ENERGY CONSUMERS AUSTRALIA LIMITED

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2019

ENERGY CONSUMERS AUSTRALIA

Contents

Directors Report

The Directors of Energy Consumers Australia Limited (the Company) present their report together with the financial statements of the Company for the year ended 30 June 2019 and the Independent Audit Report.

Directors

The following Directors were the Responsible Entities of Energy Consumers Australia Limited during or since the end of the financial year. Directors were in office for the full year unless otherwise stated.

Marie (Louise) Sylvan AM
BA, MPA, FAICD

Director and Chair
Appointed 29 January 2015

Louise has significant experience in consumer affairs and advocacy. She is the Vice Chair Australian Advisory Board on Impact Investing, Director of Social Enterprise Fund Australia, Australian Risk Policy Institute, The Australian Centre for Social Innovation, Member Advisory Panel, Australian Privacy Foundation. Formerly Chief Executive Officer of the Australian National Preventive Health Agency, Commissioner Productivity Commission and Deputy Chair ACCC.

Catherine Cooper
LLB GDLP FAICD

Director and Chair of the Audit & Risk Committee
Appointed 29 January 2015 – Resigned 29 January 2019
Appointed Independent Chair Risk & Audit Committee 28 March 2019

Catherine has significant corporate governance experience including as Commissioner and Deputy Chair Australian Fisheries Management Authority, Chair Council Solutions, Director South Australian Environmental Protection Authority, CRC, Australian Egg Corporation Ltd, GPEX – Medical Education and Training, Beston Global Food Company, Member District Court Panel Experts, Barley Industry, District Court Assessment Panel, South Australia Health, Audit and Risk Committee, Department Planning, Transport and Infrastructure, South Australia.

Virginia Hickey
BA, LLB, FAICD

Director, Chair Reference Committee
Appointed 22 February 2016

Virginia has significant legal and corporate governance experience with current Directorships at People's Choice Credit Union, Safecom, SportsMed SA; Southern Adelaide Local Health Network Board Independent Chair, Audit and Risk Management Committee, Public Trustee South Australia; Chair, Fertility SA Pty Ltd. Member Corporate Governance Committee Anglicare SA

Steven Graham
Dip Tech (Com), GAICD

Director, Member Audit and Risk Committee
Appointed 29 January 2015 – Resigned 29 January 2019

Steven has significant industry, regulatory and corporate experience as former Chief Executive Officer Australian Energy Market Commission, Director, St Lucy's School and St Lucy School Foundation.

Clare Petre
BA Social Studies, M. Sc. Social Administration, MAICD

Director, Chair Reference Committee
Appointed 29 January 2015 –Resigned 29 January 2019

Clare has significant consumer and energy experience as the former Energy & Water Ombudsman NSW. Currently Chair ASIC Consumer Advisory Panel, Asylum Seekers Centre, Consumer Advocacy Trust; Credit and Investments Ombudsman (CIO) Consumer Liaison Committee; Code of Conduct Committee, Australian Council for International Development; Director, City West Housing.

Gavin Dufty
B. Social Science

Director
Appointed 29 January 2019

Gavin has significant consumer advocacy and energy policy experience through his work at St Vincent de Paul Society Victoria, Director Energy and Water Ombudsman and member of a number of energy industry consultative committees and government and regulatory advisory committees and working groups including gas and electricity retail and distribution company customer consultative committees, AEMC's reliability panel, AEMO's energy market leaders forum and the AER customer consultative group.

Helen Garnett PSM
BSc (Hons) PHD FAICD FTSE

Director, Member Risk and Audit Committee
Appointed 29 January 2019

Helen has significant corporate experience gained through directorships on government entities and ASX-listed companies in the energy, mining, agriculture and education sectors as well as entities involved in regional economic development and the arts. Currently Chair, Generator Property Management, Director Grains Research and Development Corporation, Sugar Research Australia, Developing East Arnhem Land, The Crawford Fund, Becquerel Laboratories Pty Ltd.

Christopher Spangaro
BLegS (Hons), GAICD

Director, Member Risk and Audit Committee
Appointed 29 January 2019

Chris has a background in law and significant public policy experience including as former Senior Director of the Australian Energy Market Commission (AEMC) where he led the Retail and Wholesale Markets team, NSW Independent Pricing and Regulatory Tribunal as General Manager of the Greenhouse Gas Abatement Scheme (GGAS) and as Manager, Water Pricing. Director, Wingello Recreation Reserve Trust

NET DEFICIT AFTER INCOME TAX

The net loss of the Company for the financial year after income tax was $1,373,594 (2018: net surplus of $1,412,409).

REVIEW OF OPERATIONS

Following a review of the Company's operations during the financial year and the results of those operations, in the opinion of the directors, the company performed according to expectations.

In June 2018 ECA invoiced and received payment from the Australian Energy Market Operator for 2018/19 quarter one funding of $2.16M for cashflow management purposes. As revenue is recognised at the receipt of funds this resulted in an over recovery of funds in 2017/18 and an under recovery in 2018/19 as per the below table:

AEMO Funding (000s)

YEAR	AGREEMENT	ACTUAL
2017/18	6,764	8,824
2018/19	7,339	5,279
2019/20	7,610	7,610

ECA was advised by the Australian Charities and Not-for-profits Commission on 28 March 2019 that ECA was registered as a charity from 16 February 2015. ECA was advised by the Australian Taxation Office on 04 April 2019 that it had been granted income tax exemption from 16 February 2015. ECA now has legal obligations under the Australian Charities and Not-for-profits Commission Act 2012 (Cth).

Acting on behalf of the Company, PricewaterhouseCoopers lodged amended tax returns with the ATO for the 2015 & 2018 financial years on 2 May 2019. As the Company's advisor on the matter, PWC is entitled to a 40% contingency fee on all refunded amounts. On 2 September 2019 ECA received a full refund of $964,398 for income tax incurred in the 2015 and 2018 financial years plus interest accrued of $31,981. PWC is entitled to a fee of $398,551.

PRINCIPAL ACTIVITIES

Objective

The principal activity of the Company during the course of the year was to promote the long term interests of Consumers of Energy with respect to the price, quality, safety, reliability and security of supply of Energy services by providing and enabling strong, coordinated, collegiate evidence based consumer advocacy on National Energy Market matters of strategic importance or material consequence for Energy Consumers, in particular for Residential Consumers and Small Business Customers.

Activities

- Effectively and objectively participate in National Energy Market issues and influence regulatory activities and energy market reform to benefit consumers
- Engage and communicate with consumers and consumer advocates about NEM policies, reforms and issues
- Build national and jurisdictional expertise and capacity through research, knowledge development and consultation
- Undertake robust research to build knowledge, engage and influence policy development and educate consumers in the energy markets
- Fund and manage grants to build knowledge and sectoral capacity supporting policy development and consumer education in the National Energy Market
- Create and maintain effective working relationships with key stakeholders
- Develop and apply an understanding of the distinct market differences between jurisdictions within the National Energy Market
- Frequently and collaboratively engage and communicate with representatives from the Energy Industry on issues in the interests of Consumers.

There have been no significant changes in the nature of these activities during the year.

AFTER BALANCE DATE EVENTS

On 2 September 2019 ECA received a full refund of $964,398 for income tax incurred in the 2015 and 2018 financial years plus interest accrued of $31,981. ECA has recognised the interest received and income tax refund as well as $398,551 being for PWC’s contingency fee in the 2019 Financial Statements. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS

The Company expects to maintain the present status and level of operations and hence there are no likely known developments in future financial years.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

ACTIONS

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year

DIRECTORS’ MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director is set out below:

Board Meetings

DIRECTOR	MEETINGS ENTITLED TO ATTEND	MEETINGS ATTENDED
Marie (Louise) Sylvan	10	8
Catherine Cooper	6	6
Virginia Hickey	10	10
Steven Graham	6	5
Clare Petre	6	6
Gavin Dufty	4	4
Helen Garnett	4	2
Chris Spangaro	4	4

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors and officers of Energy Consumers Australia Limited against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer other than conduct involving a wilful breach of duty.

The total amount of insurance contract premiums paid was $16,500 (2018: $14,850).

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, EY, 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 EY during or since the financial year.

CONTRIBUTION IN WINDING UP

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company. At 30 June 2019 the number of members was 1.

AUDITOR INDEPENDENCE

The Auditors' Independence Declaration for the year ended 30 June 2019 has been received and can be found on page 9 of the annual financial report.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Marie Louise Sylvan
Director

Date: 17 September 2019

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Energy Consumers Australia Limited

In relation to our audit of the financial report of Energy Consumers Australia Limited for the financial year ended 30 June 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ryan Fisk
Partner
17 September 2019

Statement of Comprehensive Income

For the year ended 30 JUNE 2019

	NOTE	2019 $	2018 $
Income			
Industry levies	6	5,279,250	8,824,042
Commonwealth grant income	6	808,637	564,659
Interest income	6	79,963	66,767
Other income	6	136,286	113,204
Total income		**6,304,136**	**9,568,672**
Expenses			
Grant payments	7	2,108,866	2,393,572
Commonwealth grant expenses	7a	808,637	564,659
Project expenses		1,679,867	1,128,623
Office expenses		985,982	618,147
Depreciation and amortisation charges		54,476	77,918
Premise expenses		209,461	202,493
Staff expenses		2,578,616	2,493,206
Board expenses		214,202	240,953
Loss/(profit) on sale of assets		-	3,339
Total expenses		**8,640,107**	**7,722,910**
Net (deficit)/surplus before income tax		(2,335,971)	1,845,762
Income Tax (benefit)/ Expense	16	(962,377)	433,353
Net (deficit)/surplus after income tax		**(1,373,594)**	**1,412,409**

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

Statement of Financial Position

As at 30 JUNE 2019

	NOTE	2019 $	2018 $
Current Assets			
Cash and cash equivalents	8	1,063,373	3,599,317
Receivables	10	1,556,735	337,445
Deposits	11	720,342	1,222,386
Total Current Assets		**3,340,450**	**5,159,148**
Non-current Assets			
Property, plant and equipment	12	28,429	49,141
Intangible assets	13	15,933	37,323
Total Non – current Assets		**44,362**	**86,464**
Total Assets		**3,384,812**	**5,245,612**
Current Liabilities			
Payables and unearned income	14	1,408,298	915,239
Employee entitlements	15	108,856	151,793
Income tax provision	15	-	430,615
Total Current Liabilities		**1,517,154**	**1,497,647**
Payables and unearned income	14	-	506,713
Total Non – current Liabilities		**-**	**506,713**
Total Liabilities		**1,517,154**	**2,004,362**
Net Assets		**1,867,658**	**3,241,252**
Equity			
Initial contribution reserve	17	1,189,415	1,189,415
Retained earnings	17	678,243	2,051,837
Total Equity		**1,867,658**	**3,241,252**

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

Statement of Changes in Equity

As at 30 JUNE 2019

	(NOTE 17) INITIAL CONTRIBUTION RESERVE $	(NOTE 17) RETAINED EARNINGS $	TOTAL EQUITY $
Balance at 30 June 2017	**1,189,415**	**639,428**	**1,828,843**
Net surplus for 2017-18	-	1,412,409	1,412,409
Net movement in reserve for 2017-18	-	-	-
Balance at 30 June 2018	**1,189,415**	**2,051,837**	**3,241,252**
Balance at 30 June 2018	**1,189,415**	**2,051,837**	**3,241,252**
Net surplus for 2018-19	-	(1,373,594)	(1,373,594)
Net movement in reserve for 2018-19	-	-	-
Balance at 30 June 2019	**1,189,415**	**678,243**	**1,867,658**

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

Statement of Cash Flows

For the year ended 30 JUNE 2019

	NOTE	2019 $	2018 $
Cash flows from operating activities			
Cash outflows			
Payments for supplies and employees		(6,720,458)	(5,744,983)
Payment of grants		(2,306,262)	(3,128,252)
GST paid to the ATO		(28,515)	(404,744)
Income tax payments		(432,636)	-
Cash used in operations		**(9,487,871)**	**(9,277,979)**
Cash inflows			
Receipts from AEMO and grants		6,408,843	10,070,582
Interest received		53,939	66,954
Cash generated from operations		**6,462,781**	**10,137,536**
Net cash provided by operating activities	9(b)	**(3,025,089)**	**859,557**
Cash flows from investing activities			
Cash outflows			
Purchase of deposits		(2,000,000)	(2,755,212)
Purchase of property, plant and equipment		(12,396)	(28,766)
Cash used in investing activities		**(2,012,396)**	**(2,783,978)**
Cash inflows			
Sale of property, plant and equipment		-	588
Receipt of deposits		2,501,541	3,250,103
Cash provided by investing activities		**2,501,541**	**3,250,691**
Net cash provided from investing activities		**489,145**	**466,713**
Net increase/(decrease) in cash and cash equivalents		(2,535,944)	1,326,270
Cash and cash equivalents at the beginning of the period		3,599,317	2,273,047
Cash and cash equivalents at the end of the period	9(a)	**1,063,373**	**3,599,317**

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

Notes to the Financial Statements

For the year ended 30 June 2019

1. CORPORATE INFORMATION

The financial report of Energy Consumers Australia Limited (the Company) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 3 September 2019.

Energy Consumers Australia is a company limited by guarantee incorporated in Australia on the 29 January 2015. The Company's objectives are to promote the long-term interests of Consumers of Energy with respect to the price, quality, safety, reliability and security of supply of Energy services by providing and enabling strong, coordinated, collegiate evidence-based consumer advocacy on National Energy Market matters of strategic importance or material consequence for Energy Consumers, in particular for Residential Consumers and Small Business Customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and Statement of compliance

The financial report is a general-purpose financial report and it has been prepared in accordance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Australian Accounting Standards contain requirements specific to not-for-profit entities, including AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, AASB 136 Impairment of Assets and AASB 1004 Contributions. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars ($).

b) New accounting standards and interpretation

i. Changes in accounting policies

Energy Consumers Australia Limited has reviewed amendments to relevant accounting standards which came into effect from 1 July 2018.

Adoption of the standards did not have any material effect on the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows of the Company.

ii. Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been adopted by the Entity for the year ended 30 June 2019.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-For-Profit Entities. Effective for annual periods beginning on or after 1 January 2019. (Company 1 July 2019).

AASB 1058 Income of Not-for Profit Entities. This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 *Revenue from Contracts with Customers.* Effective for annual periods beginning on or after 1 January 2019 (Company 1 July 2019).

AASB 9 Financial Instruments - A new principal standard which replaces AASB 139. This new Principal version includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. Effective for annual periods beginning on or after 1 January 2018. (Company 1 July 2019 for NFPs).

AASB 15 Revenue from Contracts with Customers. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For Australian not for profit entities effective for annual periods beginning on or after 1 January 2019 (Company 1 July 2019 for NFPs).

AASB 16 Leases. AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases. Effective for annual periods beginning on or after 1 January 2019. (Company 1 July 2019).

Assessment of the impact of the new accounting standards

Revenue

The company has assessed that the introduction of the above suite of new and amended accounting standards will not impact how ECA recognises income.

Leases

The company has assessed the impact of AASB 16 Leases on the financial statements and the result will be the recognition of the right of use assets and lease liabilities set out in the table below.

Impact of the new accounting standards

	RENTAL LEASE	PHOTOCOPIER
Right of use asset	$216,311	$5,718
Lease liability	$234,456	$5,718

The right of use asset of the rental lease has been adjusted down for the accrued lease payments of $18,145 which is recognised as an accrued liability as at 30 June 2019. The accrued lease payments will be reclassified to lease liability on adoption of the new standard and is included in the lease liability above.

c) Revenue recognition

Revenue is measured at the fair value of the contributions received or receivable and is recognised when all the following conditions have been satisfied:

- the Company obtains control of the contribution or the right to receive the contribution
- it is probable that the economic benefits comprising the contribution will flow to the Company
- the amount of the contribution can be measured reliably.

i. Commonwealth grant income

Commonwealth grant income is recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grants received for which related costs have not been incurred are recognised as unearned revenue on the balance sheet.

ii. Other income - interest income

Revenue 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.

d) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

e) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified.

f) Property, plant and equipment

Property, plant and equipment is initially measured at fair value at the date on which control is obtained

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

- Office furniture and equipment - 3 to 5 years
- Leasehold Improvements - 5 years

An item of property, plant and equipment and any significant part initially recognised are 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 and adjusted prospectively, if appropriate.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful live of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life as follows:

- Software and website development - 3 years

Intangible assets assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category that is consistent with the function of the intangible assets.

h) Financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all of the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

After initial recognition, deposits shall be measured at amortised cost using the effective interest method.

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases where the lessor retains substantially all the risks and benefits of ownership of the assets 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 the lease income.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income statement on a straight-line basis over the lease term.

j) 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 Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

k) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee leave benefits

Wages, salaries, annual leave and personal leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating personal leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

l) Income tax and other taxes

i. Income tax

ECA was advised by the Australian Charities and Not-for-profits Commission on 28 March 2019 that ECA was registered as a charity from 16/02/2015. ECA was advised by the Australian Taxation Office on 4 April 2019 that it had been granted income tax exemption from 16 February 2015 (refer to note 21 Contingencies).

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income statement.

In the absence of reasonable certainty at this stage, that sufficient future taxable income will be available, against which deferred tax asset can be realised, the same has not been recognised in the financial statements.

ii. Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Company currently manages its exposure to key financial risks, including interest rate and currency risk, through ongoing monitoring of the Company's financial instruments by management. If significant exposures were identified, a recommendation for a strategy to mitigate the financial risk would be proposed to the Board of Directors for review and approval. Once approved, the Company would implement the agreed strategy to minimise the financial exposure.

Risk exposures and responses

i. Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the company's cash at bank and short-term deposits.

At balance date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	1,063,373	3,599,317
Term deposit 120 days 2.30%	-	500,000
Term deposit 365 days 2.60%	500,000	500,000
	1,563,373	**4,599,317**
Financial Liabilities	-	-
Net exposure	**1,563,373**	**4,599,317**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the Statement of Financial Position date:

At 30 June 2019, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

JUDGEMENTS OF REASONABLY POSSIBLE MOVEMENTS:	POST TAX SURPLUS HIGHER/(LOWER) 2019 $	2018 $	OTHER COMPREHENSIVE INCOME HIGHER/(LOWER) 2019 $	2018 $
+1% (100 basis points)	2,908	5,699	-	-
(0.5%) (50 basis points)	(1,454)	(2,850)	-	-

Credit Risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, deposits and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments.

The Company only trades with recognised, creditworthy third parties and as such collateral are not requested nor it is the Company's policy to securitise its trade and other receivables.

Receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

Liquidity Risk

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The Company closely monitors its cash position and regularly updates its cash flow projections to ensure it has sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Maturity analysis of financial assets and liabilities based on management's expectations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows.

YEAR ENDED 30 JUNE 2019	<6 MONTHS $	6-12 MONTHS $	1-5 YEARS $	5 YEARS $	TOTAL $
Cash and cash equivalent	1,063,373	-	-	-	1,063,373
Trade and other receivables	1,556,735	-	-	-	1,556,735
Deposits	220,342	500,000	-	-	720,342
	2,840,450	**500,000**	**-**	**-**	**3,340,450**
Financial Liabilities					
Trade and other payables	1,408,298	108,856	-	-	1,517,154
	1,408,298	**108,856**	**-**	**-**	**1,517,154**
Net Maturity	**1,432,152**	**391,144**	**-**	**-**	**1,823,296**

Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

5. SEGMENT INFORMATION

The Company operates predominately in one industry. The principal activity of the Company is to promote the long-term interests of Consumers of Energy with respect to the price, quality, safety, reliability and security of supply of Energy services by providing and enabling strong, coordinated, collegiate evidence based consumer advocacy on National Energy Market matters of strategic importance or material consequence for Energy Consumers, in particular for Residential Consumers and Small Business Customers. The Company operates in Australia.

6. REVENUE FROM CONTINUING OPERATIONS

	2019 $	2018 $
Electricity levies from AEMO*	3,959,438	6,393,032
Gas levies from AEMO*	1,319,812	2,131,010
Special Projects from AEMO	-	300,000
Commonwealth grant income 7(a)	808,637	564,659
	6,087,887	9,388,701
Other income	136,286	113,204
Interest revenue	79,963	66,767
Total Revenue	**6,304,136**	**9,568,672**

* Quarter 1 of 2018-19 AEMO revenue was received in advance in 2017-18.

7. GRANT PAYMENTS

Grant payments of $2,108,866 (FY18: $2,393,572) represent costs incurred in relation to approved grant applications and are recognised to the extent that the work has been undertaken by the applicant. Of the expense recognised during the year, $nil (FY18: $nil) relates to amounts accrued at year end (refer to note 14).

The unrecognised contractual commitments relating to grant applications approved before or on 30 June 2019 are disclosed in note 20.

7(A) COMMONWEALTH GRANT INCOME AND EXPENDITURE

The Company received a Commonwealth Government grant of $1,818,182 (ex GST) over three years to undertake Power Shift; an independent review of the Low-Income Energy Efficiency Program evidence base, as well as undertake complementary research, and support the ongoing work of the Group of Energy Efficiency Researchers Australia.

During the year $808,637 (FY17: $564,659) in grants and other costs associated with the program were incurred and a corresponding amount has been recognised as income. The remaining $33,417 (FY18: $842,054) is unearned revenue and recorded at year end (Current liability: $33,417; non-current liability: $nil) (refer to note 14).

8. CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank and in hand	**1,063,373**	**3,599,317**

Cash at bank in 2019 includes $29,719 of AusNet funds which must be used by the Company in accordance with the terms of the Pilot Customer Forum Payment Administration Support Agreement.

Interest rate risk

Cash at bank earns a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

9. STATEMENT OF CASH FLOW RECONCILIATION

a) Reconciliation of cash and cash equivalents at the end of the reporting period:

	2019 $	2018 $
Cash and cash equivalents disclosed in the Statement of Financial Position	1,063,373	3,599,317
Balance as per the Statement of Cash Flows	**1,063,373**	**3,599,317**

b) Reconciliation of net surplus/(deficit) after tax to net cash flows from operations:

	2019 $	2018 $
Net (deficit)/surplus after income tax	(1,373,594)	1,412,409
Add back depreciation and amortisation charges	54,476	77,918
	(1,319,118)	1,490,327
(Increase)/decrease in trade and other receivables	(1,220,416)	(23,297)
Increase/(decrease) in trade and other payables	(12,003)	(1,077,226)
Increase/(decrease) in provisions	(473,552)	469,753
Net cash inflow from operating activities	**(3,025,089)**	**859,557**

10. TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Accounts receivables	1,246,379	16,747
Prepayments	72,432	90,449
Accrued income	10,310	15,763
GST receivables	226,068	214,486
Other debtors	1,546	-
Total	**1,556,735**	**337,445**

11. DEPOSITS

	2019 $	2018 $
Term deposits	500,000	1,000,000
Security deposits	220,342	222,386
Total	**720,342**	**1,222,386**

12. PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Office furniture and equipment:		
Balance as at 1 July	30,312	67,707
Additions at cost	10,992	14,551
Disposals at cost	-	(12,012)
Adjustments	-	8,085
Depreciation charge for the year	(23,635)	(48,019)
Balance as at 30 June	17,669	30,312
Leasehold Improvements:		
Balance as at 1 July	18,829	24,647
Additions at cost	1,382	3,350
Depreciation charge for the year	(9,451)	(9,168)
Balance as at 30 June	10,760	18,829
Total property, plant and equipment:		
Balance as at 1 July	49,141	92,354
Additions at cost	12,374	17,901
Disposals at cost	-	(12,012)
Adjustments	-	8,085
Depreciation charge for the year	(33,086)	(57,187)
Balance as at 30 June	**28,429**	**49,141**

13. INTANGIBLE ASSETS

	2019 $	2018 $
Website development:		
Balance as at 1 July	37,323	47,705
Additions at cost	-	10,350
Amortisation charge for the year	(21,390)	(20,732)
Balance as at 30 June	**15,933**	**37,323**

14. TRADE AND OTHER PAYABLES

	2019 $	2018 $
Current liabilities:		
Accounts payables	342,905	177,971
FBT Payables	4,234	-
Commonwealth grant unearned income (note 7)	33,417	335,341
GST payables	176,363	208,643
Payroll payables	59,252	54,223
Ausnet payables	279,789	100,505
Other accrued expenses	512,338	38,556
Total	**1,408,298**	**915,239**
Non-current liabilities:		
Commonwealth grant unearned income (note 7)		506,713

15. PROVISIONS

	2019 $	2018 $
Employee entitlements	108,856	151,793
Income tax	-	430,615
Total	**108,856**	**582,408**

16. INCOME TAX EXPENSE

	2019 $	2018 $
Current tax expense/(benefit)	(962,377)	430,615
Deferred tax expense/(benefit)	-	2,738
Tax expense	**(962,377)**	**433,353**

Numerical reconciliation between tax expense and pre-tax accounting profit

(Deficit)/surplus for the year before tax	(2,335,971)	1,845,762
Income tax expense/(benefit) using the company's statutory income tax	(642,392)	553,728
Tax effect of non-temporary difference	-	20,483
Adjusted prior year under/ over	(962,377)	-
Unrecognised tax losses/(previously unrecognised tax losses now brought to account)	642,392	(140,858)
Income tax expense	**(962,377)**	**433,353**

17. RETAINED EARNINGS AND RESERVES

	2019 $	2018 $
Movements in retained earnings were as follows:		
Balance as at 30 June 2018	1,189,415	1,189,415
Net movement for the year	-	-
Balance as at 30 June 2019	**1,189,415**	**1,189,415**
Retained earnings:		
Balance as at 30 June 2018	2,051,837	639,428
Net movement for the year	(1,373,594)	1,412,409
Balance as at 30 June 2019	**678,243**	**2,051,837**

18. RELATED PARTY TRANSACTIONS

	2019 $	2018 $
Key Management Personnel Remuneration		
Short term benefits	406,186	404,572
Post-employment benefit	33,858	33,375
Total	**440,044**	**437,947**

19. COMMITMENTS

Lease Commitments

Operating lease commitments – Company as lessee

The company has entered into an operating lease on rental property. The lease has a fixed term of 5 years from 1 August 2015 to 31 July 2020 and there are no restrictions placed on the lessee by entering into this lease.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2019 are as follows:

	2019 $	2018 $
Within one year	217,084	208,046
More than one year but no later than five years	18,153	235,237
Total minimum lease payments	**235,237**	**443,283**

20. UNRECOGNISED CONTRACTUAL COMMITMENTS

Commitments relate to approved applications for which a grant has not yet been paid:

	2019 $	2018 $
Payable within one year	1,637,515	1,139,890
More than one year but no later than two years	191,091	303,308
Total unrecognised contractual commitments	**1,828,606**	**1,443,198**

The above represents commitments for approved grant applications where the conditions for payment of the grant has not been met as at 30 June 2019.

21. CONTINGENCIES

ECA was advised by the Australian Charities and Not-for-profits Commission on 28 March 2019 that ECA was registered as a charity from 16 February 2015. ECA was advised by the Australian Taxation Office on 4 April 2019 that it had been granted income tax exemption from 16 February 2015. Acting on behalf of ECA, PricewaterhouseCoopers lodged amended tax returns with the ATO for the 2015 & 2018 financial years on 2 May2019. PWC is entitled to a 40% contingency fee on all refunded amounts. On 2 September 2019 ECA received a full refund of $964,398 for income tax incurred in the 2015 and 2018 financial years plus interest accrued of $31,981. PWC is entitled to a fee of $398,551. ECA is required to discuss the receipt of additional funds with the Minister, the outcome of which is currently unknown.

22. EVENTS AFTER REPORTING PERIOD

On 2 September 2019 ECA received a full refund of $964,398 for income tax incurred in the 2015 and 2018 financial years plus interest accrued of $31,981. ECA has recognised the interest received and income tax refund as well as $398,551 being for PWC's contingency fee in the 2019 Financial Statements. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors Declaration

In accordance with a resolution of the directors of Energy Consumers Australia Limited, I state that:

1. In the opinion of the directors:

(a) The financial statements and notes of the company for the financial year ended 30 June 2019 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

(i) Giving a true and fair view of the company's financial position as at 30 June 2019 and its performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*;

(b) The financial statements and notes also comply with International Financial Reporting Standards to the extent disclosed in Note 2 (b); and

(c) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Louise Sylvan

Marie Louise Sylvan
Director

Date: 17 September 2019

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Members of Energy Consumers Australia Limited

Opinion

We have audited the financial report of Energy Consumers Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 Company 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.

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

The directors are responsible for the other information. The other information is the directors' 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 Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 directors either intend to liquidate the 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 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Company'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 Company 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.

We communicate with the directors 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

Ernst & Young

Ryan Fisk
Partner
Sydney
17 September 2019

A Suite 2, Level 14, 1 Castlereagh Street, Sydney NSW 2000
T 02 9220 5500
W energyconsumersaustralia.com.au

@energyvoiceau
/energyconsumersaustralia
/energyconsumersaustralia

ABN 96 603 931 326

ENERGY CONSUMERS AUSTRALIA