacts of the pandemic may adversely impact the carrying amount of the Trust's property, plant and equipment. Our opinion is not modified in respect of this matter.



## Information Other than the Financial Report and Auditor's Report Thereon

The trustee is responsible for the other information. The other information is the Trustee's report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Trustee for the Financial Report

The trustee of the Trust is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Trust Deed dated 29 August 2017 and for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustee either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young  
Brisbane  
28 April 2020