Model Half-Year Report for Managed Investment Schemes

Half-years ending on or after 31 December 2013

December 2013

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December 2013

Model Half-Year Report for Managed Investment Schemes

Please find enclosed our model managed investment scheme half year report for the period ending 31 December 2013. It has been designed by Deloitte Touche Tohmatsu to assist clients, partners and staff with the preparation of half year reports for a managed investment scheme in accordance with Australian Accounting Standards.

This publication is in two sections, the first sets out an update on developments in financial reporting that are relevant to half year financial reports at 31 December 2013 and onwards, the second is an illustrative example of a half year financial report for a fund.

The model managed investment scheme half year report is not designed to meet all the needs of specialised funds, rather they are intended to meet the needs of the vast majority of funds in complying with the half year reporting requirements under Australian Accounting Standards and the Corporations Act 2001.

Australia's adoption of International Financial Reporting Standards (IFRS) has increased the complexity faced by responsible entities in preparing financial reports for funds, and there continues to be debate around the application of IFRS and Australian Accounting Standards. Where such complexities arise, we would welcome your call to provide advice and assistance.

We trust that you will find the model managed investment scheme half year report a useful tool in the preparation of your half year report.

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Model half year report

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What's new for financial reports at December 2013?

Overview

The analysis below provides a high level overview of new and revised financial reporting requirements that need to be considered for financial reporting periods ending on December 2013 half-year. Entities can use this listing to perform a quick check that all the new financial reporting requirements have been fully considered as part of their December reporting close process.

Key considerations for financial reporting at December 2013

December 2013 financial reporting will see application of new standards in some major areas like consolidation, joint arrangements, fair value measurements, and employee benefits, including extensive disclosure requirements. Some of the new standards/interpretations with a mandatory effective date of 1 January 2013 are:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurements*
- AASB 127 (2011) *Separate Financial Statements*
- AASB 128 (2011) *Investments in Associates and Joint Ventures*

It is imperative that entities understand, assess and ensure that relevant policies and functionalities are in place to implement and comply with the changes.

In addition to the above list of major accounting standards, other new and amended reporting requirements that must be applied for the first time for the December 2013 half-year including:

- Amendments to AASB 7 *Financial Instruments: Disclosures* regarding rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement
- Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle, that includes clarification of the requirements for comparative information (AASB 101 *Presentation of Financial statements*), classification of servicing equipment (AASB 116 *Property Plant and Equipment*), and tax effect of the distribution to holders of equity instruments (AASB 132 *Financial Instruments: Presentation*)

Some of the Australian-specific and other related factors that need to be considered in the current reporting season:

- **AASB differential reporting regime** – voluntary early adoption of the AASB's revised differential reporting framework, particularly the 'Reduced Disclosure Requirements' (RDR) permits for-profit reporting entities without 'public accountability', not-for-profit entities that are reporting entities and some public sector entities to present substantially less disclosure than in the past.

- **New IASB pronouncements** – the IASB has issued a number of standards that form the basis of the 'next wave' of pronouncements, which will mandatorily apply from 1 January 2013 through to 1 January 2015 or 2016 (depending upon the dates finally determined). New standards have been issued on fair value measurement, financial instruments, consolidation, joint arrangements and disclosures. Further pronouncements are expected on financial instruments, lease accounting and revenue recognition. There may be some changes for which early adoption would be attractive. In addition, to the extent pronouncements have been issued prior to finalising the financial report, entities claiming full compliance with IFRSs in their financial statements will need to include the relevant AASB 101 disclosures about accounting standards on issue but not applied in their financial reports. Analysts and other stakeholders may also request more in-depth information about the impacts of the changes.

- **Non-IFRS financial information** – ASIC has released regulatory guidance on the use of 'non-IFRS financial information' in various documents. Entities providing additional financial information should carefully read the guidance and consider compliance and whether additional disclosure under the guide is necessary.

- **Effective disclosure in operating and financial review** – On 27 March 2013, the ASIC released Regulatory Guide 247 *Effective disclosure in an operating and financial review* (RG 247) to provide guidance on preparing an operating and financial review (OFR) in the directors' report of a listed entity under s.299A of the Corporations Act 2001. RG 247 includes guidance on:
    - providing a narrative and an analysis of the entity's operations and financial position
    - outlining the entity's key business strategies and providing a discussion of the entity's prospects for future financial years
    - the application of the 'unreasonable prejudice' exemption from disclosing specific business strategies and prospects

- **Financial reporting implications of Tax Ruling on frankable dividends** – The Australian Taxation Office (ATO) has issued a Tax Ruling (TR 2012/05) on frankable dividends which proposes methods by which a company with accumulated losses can pay a final or an interim dividend out of current period profits that is frankable. Since the dividend payment rules in the *Corporations Act 2001* was changed from that of a 'profit test' to a 'three tiered test' in June 2010, there has been considerable controversy on what could be viewed as a 'dividend' under the *Income Tax Act* and whether it would be frankable. This Tax Ruling comments on the ATO's interpretation of the *Corporations Act 2001* with respect to dividend payments and the ability to frank these dividends.

  As per the Ruling, a dividend can be franked only when it is paid out of 'profits' and it suggests methods by which a company with accumulated losses can isolate profits made in one year for payment of frankable dividends in that year or in future years.

- **Australia-New Zealand convergence** – on 13 May 2011, the AASB and New Zealand Financial Reporting Standards Board (FRSB) issued a number of Standards implementing the first phase of a project which seeks to converge accounting standards between Australia and New Zealand. The recent amendments deleted a number of Australian-specific disclosures and guidance, and moved the retained disclosures (not also required by IFRSs) to a separate Standard – AASB 1054 'Australian additional disclosures'. Additional amendments implement 'Reduced Disclosure Requirements' for the revised disclosures. AASB 1054 applies to annual reporting periods beginning on or after 1 July 2011, and provides some relief in 'Aus' specific disclosures.

Of course, the devil is often in the detail and there are numerous other financial reporting changes that need to be considered, with more changes likely to arise between the date of this publication and the end of the reporting period.

New and revised accounting pronouncements

The tables below outline the new and revised accounting pronouncements that are either to be applied for the first time at 31 December 2013, or which may be early adopted at that date. In the majority of cases, the disclosure requirements of the pronouncements listed in the tables below would not be applicable to half-year financial reports. However, where relevant, the recognition and measurement requirements of any relevant pronouncements would be applied where those pronouncements have been adopted by the entity.

As occurs so often with changes to accounting standards and financial reporting requirements, some of the other new or revised pronouncements listed in the tables below may have a substantial impact on particular entities. Therefore, it is important that the pronouncements listed are carefully reviewed for any potential impacts or opportunities. Where early adoption is being contemplated, it is important to address any necessary procedural requirements, e.g. for entities reporting under the *Corporations Act 2001*, appropriate director's resolutions for early adoption must be made under s.334(5). Disclosure in the financial statements must also be addressed. In addition, the disclosure requirements required in relation to new and revised accounting pronouncements need to be carefully considered even where they have not yet been adopted.

The information in this section was prepared as of 30 September 2013. The information in this section is updated throughout the reporting season in our 'What's new' summary, available at http://www.deloitte.com/au/WhatsNew.

New and revised IFRS-equivalent Standards

The IASB is currently working on a number of important projects which may have significant potential impacts on accounting requirements going forward. In this section, we highlight those pronouncements which have been issued to date and form part of this so-called 'next wave' of IFRS. Some of these projects have application dates as early as 1 January 2013, and would be mandatory for December 2013 financial reports. Others (such as leases, revenue, and insurance contracts) may not be applicable for a number of years. The IASB and FASB are consulting on the effective dates and transition requirements for the majority of these projects (particularly those not yet finalised as a standard), and so application dates may be varied, or early adoption may be 'linked' to other standards.

New or revised requirement	When effective	Applicability to 31 December 2013 half years
AASB 9 '*Financial Instruments*' (December 2009), AASB 2009-11 '*Amendments to Australian Accounting Standards arising from AASB 9*', AASB 2012-6 '*Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*' AASB 9 introduces new requirements for classifying and measuring financial assets, as follows: • Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances) • Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss • All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss • The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines. *Note: In October 2010, the IASB reissued IFRS 9 'Financial Instruments', including revised requirements for financial liabilities and carrying over the existing derecognition requirements from IAS 39 'Financial Instruments: Recognition and Measurement'. On 15 December 2010, the AASB publicly released AASB 9 'Financial Instruments' (December 2010) and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', which supersedes AASB 9 (December 2009). However, for annual reporting periods beginning before 1 January 2013, an entity may early adopt AASB 9 (December 2009) instead of AASB 9 (December 2010).* *AASB 2012-6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015.*	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015	Optional (see note regarding early adoption)
AASB 9 '*Financial Instruments*' (December 2010), AASB 2010-7 '*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*', AASB 2012-6 '*Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*' A revised version of AASB 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over of the existing derecognition requirements from AASB 139 '*Financial Instruments: Recognition and Measurement*'. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. *Note: This Standard supersedes AASB 9 (December 2009). However, for annual reporting periods beginning before 1 January 2013, an entity may early adopt AASB 9 (December 2009) instead of applying this Standard. AASB 2012-6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015.*	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015	Optional (see note regarding early adoption)
AASB 10 '*Consolidated Financial Statements*', AASB 2011-7 '*Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards*' Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 '*Consolidated and Separate Financial Statements*' and INT-112 '*Consolidation - Special Purpose Entities*'. The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under AASB 10, control is based on whether an investor has: • Power over the investee	Applicable to annual reporting periods beginning on or after 1 January 2013	Mandatory

New or revised requirement	When effective	Applicability to 31 December 2013 half years
• Exposure, or rights, to variable returns from its involvement with the investee, and • The ability to use its power over the investee to affect the amount of the returns.		
AASB 11 '*Joint Arrangements*', AASB 2011-7 '*Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards*' Replaces AASB 131 '*Interests in Joint Ventures*'. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures: • A **joint operation** is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly) • A **joint venture** is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with AASB 128 '*Investments in Associates and Joint Ventures*' (2011). Unlike AASB 131, the use of 'proportionate consolidation' to account for joint ventures is not permitted.	Applicable to annual reporting periods beginning on or after 1 January 2013	Mandatory
AASB 12 '*Disclosure of Interests in Other Entities*', AASB 2011-7 '*Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards*' Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. In high-level terms, the required disclosures are grouped into the following broad categories: • **Significant judgements and assumptions** - such as how control, joint control, significant influence has been determined • **Interests in subsidiaries** - including details of the structure of the group, risks associated with structured entities, changes in control, and so on • **Interests in joint arrangements and associates** - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information) • **Interests in unconsolidated structured entities** - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities. AASB 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.	Applicable to annual reporting periods beginning on or after 1 January 2013	Mandatory
AASB 127 '*Separate Financial Statements*' (2011), AASB 2011-7 '*Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards*' Amended version of AASB 127 which now only deals with the requirements for separate financial statements, which have been carried over largely unamended from AASB 127' *Consolidated and Separate Financial Statements*'. Requirements for consolidated financial statements are now contained in AASB 10 '*Consolidated Financial Statements*'. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with AASB 9 '*Financial Instruments*'. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.	Applicable to annual reporting periods beginning on or after 1 January 2013	Mandatory

New or revised requirement	When effective	Applicability to 31 December 2013 half years
AASB 128 '*Investments in Associates and Joint Ventures*' (2011), AASB 2011-7 '*Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards*' This Standard supersedes AASB 128 '*Investments in Associates*' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.	Applicable to annual reporting periods beginning on or after 1 January 2013	Mandatory
AASB 13 '*Fair Value Measurement*' and related AASB 2011-8 '*Amendments to Australian Accounting Standards arising from AASB 13*' Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The AASB defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value. AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs: • **Level 1** - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date • **Level 2** - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly • **Level 3** - unobservable inputs for the asset or liability. Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.	Applicable to annual reporting periods beginning on or after 1 January 2013	Mandatory

New or revised domestic Standards

New or revised requirement	When effective	Applicability to 31 December 2013 half years
AASB 1053 '*Application of Tiers of Australian Accounting Standards*' and AASB 2010-2 '*Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*' These Standards together implement 'stage 1' of the AASB's revised differential reporting regime. AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements: • Tier 1: Australian Accounting Standards • Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements ('RDR'). AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by 'Tier 2' entities. In some cases, additional 'RDR" paragraphs are inserted requiring simplified disclosures. The following entities apply either Tier 2 (RDR) or Tier 1 ('full' Australian Accounting Standards) in preparing general purpose financial statements: • For-profit private sector entities that do not have public accountability • All not-for-profit private sector entities • Public sector entities other than Federal, State, Territory and Local Governments. Regulators may have the power to require the application of 'full' Australian Accounting Standards (Tier 1) by the entities they regulate. *Note: The AASB is yet to consider RDR simplifications to certain standards, including AASB 4, AASB 1023, AASB 1038 and AAS 25. These will be subject of an additional consultative document. 'Stage 2' of the AASB's differential reporting project will consider whether to extend these arrangements to all financial statements prepared under Australian Accounting Standards, including entities currently considered 'non-reporting entities'.*	Applies to annual reporting periods beginning on or after 1 July 2013 but may be early adopted for annual reporting period beginning on or after 1 July 2009	Mandatory

New Amending Standards

The table below lists the Amending Standards that do not relate to the pronouncements listed in other tables.

New or revised requirement	When effective	Applicability to 31 December 2013 half years
AASB 2010-10 '*Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters*' Amends AASB 2009-11 '*Amendments to Australian Accounting Standards arising from AASB 9*' and AASB 2010-7 '*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*' to replace references to a fixed date of '1 January 2004' with 'the date of transition to Australian Accounting Standards', thereby providing relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Applicable to annual reporting periods beginning on or after 1 January 2013	Mandatory (for first-time adopters)
AASB 2011-2 '*Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements*' Establishes reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project. The application date of this standard aligns with AASB 1053 *Application of Tiers of Australian Accounting Standards*.	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
AASB 2011-4 '*Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*' Amends AASB 124 *Related Party Disclosures* to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001.	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory

New or revised requirement	When effective	Applicability to 31 December 2013 half years
AASB 2011-6 '*Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements*' Extends relief from consolidation, the equity method and proportionate consolidation to Tier 2 entities in particular circumstances, by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - Reduced Disclosure Requirement.	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
AASB 2012-1 '*Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements*' Sets out reduced disclosure requirements for Tier 2 entities to apply in relation to AASB 13 '*Fair Value Measurement*' and amends reduced disclosure requirements of other Australian Accounting Standards that were amended as a consequence of the issuance of AASB 13.	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
AASB 2012-2 '*Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)*' Amends AASB 7 '*Financial Instruments: Disclosures*' to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
AASB 2012-3 '*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*' Address inconsistencies in current practice when applying the offsetting criteria in AASB 132 '*Financial Instruments: Presentation*'. Clarifies the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. *Note: Entities early adopting this standard must also adopt 'Amendments to Australian Accounting Standards – Disclosures- Offsetting Financial Assets and Financial Liabilities' (Amendments to AASB 7).*	Applicable to annual periods beginning on or after 1 January 2014	Optional
AASB 2012-5 '*Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*' Amends a number of pronouncements as a result of the 2009–2011 annual improvements cycle. Key amendments include: • AASB 1 – repeated application of AASB 1 • AASB 101 – clarification of the requirements for comparative information • AASB 116 – classification of servicing equipment • AASB 132 – tax effect of the distribution to holder of equity instruments • AASB 134 – interim reports and segment information for total assets and liabilities	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
AASB 2012-6 '*Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*' Amends the mandatory effective date of AASB 9 '*Financial Instruments*' so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. Modifies the relief from restating prior periods by amending AASB 7 '*Financial Instruments: Disclosures*' to require additional disclosures on transition from AASB 139 '*Financial Instruments: Recognition and Measurement*' to AASB 9 in some circumstances.	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
AASB 2012-7 '*Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*' Amends reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. These amendments relate to amended disclosures in the following Standards: • AASB 7 '*Financial Instruments: Disclosures*' • AASB 12 '*Disclosure of Interests in Other Entities*' • AASB 101 '*Presentation of Financial Statements*' • AASB 127 '*Separate Financial Statements*'	Applicable to annual periods beginning on or after 1 July 2013	Mandatory (for eligible entities)

New or revised requirement	When effective	Applicability to 31 December 2013 half years
AASB 2012-9 '*Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*' Removes Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia* from the list of 'other Australian interpretations' contained in AASB 1048 *Interpretation of standards* (Table 2), thereby removing its legal status as a mandatory reporting requirement. As a consequence of its decision to withdraw Australian Interpretation 1039, the AASB also issued an Agenda Decision addressing the issue of when it would be appropriate to conclude that substantive enactment of major tax Bills has occurred in Australia.	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
AASB 2012-10 '*Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*' The transition guidance amendments to AASB 10 '*Consolidated Financial Statements*' and related Standards and interpretations clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
AASB 2012-11 '*Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments*' Amends AASB 10 '*Consolidated Financial Statements*' and AASB 128 '*Investments in Associates and Joint Ventures*' to extend relief from consolidation and the equity method for entities complying with Australian Accounting Standards – Reduced Disclosure Requirements	Applicable to annual periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
AASB 2013-4 '*Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*' Amends AASB 139 '*Financial Instruments: Recognition and Measurement*' to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations	Applicable to annual reporting periods ending on or after 1 January 2014	Optional
AASB 2013-5 '*Amendments to Australian Accounting Standards – Investment Entities*' Provides an exemption from consolidation of subsidiaries under AASB 10 '*Consolidated Financial Statements*' for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss in accordance with AASB 9 '*Financial Instruments*' or AASB 139 '*Financial Instruments: Recognition and Measurement*'. Note: Applicable, on a modified retrospective basis, to annual periods beginning on or after 1 January 2014, a year later than AASB 10 which is applicable to annual periods beginning on or after 1 January 2013. The amendments can be applied early, and accordingly entities can elect to apply them from when they first apply AASB 10, avoiding the need for investment entities to consolidate subsidiaries only in the first year of applying AASB 10)	Applicable to annual periods beginning on or after 1 January 2014	Optional
AASB 2013-6 '*Amendments to AASB 136 arising from Reduced Disclosure Requirements*' Amends AASB 136 '*Impairment of Assets*' to establish reduced disclosure requirements for Tier 2 entities arising from AASB 2013-3 '*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*'. Note: Early application permitted provided AASB 1053 '*Application of Tiers of Australian Accounting Standards*'; and AASB 2013-3 '*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*' are also adopted for the same period.	Applicable to annual periods beginning on or after 1 January 2014	Optional (for eligible entities)

New and revised Interpretations

New or revised requirement	When effective	Applicability to 31 December 2013 half years
Interpretation 21 '*Levies*' Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should recognised in full at a specific date or progressively over a period of time.	Applies to annual periods beginning on or after 1 January 2014	Optional

Pronouncements approved by the IASB/IFRIC where an equivalent pronouncement has not been issued by the AASB

New or revised requirement	When effective	Applicability to 31 December 2013 half years
Conceptual Framework for Financial Reporting First phase of the IASB and FASB joint project to develop an improved revised conceptual framework for International Financial Reporting Standards (IFRSs) and US generally accepted accounting practices (US GAAP). The first phase deals with the objective and qualitative characteristics of financial reporting, incorporating the following chapters: • Chapter 1 The objective of financial reporting • Chapter 3 Qualitative characteristics of useful financial information • Chapter 4 The 1989 Framework: the remaining text. *Note: The Conceptual Framework project is being conducted in phases. As a chapter is finalised, the relevant paragraphs in the 'Framework for the Preparation and Presentation of Financial Statements' that was published in 1989 will be replaced. Chapter 2 will deal with the reporting entity concept.*	The Conceptual Framework is not an IFRS and hence does not define standards for any particular measurement or disclosure issue. Nothing in the Conceptual Framework overrides any specific IFRS	Applicable once equivalent Framework adopted by the AASB

Corporations Act 2001 developments

Development	When effective
ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' [RG 230] Provides guidance on disclosure of non-IFRS (International Financial Reporting Standards) financial information. Non-IFRS financial information can provide useful information to investors and other users. However, it may increase the risk of misleading disclosure. This guidance would assist directors and preparers of financial information in reducing this risk, and the guidance includes: • giving equal or greater prominence to IFRS financial information; • explaining the non-IFRS information and reconciling it to the IFRS financial information; • calculating the information consistently from period to period; and • not using information to remove 'bad news'.	Issued 9 December 2011
ASIC Regulatory Guide 247 'Disclosing non-IFRS financial information' [RG 247] Provides guidance on preparing an operating and financial review (OFR) in the directors' report of a listed entity under s.299A of the Corporations Act 2001. RG 247 includes guidance on: • providing a narrative and an analysis of the entity's operations and financial position • outlining the entity's key business strategies and providing a discussion of the entity's prospects for future financial years • the application of the 'unreasonable prejudice' exemption from disclosing specific business strategies and prospects.	Issued 27 March 2013

Other developments

The following are other developments that may have direct or indirect impacts on financial reporting:

- ASIC focus areas for financial reporting - the Australian Securities & Investments Commission (ASIC) have continued to highlight the importance of reporting performance, including addressing the impact of new accounting standard requirements and focus on asset values in light of the current economic climate. Directors should focus on disclosures of useful and meaningful information for investors and other users. Some of the key areas noted in the ASIC guidance include:
    - disclosure in the operating and financial review for listed entities
    - off- balance sheet arrangements and impact of new accounting standards
    - asset values and impairment testing
    - the value of financial instruments that are not traded in an active market
    - tax accounting
    - going concern assessment
    - revenue recognition and expense deferral policies.
- Proposed amendments to the dividends test: In December 2012, the Parliamentary Secretary to the Treasurer released an exposure draft legislation and explanatory material to amend the test for the payment of dividends under section 254T of the Corporations Act 2001.The exposure draft proposes that the current dividends test be repealed and replaced with a dividends test that allows companies to:
    - apply the dividends test immediately before declaration of the dividend or immediately before payment of the dividend, as appropriate, consistent with the Corporations Act 2001 dividend provisions and company practice
    - calculate assets and liabilities, for the purpose of the dividends test, in accordance with the accounting records of the company (that are required to be kept under section 286 of the Corporations Act 2001) in circumstances where the company is not required to prepare a financial report.

  For companies that are required to prepare a financial report, assets and liabilities must be calculated in accordance with Accounting Standards (consistent with the current dividends test).

Online resources

Deloitte Australia website

Regulation is a given in this post-Enron and post-financial crisis world. New challenges – and opportunities – arise on an almost daily basis: International Financial Reporting Standards, Corporations law changes, Carbon, best practice Corporate Governance, and the list goes on. Responding to these challenges and making the most of the opportunities they present is a critical objective of boards, audit committees and senior management alike.

Access to information about these important developments and understanding their practical and commercial implications is a crucial part of your organisation's response. In this regard, we've recently relaunched a transformed and updated Assurance and Advisory website to assist you. In response to your feedback, the site has been restructured with hot topics, easier navigation, expert accounting technical information (including archives) and more detailed information about our services. The new site and content is designed to assist you quickly find the information suited to your needs.

Why not visit our new site now at http://www.deloitte.com/au/AssuranceAdvisory.

In keeping with the theme of easy access to critical information, you can also use our Quick links to get to the information on topics of key importance to you, such as:

IFRS - www.deloitte.com/au/IFRS

Monthly Roundups of developments – www.deloitte.com/au/MonthlyRoundup

Advisory Services – www.deloitte.com/au/AdvisoryServices

Carbon Reporting – www.deloitte.com/au/CarbonReporting

Accounting alerts – www.deloitte.com/au/AccountingAlerts

Our most popular quick links can be found here – www.deloitte.com/au/QuickLinks and you can easily bookmark your favourites from this page.

IAS Plus website

Our IAS Plus website provides the most comprehensive information on the Internet about international financial reporting. It is aimed at accounting professionals, businesses, financial analysts, standard-setters and regulators, and accounting educators and students. The site, which is totally free of charge, has a broad array of resources about the International Accounting Standards Board, International Financial Reporting Standards, and international accounting and auditing in general.

Access the site at www.iasplus.com

Other websites

AASB – www.aasb.gov.au

ASIC – www.asic.gov.au

ASX – www.asx.com.au

IASB – www.iasb.org

FASB – www.fasb.org (in addition to US-GAAP information, contains information on joint IASB/FASB projects)

Section B
Model condensed half year report

Contents | **Page**

About the model-half year report

Purpose

This model half-year financial report for managed investment schemes has been designed by Deloitte Touche Tohmatsu to assist clients, partners and staff with the preparation of interim financial reports by a unitised managed investment scheme, trust or fund in accordance with:

- Provisions of the Corporations Act 2001;
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (except as noted below);
- Other requirements and guidelines current as at the date of issue, including Australian Securities and Investments Commission ('ASIC') Class Orders, Regulatory Guides and Media Releases.

It does not purport to demonstrate compliance with all regulations and Accounting Standards applicable to all funds. Rather it attempts to show an appropriate level of disclosure for the majority of funds. Our hope is that you find these illustrative accounts useful in preparing your draft financial statements for 31 December 2013. As has always been the case, there will be areas where judgment is required to arrive at certain valuations and disclosures.

Accounting standards are constantly being updated and we encourage the preparers of financial statements to keep abreast of current developments. Our dedicated IFRS website, www.iasplus.com, has links to several useful publications as well as updates on the global IFRS agenda.

This model financial report is not designed to meet all the needs of specialised funds. Rather, it is intended to meet the needs of the vast majority of funds in complying with the interim reporting requirements of the Corporations Act 2001, Accounting Standards and Interpretations.

Exclusions

This model half-year report does not, and cannot be expected to cover all situations that may be encountered in practice. Therefore, knowledge of the disclosure provisions of the Corporations Act 2001, Australian Accounting Standards and Interpretations are pre-requisites for the preparation of half-year reports.

This model half-year report has been prepared based on certain assumptions, including the following:

- The Scheme has historically prepared both consolidated and separate financial statements;
- The Scheme is not listed on any exchange;
- The units of the Scheme are classified as a financial liability, not equity;
- The Scheme has control of one other fund, and there were no changes in control during the period;
- The Scheme does not have significant influence over any of the entities it invests in;
- The Scheme presents a single statement of comprehensive income;
- The Scheme does not include an additional statement of financial position (i.e. 'third' statement of financial position under AASB 101 (2007));
- The Scheme does not hold 'available for sale' investments and does not engage in cash flow hedging;
- There are no foreign currency translation or other entries directly to reserves (arising for example from hedge accounting or asset classification); and
- The Scheme does not have any liabilities that are measured at fair value on a recurring basis;
- The adoption of AASB 13 did not result in any changes to fair value measurements;
- The functional currency is Australian dollars.

We see this publication as an illustration and strongly encourage preparers of financial statements to ensure that disclosures made are relevant, practical and useful.

Deloitte has a dedicated Wealth Management team that can provide assistance and advice to individual clients on the application of the more complex matters arising in the preparation of the annual financial statements, or indeed in relation to other wealth management related matters. Further details of this team and the services we can provide is set out on the inside cover of this report.

Source references

References to the relevant requirements are provided in the left hand column of each page of the illustrative report. Where doubt exists as to the appropriate treatment, examination of the source of the disclosure requirement is recommended.

Abbreviations used in this illustration are as follows:	
AASB	Australian Accounting Standards Board, or reference to an Accounting Standard issued by the Australian Accounting Standards Board
ASIC	Australian Securities and Investments Commission
ASIC-CO	Australian Securities and Investments Commission Class Order issued pursuant to s.341(1) of the Corporations Act 2001
ASIC-RG	Australian Securities and Investments Commission Regulatory Guide
ASX	Australian Stock Exchange Limited, or reference to a Listing Rule of the Australian Stock Exchange
IASB	International Accounting Standards Board
IFRS/IAS	International Financial Reporting Standard issued by the IASB or its predecessor
IFRIC	International Financial Reporting Interpretations Committee or its predecessor, or reference to an Interpretation issued by the International Financial Reporting Interpretations Committee
Int	Interpretation issued by the AASB
Reg	Regulation of the *Corporations Regulations 2001*
s.	Section of the *Corporations Act 2001*

Elucidation Fund

ARSN 12 345 678 900
Report for the half year ended 31 December 2013

Source	Elucidation Fund

Directors' report

ASIC-CO 98/2395	Information required by s.306 may be transferred to a document attached to the directors' report and half year financial report where a clear cross reference to the pages containing the excluded information exists and certain conditions are satisfied. Where the information is transferred to the half year financial report it will be subject to audit or review.
s.1308(7)	Where the directors' report contains information in addition to that required by the Corporations Act 2001, the information will be regarded as part of the directors' report for the purposes of s.1308 'False or misleading statements'.

The directors of Elucidation Fund Management Limited, the Responsible Entity of the fund, submit herewith the financial report of Elucidation Fund and its controlled funds (the Fund) for the half year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

s.306(1)(b) The names of the directors of the Responsible Entity during or since the end of the financial year are:

Name	
Mr L.C. Tzel	Mr B.M. Stavrinidis
Mr P.H. Taylor	Mr W.K. Flinders
Ms F.R. Ridley	Ms L.A. Lochert
Mr A.K. Black	Ms S.M. Saunders

s.306(1)(b) The above named directors held office during and since the end of the half year except for:

Mr W.K. Flinders – resigned 20 July 2013

Ms S.M. Saunders – appointed 2 August 2013

Ms L.A. Lochert – appointed 30 July 2013 and resigned 3 December 2013

Review of operations

s.306(1)(a) The directors' report must contain a review of the fund's operations during the half year and the results of those operations. The Corporations Act 2001 contains no guidance on the contents of this review.

The directors of a Responsible Entity may wish to include:

- The investment performance of the fund for the reporting period based on the calculation requirements of FSC Standard No.6 "Product Performance Calculation of Returns" for the past five years;
- A table showing separately capital growth and distributions and where a particular benchmark is meaningful, displaying these against that benchmark;
- A graph in which performance results are displayed against that same benchmark;
- Management costs (in percentage terms) calculated for the past three years (please also refer to page C4 for our summary of the Indirect Cost Ratio); and
- The ex-distribution Exit Price for the fund as at the close of business on the reporting date for the past five years. The highest and the lowest Exit Price during the year for each of the past five years.

Service Providers

These disclosures are recommended but not required

The service providers during or since the end of the financial year are:

- Responsible Entity
- Investment manager (including sub-manager)
- Custodian (including sub-custodian)
- Administrator
- Registry
- Prime broker
- Auditor

Source	Elucidation Fund

Management costs

Corporations Amendment Regulations 2005 (No. 1)

The Indirect Cost Ratio ("ICR") was introduced into law by the Corporations Amendment Regulations 2005 (No.1) dated 10 March 2005. Note that the disclosure of measures of management costs in Financial Reports is not legislated, but is standard industry practice – and generally appears in the annual financial report.

The ICR for a Fund is the ratio of the Fund's management costs that are not deducted directly from an investor's account to the Fund's total average net assets:

- To be presented as a dollar figure as well as a percentage;
- To be calculated at the end of each reporting period;
- Uses the average fund size during the period; and
- Does not include fees that are directly deducted from an investor's account.

The definition of management costs includes:

- Administration costs;
- Custodial fees;
- Distribution costs;
- Other expenses and reimbursements;
- Investment costs;
- Accounts deducted from a common fund; and
- Estimated and actual performance fees.

The definition of management costs excludes:

- Transactional and operational costs (such as brokerage, buy-sell spreads, settlement costs, clearing - costs, stamp duty),
- Establishment fees;
- Switching fees;
- Contribution fees;
- Termination and withdrawal fees;
- Incidental fees; and
- any other costs that an investor would incur when investing directly in the underlying assets.

Note that this is not a comprehensive description of the ICR requirements. Refer to the Corporations Amendment Regulations 2005 (No. 1) for a detailed description of the requirements.

Auditor's independence declaration

s.306(2)

The auditor's independence declaration is included on page 30 of the half year report.

ASIC-CO 98/2395

The auditor's declaration under s.307C in relation to the audit or review for the half year may be transferred from the directors' report into a document which is included with the directors' report and the half year financial report. The auditor's independence declaration may not be transferred to the half year financial report. The directors' report must include a clear cross-reference to the page(s) containing the auditor's declaration.

True and fair view

s.306(2)

If the half year financial report includes additional information in the notes to the condensed financial statements necessary to give a true and fair view of the financial performance and position of the disclosing entity (including the fund), the directors' report must also:

(a) set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give a true and fair view required by s.305; and

(b) specify where that information can be found in the half year financial report.

ASIC-CO 98/2395

This additional information may not be transferred to the half year financial report.

Source	Elucidation Fund
	Rounding off of amounts
ASIC-CO 98/100	The Fund is a Fund of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.
ASIC-CO 98/100	If the fund is of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and consequently the amounts in the directors' report and the half year financial report are rounded, that fact must be disclosed in the financial report or the directors' report. Refer Section B of this publication for further information about ASIC Class Order 98/100, including the conditions that must be met for relief under the class order to be available.
s.306(3)	Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.
	On behalf of the Directors of the Responsible Entity, Elucidation Fund Management Limited.
	(Signature)
	L.C. Tzel
	Director
	Melbourne, 15 February 2014

Source reference

Auditor’s independence declaration

s.306(1A)

An auditor’s independence declaration shall be prepared by the auditor in accordance with the Corporations Act 2001. This publication does not include an illustrative auditors’ independence declaration.

Source reference	Elucidation Fund
s.307C(1), (3)	If an audit firm, audit company or individual auditor conducts an audit or review of the financial report for a half year, the lead auditor must give the directors of the Fund, registered fund or disclosing entity a written declaration that, to the best of the lead auditor's knowledge and belief, there have been: • no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit or review; and • no contraventions of any applicable code of professional conduct in relation to the audit or review; or A written declaration that, to the best of the lead auditor's knowledge and belief, the only contraventions of: • the auditor independence requirements of the Corporations Act 2001 in relation to the audit or review; or • any applicable code of professional conduct in relation to the audit or review; are those contraventions details of which are set out in the declaration.
s.307C(5)(a)	The auditor's independence declaration must be given when the audit report is given to the directors of the Fund, registered fund or disclosing entity (other than when the conditions in s.307(5A) are satisfied – see below) and must be signed by the person making the declaration.
s.307(5A)	A declaration under s.307C(1) or s.307C(3) in relation to a financial report for a half year satisfies the conditions in this subsection if: • the declaration is given to the directors of the Fund, registered fund or disclosing entity before the directors pass a resolution under s.306(3) in relation to the directors' report for the half year; and • a director signs the directors' report within 7 days after the declaration is given to the directors; and • the auditors' report on the financial report is made within 7 days after the directors' report is signed; and • the auditors' report includes either of the following statements: – a statement to the effect that the declaration would be in the same terms if it had been given to the directors at the time that auditors' report was made; – a statement to the effect that circumstances have changed since the declaration was given to the directors, and setting out how the declaration would differ if it had been given to the directors at the time the auditor's report was made.
s.307C(5B)	An individual auditor or lead auditor is not required to give a declaration under s.307(1) and s.307(3) in respect of a contravention if: • the contravention was a contravention by a person of s.324CE(2) or s.324CG(2) (strict liability contravention of specific independence requirements by individual auditor or audit firm), or s.324CF(2) (contravention of independence requirements by members of audit firms); and • the person does not commit an offence because of s.324CE(4), s.324CF(4) or s.324CG(4) (quality control system defence).

Source reference

Independent auditors' report

An independent auditor's report shall be prepared by the auditor in accordance with the Australian Auditing Standards. This publication does not include an illustrative auditors' report.

Source reference	Elucidation Fund
	Directors' declaration
	The content in the directors' declaration illustrated below is included by way of example and may depend upon the provisions of the Fund's constitution.
	The directors of the Responsible Entity declare that:
s.303(4)(c)	• In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
s.303(4)(d)	• In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the fund.
s.303(5)	Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.
	On behalf of the Directors of the Responsible Entity, Elucidation Fund Management Limited.
	(Signature)
s.303(5)	L.C. Tzel
	Director
s.303(5)	Melbourne, 15 February 2014

Condensed statement of profit or loss and other comprehensive income for the half year ended 31 December 2013

	Notes	Half year ended	
		31 December 2013 $'000	31 December 2012 $'000
Income		$'000	$'000
Dividends		1,722	2,228
Distributions		2,310	1,428
Interest		695	3,555
Rental income		473	421
Unrealised changes in fair value of investments		13,770	9,311
Realised gains on disposal of investments		9,430	7,982
Net foreign currency gains		2,953	4.135
Other income (aggregate of immaterial items)		23	4
Total income		31,376	29,064
Expenses			
Investment management fee		976	1,008
Scheme administration fee		290	913
Custodian fee		186	-
Other expenses		140	263
Auditor's remuneration		36	35
Finance costs (excluding finance costs attributable to unitholders)		5,185	4,834
Total expenses		6,813	7,053
Profit attributable to unitholders		24,563	22,011
Finance costs attributable to unitholders			
Distributions to unitholders			
Increase in net assets attributable to unitholders		(24,563)	(22,011)
Net profit		-	-
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of property		-	-
		-	-
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on available-for-sale financial assets		-	-
Net fair value gain on hedging instruments entered into for cash flow hedge		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		-	-

Notes to the condensed financial statements have been included in the accompanying pages.
Source references: AASB134.8(b)(i), 10, 11, 14 and 20(b)

This statement is an illustrative example of how a scheme might present its statement of comprehensive income. An individual scheme will choose a format which they consider to be the most relevant and understandable to the users of the annual report.

In determining the appropriate format, preparers may wish to refer to Illustrative Example 7 in *AASB 132 Financial Instruments: Presentation.*

The guidance below is extracted from Accounting Standards as they relate to the preparation of the primary financial statements for an annual financial report. Some required disclosures are permitted to be made either on the face of the financial statements or in the notes to the financial statements. Where an entity chooses to disclose such items on the face of the financial statements in the annual financial report, they should also be presented on the face of the financial statements in the interim financial report. Where a scheme chooses to disclose such items in the notes to the financial statements in the annual financial report, such disclosures are not required in the interim financial report unless they are otherwise required by AASB 134.
Similarly, some requirements of the Accounting Standards relating to the preparation of the primary financial statements for an annual financial report require disclosures in the notes to the financial statements. Where disclosures are required only in the notes to the financial statements in the annual financial report, such disclosures are not required in the interim financial report unless they are otherwise required by AASB 134.

Presentation of income and expenses

AASB 101.10A

An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss.

AASB101.81A

The statement of profit or loss and other comprehensive income (statement of comprehensive income) shall present, in addition to the profit or loss and other comprehensive income sections:

(a) profit or loss;

(b) total other comprehensive income;

(c) comprehensive income for the period, being the total of profit or loss and other comprehensive income.

If an entity presents a separate statement of profit or loss it does not present the profit or loss section in the statement presenting comprehensive income.

For illustration purposes, this financial statement only represents a single statement of comprehensive income.

AASB101.82

In addition to items required by other Australian Accounting Standards, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:
(a) revenue;
(b) finance costs;
(c) share of the profit or loss of associates and joint ventures accounted for using the equity method;
(d) tax expense;
(e) [deleted by the IASB]
(ea) a single amount for the total of discontinued operations (see AASB5).
(f)-(i) [deleted by the IASB]

AASB101.82A

The other comprehensive income section shall present line items for amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method) and grouped into those that, in accordance with other Australian Accounting Standards:

(a) will not be reclassified subsequently to profit or loss; and

(b) will be reclassified subsequently to profit or loss when specific conditions are met.

AASB101.88

All items of income and expense recognised in a period are to be included in profit or loss unless another Accounting Standard requires otherwise. Other Accounting Standards require some gains and losses (for example, revaluation increases and decreases, particular foreign exchange differences, gains or losses on remeasuring available-for-sale financial assets, and related amounts of current tax and deferred tax) to be recognised directly as changes in equity.

Examples of items of income and expense recognised directly in equity not illustrated in these model financial statements include:

• gains/losses on a hedge of the net investment in a foreign operation
• transfers to profit or loss on impairment of available-for-sale financial assets
• transfers to profit or loss on sale of available-for-sale financial assets
• share of increments in reserves attributable to associates
• share of increments in reserves attributable to joint ventures

The Scheme in this model annual report has no components of ‘other comprehensive income’ but it includes an additional line item for illustrative purposes.

AASB101.99, 100

A scheme shall present, in the statement of comprehensive income or in the separate income statement (if presented), or in the notes, an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the scheme, whichever provides information that is reliable and more relevant. Sub-classifications of expenses by nature or function have been illustrated in the example on the face of the separate income statement and in the statement of comprehensive income respectively as is encouraged by the Accounting Standard.

AASB101.105

The choice between the function of expense method and the nature of expense method depends on historical and industry factors and the nature of the scheme. Both methods provide an indication of those costs that might vary, directly or indirectly, with the level of sales or production of the scheme. Because each method of presentation has merit for different types of entities, management is required to select the most relevant and reliable presentation. However, because information on the nature of expenses is useful in predicting future cash flows, additional disclosure is required when the function of expense classification is used.

AASB101.29, 30
AASB101.31

Regardless of whether expenses are classified by nature or by function, each material class is separately disclosed. Unclassified expenses that are immaterial both individually and in aggregate may be combined and presented as a single line item. An item that is not sufficiently material to warrant separate presentation on the face of the financial statements may nevertheless be sufficiently material for it to be presented separately in the notes. It follows that the total of unclassified expenses is unlikely to exceed 10 per cent of total expenses classified by nature or by function, whether disclosed either on the face or in the notes to the financial statements.

Offsetting

AASB101.32

A scheme shall not offset income and expenses, unless required or permitted by an Australian Accounting Standard.

AASB101.34

An entity undertakes, in the course of its ordinary activities, transactions that do not generate revenue but are incidental to the main revenue-generating activities. An entity presents the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example:

(a) an entity presents gains and losses on the disposal of non-current assets, including investments and operating assets, by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses; and

(b) an entity may net expenditure related to a provision that is recognised in accordance with AASB 137 ‘Provisions, Contingent Liabilities and Contingent Assets’ and reimbursed under a contractual arrangement with a third party (for example, a supplier’s warranty agreement) against the related reimbursement.

AASB101.35

A scheme presents on a net basis gains and losses arising from a group of similar transactions, for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading. However, a scheme presents such gains and losses separately if they are material.

Disclosure of specific income and expenses

AASB101.97

When items of income and expense are material, an scheme shall disclose their nature and amount separately either in the statement of comprehensive income and the separate income statement (if presented) or in the notes.

Disclosure of additional information

AASB101.85

A scheme shall present additional line items, headings and subtotals in the statement of comprehensive income and the separate income statement (if presented), when such presentation is relevant to an understanding of the scheme’s financial performance.

Prohibition on extraordinary items

AASB101.87

A scheme shall not present any items of income or expense as extraordinary items, in the statement of comprehensive income or the separate income statement (if presented), or in the notes.

Condensed statement of financial position as at 31 December 2013

	Note	31 December 2013 $'000	30 June 2013 $'000
Assets			
Cash and cash equivalents		24,516	11,598
Trade and other receivables	**6**	8,972	9,595
Unlisted equities and schemes at fair value[1]	**6**	10,100	49,550
Investment in controlled unlisted fund at fair value[1]	**6**	37,613	37,708
Listed equities and schemes at fair value[1]	**6**	18,738	17,337
Held-to-maturity investments carried at amortised cost	**6**	61,800	74,400
Loans and receivables carried at amortised cost	**6**	3,637	3,088
Investment property at fair value		9,562	8,763
Other assets		16,681	17,878
Total assets		**191,619**	**229,917**
Liabilities			
Payables	**6**	1,155	1,432
Distributions payable	**3**	-	37,541
Interest bearing liabilities	**6**	2,400	2,400
Total liabilities		**3,555**	**41,373**
Net assets attributable to unitholders	**5**	**188,064**	**188,544**
Liability attributable to unitholders		(188,064)	(188,544)
Net assets		-	-

Notes to the condensed financial statements have been included in the accompanying pages.
Source references: AASB134.8(a), 10, 14 and 20(a)

This statement is an illustrative example of how a scheme might present its statement of comprehensive income. An individual scheme will choose a format which they consider to be the most relevant and understandable to the users of the annual report.

[1] Although this is an illustrative guide to how investments may be presented, industry practice if diverse and descriptions can range from being very granular to much higher level.

Condensed statement of changes in equity for the half year ended 31 December 2013

	Equity attributable to unitholders $'000
Balance at 1 July 2012	**-**
Profit for the period	-
Other comprehensive income for the period	-
Total comprehensive income for the period	-
Balance at 31 December 2012	-
Balance at 1 July 2013	-
Other comprehensive income for the period	-
Total comprehensive income for the period	-
Balance at 31 December 2013	-

Notes to the condensed financial statements have been included in the accompanying pages.

Source references: AASB134.8(c), 10, 14 and 20(c)

Refinancing liabilities

AASB101.72 Where current and non-current liabilities are presented separately, financial liabilities shall be categorised as current when they are due to be settled within 12 months of the reporting period, even if:

(a)the original term was for a period longer than 12 months; and

(b)an agreement to refinance, or to reschedule payments, on a long term basis is completed after the reporting period and before the financial statements are authorised for issue.

AASB101.73 However, if a scheme expects, and has the discretion, to refinance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for refinancing), the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

Breach of loan covenants

AASB101.74 When an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender has agreed, after the reporting period, and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date

AASB101.75 However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

Offsetting

AASB101.32 A scheme shall not offset assets and liabilities, unless required or permitted by an Accounting Standard, for example, AASB 132 Financial Instruments: Presentation.

Condensed statement of cash flows
for the half year ended 31 December 2013

	Half year ended	
	31 December 2013 $'000	31 December 2012 $'000
Cash flows from operating activities		
Dividends and distributions received	3,557	3,696
Interest received	886	876
Management fees paid	(1,297)	(1,626)
Other expenses paid	(600)	(1,784)
Interest and other finance costs paid(excl. distributions to unitholders)	(120)	(440)
Other income received	56	3
Net cash provided by operating activities	**2,482**	**725**
Cash flows from investing activities		
Payment for financial securities	(270,154)	(595,283)
Proceeds on sale of financial securities	349,182	632,542
Payments for investment property	(1,000)	(25,000)
Proceeds on sale of investment property	-	32,000
Net cash provided by investing activities	**78,028**	**44,259**
Cash flows from financing activities		
Receipts from the issue of units to unitholders	46,056	177,618
Payment for the redemption of units to unitholders	(111,991)	(188,440)
Repayment of borrowings	-	(6,000)
Proceeds from borrowings	-	3,600
Distributions paid to unitholders	(1,657)	(31,466)
Net cash used in financing activities	**(67,592)**	**(44,688)**
Net increase in cash and cash equivalents	**12,918**	**296**
Cash and cash equivalents at the beginning of the period	**11,598**	**10,089**
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-
Cash and cash equivalents at the end of the period	**24,516**	**10,385**

Notes to the condensed financial statements have been included in the accompanying pages.

Source references: AASB134.8(d), 10, 11, 14 and 20(d)

Source reference

AASB134.8(e)

Notes to the condensed financial statements

1. Significant accounting policies

Statement of compliance

AASB134.19

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 ‘Interim Financial Reporting’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34’ Interim Financial Reporting’. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

ASIC-CO 98/100

The Fund is a fund of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors’ report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

AASB134.16A(a)

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Fund’s 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New or revised Standards and Interpretations that are first effective in the current reporting period
The disclosures below illustrate the types of disclosure that should be made in respect of changes resulting from the adoption of the new or revised Standards and Interpretations. Users of this model half-year report are encouraged to refer to Section A ‘What’s new for financial reports at December 2013?’ to determine the Standards and Interpretations that are now effective and the impact of adoption of these Standards and Interpretations on financial reporting for the half-year ended 31 December 2013. Please contact your Deloitte advisor for further information about the implications of the new or revised Standards and Interpretations to your business.

AASB134.16A(a), s.334(5)

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Fund include:

- AASB 10 ‘Consolidated Financial Statements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 11 ‘Joint Arrangements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 12 ‘Disclosure of Interests in Other Entities’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 127 ‘Separate Financial Statements’ (2011) and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 128 ‘Investments in Associates and Joint Ventures’ (2011) and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 13 ‘Fair Value Measurement’ and AASB 2011-8 ‘Amendments to Australian Accounting Standards arising from AASB 13’
- AASB 2012-2 ‘Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities’
- AASB 2012-5 ‘Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle’
- AASB 2012-10 ‘Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments’
- AASB 2013-5 ‘Amendments to Australian Accounting Standards – Investment Entities’

Source reference

1. Significant accounting policies (cont'd)

Investments in subsidiaries

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee.

AASB 10 is effective for periods beginning from 1 January 2013, with early adoption permitted (provided certain conditions are satisfied).

Investment entity exemption

The amendments to AASB 10 introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

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

Consequential amendments to AASB 12 and AASB 127 have been made to introduce new disclosure requirements for investment entities.

In general, the amendments are effective for periods beginning 1 January 2014 with early adoption permitted. The amendments require retrospective application, with specific transitional provisions.

Impact of the application of AASB 10 and the related investment entity amendments

The directors made an assessment at the date of the initial application of AASB 10 (i.e. 1 July 2013) as to whether the Fund has control over its investees in accordance with the new definition of control and the related guidance set out in AASB 10. The directors concluded that the application of AASB 10 has not resulted in any change to the entities required to be consolidated by the Fund.

For this half-year period, the directors have decided to early adopt the amendments to AASB 10 arising from AASB 2013-5 which introduces the investment entity exemption from consolidation. The directors have assessed the investment entity definition and have concluded that the Fund satisfies the criteria to qualify as an investment entity. The Fund also meets all the typical characteristics of an investment entity. Consequently, the Fund is no longer required to consolidate any of its subsidiaries (which were previously consolidated) and now accounts for its interests in subsidiaries at fair value through profit or loss.

Furthermore, since the Fund is now measuring all of its subsidiaries at fair value through profit or loss, it is no longer required to prepare consolidated financial statements, but prepares separate financial statements as its only financial statements, as provided by the amendments to AASB 127.

This change in accounting policy has been applied retrospectively in accordance with the relevant transitional provisions of as set out in AASB 10 which requires retrospective application in accordance with AASB 108.

Source reference

1. Significant accounting policies (cont'd)

The Fund's accounting policy is to measure its investment in subsidiaries at fair value through profit or loss in the separate financial statements. As the separate financial statements have been previously disclosed, no further information is presented on the impact of the above change, given that the separate financial statements show the financial position of the Fund as required by the investment entities exception.

For this set of illustrative financial statements, as the Fund has previously prepared both consolidated and separate financial statements and its investments in subsidiaries were also accounted for at fair value through profit or loss in the separate financial statements, the separate financial statements illustrate the impact of deconsolidating the subsidiaries and accounting for them at fair value through profit or loss (on the application of the investment entity exemption). Accordingly, for this set of illustrative financials, the disclosure of a description outlining the nature of the changes is sufficient to satisfy the disclosure requirements of AASB 134 – no further quantitative disclosures are required.

For other funds that have previously only prepared consolidated financial statements (no separate financial statements have been prepared), additional quantitative disclosures are required to illustrate the disclosures on the impacts of the deconsolidation of the subsidiaries that are now accounted for at fair value on the application of the investment entity exemption.
The following example disclosures may be relevant for such entities. Entities will need to edit and adapt the disclosures below to reflect their individual policies and circumstances:

Comparative amounts for 2012 and the related amounts as at 1 July 2012 have been restated in accordance wth the relevant transitional provisions set out in AASB 10 to adjust for the non-consolidation of the subsidiaries that were previously consolidated (see tables below).

	6 months ended 31 Dec 2012 $'000
Impact on profit (loss) for the year of the application of AASB 10	
Increase / decrease in dividend income	-
Increase / decrease in interest income	-
Increase / decrease in realised gains on disposal of investments	-
Increase / decrease in unrealised changes in fair value of investments	-
Increase / decrease in net foreign currency gains	-
Increase / decrease in scheme administration fees	-
Increase / decrease in investment management fees	-
Increase / decrease in custodian fees	-
Increase / decrease in other expenses	-
Increase / decrease in auditors remuneration	-
Increase / decrease in finance costs	-
[Describe]	-
Increase / decrease in profit attributable to unitholders	-
Finance costs attributable to unitholders	
Increase / decrease in distributions to unitholders	-
Increase / decrease in net assets attributable to unitholders	-
Increase / decrease in other comprehensive income	-
Increase / decrease in total comprehensive income for the period	-

Source reference

1. Significant accounting policies (cont'd)

	As at 1/07/2012 as previously reported $'000	AASB 10 adjustments $'000	As at 01/07/2012 as restated $'000
Impact on assets, liabilities and equity as at 1 July 2012 of the application of the above new and revised Standards			
Cash and cash equivalents	-	-	-
Trade and other receivables	-	-	-
Listed equities and schemes at fair value	-	-	-
Unlisted equities and schemes at fair value	-	-	-
Held-to-maturity investments at amortised cost		-	-
Loans and receivables at amortised cost	-	-	-
Investment property at fair value	-	-	-
Other assets	-	-	-
Payables	-	-	-
Distributions payable	-	-	-
Interest bearing liabilities	-	-	-
[Describe]	-	-	-
Total effect on net assets	-	-	-

	As at 30/06/2013 as previously reported $'000	AASB 10 adjustments $'000	As at 30/06/2013 as restated $'000
Impact on assets, liabilities and equity as at 30 June 2013 of the application of the above new and revised Standards	-	-	-
Cash and cash equivalents	-	-	-
Trade and other receivables	-	-	-
Listed equities and schemes at fair value	-	-	-
Unlisted equities and schemes at fair value	-	-	-
Held-to-maturity investments at amortised cost	-	-	-
Loans and receivables at amortised cost	-	-	-
Investment property at fair value	-	-	-
Other assets	-	-	-
Payables	-	-	-
Distributions payable	-	-	-
Interest bearing liabilities	-	-	-
[Describe]	-	-	-
Total effect on net assets	-	-	-

	AASB 10 adjustments $'000
Impact on cash flows for the year ended 30 June 2013 on the application of the above new and revised standards	
Net cash inflow (outflow) from operating activities	-
Net cash inflow (outflow) from investing activities	-
Net cash inflow (outflow) from financing activities	-
Net cash inflow (outflow)	-

Impact of the application of AASB 12

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the financial statements.

The amendments to AASB 12 introduce additional disclosures for the exception from the requirement to consolidate subsidiaries for an investment entity. The Fund has made additional disclosures in the financial statements on the application of AASB 12 as it has early adopted the amendments to AASB 12 (arising from AASB 2013-5) and therefore became an investment entity for the first time during the period.

Source reference

1. Significant accounting policies (cont'd)

Impact of the application of AASB 13

The Fund has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Fund has not made any new disclosures required by AASB 13 for the 2012 comparative period. The Fund has made additional disclosures in the financial statements but the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

Impact of the application of AASB 2012-2

The Fund has applied the amendments to AASB 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Fund does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements.

AASB134.16A(a)

Where accounting policy or methods of computation changes have been made since the most recent annual financial statements, the half year financial report shall include a description of the nature and effect of the change.

AASB134.43

A change in accounting policy, other than one for which the transition is specified by a new Australian Accounting Standard, shall be reflected by:

- restating the financial statements of the comparable half year period of any prior annual reporting periods that will be restated in the annual financial statements in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors; or
- when it is impracticable to determine the cumulative effect at the beginning of the annual reporting period of applying a new accounting policy to all prior periods, adjusting the financial statements of the comparable half year period of any prior annual reporting periods to apply the new accounting policy prospectively from the earliest date practicable.

AASB134.44

That is, any change in accounting policy is applied either retrospectively or, if that is not practicable, prospectively, from no later than the beginning of the annual reporting period.

Fair value of derivatives and other financial instruments

Management uses its judgment in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates. The carrying amount of the units is $419 thousand (2010: nil).

Source reference

2. Results for the period

AASB134.16A(c)

The notes to the condensed financial statements shall disclose, if not disclosed elsewhere in the half year financial report, the nature and amount of items affecting assets, liabilities, net income, or cash flows that are unusual because of their nature, size or incidence.

AASB134.15B

The following is a list of events and transactions for which disclosures would be required if they are significant; this list is not exhaustive:

- recognition of a loss from the impairment of property, financial assets, or other assets, and the reversal of such an impairment loss;
- the reversal of any provisions for the costs of restructuring;
- acquisitions and disposals of items of property;
- commitments for the purchase of property;
- litigation settlements;
- corrections of prior period errors;
- any loan default or breach of a loan agreement that has not been remedied on or before the reporting date
- related party transactions;
- changes in the business or economic circumstances that affect the fair value of financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost;
- transfer between levels of fair value hierarchy used in measuring the fair value of financial instruments;
- changes in the classification of financial assets as a result of a change in the purpose or use of those assets; and
- changes in contingent liabilities or contingent assets.

3. Distributions

AASB134.16A(f)

During the period, Elucidation Fund made the following distribution payments:

	31 December 2013		31 December 2012	
	Cents per unit	Total $'000	Cents per unit	Total $'000
Distribution payable	-	-	-	-
Distribution for the period	-	-	-	-

AASB134.16A(h)

There were no distributions for the half year. In accordance with the funds' constitution, distributions take place once a year at the end when the taxable income is fully determined.

The constitution of a Fund normally requires that the assessable income of the Fund is fully distributed, either by way of cash or reinvestment (i.e. unitholders are usually entitled to the entire taxable income of the Fund). In addition, under current income tax legislation, the fund is not liable to pay income tax as long as the income of the fund is fully distributed to unitholders.

4. Acquisitions and disposals

AASB134.16A(i)

The notes to the condensed financial statements shall disclose changes in contingent liabilities or contingent assets since the end of the last annual reporting period, if material and if not disclosed elsewhere in the half year financial report.

Business combinations

Where there has been a business combination during or since the end of the interim period, AASB 134.16(i) requires disclosure of the information required by AASB 3 Business Combinations (2008) in the interim financial report.

AASB 3(2008):

- allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests). In the current period, in accounting for the acquisition of the controlled fund, the fund has elected to measure the non-controlling interests at fair value.
- requires that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being expensed when incurred. Previously such costs were accounted for as part of the cost of the acquisition of the business.

Source reference

5. Net assets attributable to unitholders

	Half year ended 31 December 2013 Units	Half year ended 31 December 2012 Units
Units on issue at beginning of the half year	45,000,000	37,801,549
Applications	5,066,160	7,844,795
Redemptions	(11,566,769)	(10,387,274)
Units issued upon reinvestment of distributions	3,847,196	997,248
Units on issue at end of half year	**42,346,587**	**36,256,318**

	$'000	$'000
Net assets attributable to unitholders at beginning of the half year	188,544	144,735
Unit applications	38,380	148,015
Unit redemptions	(93,326)	(157,033)
Units issued upon reinvestment of distributions	29,903	18,816
Net transfer from / (to) statement of comprehensive income for the half year	24,563	22,011
Net assets attributable to unitholders at end of the half year	**188,064**	**176,544**

Each unit represents a right to an individual share in the Fund per the Constitution. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Fund.

6. Financial Instruments

AASB 134.16A(j)

This note provides information about how the Fund determines fair values of various financial assets and financial liabilities.

6.1 Fair value of the Fund's financial assets and financial liabilities that are measured at fair value on a recurring basis

AASB 13.93(a)
AASB 13.93(b)
AASB 13.93(d)
AASB 13.93(g)
AASB 13.93(h)(i)
AASB 13.B64(f)(iii)
AASB 13.B64(g)
AASB 13.B67(b)
AASB 13.IE65(e)

Some of the Fund's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy[2]	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/13	31/12/12				
1) Listed equity and schemes	Assets – $18,738	Assets – $17,337	Level 1	Quoted bid prices in an active market	N/A	N/A
2) Unlisted equities and schemes	Assets – $10,100	Assets – $49,550	Level 2	Discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments	N/A	N/A
3) Investment in controlled unlisted fund	Assets – $37,613	Assets – $37,708	Level 2	Discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments	N/A	N/A

Source reference

6. Financial Instruments (cont'd)

AASB 13.93(c) — There were no transfers between Level 1 and 2 in the period.

AASB 13.93(h)(ii) — For financial assets and financial liabilities whose recurring fair value measurements are categorised within Level 3, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change the fair value determined significantly, an entity should state that fact and disclose the effect of those changes. The entity should also disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated.

[2] This is an illustrative guide only for the classification of the fair value measurements of financial instruments into the appropriate levels of the fair value hierarchy. Entities are required to classify the fair value measurements of its financial instruments into the appropriate fair value hierarchy level in accordance with the requirements of AASB 13 based on an assessment of the inputs to valuation techniques used to derive fair value.

AASB7.25, 29(a) — 6.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	31/12/13		31/12/12	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables:	**12,609**	**12,558**	**12,683**	**12,482**
- loans to related parties	3,637	3,608	3,088	3,032
- finance lease receivables	-	-	-	-
- trade and other receivables	8,972	8,950	9,595	9,450
Held-to-maturity investments:	**61,800**	**61,882**	**74,400**	**74,500**
- bills of exchange	61,200	61,280	74,400	74,500
- debentures	600	602	-	-
Financial liabilities				
Financial liabilities held at amortised cost:	**3,438**	**3,047**	**3,214**	**3,137**
- bills of exchange	358	350	916	920
- convertible notes	144	120	-	-
- perpetual notes	905	600	-	-
- bank loans at fixed interest rates	600	585	600	592
- loans from other entities	276	250	266	245
- payables	1,155	1,142	1,432	1,380

Source reference

6. Financial Instruments (cont'd)

AASB 13.93(e)

6.3 Reconciliation of Level 3 fair value measurements

31 December 2013

	Asset-backed securities held for trading $'000	Others [describe] $'000	Total $'000
Opening balance	-	-	-
Total gains or losses:			
- in profit or loss	-	-	-
- in other comprehensive income	-	-	-
Reclassification of asset-backed securities	-	-	-
Purchases	-	-	-
Issues	-	-	-
Disposals/settlements	-	-	-
Transfers out of level 3	-	-	-
Closing balance	-	-	-

31 December 2012

	Asset-backed securities held for trading $'000	Others [describe] $'000	Total $'000
Opening balance	-	-	-
Total gains or losses:			
- in profit or loss	-	-	-
- in other comprehensive income	-	-	-
Reclassification of asset-backed securities	-		-
Purchases	-	-	-
Issues	-	-	-
Disposals/settlements	-	-	-
Transfers out of level 3	-	-	-
Closing balance	-	-	-

Fair value determined using valuation techniques

AASB13.91

An entity shall disclose information that helps users of its financial statements assess both of the following:

(a) for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements.

(b) for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

AASB13.93(e)

To meet the objectives in paragraph 91, an entity shall disclose:

for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

(i) total gains or losses for the period recognised in profit or loss, and the line item(s) in profit or loss in which those gains or losses are recognised.

(ii) total gains or losses for the period recognised in other comprehensive income, and the line item(s) in other comprehensive income in which those gains or losses are recognised.

(iii) purchases, sales, issues and settlements (each of those types of changes disclosed separately).

(iv) the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 95). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

Source reference

6. Financial Instruments (cont'd)

Fair value not reliably determinable

AASB7.29

Disclosures of fair value are not required for:

(a) when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables;

(b) for an investment in equity instruments that do not have a quoted price in an active market for an identical instrument (i.e. a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with AASB 139 because its fair value cannot otherwise be measured reliably; or

(c) for a contract containing a discretionary participation feature (as described in AASB 4) if the fair value of that feature cannot be measured reliably.

AASB7.30

In the cases described in paragraph 29(b) and (c), an entity shall disclose information to help users of the financial statements make their own judgements about the extent of possible differences between the carrying amount of those financial assets or financial liabilities and their fair value, including:

(a) the fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably;

(b) a description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably;

(c) information about the market for the instruments;

(d) information about whether and how the entity intends to dispose of the financial instruments; and

(e) if financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised.

7. Change in investment entity status

AASB134.16A(k)

For an entity that has early adopted AASB 2013-5 in order to apply the investment entity exemption and where the entity is becoming or ceasing to be an investment entity during the period, the entity is required to disclose the information required by paragraph 9B of AASB 12 in respect of the change of the investment entity status, the reasons for the change and the effect of the change (only for an entity becoming an investment entity).

AASB12.9B

When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented, including:

(a) the total fair value, as of the date of change of status, of the subsidiaries that cease to be consolidated;

(b) the total gain or loss, if any, calculated in accordance with paragraph B101 of AASB 10; and

(c) the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately).

8. Subsequent events

AASB134.16A(h)

The notes to the condensed financial statements shall disclose information about events after the half year reporting period that have not been reflected in the half year financial statements, if not disclosed elsewhere in the half year financial report. Further guidance concerning the disclosure of subsequent events is contained in AASB 110 'Events after the end of the reporting period'.