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Model Managed Investment Scheme annual report

Year ended 30 June 2017

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July 2017

Model Managed Investment Scheme Annual Report

Please find enclosed our Model Managed Investment Scheme Annual Report for the financial year ended 30 June 2017. It has been designed by Deloitte Touche Tohmatsu to assist clients, partners and staff with the preparation of annual financial reports for a managed investment scheme in accordance with Australian Accounting Standards.

This publication is in three sections, the first sets out the new and revised standards and interpretations for financial statements, the second provides an illustrative example of a single scheme financial report and the third provides a guide to local reporting obligations.

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

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

Kind regards

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner – National Wealth and Investment Management Sector Leader
Chartered Accountants

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About the model managed investment scheme annual report

This publication is designed to be read in conjunction with the *Australian financial reporting guide*, which is designed to 'bring it all together' so that you can understand reporting requirements, ensure compliance and develop your own reporting in line with best practice. The *Guide* is available at www.deloitte.com/au/models

Purpose

This model annual report has been designed by Deloitte Touche Tohmatsu to assist users with the preparation of **annual reports** for a **scheme** 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/Corporations Instruments, Regulatory Guides and Media Releases.

Limitations

The model scheme is assumed to have transitioned to the Australian Accounting Standard in June 2006, and accordingly, is not a first-time adopter of Australian Accounting Standards. Users should refer to AASB 1 'First-time Adoption of Australian Accounting Standards' for specific requirements regarding a scheme's first Australian Accounting Standards compliant financial statements.

Basis of preparation

New and revised standards

We have illustrated the impact of the adoption of a number of new and revised Standards and Interpretations in the Deloitte *Australian financial reporting guide*.

Showing 'nil' amounts

Note that in these model financial statements, we have frequently included line items for which a nil amount is shown, so as to illustrate items that are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for such 'nil' amounts.

Considering information needs of users

This illustration is not designed to meet specific needs of specialised schemes. Rather, it is intended to meet the needs of the majority of schemes in complying with the annual reporting requirements of the Corporations Act 2001.

Deloitte *Australian financial reporting guide*

This model annual report should be used together with the Deloitte *Australian financial reporting guide.* This guide includes the following:

- Big picture issues for the current reporting period
- Details of new and revised financial reporting pronouncements, together with model disclosures relating to the adoption of new accounting standards
- Relevant financial reporting
- Online resources

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This model annual report should be used together with the Deloitte *Australian financial reporting guide.* This guide includes the following:

- Big picture issues for the current reporting period
- Details of new and revised financial reporting pronouncements, together with model disclosures relating to the adoption of new accounting standards
- Relevant financial reporting
- Online resources

Assumptions

This model annual 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 annual reports. Specifically, this illustration does not illustrate the early adoption of any Australian Accounting Standards or Interpretations that are not yet mandatory.

These model financial statements have been prepared based on certain assumptions, including the following:

- The Scheme is not listed on any exchange
- The units of the Scheme are classified as a financial liability, not equity
- The Scheme has no control of other schemes, and there were no changes in control during the period
- The Scheme does not include an additional statement of financial position (i.e. 'third' statement of financial position under AASB 101 'Presentation of Financial Statements')
- The Scheme does not hold 'available for sale' investments and does not engage in cash flow or fair value hedging
- There are no discontinued operations or assets classified as held for sale
- There are no foreign currency translation or other entries directly to reserves (arising for example from hedge accounting or asset classification); and
- 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 this illustration. Where doubt exists as to the appropriate treatment, examination of the source of the disclosure requirement is recommended.

Abbreviations

Abbreviations used in this illustration are as follows:

Term	Meaning
AASB	Australian Accounting Standard issued by the Australian Accounting Standards Board
ASIC	Australian Securities and Investments Commission
ASIC-CO/ ASIC-CI	Australian Securities and Investments Commission Class Order/Corporations Instrument issued pursuant to s.341(1) of the Corporations Act 2001
ASIC-PN	Australian Securities and Investments Commission Practice Note
ASIC-RG	Australian Securities and Investments Commission Regulatory Guide
IASB	International Accounting Standards Board
FSC	Financial Services Council
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 Australian Accounting Standards Board
Reg	Regulation of the Corporations Regulations 2001
s.	Section of the Corporations Act 2001

Elucidation Fund

ARSN 123 456 789

Annual report for the financial year ended 30 June 2017

Directors' report

Source	
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'.
	Transfer of information from the directors' report into another document forming part of the annual report
s.300(2)	Information required by s.300 need not be included in the directors' report where such information is disclosed in the financial statements.
ASIC-CI 2016/188	Information required by s.298(1)(1AA)(c), 298(1)(1AB)(b), s.298(1A), s.299 to s.300 (other than s.300(11B) and (11C) and section 300B to the extent these sections require certain information to be included in the directors' report or in the financial report pursuant to s.300(2)) may be transferred to a document attached to the directors' report and financial statements where a prominent cross reference to the page(s) containing the excluded information exists and certain conditions are satisfied. The information required by s.298(1A), s.299 and s.299A may not be transferred into the financial statements. Where information is transferred into the financial statements it will be subject to audit.
	The directors of Deloitte Funds Management Limited, the Responsible Entity of the Scheme, submit herewith the annual report of Elucidation Fund for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:
	Information about the directors
s.300(1)(c)	The names of the directors of the Responsible Entity during or since the end of the financial year are:
	Name
	C.J. Chambers
	P.H. Taylor
	F.R. Ridley
	A.K. Black
	B.M. Stavrinidis
	W.K. Flinders
	S.M. Saunders
s.300(1)(c)	The above named directors held office during the whole of the financial year and since the end of the financial year except for:
	W.K. Flinders – resigned 20 July 2016
	S.M. Saunders – appointed 3 August 2016, resigned 28 July 2017
	A.K. Black – appointed 21 July 2017
	Former partners of the audit firm
s.300(1)(ca)	The directors' report must disclose the name of each person who: • Is an officer of the company, registered scheme or disclosing entity at any time during the year • Was a partner in an audit firm, or a director of an audit company, that is an auditor of the company, disclosing entity or registered scheme for the year; and • Was such a partner or director at a time when the audit firm or the audit company undertook an audit of the company, disclosing entity or registered scheme.

Source

Service Providers

These disclosures are recommended but not required

The service providers during or since the end of the financial year are:
- Responsible Entity
- Custodian
- Auditor.

Principal activities

s.299(1)(c)

The Scheme is a registered managed investment scheme domiciled in Australia. The principal activity of the Scheme in the course of the financial year is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Constitution.

The Constitution authorises investments in a wide range of domestic and overseas securities, including equities, equity derivatives, money market securities, fixed interest securities, managed investment schemes, currencies, options and futures contracts.

There has been no significant change in the activities of the Scheme during the financial year.
The Scheme did not have any employees during the year.

Review of operations

s.299(1)(a)

The directors' report must contain a review of the Scheme's operations during the financial year and the results of those operations.
The directors of a Responsible Entity may wish to include:
- The investment performance of the Scheme 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; and
- The ex-distribution Exit Price for the Scheme 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.

Results

s.299(1)(a)

The results of the operations of the Scheme are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these financial statements. The profit attributable to unitholders for the year ended 30 June 2017 was $4,226 (thousand) (2016: $8,829 (thousand)).

Distributions

s.300(1)(a)

In respect of the financial year ended 30 June 2017 a final distribution of 7.5172 cents per unit was paid to the unitholders on 4 August 2017 (2016: 16.1121 per unit).

s.300(1)(b)

For full details of distributions paid and payable during the year, refer to note 18 to the financial statements.

Where no distributions have been paid or declared since the start of the financial year, and/or no distributions in respect of the financial year are payable in accordance with the Constitution, the directors' report should disclose that fact.

Source

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. This legislation was repealed in 2013, but can still serve as guidance for preparers of financial statements. Note that the disclosure of measures of management costs in annual financial reports is not legislated, but is standard industry practice.

The ICR for a Scheme is the ratio of the Scheme's management costs, which are not deducted directly from an investor's account to the Scheme'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 Scheme 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
- Amounts deducted from a common Scheme; 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. Refer to the *Corporations Amendment Regulations 2005 (No. 1)* for a detailed description.

Management costs

The Scheme's history of management costs (ICR) is as follows:

	Indirect Cost Ratio (ICR)		
Scheme	**2017**	**2016**	**2015**
Elucidation Fund	1.55%	1.60%	1.45%

FSC S.9.12.2

Unit price history

The Scheme calculates the net asset value of Scheme's units on each business day as at 4:00 pm Sydney time. The net asset value of the Scheme is calculated by deducting from the value (at NAV price) of the Scheme's gross assets the value of the liabilities of the Scheme.

The following table shows the ex-distribution unit exit price for the Scheme at the close of business on the reporting date for the past five years and the highest and lowest exit price during the year for each of the past five years.

	2017	2016	2015	2014	2013
Ex-Distribution Exit Price	$	$	$	$	$
At 30 June:	1.20	1.03	1.00	1.00	0.99
Year to 30 June:					
High	1.27	1.18	1.08	1.07	1.00
Low	1.01	0.92	1.00	0.99	0.99

Source	
FSC S.6.8.1	The unit exit price is calculated in accordance with the Constitution and is determined by the value of the assets of the Scheme less its liabilities adjusted for estimated transaction costs, divided by the number of units on issue.
	Changes in state of affairs
s.299(1)(b)	During the financial year there was no significant change in the state of affairs of the Scheme.
	If changes are material, describe and cross reference to the relevant notes to the financial statements.
	Subsequent events
s.299(1)(d)	There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Scheme, the results of the Scheme, or the state of affairs of the Scheme in future financial years.
	If there are any matters and/or circumstances that have arisen, these should be described.
	Future developments
s.299(1)(e), s.299(3)	Directors must bring likely developments in the operations of the Scheme in future financial years and the expected results of those operations to the attention of the users of the annual report. These disclosures are not required where they would result in unreasonable prejudice to the Scheme. <u>Use of the 'unreasonable prejudice' exemption</u> In determining whether any information should be omitted in the case of 'unreasonable prejudice', ASIC Regulatory Guide 247 'Effective disclosure in an operating and financial review' suggest that: • Unreasonable prejudice means the consequence would be unreasonable if, for example, disclosing the information is likely to give third parties (such as competitors, suppliers and buyers) a commercial advantage, resulting in a material disadvantage to the entity • Likely means 'more than a possibility' or 'more probable than not'. Even where the exemption is relied upon it is still expected that some information should be able to be disclosed about an entities business strategies and prospects.
	Options granted
s.300(1)(d)	No options were: (i) Granted over unissued units in the Scheme during or since the end of the financial year; or (ii) Granted to the Responsible Entity No unissued units in the Scheme were under option as at the date on which this report is made. No units were issued in the Scheme during or since the end of the financial year as a result of the exercise of an option over unissued units in the Scheme.
s.300(1)(d), (e), (f)	The directors' report should include details of: (a) Options that are: i. Granted over unissued units in the registered scheme during or since the end of the financial year; and ii. Granted to any of the directors or any of the 5 most highly remunerated officers in the Responsible Entity; and iii. Granted to them as part of their remuneration (b) Issued units or interests under option as at the day the report is made; and (c) Units or interests issued during or since the end of the year as a result of the exercise of an option over unissued units or interests.
s.300(3)	The disclosures required by s.300(1)(d), (e) and (f) cover: (a) Options over unissued units of the registered scheme; and (b) If consolidated financial statements are required – options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity.

Source	
s.300(5)	The details of an option granted during or since the end of the financial year should include: • The identity of the registered scheme granting the option • The name of the director or executive to whom the option is granted; and • The number and class of units over which the option is granted.
s.300(6)	The details of unissued units under option required to be disclosed include: • The identity of the registered scheme that will issue units when the options are exercised • The number and classes of units • The issue price, or the method of determining the issue price, of those units • The expiry date of the options; and • Any rights that option holders have under the options to participate in any unit issue of the registered scheme.
s.300(7)	The details of units issued as a result of the exercise of an option should include: • The identity of the registered scheme issuing the units • The number of units issued • If the registered scheme has different classes of units – the class to which each of those units belongs • The amount unpaid on each of those units; and • The amount paid, or agreed to be considered as paid, on each of those units.

Indemnification of officers and auditors

s.300(1)(g), s.300(8), s.300(9)	During the financial year, the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity (as named above), the secretary of the Responsible Entity, Mr. A.B. Grey, and all executive officers of the Responsible Entity against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Responsible Entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.
	Where the Responsible Entity has not indemnified or agreed to indemnify an officer or auditor against a liability incurred, or paid an insurance premium in respect of a contract insuring against a liability incurred by an officer or auditor, the following disclosure is encouraged: 'During or since the end of the financial year the Responsible Entity has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Responsible Entity has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.'

Scheme information to be included in the directors' report

s.300(12)	The directors' report for a listed registered scheme should disclose the following details for each director that is the Responsible Entity for the Scheme: (a) Their relevant interests in the Scheme (b) Their rights or options over interests in the Scheme; and (c) Contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver interests in the scheme.
s.300(13)	The directors' report for a registered scheme (whether listed or unlisted) should disclose details of: (a) The fees paid to the Responsible Entity and its associates out of scheme property during the financial year (b) The number of interests in the scheme held by the Responsible Entity or its associates as at the end of the financial year (c) Interests in the scheme issued during the financial year (d) Withdrawals from the scheme during the financial year (e) The value of the scheme's assets as at the end of the financial year, and the basis for the valuation; and (f) The number of interests in the scheme as at the end of the financial year.

Auditor's independence declaration

s.298(1AA)(c)	The auditor's independence declaration is included on page 14 of the annual report.

Source

True and fair view

s.298(1A)

If the financial statements for a financial year include additional information under s.295(3)(c) to give a true and fair view of financial position and performance, the directors' report for the financial year 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.297; and
(b) Specify where that additional information can be found in the financial statements.

Rounding off of amounts

If the scheme is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and consequently the amounts in the directors' report and the financial statements are rounded, that fact must be disclosed in the financial statements or the directors' report.

ASIC-CI 2016/191

The scheme is a scheme of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Or

ASIC-CI 2016/191

The scheme is a scheme of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

Or

ASIC-CI 2016/191

The scheme is a scheme of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest million dollars, unless otherwise indicated.

s.298(2)

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors of the Responsible Entity, Deloitte Funds Management Limited

(Signature)
C.J. Chambers
Director
Melbourne, 8 September 2017

Deloitte.

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The Board of Directors
Deloitte Funds Management Limited
167 Admin Ave
SYDNEY, NSW 2000

8 September 2017

Dear Board Members,

Elucidation Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Deloitte Funds Management Limited, the Responsible Entity, regarding the annual financial report for Elucidation Fund.

As lead audit partner for the audit of the financial statements of Elucidation Fund for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants

Source	
s.307C(1), (3)	If an audit firm, audit company or individual auditor conducts an audit or review of the financial statements for the financial year, the lead auditor must give the directors of the registered scheme a written declaration that, to the best of the lead auditor's knowledge and belief, there have been: (a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit or review; and (b) No contraventions of any applicable code of professional conduct in relation to the audit or review. Alternatively, if contraventions have occurred, the auditor is required to set out those contraventions in a written declaration that, and include a statement in the declaration that to the best of the individual or lead auditor's knowledge and belief, those contraventions are the only contraventions of: (a) The auditor independence requirements of the Corporations Act 2001 in relation to the audit or review; or (b) Any applicable code of professional conduct in relation to the audit or review.
s.307C(5)(a)	The auditor's independence declaration must be given when the audit report is given to the directors of the registered scheme (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 financial statements for a financial year satisfies the conditions in this subsection if: (a) The declaration is given to the directors of the registered scheme before the directors pass a resolution under s.298(2) in relation to the directors' report for the financial year; and (b) A director signs the directors' report within 7 days after the declaration is given to the directors; and (c) The auditors' report on the financial statements is made within 7 days after the directors' report is signed; and (d) The auditors' report includes either of the following statements: (i) 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; (ii) 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.307C(1) and s.307C(3) in respect of a contravention if: (a) 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 (b) The person does not commit an offence because of s.324CE(4), s.324CF(4) or s.324CG(4) (quality control system defense).

Independent auditor's report

Source

An independent auditor's report shall be prepared by the auditor in accordance with the Australian Auditing Standards

Duty to form an opinion

The auditor is required to form an opinion on the following:

s.307(a), s.308(1)
- Whether the financial statements are in accordance with the Corporations Act 2001, including:
  (i) Whether the financial statements comply with accounting standards; and
  (ii) Whether the financial statements give a true and fair view of the financial performance and position of the entity;

s.307(aa)
- If the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance) – whether the inclusion of that additional information was necessary to give the true and fair view required by s.297;

s.307(b)
- Whether the auditor has been given all information, explanations and assistance necessary for the conduct of the audit;

s.307(c)
- Whether the registered scheme has kept financial records sufficient to enable financial statements to be prepared and audited;

s.307(d)
- Whether the registered scheme has kept other records and registers as required by the Corporations Act 2001;

s.308(3C)
- If the directors' report for the financial year includes a remuneration report, whether the auditor is of the opinion that the remuneration report complies with s.300A of the Corporations Act 2001. If not of that opinion, the auditor's report must say why; and

s.308(3)(b)

The auditor is only required to include in the audit report particulars of any deficiency, failure or shortcoming in respect of any matter referred to in s.307(b), (c) or (d) above.

Qualified audit opinions

s.308(2)

Where, in the auditor's opinion, there has been a departure from a particular Australian Accounting Standard, the audit report must, to the extent that it is practicable to do so, quantify the effect that non-compliance has on the financial statements. If it is not practicable to quantify the effect fully, the report must say why.

Duty to report

s.308(3)(a)

The auditor is required to report any defect or irregularity in the financial statements.

s.308(3A)
s.308(3B)

The audit report must include any statements or disclosures required by the auditing standards.

If the financial statements include additional information under s.295(3)(c) (information included to give true and fair view of financial position and performance), the audit report must also include a statement of the auditor's opinion on whether the inclusion of that additional information was necessary to give the true and fair view required by s.297.

Source	
	Duty to inform
s.311(c)	The auditor must inform the ASIC in writing if the auditor is aware of circumstances that: • The auditor has reasonable grounds to suspect amount to a contravention of the Corporations Act 2001; or • Amount to an attempt, in relation to the audit, by any person to unduly influence, coerce, manipulate or mislead a person involved in the conduct of the audit; or • Amount to an attempt, by any person, to otherwise interfere with the proper conduct of the audit.
s.311	The auditor is required to notify ASIC in writing of the circumstances of the matters outlined above as soon as practicable and in any case within 28 days, after the auditor becomes aware of those circumstances.
ASIC-RG 34	ASIC Regulatory Guide 34 provides guidance on the procedures to be followed by registered company auditors in complying with s.311 of the Corporations Act 2001, including specific reference to evidence of a contravention, examples of contraventions and timing of notification. The content in the directors' declaration illustrated below is included by way of example and may depend upon the provisions of the scheme's constitution.

Directors' declaration

Source	
	The directors of the Responsible Entity declare that:
s.295(4)(c)	(a) In the directors' opinion, there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable
s.295(4)(ca)	(b) In the directors' opinion, the attached financial statements the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements
s.295(4)(d)	(c) 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 scheme; and
s.295(4)(e)	(d) The directors have been given the declarations required by s.295A of the Corporations Act 2001 [listed registered schemes only].
s.295(5)	Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.295(5) of the Corporations Act 2001.
	On behalf of the Directors of the Responsible Entity, Deloitte Funds Management Limited
	(Signature) C.J. Chambers Director Melbourne, 8 September 2017

Index to the financial statements

For guidance on the format of the financial statements see section 6.2.1 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2017 [Alt 1]

	Notes	Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
Income			
Dividend income	7	722	954
Distributions	7	810	428
Interest income	6	1,966	551
Rental income	6	1,805	1,200
Unrealised changes in fair value of investments	7	1,345	7,475
Realised gains on disposal of investments	7	480	4,695
Net foreign currency gains/(losses)	7	101	(117)
Other income		470	451
Total income		7,699	15,637
Expenses			
Investment management fee	20	410	275
Scheme administration fee	20	225	140
Custodian fee	20	340	275
Other expenses	20	130	50
Auditor's remuneration	23	50	45
Finance costs (excluding finance costs attributable to unitholders)	8	2,318	6,023
Total expenses		3,473	6,808
Profit attributable to unitholders		4,226	8,829
Finance costs attributable to unitholders			
Distributions to unitholders	18	(3,750)	(7,050)
Increase in net assets attributable to unitholders	17	(476)	(1,779)
Other [describe]		-	-
Profit for the year		-	-
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of properties		-	-

	Notes	Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
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 [describe]		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

Notes to the financial statements have been included in the accompanying pages.
Source References: AASB 101.10, 10A, 51, 81A, 81B, 82, 82A, 85, 99 and 113.

For guidance on the presentation of the statement of profit or loss and other comprehensive income, see section 6.2.2 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Statement of profit or loss

For the year ended 30 June 2017 [Alt 2]

	Notes	Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
Income			
Dividend income	7	722	954
Distributions	7	810	428
Interest income	6	1,966	551
Rental income	6	1,805	1,200
Unrealised changes in fair value of investments	7	1,345	7,475
Realised gains on disposal of investments	7	480	4,695
Net foreign currency gains/(losses)	7	101	(117)
Other income		470	451
Total income		7,699	15,637
Expenses			
Investment management fee	20	410	275
Scheme administration fee	20	225	140
Custodian fee	20	340	275
Other expenses	20	130	50
Auditor's remuneration	23	50	45
Finance costs (excluding finance costs attributable to unitholders)	8	2,318	6,023
Total expenses		3,473	6,808
Profit attributable to unitholders		4,226	8,829
Finance costs attributable to unitholders			
Distributions to unitholders	18	(3,750)	(7,050)
Increase in net assets attributable to unitholders	17	(476)	(1,779)
Profit for the year		-	-

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2017 [Alt 2]

	Notes	Year ended 30/06/17	Year ended 30/06/16
		$'000	$'000
Profit for the year		-	-
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of properties		-	-
Other [describe]		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-	-
Exchange differences arising during the year		-	-
Loss on hedging instruments designated in hedges of net assets of foreign operations		-	-
		-	-
Available-for-sale financial assets			
Net fair value gain on available-for-sale financial assets during the year		-	-
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year		-	-
		-	-
Cash flow hedges			
Fair value gains arising during the year		-	-
Reclassification adjustments for amounts recognised in profit or loss		-	-
Adjustments for amounts transferred to the initial carrying amounts of hedged items		-	-
		-	-
Other [describe]		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

Notes to the financial statements have been included in the accompanying pages.
Source References: AASB 101.10, 10A, 51, 81A, 81B, 82, 82A, 85, 91, 99 and 113.

For guidance on the presentation of the statements of profit or loss and comprehensive income, see section 6.2.2 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Statement of financial position

For the financial year ended 30 June 2017

	Notes	30/06/17	30/06/16
		$'000	$'000
Assets			
Cash and cash equivalents	21	23,621	19,778
Trade and other receivables	10	20,802	27,936
Listed equities and listed schemes	11	8,500	7,857
Unlisted equities and unlisted schemes	11	419	-
Held-to-maturity investments	11	5,905	4,015
Loans	11	3,637	3,088
Investment property	12	11,936	11,132
Other assets	13	24	20
Total assets		74,844	73,826
Liabilities			
Payables	14	16,735	5,585
Distributions payable	18	900	1,510
Borrowings	15	42,667	57,078
Total liabilities		60,302	64,173
	17	14,542	9,653
Net assets attributable to unitholders			
Liability attributable to unitholders		(14,542)	(9,653)
Net assets		-	-

Notes to the financial statements have been included in the accompanying pages.
Source References: AASB 101.10, 51, 53, 54, 55, 60 and 113.

This statement is an illustrative example of how a scheme might present its statement of financial position. 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'.

For guidance on the presentation of the statement of financial position, see section 6.2.3 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Statement of changes in equity

For the year ended 30 June 2017

	Equity attributable to unitholders
	$'000
Balance at 1 July 2015	
Profit or loss for the year	-
Other comprehensive income for the year	-
Total comprehensive income for the year	-
Balance at 30 June 2016	-
Profit or loss for the year	-
Other comprehensive income for the year	-
Total comprehensive income for the year	-
Balance at 30 June 2017	-

Notes to the financial statements have been included in the accompanying pages.
Source References: AASB 101.10, 51, 106 and 106A.

This statement is an illustrative example of how a scheme might present its statement of changes in equity. 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 accordance with AASB132 unitholders funds are often classified as a financial liability and disclosed as such in the statement of financial position. Note that this is assumed for the purpose of this Model Scheme Annual Report.

For guidance on the presentation of the statement of changes in equity, see section 6.2.4 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Statement of cash flows

For the year ended 30 June 2017

	Notes	Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
Cash flows from operating activities			
Dividends and distributions received		1,710	890
Interest received		1,502	399
Management fees paid		(410)	(275)
Other expenses paid		230	(357)
Interest and other finance costs paid (excl. distributions to unitholders)		(2,400)	(6,520)
Other income received		1,205	1,351
Net cash generated by operating activities		1,837	(4,512)
Cash flows from investing activities			
Payments for financial securities		(3,242)	(4,108)
Proceeds from sale of financial securities		19,778	2,534
Payments for investment property		(1,004)	(12,798)
Proceeds from sale of investment property		497	1,058
Net cash (used in)/generated by investing activities		16,029	(13,314)
Cash flows from financing activities			
Receipts from the issue of units to unitholders		1,738	560
Payment for the redemption of units to unitholders		(630)	(8,312)
Repayment of borrowings		(19,254)	(11,401)
Proceeds from borrowings		5,198	10,125
Distributions paid to unitholders		(1,235)	(2,450)
Net cash used in financing activities		(14,183)	(11,478)
Net increase/(decrease) in cash and cash equivalents		3,683	(29,304)
Cash and cash equivalents at the beginning of the year		19,400	48,704
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
Cash and cash equivalents at the end of the year	21	23,083	19,400

Notes to the financial statements have been included in the accompanying pages.
Source References: AASB 101.10, 51, 113 and AASB 107.10, 18, 28 and 31.

The above illustrates the direct method of reporting cash flows from operating activities. Entities can also use the indirect method to report cash flows from operations.

For guidance on the presentation of the statement of cash flows, see section 6.2.5 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Notes to the financial statements

Source

AASB101.10(e), (ea)

1. General information

AASB101.138(a)

Elucidation Fund (the Scheme) is a registered managed investment scheme domiciled in Australia. Deloitte Funds Management Limited is the Responsible Entity of Elucidation Fund. The addresses of its registered office and principal place of business are as follows:

Registered Office	**Principal place of business**
10th Floor	1st Floor
ALD Centre	167 Admin Ave
255 Deloitte Street	SYDNEY NSW 2000
SYDNEY NSW 2000	T: +61 2 9332 5000
T: +61 3 9332 7000	

AASB101.138(b)

The principal activity of the Scheme is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Constitution. The Constitution authorises investments in a wide range of domestic and overseas securities, including equities, equity derivatives, money market securities, fixed interest securities, managed investment schemes, currencies, options and futures contracts.

AASB101.138(a)

Disclosures in relation to the domicile and legal form of the scheme, the country of incorporation and the address of the registered office (or principal place of business, if different from the registered office) only need be made in the financial report where such information is not disclosed elsewhere in information published with the financial report

The following sentence is suggested in the year of constitution:
'The Scheme was constituted on [date] and accordingly only current year figures covering the period from constitution are shown.'

2. Adoption of new and revised Accounting Standards

AASB108.28 (a)-(d)

2.1 Amendments to Accounting Standards and New Interpretation that are mandatorily effective for the current year

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

For the latest Standards and amendments thereof and Interpretations effective for the current year, see section 8.3 of *Australian financial reporting guide*, and the example disclosures included in Note 2 of the Illustrative disclosures section of the Guide. The information in the Guide is updated on a regular basis and is available at www.deloitte.com/au/models

Source	2. Adoption of new and revised Accounting Standards (cont.)
AASB108.28	**Changes in accounting policies on initial application of Accounting Standards** When initial application of an Accounting Standard has an effect on the current period or any prior period, or would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, a scheme shall disclose: (a) The title of the Accounting Standard (b) When applicable, that the change in accounting policy is made in accordance with its transitional provisions (c) The nature of the change in accounting policy (d) When applicable, a description of the transitional provisions (e) When applicable, the transitional provisions that might have an effect on future periods (f) For the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected (g) The amount of the adjustment relating to periods before those presented, to the extent practicable; and (h) If retrospective application required by AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. Financial reports of subsequent periods need not repeat these disclosures. The above information would usually be disclosed in the accounting policy note of the relevant item and the relevant note for the item, or in a change in accounting policy note.
	Voluntary changes in accounting policies
AASB108.29	When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, a scheme shall disclose: (a) The nature of the change in accounting policy (b) The reasons why applying the new accounting policy provides reliable and more relevant information (c) For the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected (d) The amount of the adjustment relating to periods before those presented, to the extent practicable; and (e) If retrospective application of the accounting policy is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.
AASB108.20	Financial statements of subsequent periods need not repeat these disclosures. The early application of an Accounting Standard is not a voluntary change in accounting policy.
	Changes in accounting policy since the most recent interim financial report
AASB134.43	A change in accounting policy, other than one for which the transition is specified by a new Accounting Standard, shall be reflected by: (a) Restating the financial statements of prior interim periods of the current annual reporting period and the comparable interim periods of any prior annual reporting periods that will be restated in the annual financial statements in accordance with AASB 108; or (b) 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 prior interim periods of the current annual reporting period, and comparable interim periods of prior annual reporting periods to apply the new accounting policy prospectively from the earliest date practicable.

Source	2. Adoption of new and revised Accounting Standards (cont.)

2.2 Standards and Interpretations in issue not yet adopted

AASB108.30, 31

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

For the latest Standards and amendments thereof and Interpretations in issue but not yet effective, see section 8.6 of *Australian financial reporting guide*, and the example disclosures included in Note 2.2 of the Illustrative disclosures section of the Guide. The information in the Guide is updated on a regular basis and is available at www.deloitte.com/au/models

AASB108.30

When a Scheme has not applied a new Accounting Standard that has been issued but is not yet effective, the scheme shall disclose:
(a) This fact; and
(b) Known or reasonably estimable information relevant to assessing the possible impact that application of the new Accounting Standard will have on the entity's financial report in the period of initial application.

AASB108.31

In complying with the requirements above, a scheme considers disclosing:
(a) The title of the new Accounting Standard
(b) The nature of the impending change or changes in accounting policy
(c) The date by which application of the Accounting Standard is required
(d) The date as at which it plans to apply the Accounting Standard initially; and
(e) Either:
(i) A discussion of the impact that initial application of the Accounting Standard is expected to have on the scheme's financial report; or
(ii) If that impact is not known or reasonably estimable, a statement to that effect.

AASB108.31(a), (c), (d)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending

For the latest Standards and amendments thereof and Interpretations in issue but not yet effective, see section 8.6 of *Australian financial reporting guide*, and the example disclosures included in Note 2.2 of the Illustrative disclosures section of the Guide. The information in the Guide is updated on a regular basis and is available at www.deloitte.com/au/models

Source

2. Adoption of new and revised Accounting Standards (cont.)

Example disclosures
Having completed assessment of the impact of the various pronouncements in issue but not yet effective, the following example disclosures should be **tailored as appropriate** for the entity. In some cases, an entity may not yet have determined the impact and therefore may state "The potential effect of the revised Standards/Interpretations on the Fund's financial statements has not yet been determined."

AASB108.30(a), (b)

A. Impact of changes to Australian Accounting Standards and Interpretations
Where Standards or Interpretations in issue but not yet effective will result in changes in recognition or measurement, the following wording should be **tailored as appropriate** to reflect the amendments affecting the entity. For example, where AASB 14 'Regulatory Deferral Accounts' is not relevant to the entity, it is not necessary to include explanations about the pronouncement:

"A number of Australian Accounting Standards and Interpretations [and IFRSs and IFRIC Interpretations] are in issue but are not effective for the current year end. The following existing accounting policies will change on adoption of these pronouncements:

Refer to the Deloitte *Australian financial reporting guide* for example wording, which includes details of the Australian Accounting Standards and Interpretations [and IFRSs and IFRIC Interpretations].

B. No impact on recognition or measurement of Australian Accounting Standards and Interpretations
Where **none** of the Standards or Interpretations in issue but not yet effective will result in changes in recognition or measurement, the example wording could be collapsed into the following paragraph. This wording should be **tailored as appropriate**:

"A number of Australian Accounting Standards and Interpretations [and IFRSs and IFRIC Interpretations] are in issue but are not effective for the current year end. The reported results and position of the Scheme will not change on adoption of these pronouncements as they do not result in any changes to the Scheme's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Scheme does not intend to adopt any of these pronouncements before their effective dates."

The potential impact of any new or revised Standards and Interpretations issued by the Australian Accounting Standards Board and International Accounting Standards Board after that date, but before the issue of the financial statements, should also be considered and disclosed.

AASB101.112(a), 117

3. Significant accounting policies

The following are examples of the types of accounting policies that might be disclosed in this scheme's financial statements. Schemes are required to disclose in the summary of significant accounting policies the measurement basis (or bases) used in preparing the financial statements, and the other accounting policies used that are relevant to an understanding of the financial statements. An accounting policy may be significant because of the nature of the scheme's operations even if amounts for the current and prior periods are not material.

In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in Standards and Interpretations.

Each scheme considers the nature of its operations and the policies that users of its financial statements would expect to be disclosed for that type of scheme. It is also appropriate to disclose each significant accounting policy that is not specifically required by Accounting Standards, but that is selected and applied in accordance with AASB 108.

For completeness, in these model financial statements accounting policies have been provided for some immaterial items, although this is not required under Accounting Standards.

Source	3. Significant accounting policies (cont.)
	3.1 Statement of compliance
AASB101. Aus15.2, Aus15.3, Aus15.4, 16, Aus16.1	These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Scheme comply with International Financial Reporting Standards ('IFRS').
AASB110.17	The financial statements were authorised for issue by the directors of the Responsible Entity on 8 September 2017.
	3.2 Basis of Preparation
AASB101.51(d), 108(a)	The financial statement have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Scheme takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such as basis, 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, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.
ASIC-CI 2016/191	If the scheme is of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 26 March 2016, and consequently the amounts in the directors' report and the financial report are rounded, that fact must be disclosed in the report. Where the conditions of the Corporations Instrument are met, entities may round to the nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars.
ASIC-CI 2016/191, AASB101.51(e)	The scheme is a scheme of the kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument, dated 26 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows: • Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date • Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and • Level 3 inputs are unobservable inputs for the asset or liability.
AASB101.17(b), 112(a), 117(b)	The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

Source	3. Significant accounting policies (cont.)
	Going concern basis
AASB101.25	Where the financial report is prepared on a going concern basis, but material uncertainties exist in relation to events or conditions which cast doubt on the scheme's ability to continue as a going concern, those uncertainties shall be disclosed. The events or conditions requiring disclosure may arise after the reporting date.
AASB101.25, AASB110.14	Where the going concern basis has not been used, this shall be disclosed together with a statement of the reasons for not applying this basis and the basis on which the financial report has been prepared. A scheme shall not prepare its financial report on a going concern basis if management determines after the reporting date either that it intends to liquidate the scheme or to cease trading, or that it has no realistic alternative but to do so.
	Example accounting policies
	The following illustrations are quoted by way of example only, and do not necessarily represent the only treatment which may be appropriate for the item concerned and does not cover all items that shall be considered for inclusion in the summary of accounting policies. For example, a scheme may elect:
AASB139.38	• To recognise investments on settlement date or on trade date
AASB139.92	• In respect of fair value hedges, to amortise the adjustment to a hedged item measured at amortised cost to profit or loss from the date the adjustment is made or to begin the amortisation no later than when hedge accounting is discontinued
AASB140.30	• To measure investment property under either the cost model or the fair value model; or
AASB107.18	• To prepare the statement of cash flows using either the direct or the indirect method.
	3.3 Income recognition
AASB118.35(a)	Income is measured at the fair value of the consideration received or receivable.
AASB118.35(a)	The income accounting policies that follow are generic and must be adapted to suit the specific circumstances of each scheme. The entity should disclose the accounting policies adopted for each significant category of revenue recognised in the period.
	3.3.1 Dividend income
AASB118.30(c)	Dividend income from investments is recognised when the Scheme's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Scheme and the amount of income can be measured reliably).
	3.3.2 Distribution income
	Distribution income is recognised on a receivable basis as of the date the unit value is quoted ex-distribution.
	3.3.3 Interest income
AASB118.30(a)	Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Scheme and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
	3.3.4 Rental income
	Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.
	3.4 Foreign currency transactions
	The financial statements of the Scheme are presented in the currency of the primary economic environment in which the Scheme operates (its functional currency). The results and financial position are expressed in Australian dollars ("$"), which is the functional currency of the Scheme and the presentation currency for the financial statements.

Source

3. Significant accounting policies (cont.)

All foreign currency transactions during the period are recognised at the exchange rate prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for certain exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.5 Borrowing costs

AASB123

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Taxation

Under current income tax legislation the Scheme is not liable to pay income tax as the net income of the Scheme is assessable in the hands of the beneficiaries (the unitholders) who are 'presently entitled' to the income of the Scheme. There is no income of the Scheme to which the unitholders are not presently entitled and additionally, the Scheme Constitution requires the distribution of the full amount of the net income of the Scheme to the unitholders each period.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Scheme, these gains would be included in the taxable income that is assessable in the hands of the unitholders as noted above.

Realised capital losses are not distributed to unitholders but are retained within the Scheme to be offset against any realised capital gains. The benefit of any carried forward capital losses are generally not recognised in the financial statements, on the basis that the Scheme is a flow through trust for Australian tax purposes. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of unitholders in that period and is distributed to unitholders in accordance with the requirements of the Scheme Constitution.

The taxation circumstances of each scheme can vary and the above wording should be amended accordingly to reflect the respective taxation circumstances of each scheme. In the event that the scheme is directly liable for taxation, the Deloitte *Model Financial Statements for financial years ending on or after 31 December 2016* can be used as a guide for determining the appropriate wording of this accounting policy.

3.7 Investment property

AASB140.75(a)

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. All of the Scheme's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Source	3. Significant accounting policies (cont.)
AASB140.75(c)	When classification is difficult, a scheme shall disclose the criteria it uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business.

3.8 Provisions

AASB137

Provisions are recognised when the Scheme has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist where the Scheme has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

3.9 Financial instruments

AASB7.21

Financial assets and financial liabilities are recognised when the Scheme becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.9.1 Financial assets

AASB139.9

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.9.1.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

AASB7.B5(e)

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.9.1.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3 'Business Combinations' applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Scheme manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Source

3. Significant accounting policies (cont.)

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Scheme's documented risk management or investment strategy, and information about the Scheme is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

AASB7.B5(e)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 19.

3.9.1.3 Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Scheme has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with income recognised on an effective yield basis.

3.9.1.4 AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed shares and listed redeemable notes held by the Scheme that are traded in an active market are classified as AFS and are stated at fair value. The Scheme also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 19. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AASB132.35

Dividends on AFS equity instruments are recognised in profit or loss when the Scheme's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

3.9.1.5 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.9.1.6 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Source

AASB7.37(b), B5(f)

3. Significant accounting policies (cont.)

For AFS equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale.

For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Scheme's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Source

3. Significant accounting policies (cont.)

3.9.1.7 Derecognition of financial assets

The Scheme derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another scheme. If the Scheme neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Scheme recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Scheme retains substantially all the risks and rewards of ownership of a transferred financial asset, the Scheme continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Scheme retains an option to repurchase part of a transferred asset), the Scheme allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

AASB7.21

3.9.2 Financial liabilities and equity instruments issued by the Scheme

3.9.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.
In accordance with AASB 132 unitholders funds are classified as a financial liability and disclosed as such in the statement of financial position, being referred to as "Net assets attributable to unitholders". [Note that this is assumed for the purpose of this Model Managed Investment Scheme Annual Report.]

3.9.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a scheme after deducting all of its liabilities. Equity instruments issued by the Scheme are recognised at the proceeds received, net of direct issue costs.

3.9.2.3 Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Scheme are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Scheme's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Source

3. Significant accounting policies (cont.)

AASB7.27

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to [share premium/other equity [describe]]. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to [retained profits/other equity [describe]]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

3.9.2.4 Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

A financial guarantee contract issued by a Scheme is initially measured at fair value and, if not designated as at FVTPL, is subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the income recognition policies.

3.9.2.5 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.9.2.6 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.
A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Scheme manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Scheme's documented risk management or investment strategy, and information about the Scheme is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

AASB7.B5(e)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 19.

Source

3. Significant accounting policies (cont.)

3.9.2.7 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.9.2.8 Derecognition of financial liabilities

The Scheme derecognises financial liabilities when, and only when, the Scheme's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.10 Derivative financial instruments

AASB7.21

The Scheme enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 19.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Cash and fair value hedges

The Scheme does not enter into any transactions that qualify as cash flow or fair value hedges.

3.11 Goods and services tax

Int1031

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. For receivables and payables which are recognised inclusive of GST.

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

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

3.12 Comparative amounts

AASB101.41, 42

When a scheme changes the presentation or classification of items in its financial statements comparative amounts

When comparative amounts are reclassified, a scheme shall disclose:
(a) The nature of the reclassification
(b) The amount of each item or class of items that is reclassified; and
(c) The reason for the reclassification.

When it is impracticable to reclassify comparative amounts, a scheme shall disclose:
(a) The reason for not reclassifying the amounts; and
(b) The nature of the adjustments that would have been made if the amounts had been reclassified.

Source

3. Significant accounting policies (cont.)

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term investments in money market with original maturities of three month or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

3.14 Distributions

In accordance with the Scheme's constitution, the Scheme fully distributes its distributable income to unitholders by way of cash or reinvestment into the Scheme.
Distributions to unitholders comprise the income of the Scheme to which the unitholders are presently entitled. The distributions are payable at the end of June each year.

Distributions are classified in a consistent manner to the underlying instrument. Since the unit holder funds are classified as a liability, distributions are classified as an expense in these illustrative financial reports.

3.15 Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

The application and redemptions prices are determined as the net asset value of the Scheme adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

4. Critical accounting judgments and key sources of estimation uncertainty

The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual scheme, and by the significance of judgments and estimates made to the results and financial position of the scheme.

Instead of disclosing this information in a separate note, it may be more appropriate to include such disclosures in the relevant asset and liability notes, or as part of the relevant accounting policy disclosures.

In the application of the Scheme's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

4.1.1 Held-to-maturity financial assets

The directors of the Responsible Entity have reviewed the Scheme's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Scheme's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity financial assets is $5.095 million (30 June 2016: $4.015 million). Details of these assets are set out in note 11.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Source	
	4. Critical accounting judgments and key sources of estimation uncertainty (cont.)
	4.2.1 Fair value of derivatives and other financial instruments
	As described in note 19, 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 (2016: nil). Details of assumptions used and of the end results of sensitivity analyses regarding these assumptions is provided in note 19.
AASB108.36	The effect of a change in an accounting estimate, shall be recognised prospectively by including it in profit or loss in: (a) The period of the change, if the change affects that period only; or (b) The period of the change and future periods, if the change affects both.
AASB108.37	To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.
AASB108.39	A scheme shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.
AASB108.40	If the amount of the effect in future periods is not disclosed because estimating it is impracticable, a scheme shall disclose that fact.
AASB101.131	When it is impracticable to disclose the extent of the possible effects of a key assumption or another key source of estimation uncertainty at the reporting date, the scheme discloses that it is reasonably possible, based on existing knowledge, that outcomes within the next annual reporting period that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the scheme discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.
	5. Segment information
	Segment information is required by AASB 8 'Operating Segments' to be presented in the consolidated financial statements of a scheme: • Whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or • That files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. The Deloitte *Model Financial Statements for financial years ending on or after 31 December 2016* can be used as a guide for determining the appropriate disclosure.

Source	6. Investment income	Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
	Operating lease rental income:		
AASB140.75(f)	• Investment properties	1,805	1,200
AASB117.56(b)	• Contingent rental income	-	-
	• Other [describe]	-	-
		1,805	1,200
AASB118.35(b)	Interest income:		
	• Bank deposits	27	353
	• Available-for-sale investments	-	-
	• Other loans and receivables	36	2
	• Held-to-maturity investments	1,903	196
AASB7.20(d)	• Impaired financial assets	-	-
AASB7.20(b)		1,966	551

AASB7.20(a) The following is an analysis of investment income earned on financial assets by category of asset.

		Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
	Available-for-sale financial assets	-	-
	Loans and receivables (including cash and bank balances)	76	442
	Held-to-maturity investments	2,908	243
AASB7.20(b)	Investment income earned on non-financial assets	787	1,066
		3,771	1,751

Income relating to financial assets classified as at fair value through profit or loss is included in 'other gains and losses' in note 7.

7. Other gains and losses

		Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
	Dividends from listed and unlisted equities	722	954
	Distributions from listed and unlisted schemes	810	428
AASB101.98 (d)	Gain/(loss) on disposal of available-for-sale investments	-	-
AASB7.20(a)	Cumulative gain/(loss) reclassified from equity on disposal of available-for-sale investments	-	-
AASB7.20(a)	Cumulative loss reclassified from equity on impairment of available-for-sale investments	-	-
AASB7.20(a)	Net gain/(loss) arising on financial assets designated as at FVTPL	2,145	11,890
AASB7.20(a)	Net gain/(loss) arising on financial liabilities designated as at FVTPL	-	-

Source	7. Other gains and losses (cont.)		
AASB7.20(a)	Net gain/(loss) arising on financial assets classified as held for trading (note 11)	(129)	-
AASB7.20(a)	Net gain/(loss) arising on financial liabilities classified as held for trading	-	-
AASB140.76 (d)	Change in fair value of investment property	(191)	280
AASB7.24(b)	Hedge ineffectiveness on cash flow hedges	-	-
AASB7.24(c)	Hedge ineffectiveness on net investment hedges	-	-
	Net gain/(loss) arising on foreign currency	101	(117)
		3,458	13,435

No other gains or losses have been recognised in respect of loans and receivables or held-to-maturity investments, other than as disclosed in note 7 and impairment losses recognised/reversed in respect of trade receivables (see notes 9 and 10).

8. Finance costs

Preparers of financial reports should apply judgment in deciding whether hedging gains and losses form part of finance costs or part of other expenses. In so doing, they should consider among other factors, their accounting policies, the nature of the instrument and their objectives in entering into the hedging instrument.

		Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
	Interest on bank overdrafts and loans	2,159	6,023
	Other interest expense	159	-
AASB7.20(b)	Total interest expense for financial liabilities not classified as at fair value through profit or loss	2,318	6,023
AASB123.26 (a)	Less: amounts included in the cost of qualifying assets	-	-
		2,318	6,023
AASB7.24(a)	Loss/(gain) arising on derivatives in a designated fair value hedge accounting relationship	-	-
AASB7.24(a)	(Gain)/loss arising on adjustment for hedged item in a designated fair value hedge accounting relationship	-	-
		-	-
AASB7.23(d)	Fair value gains on interest rate swaps designated as cash flow hedges of floating rate debt reclassified from equity	-	-
	Other finance costs	-	-
		2,318	6,023

AASB123. 26(b) The weighted average capitalisation rate on funds borrowed generally is 7.6% per annum (2016: 8.0% per annum).

Finance costs relating to financial liabilities classified as at fair value through profit or loss are included in 'other gains and losses' in note 7.

AASB123.4, 5 **Borrowing costs**
Borrowing costs are interest and other costs incurred by a scheme in connection with the borrowing of funds and may include:

Source

8. Finance costs (cont.)

(a) Interest on bank overdrafts and short-term and long-term borrowings
(b) Amortisation of discounts or premiums relating to borrowings
(c) Amortisation of ancillary costs incurred in connection with the arrangement of borrowings
(d) Finance charges in respect of finance leases recognised in accordance with AASB 117; and
(e) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

In addition to borrowing costs, other costs which may form part of finance costs include costs arising from the unwinding of the discount on liabilities and provisions.

Capitalised borrowing costs

AASB123.17, 21

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation shall be determined by applying a capitalisation rate to the expenditures on that asset. The average carrying amount of the asset during a period, including borrowing costs previously capitalised, is normally a reasonable approximation of the expenditures to which the capitalisation rate is applied in that period.

9. Profit for the year

Disclosure of material items of income and expense
When items of income and expense are material, their nature and amount shall be disclosed separately.

Disclosure of information about the nature of expenses
Entities classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefit expense. An explanation of the amounts that are included in each of the cost of sales, distribution, marketing, administration and other lines on the face of the statement of profit or loss should be given as best practice of the interpretation of AASB 101.104.

		Year ended 30/06/17	Year ended 30/06/16
		$'000	**$'000**
AASB7.20(e)	**9.1 Impairment losses on financial assets**		
	Impairment loss recognised on trade receivables (note 10)	63	430
	Impairment loss on available-for-sale equity investments	-	-
	Impairment loss on available-for-sale debt investments	-	-
	Impairment loss on held-to-maturity financial assets	-	-
	Impairment loss on loans carried at amortised cost	-	-
		63	430
	Reversal of impairment losses recognised on trade receivables	-	-

Source

10. Trade and other receivables

	30/06/17	30/06/16
	$'000	**$'000**
Trade receivables	21,600	28,774
Allowance for doubtful debts	(798)	(838)
	20,802	27,936
Goods and services tax recoverable	-	-
Other [describe]	-	-
	20,802	27,936

AASB7.37(a)

Analysis of financial assets past due at balance sheet date but not impaired
The following financial assets were past due but not impaired at reporting date:

Ageing of trade receivables past due but not impaired:

	30/06/17	30/06/16
	$'000	**$'000**
60-90 days	3,311	4,554
90-120 days	484	664
120+ days	159	274
Total	3,954	5,492

AASB7.16

Movement in the allowance for doubtful debts

	Year ended 30/06/17	Year ended 30/06/16
	$'000	**$'000**
Balance at beginning of the year	838	628
Impairment losses recognised on receivables	63	430
Amounts written off during the year as uncollectible	(103)	(220)
Amounts recovered during the year	-	-
Impairment losses reversed	-	-
Foreign exchange translation gains and losses	-	-
Unwind of discount	-	-
Total	798	838

AASB7.37(b)

Ageing of impaired trade receivables

	30/06/17	30/06/16
	$'000	**$'000**
60-90 days	145	50
90-120 days	380	487
120+ days	273	301
Total	798	838

Source	10. Trade and other receivables (cont.)
AASB7.37(b)	If a Scheme has financial assets that are individually determined to be impaired at reporting date, a separate analysis of such assets should be prepared, including the factors the Responsible Entity considered in determining that they are impaired.
	Transferred financial assets that are not derecognised in their entirety
AASB7.42D	A scheme may have transferred financial assets in such a way that part or all of the transferred financial assets do not qualify for derecognition. To meet the objectives set out in paragraph 42B(a), the entity must disclose at each reporting date for each class of transferred financial assets that are not derecognised in their entirety: (a) The nature of the transferred assets (b) The nature of the risks and rewards of ownership to which the entity is exposed (c) A description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets (d) When the counterparty (counterparties) to the associated liabilities has (have) recourse only to the transferred assets, a schedule that sets out the fair value of the transferred assets, the fair value of the associated liabilities and the net position (the difference between the fair value of the transferred assets and the associated liabilities) (e) When the entity continues to recognise all of the transferred assets, the carrying amounts of the transferred assets and the associated liabilities; and (f) When the scheme continues to recognise the assets to the extent of its continuing involvement (see paragraphs 20(c)(ii) and 30 of AASB 139), the total carrying amount of the original assets before the transfer, the carrying amounts of the assets that the entity continues to recognise, and the carrying amount of the associated liabilities.

Source	11. Other financial assets	30/06/17	30/06/16
		$'000	$'000
AASB7.7	**Derivatives designated and effective as hedging instruments carried at fair value**		
	Foreign currency forwards contracts	-	-
	Interest rate swaps	-	-
		-	-
AASB7.8(a)	**Financial assets carried at fair value through profit or loss (FVTPL)**		
	Non-derivative financial assets designated as at FVTPL	-	-
	Held for trading derivatives that are not designated in hedge accounting relationships	-	-
	Held for trading non-derivative financial assets	-	-
		-	-
	Listed equities and listed managed investment schemes		
	Equities	2,200	2,122
	Managed investment schemes	6,300	5,735
		8,500	7,857
	Unlisted equities and unlisted managed investment schemes		
	Unlisted managed investment schemes	419	-
		419	-
AASB7.8(b)	**Held-to-maturity investments carried at amortised cost**		
	Bills of exchange (i)	5,405	4,015
	Debentures (ii)	500	-
		5,905	4,015
AASB7.8(d)	**Available-for-sale investments carried at fair value**		
	Redeemable notes	-	-
	Unquoted shares	-	-
	Other [describe]	-	-
		-	-
AASB7.8(c)	**Loans carried at amortised cost**		
	Loans to related parties	-	-
	Loans to other entities	3,637	3,088
		3,637	3,088
	Total	18,461	14,960
	Current	11,757	9,949
	Non-current	6,704	5,011
		18,461	14,960

Source	11. Other financial assets (cont.)
AASB7.7, 36	(i) The Scheme holds bills of exchange returning a variable rate of interest. The weighted average interest rate on these securities is 7% per annum (2016: 7.10% per annum). The bills have maturity dates ranging between 3 to 18 months from the end of the reporting period. The counterparties have a minimum A credit rating. None of these assets is past due or impaired (ii) The debentures return interest of 6% per annum payable monthly, and mature in September 2016. The counterparties have a minimum B credit rating. None of these assets is past due or impaired.
AASB7.25	For each class of financial assets, a scheme shall disclose the fair value of that class of asset in a way that permits it to be compared with its carrying amount except for: (a) When the carrying amount is a reasonable approximation of fair value (b) An investment in equity instruments that do not have a quoted market price in an active market; and (c) For a contract containing a discretionary participation feature.

12. Investment property

		30/06/17	30/06/16
		$'000	**$'000**
	Fair value of investment property	11,936	11,132
AASB140.76, AASB13.93(e)	**At fair value**		
	Balance at beginning of year	11,132	1,170
	Additions through subsequent expenditure	10	12
	Other acquisitions	1,482	10,728
	Disposals	(497)	(1,058)
	Transferred from property, plant and equipment	-	-
	Other transfers	-	-
	Property reclassified as held for sale	-	-
	Gain/(loss) on property revaluation	(191)	280
	Effect of foreign currency exchange differences	-	-
	Other changes	-	-
	Balance at end of year	11,936	11,132

All of the Scheme's investment property is held under freehold interests.

AASB140.75 (e), AASB13.91 (a), 93(d)

The fair value of the Scheme's investment property as at 30 June 2017 and 30 June 2016 has been arrived at on the basis of a valuation carried out on the respective dates by Messrs R & P Trent, independent valuers not related to the Scheme. Messrs R & P Trent are members of the Institute of Valuers of Australia, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined [based on the market comparable approach that reflects recent transaction prices for similar properties/capitalisation of net income method, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties/other methods (describe)].

There has been no change to the valuation technique during the year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Source

AASB13.93 (a), (b)

12. Investment property (cont.)

Details of the Scheme's investment properties and information about the fair value hierarchy as of the end of the reporting period are as follows:

Fair value as at 30/06/17	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**
Commercial units located in A Land – BB City	-	7,020	7,020
Office units located in A Land – CC City	-	1,500	1,500
Residential units located in A Land – DD City	3,416	-	3,416
			11,936

Fair value as at 30/06/17	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**
Commercial units located in A Land – BB City	-	6,000	6,000
Office units located in A Land – CC City	-	1,200	1,200
Residential units located in A Land – DD City	3,932	-	3,932
			11,132

For the residential units located in DD City, A Land, the fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

For investment properties categorised into Level 3 of the fair value hierarchy, the following information is relevant:

Source

AASB13.93 (d), (h)(i)

12. Investment property (cont.)

	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Office units located in A Land – BB City	Income Capitalisation Approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of x% – x% (2016: x% – x%). A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, at an average of $[X] (2016: $[X]) per square metre ("sqm") per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Commercial units located in A Land – CC City	Income Capitalisation Approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of x% – x% (2016: x% – x%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, at an average of $[X] (2016: $[X]) per sqm per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa

In considering the level of disaggregation of the properties for the above disclosure, management of the entity should take into account the nature and characteristics of the properties in order to provide meaningful information to the users of the financial statements regarding the fair value measurement information of the different types of properties. The breakdown above is for illustrative purposes only.

AASB13.93(c)

There were no transfers between Levels 1 and 2 during the year.

AASB13.93(c), (e)(iv),95

Where there had been a transfer between the different levels of the fair value hierarchy, the Scheme should disclose the reasons for the transfer and the Scheme's policy for determining when transfers between levels are deemed to have occurred (for example, at the beginning or end of the reporting period or at the date of the event that caused the transfer).

Source	12. Investment property (cont.)
	Fair value hierarchy
	The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purpose only. It is worth noting the following points: • The classification into the 3-level hierarchy is not an accounting policy choice. For land and buildings, given their unique nature, it is extremely rare that the fair value measurement would be identified as a Level 1 measurement. Whether the fair value measurement in its entirety should be classified into Level 2 or Level 3 would depend on the extent to which the inputs and assumptions used in arriving at the fair value are observable. In many situations where valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, the fair value measurement as a whole would be classified as Level 3 • The level within which the fair value measurement is categorised bears no relation to the quality of the valuation. For example, the fact that a real estate property is classified as a Level 3 fair value measurement does not mean that the property valuation is not reliable – it merely indicates that significant unobservable inputs have been used and significant judgement was required in arriving at the fair value.
AASB13.97	**Fair value disclosures for investment properties measured using the cost model**
	For investment properties that are measured using the cost model, AASB 140.79(e) requires the fair value of the properties to be disclosed in the notes to the financial statements. In that case, the fair value of the properties (for disclosure purpose) should be measured in accordance with AASB 13 'Fair Value Measurement'. In addition, AASB 13.97 requires the following disclosures: • The level in which fair value measurement is categorised (i.e. Level 1, 2 or 3) • Where the fair value measurement is categorised within Level 2 or Level 3, a description of the valuation technique(s) and the inputs used in the fair value measurement; and • The highest and best use of the properties (if different from their current use) and the reasons why the properties are being used in a manner that is different from their highest and best use.
AASB140.75 (e)	The extent to which the fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued shall be disclosed. If there has been no such valuation, that fact shall be disclosed.
	Adjustment for recognised assets and liabilities
AASB140.77	When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, for example to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities, the scheme shall disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of any recognised lease obligations that have been added back, and any other significant adjustments.

Source	12. Investment property (cont.)
	Inability to determine fair value reliably
AASB140.78	In the exceptional cases where a scheme is unable to reliably determine the fair value of an investment property, and accordingly measures that investment property using the cost model, the reconciliation illustrated above shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, a scheme shall disclose:
	(a) A description of the investment property
	(b) An explanation of why fair value cannot be determined reliably
	(c) If possible, the range of estimates within which fair value is highly likely to lie; and
	(d) On disposal of investment property not carried at fair value:
	i. The fact that the scheme has disposed of investment property not carried at fair value
	ii. The carrying amount of that investment property at the time of sale; and
	iii. The amount of gain or loss recognised.
	Property interests held under operating leases treated as investment property
AASB140.75 (b)	A scheme shall disclose, if it applies the fair value model, whether, and in what circumstances, property interests held under operating leases are classified and accounted for as investment property.
	Investment properties measured under the cost model
AASB140.79	A scheme that applies the cost model shall disclose, in addition to the disclosures illustrated in notes 3.7, 7 and 12 to these model financial statements:
	(a) The depreciation methods used
	(b) The useful lives or the depreciation rates used
	(c) The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period
	(d) A reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following:
	i. Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised as an asset
	ii. Additions resulting from acquisitions through business combinations
	iii. Assets classified as held for sale or included in a disposal group in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' and other disposals
	iv. Depreciation
	v. The amount of impairment losses recognised, and the amount of impairment losses reversed, during the period in accordance with AASB 136
	vi. The net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting scheme
	vii. Transfers to and from inventories and owner-occupied property; and
	viii. Other changes; and
	(e) The fair value of investment property. When a scheme cannot determine the fair value of the investment property reliably, it shall disclose:
	i. A description of the investment property
	ii. An explanation of why fair value cannot be determined reliably; and
	iii. If possible, the range of estimates within which fair value is highly likely to lie.

Source

AASB101.77

13. Other assets

	30/06/17	30/06/16
	$'000	**$'000**
Prepayments	24	20
Other [describe]	-	-
	24	20

14. Trade and other payables

	30/06/17	30/06/16
	$'000	**$'000**
Unsettled purchases	16,683	5,542
Other unsecured payables and accrued expenses	52	43
	16,735	5,585

All trade and other payables are current liabilities.

AASB7.7

The average credit period on purchases of certain goods from B Land is 4 months. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% per annum on the outstanding balance. The Scheme has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

AASB101.61

For each liability line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting date, and (b) more than twelve months after the reporting date, a scheme shall disclose the amount expected to be recovered or settled after more than twelve months.

AASB7.8(f)

15. Borrowings

	30/06/17	30/06/16
	$'000	**$'000**
Unsecured – at amortised cost		
Bank overdrafts	520	314
Bills of exchange (i)	358	916
Loans from:		
• related parties (ii)	22,499	34,124
• other entities (iii)	3,701	3,518
Other [describe]	-	-
	27,078	38,872
Secured – at amortised cost		
Bank overdrafts	18	64
Bank loans (iv)	14,982	17,404
Loans from other entities	575	649
Other [describe]	14	89
	15,589	18,206
	42,667	57,078
Current	22,446	25,600
Non-current	20,221	31,478
	42,667	57,078

Source

15. Borrowings (cont.)

15.1 Summary of borrowing arrangements

AASB7.7

(i) Bills of exchange with a variable interest rate were issued in 2009. The current weighted average effective interest rate on the bills is 7.8% per annum (30 June 2016: 7.9% per annum).

(ii) Amounts repayable to related parties of the Scheme. Interest of 8.0% – 8.1% per annum is charged on the outstanding loan balances (30 June 2016: 8.0% – 8.1% per annum).

(iii) Fixed rate loans with a finance company with remaining maturity periods not exceeding 3 years (30 June 2016: 4 years). The weighted average effective interest rate on the loans is 7.5% per annum (30 June 2016: 8.0% per annum).

(iv) Fixed rate loans with the bank. Remaining maturity periods not exceeding 3 years (30 June 2016: 3 years). The weighted average effective interest rate on the loans is 7.6% per annum (30 June 2016: 7.95% per annum).

15.2 Breach of loan agreement

AASB7.18

During the current year, the Scheme was late in paying interest for the first quarter on one of its loans with a carrying amount of $5 million. The delay arose because of a temporary lack of funds on the date interest was payable due to a technical problem on settlement. The interest payment outstanding of $107,500 was repaid in full on the following day, including the additional interest and penalty. The lender did not request accelerated repayment of the loan and the terms of the loan were not changed. Management has reviewed the Scheme's settlement procedures to ensure that such circumstances do not recur.

AASB7.18

Defaults and breaches

For loans payable recognised at the reporting date, a scheme must disclose:
(a) Details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable
(b) The carrying amount of the loans payable in default at the reporting date; and
(c) Whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.

AASB7.19

If during the period there were breaches of loan agreement terms other than those illustrated in the above note, an entity shall disclose the same information as in the above note if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the reporting date.)

16. Other financial liabilities

		30/06/17	30/06/16
		$'000	$'000
	Financial guarantee contracts	-	-
AASB7.22(b)	**Derivatives that are designated and effective as hedging instruments carried at fair value**		
	Foreign currency forward contracts	-	-
	Interest rate swaps	-	-
	Currency swaps	-	-
	Other [describe]	-	-
		-	-
AASB7.8(e)	**Financial liabilities carried at fair value through profit or loss (FVTPL)**		
	Non-derivative financial liabilities designated as at FVTPL	-	-
	Held for trading derivatives not designated in hedge accounting relationships	-	-
	Held for trading non-derivative financial liabilities	-	-

Source

16. Other financial liabilities (cont.)

Other [describe]	-	-
	-	-
Current	-	-
Non-current	-	-
	-	-

The table from the previous page is presented for illustration purposes

Disclosure

AASB7.8(e),(f) A scheme shall disclose on either the face of the statement of financial position or in the notes the carrying amount of:

(a) Financial liabilities at fair value through profit or loss, showing separately:
i. Those designated as such upon initial recognition; and
ii. Those classified as held for trading in accordance with AASB 139; and

(b) Financial liabilities measured at amortised cost.

AASB7.10 If a scheme has designated a financial liability as at fair value through profit or loss in accordance with paragraph 9 of AASB 139, it shall disclose:

(a) The amount of change during the period, and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability. This is determined either as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk, or using an alternative method the scheme believes more faithfully represents the amount of change in its fair value that is attributable to the changes in credit risk of the liability; and
(b) The difference between the financial liabilities carrying amount and the amount the scheme would be contractually required to pay at maturity to the holder of the obligation.

Changes in market conditions (as referred to in (a) above) that give rise to market risk include changes in a benchmark interest rate, the price of another entity's financial instrument, a commodity price, a foreign exchange rate or an index of prices or rates. For contracts that include a unit-linking feature, changes in market conditions include changes in the performance of the related internal or external investment fund.

AASB7.11 The scheme shall disclose:
(a) The methods used to comply with the requirements of (a) as noted above; and
(b) If the scheme believes that the disclosure it has given to comply with (a) above does not faithfully represent the change in fair value of the financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant.

17. Net assets attributable to unitholders

	2017 Units	2016 Units
On issue at beginning of the year	9,371,845	12,297,633
Applications	1,010,823	309,433
Redemptions	(565,445)	(5,346,006)
Units issued upon reinvestment of distributions	2,155,277	2,110,785
On issue at year end	11,972,500	9,371,845

	2017 $'000	2016 $'000
At beginning of the year	9,653	12,286
Unit applications	1,916	589
Unit redemptions	(628)	(8,299)
Units issued upon reinvestment of distributions	3,125	3,298
Net transfer from income statement	476	1,779
Net assets attributable to unitholders	14,542	9,653

Source	18. Distributions paid and payable
s.300(1)(a), (b)	Each unit represents a right to an individual share in the Scheme 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 Scheme.

	2017		2016	
	Cents per unit	$'000	Cents per unit	$'000
Distributions paid during the period	26.7050	2,850	51.1318	5,540
Distributions payable	7.5172	900	16.1121	1,510
		3,750		7,050

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

19. Financial instruments

The following are **examples** of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, by the significance of judgements and estimates made to the results and financial position, and the information provided to key management personnel of the Responsible Entity. For additional examples, refer to the Deloitte *Model Financial Statements for financial years ending on or after 31 December 2016*.

19.1 Capital management

AASB101.134, 135 The capital structure of the Scheme consists of cash and cash equivalents and the proceeds from the issue of the units of the Scheme.

The investment manager aims to ensure that there is sufficient capital for possible redemptions by unitholders by maintaining a minimum of 5% of its total investments in cash and cash equivalents.

The Scheme has no restrictions or specific capital requirements on the application and redemption of units. The Scheme's overall investment strategy remains unchanged from the prior year.

Externally imposed capital requirements

AASB101.135(d) When a scheme is subject to externally imposed capital requirements, it should disclose the nature of those requirements and how those requirements are incorporated into the management of capital.

AASB101.135(e) When the scheme has not complied with such externally imposed capital requirements, it shall disclose the consequences of such non-compliance.

19.3 Categories of financial instruments

		30/06/17	30/06/16
		$'000	$'000
	Financial assets		
	Cash and bank balances	23,621	18,778
	Fair value through profit or loss (FVTPL)		
AASB7.8(a)	Held for trading	8,919	7,857
AASB7.8(a)	Designated as at FVTPL	-	-
AASB7.8(b)	Held-to-maturity investments	5,905	4,015
AASB7.8(c)	Loans and receivables	24,436	31,024
AASB7.8(d)	Available-for-sale financial assets	-	-

Source	19. Financial instruments (cont.)		
	Financial liabilities		
	Fair value through profit or loss (FVTPL)		
AASB7.8(e)	Held for trading	-	-
AASB7.8(e)	Designated as at FVTPL (note 19.3.3)	-	-
AASB7.8(f)	Amortised cost	60,302	64,173
	Financial guarantee contracts	-	-

AASB7.8 If the categories of financial instruments are apparent from the face of the statement of financial position, the above table would not be required.

19.3.1 Loans and receivables designated as at FVTPL

		30/06/17	30/06/16
		$'000	**$'000**
	Carrying amount of loans and receivables designated as at FVTPL	-	-
AASB7.9(c)	Cumulative changes in fair value attributable to changes in credit risk	-	-
AASB7.9(c)	Changes in fair value attributable to changes in credit risk recognised during the period	-	-

AASB7.9(a) At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables designated at FVTPL. The carrying amount reflected above represents the Scheme's maximum exposure to credit risk for such loans and receivables.

AASB7.9(b) If the Scheme has designated a loan or receivable (or group of loans or receivables) as at fair value through profit or loss, it shall disclose the amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk.

AASB7.11(a) A Scheme shall disclose the methods used to comply with the requirements in AASB 7 'Financial Instruments: Disclosures' to disclose the amount of change, during the period and cumulatively, in the fair value of the loan or receivable (or group of loans or receivables) that is attributable to changes in the credit risk of the financial asset.

AASB7.11(b) If the Scheme believes that the disclosure it has given to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the loan or receivable (or group of loans or receivables) that is attributable to changes in the credit risk of the financial asset does not faithfully represent the change in the fair value of the financial asset attributable to changes in its credit risk, it shall disclose the reasons for reaching this conclusion and the factors it believes are relevant.

AASB7.9(b), (d)

19.3.2 Credit derivatives over loans and receivables designated as at FVTPL

	30/06/17	30/06/16
	$'000	**$'000**
Opening fair value	-	-
Realised during the period	-	-
Change in fair value	-	-
Closing fair value	-	-

Source **19. Financial instruments (cont.)**

19.3.3 Financial liabilities designated as at FVTPL

		30/06/17	30/06/16
		$'000	**$'000**
AASB7.10(a)	Changes in fair value attributable to changes in credit risk recognised during the period (i)	-	-
AASB7.10(a)	Cumulative changes in fair value attributable to changes in credit risk (i)	-	-
AASB7.10(b)	Difference between carrying amount and maturity amount:		
	Financial liabilities at fair value	-	-
	Amount payable at maturity	-	-
		-	-

(i) The change in fair value attributable to change in credit risk is calculated as the difference between total change in fair value of cumulative preference shares of $Nil and the change in fair value of preference shares due to change in market risk factors alone $Nil. The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the balance sheet date holding credit risk margins constant. The fair value of cumulative redeemable preference shares was estimated by discounting future cash flows using quoted benchmark interest yield curves as at the reporting date and by obtaining lender quotes for borrowing of similar maturity to estimate credit risk margin.

AASB7.11(a) A Scheme shall disclose the methods used to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of the financial liability.

AASB7.11(b) If the Scheme believes that the disclosure it has given to comply with the requirements in AASB 7 to disclose the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of the financial liability does not faithfully represent the change in the fair value of the financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant.

AASB7.31 **19.4 Reclassification of financial assets**

AASB7.12 If the Scheme has reclassified a financial asset as:

(a) At cost or amortised cost, rather than fair value; or
(b) At fair value, rather than at cost or amortised cost.

It shall disclose the amount reclassified into and out of each category and the reason for that reclassification.

AASB7.12A If the Scheme has reclassified a financial asset out of the fair value through profit or loss category or out of the available-for-sale category, it shall disclose:

(a) The amount reclassified into and out of each category
(b) For each reporting period until derecognition, the carrying amounts and fair values of all financial assets that have been reclassified in the current and previous reporting periods
(c) If a financial asset was reclassified, the rare situation, and the facts and circumstances indicating that the situation was rare
(d) For the reporting period when the financial asset was reclassified, the fair value gain or loss on the financial asset recognised in profit or loss or other comprehensive income in that reporting period and in the previous reporting period
(e) For each reporting period following the reclassification (including the reporting period in which the financial asset was reclassified) until derecognition of the financial asset, the fair value gain or loss that would have been recognised in profit or loss or other comprehensive income if the financial asset had not been reclassified, and the gain, loss, income and expense recognised in profit or loss; and
(f) The effective interest rate and estimated amounts of cash flows the scheme expects to recover, as at the date of reclassification of the financial asset.

Source	19. Financial instruments (cont.)
	19.5 Financial risk management objectives
AASB7.31	The Scheme is exposed to a number of risks due to the nature of its activities and as further set out in its product disclosure statement/information memorandum or offer document. These risks include market risk (including currency risk, and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Scheme's objective in managing these risks is the protection and enhancement of unitholder value.
	The Scheme's risk management policies are approved by the Responsible Entity and seek to minimise the potential adverse effects of these risks on the Scheme's financial performance. The risk management system is an ongoing process of identification, measurement, monitoring and controlling risk.
	The Scheme outsources the investment management to specialist investment managers, who provide services to the Scheme, co-ordinate access to domestic and international financial markets, and manage the financial risks relating to the operations of the Scheme in accordance with an investment mandate set out in accordance with the Scheme's constitution and product disclosure statement. The Scheme's investment mandate is to invest in a diversified portfolio of stocks listed on the ASX and international stock exchanges, fixed interest securities and it may also invest in derivative instruments such as futures and options.
	The description of the investment mandate of the scheme should be amended for each type of scheme to most accurately describe the Scheme's investment strategy and the type of instruments it may invest in.
	The Scheme does not enter into or trade derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Scheme's investment policies, which provide written principles on the use of financial derivatives. These principles permit the use of derivatives to change the Scheme's exposure to particular assets. Derivatives are not used to gear the Scheme and the Scheme's effective market exposure will not exceed its market value. Compliance with policies and exposure limits is reviewed by the Responsible Entity on a continuous basis.
	Financial risk management
AASB7.31	A scheme shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the scheme is exposed at the reporting date.
AASB7.32	AASB 7 requires certain disclosures be made about the nature and extent of risks arising from financial instruments. These disclosures focus on the risks that arise from financial instruments and how they have been managed. These risks typically include, but are not limited to, credit risk, liquidity risk and market risk.
AASB7.32A	Providing qualitative disclosures in the context of quantitative disclosures enable users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative disclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks.
AASB7.33	For each type of risk arising from financial instruments, a scheme shall disclose:
	(a) The exposures to risk and how they arise
	(b) Its objectives, policies and processes for managing the risk and the methods used to measure the risk; and
	(c) Any changes in (a) or (b) from the previous period.
AASB7.34	For each type of risk arising from financial instruments, a scheme shall disclose:
	(a) Summary quantitative data about its exposure to that risk at the reporting date. This disclosure shall be based on the information provided internally to key management personnel of the scheme, for example the scheme's board of directors or chief executive officer
	(b) The disclosures required by paragraphs 36-42, to the extent not provided in (a); and
	(c) Concentrations of risk if not apparent from (a) and (b).

Source	19. Financial instruments (cont.)
AASB7.34, B8	Disclosure of concentrations of risk shall include: (a) A description of how management determines concentrations (b) A description of the shared characteristic that identifies each concentration (e.g. counterparty, geographical area, currency or market); and (c) The amount of the risk exposure associated with all financial instruments sharing that characteristic.

19.6 Market risk

AASB7.33

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Scheme manages this risk via outsourcing its investment management; the Investment Manager manages the financial risks relating to the operations of the Scheme in accordance with an investment mandate set out in accordance with the Scheme's constitution and product disclosure statement. The Scheme's investment mandate is to invest in a diversified portfolio of stocks listed on the ASX and it may also invest in derivative instruments such as futures and options. There has been no change to the Scheme's exposure to market risks or the manner in which it manages and measures the risk.

Market risk – sensitivity analysis

AASB7.40

A scheme shall disclose:
(a) A sensitivity analysis for each type of market risk to which the scheme is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date
(b) The methods and assumptions used in preparing the sensitivity analysis; and
(c) Changes from the previous period in the methods and assumptions used, and the reasons for such changes.

AASB7.B19

In determining what a reasonably possible change in the relevant risk variable is, a scheme should consider:
i. The economic environments in which it operates. A reasonably possible change should not include remote or 'worst case' scenarios or 'stress tests'. Moreover, if the rate of change in the underlying risk variable is stable, the scheme need not alter the chosen reasonably possible change in the risk variable; and
ii. The time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period;

AASB7.41

If a scheme prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis specified above. The scheme shall also disclose:

(a) An explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided; and
(b) An explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved.

AASB7.42

When the sensitivity analyses disclosed are unrepresentative of a risk inherent in a financial instrument (e.g. because the year-end exposure does not reflect the exposure during the year), the scheme shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative.

Source

19. Financial instruments (cont.)

19.8 Foreign currency risk management

The Scheme undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.
The carrying amounts of the Scheme's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	30/06/17	**30/06/16**	**30/06/17**	**30/06/16**
	$'000	**$'000**	**$'000**	**$'000**
EUR	-	-	574	671
USD	32	10	-	-
Other	-	-	-	-

19.8.1 Foreign currency sensitivity

AASB7.40(b) The Scheme is mainly exposed to the US Dollar and Euro currencies.

The following table details the Scheme's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel of the Responsible Entity and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in Profit attributable to unitholders where the Australian Dollar weakens against the respective currency.

For a strengthening of the Australian dollar against the respective currency there would be an equal and opposite impact on the profit attributable to unitholders and the amounts below would be negative.

	EUR			USD		
	30/06/17	**30/06/16**		**30/06/17**	**30/06/16**	
	$'000	**$'000**		**$'000**	**$'000**	
AASB7.40(a) Profit attributable to unitholders	45	60	(i)	2	1	(ii)

(i) This is mainly attributable to the exposure outstanding on EUR receivables in the Scheme at the end of the reporting period
(ii) This is mainly attributable to the exposure outstanding on USD payables in the Scheme at the end of the reporting period.

There have been no changes in the methods and assumptions used to prepare the foreign currency sensitivity analysis from the prior year.

In practice, different currencies that the Scheme is exposed to will be reasonably likely to move by different amounts based on the economic environment of that particular currency. In this situation, different percentages should be used for the assessment of foreign currency risk for each individual currency, based on management's analysis of the sensitivity for each individual currency as used when reporting internally to key management personnel of the Responsible Entity.

AASB7.35 If the quantitative data disclosed as at the reporting date are unrepresentative of an entity's exposure to risk during the period, an entity shall provide further information that is representative.

Source

19. Financial instruments (cont.)

19.9 Interest rate risk management

The Scheme is exposed to interest rate risk because the Scheme borrows funds at both fixed and floating interest rates. The risk is managed by the Scheme by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Scheme's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

AASB7.40(b) The sensitivity analyses below have been determined based on the Scheme's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table illustrates the effect on Profit attributable to unitholders and Net Assets attributable to unitholders from possible changes in market risk that were reasonably possible based on the risk the Scheme was exposed to at reporting date:

AASB7.40(a)

	Change in variable 30/06/17 +/ -	Change in variable 30/06/16 +/ -	Effect on Profit attributable to unitholders	
			30/06/17	30/06/16
			$'000	$'000
Interest rate risk	0.05%	0.05%	43	93

AASB7.33(c) An increase in interest rates will result in an increase in profit attributable to unitholders. A decrease in interest rates will result in a corresponding decrease.
The Scheme's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate investments. The methods and assumptions used to prepare the sensitivity analysis have not changed in the year.

AASB7.33, 34 Where an investment fund has investments in interest rate swaps additional disclosures may be required to satisfy the requirements of the standard.

19.10 Other market risks

Other market risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Scheme has investments in equity instruments, unlisted managed investment schemes and derivative financial instruments, which exposes it to price risk. The investment manager manages the Scheme's market risk on a daily basis in accordance with the Scheme's investment objectives and policies, as detailed in the product disclosure statement, and outlined in note 19.6 above.
As the majority of the Scheme's financial instruments are carried at fair value with changes in fair value recognised in the statement of comprehensive income, all changes in market conditions will directly affect investment income.

The following table illustrates the effect on profit attributable to unitholders and Net Assets attributable to unitholders from possible changes in other market risk that were reasonably possible based on the risk the Scheme was exposed to at reporting date:

Source **19. Financial instruments (cont.)**

AASB7.40(a)

	Change in variable 30/06/17 +/ -	Change in variable 30/06/16 +/ -	Effect on Profit attributable to unitholders	
			30/06/17	30/06/16
			$'000	$'000
Equity price risk				
Australia	5%	5%	178	150
European	5%	5%	164	164
United States	5%	5%	82	94
Japan	5%	5%	74	70
United Kingdom	5%	5%	25	34

AASB7.40(c) The Scheme's sensitivity to price risk has increased during the current period mainly due to the overall increase in futures deposits, listed managed investment schemes and exchange traded options. The methods and assumptions used to prepare the sensitivity analysis remain unchanged from the prior year.

AASB 7.40 does not require disclosure of price risk on a geographical basis as detailed above. However, this may wish to be disclosed by the Responsible Entity in order to provide a more meaningful analysis of the Scheme's exposure to the various markets in which it invests, especially in situations where equity price risk differs between the individual markets the Scheme invests in. If the scheme chooses not to disclose on a geographical basis as detailed above, disclosure is required of the impact on net profit or loss and equity as a whole for a [xx]% change in the relevant equity markets at period end.

19.11 Credit risk management

AASB7.33, 34, B8 Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Scheme. The Scheme has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Scheme only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Scheme uses other publicly available financial information and its own trading records to rate its major customers. The Scheme's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

AASB7.36(c), (d) Credit risk arising on investments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least 'BBB' or better as determined by Standard and Poor's. The following table details the aggregate investment grade of the debt instruments in the portfolio, as rated by well-known rated agencies approved by the Responsible Entity or, in the case of an unrated debt instrument, the rating as assigned by the Responsible Entity using an approach consistent with that of the respective rating agencies.

			30/06/17		30/06/16	
Counterparty	**Location**	**Rating**	**Credit limit**	**Carrying amount**	**Credit limit**	**Carrying amount**
			$'000	$'000	$'000	$'000
Company A	Australia	AA	2,000	1,900	2,000	1,700
Company B	Australia	A	5,000	4,256	5,000	4,719
Company C	Australia	A	5,500	4,300	5,500	4,350
Company D	B Land	BB	800	750	800	700

Source **19. Financial instruments (cont.)**

The main receivables balances are in relation to receivables for investments sold, dividends, distributions and interest receivable. Other receivables balances are largely immaterial.
The credit risk associated with unsettled sales is considered to be minimal since these trades are settled on a T+3 basis and for which the counterparties are large financial institutions.
The credit risk associated with dividend, distribution and interest receivable is considered to be minimal since none of these assets are impaired nor past due but not impaired. Historically, the Scheme invests in instruments which have an investment grade as rated by a well-known rating agency. Investment income receivable has historically been received within 30 days of year end.

AASB7.36(a) The Scheme does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It is the opinion of the Responsible Entity that the carrying amounts of the financial assets represent the maximum credit exposure at the balance sheet date. There were no significant concentrations of credit risk to counterparties. No individual investment exceeds 5% of net assets at either 30 June 2017 or 30 June 2016.

AASB7.36(b) A scheme shall disclose a description of collateral held as security and other credit enhancements in respect of the amounts disclosed above.

AASB7.B10 Activities that give rise to credit risk and the associated maximum exposure to credit risk include, but are not limited to:

- Granting loans and receivables to customers and placing deposits with other entities. In these cases, the maximum exposure to credit risk is the carrying amount of the related financial assets
- Entering into derivative contracts, for example, foreign exchange contracts, interest rate swaps and credit derivatives. When the resulting asset is measured at fair value, the maximum exposure to credit risk at the reporting date will equal the carrying amount
- Granting financial guarantees. In this case, the maximum exposure to credit risk is the maximum amount the scheme could have to pay if the guarantee is called on, which may be significantly greater than the amount recognised as a liability; and
- Making a loan commitment that is irrevocable over the life of the facility or is revocable only in response to a material adverse change. If the issuer cannot settle the loan commitment net in cash or another financial instrument, the maximum credit exposure is the full amount of the commitment. This is because it is uncertain whether the amount of any undrawn portion may be drawn upon in the future. This may be significantly greater than the amount recognised as an asset.

19.12 Liquidity risk management

AASB7.33, 39(b) The Scheme's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. Unitholders are able to withdraw their units at any time and the Scheme is therefore exposed to the liquidity risk of meeting unitholders' withdrawals at any time.
The Scheme's listed securities, listed managed investment schemes and unlisted managed investment schemes are considered to be readily realisable. The Scheme's other investments include investments in unlisted investments, private equity investments and direct property, which are not traded in an organised market and which generally may be illiquid. As a result, there is a risk that the Scheme may not be able to liquidate all of these investments at their fair value in order to meet its liquidity requirements.
The Scheme's liquidity risk is managed in accordance with the Scheme's investment strategy. The Scheme has a high level of net inward cash flows (through new applications by unitholders) which provides capacity to manage liquidity risk. The Scheme also manages liquidity risk by maintaining adequate banking facilities and through the continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Scheme's overall strategy to liquidity risk management remains unchanged from 2016.

If the Scheme also has investments in unlisted managed investment schemes with restrictions on when redemptions can be made, these investments should be included within the description of illiquid investments above.

Source

19. Financial instruments (cont.)

If the Scheme also has a strategy to invest a certain percentage of its assets in liquid investments as part of its overall liquidity management strategy, additional details should be included in this section.

19.12.1 Liquidity and interest risk tables

AASB7.34, 35, 39(a)

The following tables detail the Scheme's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Scheme can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Scheme may be required to pay.

The tables below includes the weighted average effective interest rate and the carrying amount of the respective financial liabilities as reflected reflected in the statement of financial position as an example of summary quantitative data about exposure to interest rates at the end of the reporting period that an entity may provide internally to key management personnel.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 years	Total	Carrying Value
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2017								
Liabilities attributable to unitholders	-	15,442	-	-	-	-	15,442	15,442
Other non-interest bearing	-	3,247	13,488	-	-	-	16,735	16,735
Finance lease liability	7.00	-	-	-	-	-	-	-
Variable interest rate instruments	8.18	2,893	1,839	5,336	8,390	-	18,458	16,467
Fixed interest rate instruments	7.56	2,554	3,928	7,238	15,944	-	29,664	26,200
Financial guarantee contracts	-	-	-	-	-	-	-	-
		24,136	19,255	12,574	24,334	-	80,299	74,844

Source

19. Financial instruments (cont.)

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 years	Total	Carrying Value
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2016								
Liabilities attributable to unitholders	-	11,163	-	-	-	-	11,163	11,163
Other non-interest bearing	-	1,325	4,260	-	-	-	5,585	5,585
Finance lease liability	7.00	-	-	-	-	-	-	-
Variable interest rate instruments	8.08	7,701	1,409	7,045	4,626	-	20,781	19,436
Fixed interest rate instruments	8.03	6,004	6,579	8,688	20,881	-	42,152	37,642
Financial guarantee contracts	-	-	-	-	-	-	-	-
		26,193	12,248	15,733	25,507	-	79,681	73,826

AASB7.B10(c)

The amounts included above for financial guarantee contracts are the maximum amounts the Scheme could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Scheme considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

AASB7.34, 35

The following table details the Scheme's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Scheme's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 years	Total	Carrying Value
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2017								
Non-interest bearing	-	11,216	9,586	-	-	-	20,802	20,802
Variable interest rate instruments	5.75	20,979	1,367	3,019	2,448	-	27,813	27,258
Fixed interest rate instruments	7.38	342	560	3,015	2,681	-	6,598	5,905
		32,537	11,513	6,034	5,129	-	55,213	53,965

Source

19. Financial instruments (cont.)

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 years	Total	Carrying Value
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2016								
Non-interest bearing	-	13,140	14,796				27,936	27,936
Variable interest rate instruments	4.83	16,418	1,125	4,204	1,911	-	23,658	22,866
Fixed interest rate instruments	7.00	-	-	1,056	3,596	-	4,652	4,015
		29,558	15,921	5,260	5,507	-	56,246	54,817

AASB7.B10A(b) The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

AASB7.39(c) The Scheme has access to financing facilities as described in note 19.12.2 below, of which $9.268 million were unused at the end of the reporting period (2016: $12.617 million). The Scheme expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

AASB7.39(b) The following table details the Scheme's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Less than 1 month
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2017						
Net settled:						
Interest rate swaps	-	-	-	-	-	-
Foreign exchange forward contracts	-	-	-	-	-	-
Gross settled:						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
	-	-	-	-	-	-

Source

19. Financial instruments (cont.)

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Less than 1 month
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2016						
Net settled:						
Interest rate swaps	-	-	-	-	-	-
Foreign exchange forward contracts	-	-	-	-	-	-
Gross settled:						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
	-	-	-	-	-	-

19.12.2 Financing facilities

		30/06/17	30/06/16
		$'000	$'000
AASB107.50(a)	Unsecured bank overdraft facility, reviewed annually and payable at call:		
	• amount used	520	314
	• amount unused	1,540	2,686
		2,060	3,000
	Unsecured bill acceptance facility, reviewed annually:		
	• amount used	358	916
	• amount unused	1,142	1,184
		1,500	2,100
	Secured bank overdraft facility:		
	• amount used	18	64
	• amount unused	982	936
		1,000	1,000
	Secured bank loan facilities with various maturity dates through to 2021 and which may be extended by mutual agreement:		
	• amount used	14,982	17,404
	• amount unused	5,604	7,811
		20,586	25,215

Details of credit standby arrangements and a summary of the used and unused loan facilities are not required by AASB 7. AASB 107 'Statement of Cash Flows' however encourages such disclosure since it may be relevant to users understanding the financial position and liquidity of a scheme.

Source

19. Financial instruments (cont.)

19.13 Fair value of financial instruments

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

AASB13.93 (a), (b), (d), (g), (h), (i), 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	Valuation technique(s) and key input(s)
	30/06/17	30/06/16		
1) Foreign currency forward contracts	Assets – $X-; and Liabilities – $X	Assets – $X	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Interest rate swaps	Assets – $X-; Liabilities (designated for hedging) – $X-; and Liabilities (not designated for hedging) – $X	Assets – $X	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Held-for-trading non-derivative financial assets	Listed equity securities in Z land: Real estate industry – $X; and Oil and gas industry – $X	Listed equity securities in Z land: Real estate industry – $X ; and Oil and gas industry – $X	Level 1	Quoted bid prices in an active market.
4) Listed redeemable notes	Listed debt securities in Y Land – Energy industry – $X	Listed debt securities in Y Land – Energy industry – $X	Level 1	Quoted bid prices in an active market.

Source

19. Financial instruments (cont.)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation tech-nique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/06/17	**30/06/16**				
5) Private equity investments	20 per cent equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – $X and 10 per cent equity investment in E Plus Limited engaged in Shoe manufacturing in Australia – $X	20 per cent equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – $X	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from X – X per cent (2016: X – X per cent).	A slight increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value. (i)
					Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from X – X per cent (2016: X – X per cent).	A significant increase in the long-term pre-tax operating margin used in isolation would result in a significant increase in the fair value.
					Weighted average cost of capital, (WACC) determined using a Capital Asset Pricing Model, ranging from X – X per cent (2016: X – X per cent).	A slight increase in the WACC used in isolation would result in a significant decrease in the fair value. (ii)
					Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from X – X per cent (2016: X – X per cent).	A significant increase in the long-term pre-tax operating margin used in isolation would result in a significant increase in the fair value.

Source	19. Financial instruments (cont.)

AASB13.93(h)(ii)

(i) If the long-term revenue growth rates used were 10% higher/lower while all the other variables were held constant, the carrying amount of the shares would increase/decrease by $X (30 June 2016: increase/decrease by $X).

(ii) A 5% increase/decrease in the WACC or discount rate used while holding all other variables constant would decrease/increase the carrying amount of the private equity investments and the contingent consideration by $X and $X respectively (30 June 2016: $X and $X respectively).

AASB13.93(c) There were no transfers between Level 1 and 2 in the period.

AASB13.93(h)(ii) For financial assets and financial that are categorised within the Level 3 fair value hierarchy, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would significantly change the fair value determined, 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.

AASB7.25, 29(a), AASB13.97

19.13.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

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

	30 June 2017		30 June 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables:	**24,439**	**24,528**	**31,024**	**30,942**
• loans to related parties	3,637	3,808	3,088	3,032
• financial lease receivables	-	-	-	-
• trade and other receivables	20,802	20,720	27,936	27,910
Held-to-maturity investments:	**5,905**	**5,922**	**4,015**	**4,016**
• bills of exchange	5,405	5,420	4,015	4,016
• debentures	500	502	-	-
Financial liabilities				
Financial liabilities held at amortised cost:	**60,302**	**54,142**	**64,173**	**55,794**
• bills of exchange	358	360	916	920
• bank loans at fixed interest rate	14,982	10,650	17,404	10,840
• bank Loans at variable interest rate	538	538	378	375
• loans from other entities	4,276	3,980	4,167	4,050
• loans from related parties	22,499	21,478	34,124	32,560
• payables	16,735	16,222	5,585	5,450
• distributions payable	900	900	1,510	1,510
• other	14	14	89	89

Source

19. Financial instruments (cont.)

19.13.3 Fair value measurements recognised in the statement of financial position

AASB7.27B(a)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

AASB13.93(b),97

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
30 June 2017				
Financial assets at FVTPL				
Derivative financial assets	-	-	-	-
Non-derivative financial assets held for trading	-	-	-	-
Held for trading	7,537	963	419	8,919
Available-for-sale financial assets				
Redeemable notes	-	-	-	-
Asset-backed securities reclassified from fair value through profit or loss	-	-	-	-
Total	7,537	963	419	8,919
Financial liabilities at FVTPL				
Derivative financial liabilities	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Total	**-**	**-**	**-**	**-**
30 June 2016				
Financial assets at FVTPL				
Derivative financial assets	-	-	-	-
Non-derivative financial assets held for trading	-	-	-	-
Held for trading	7,657	200	-	7,857
Available-for-sale financial assets				
Redeemable notes	-	-	-	-
Asset-backed securities reclassified from fair value through profit or loss	-	-	-	-
Total	7,657	200	-	7,857
Financial liabilities at FVTPL				
Derivative financial liabilities	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Total	**-**	**-**	**-**	**-**

Source **19. Financial instruments (cont.)**

AASB13.93(e) **19.13.4 Reconciliation of Level 3 fair value measurements of financial assets**

	Fair value through profit or loss		Available-for-sale	Total
	Asset-backed securities held for trading	Unquoted equities	Asset-backed securities	
	$'000	$'000	$'000	$'000
30 June 2017				
Opening balance	-	-	-	-
Total gains or losses:				
• in profit or loss	-	-	-	-
• in other comprehensive income	-	-	-	-
Reclassifications of asset-backed securities	-	-	-	-
Purchases	-	419	-	419
Issues	-	-	-	-
Settlements	-	-	-	-
Transfers out of level 3	-	-	-	-
Closing balance	-	419	-	419
30 June 2016				
Opening balance	-	-	-	-
Total gains or losses:				
• in profit or loss	-	-	-	-
• in other comprehensive income	-	-	-	-
Reclassifications of asset-backed securities	-	-	-	-
Purchases	-	-	-	-
Issues	-	-	-	-
Settlements	-	-	-	-
Transfers out of level 3	-	-	-	-
Closing balance	-	-	-	-

Source	19. Financial instruments (cont.)
	Fair value determined using valuation techniques
AASB13.91	The Scheme 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.
	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 'Insurance Contracts') if the fair value of that feature cannot be measured reliably.
AASB7.30	In the cases described in paragraph 29(b) and (c), a scheme shall disclose information to help users of the financial report make their own judgments 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 scheme 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 amounts at the time of derecognition, and the amount of gain or loss recognised.
	Accounting for deferred 'day 1' gains
AASB7.28	In some cases, a scheme does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph AG76 of AASB 139). In such cases, the scheme shall disclose by class of financial asset or financial liability: (a) Its accounting policy for recognising in profit or loss the difference between the fair value at initial recognition and the transaction price to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability (see paragraph AG76(b) of AASB 139) (b) The aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference (c) Why the entity concluded that the transaction price was not best evidence of fair value, including a description of the evidence that supports the fair value.

Source

19. Financial instruments (cont.)

Compound financial instruments with multiple embedded derivatives

AASB7.17 If a scheme has issued an instrument that contains both a liability and an equity component and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features.

20. Related party disclosures

The Responsible Entity of Elucidation Fund is Deloitte Funds Management Limited (ACN 123 456 789). Deloitte Funds Management Limited is a wholly owned subsidiary of Deloitte Group Limited whose ultimate parent entity is Deloitte Holdings Limited (ACN 314 151 617). Accordingly transactions with entities related to the Deloitte Holdings Group are disclosed below.

Deloitte Funds Management Limited also acts as the manager of the Scheme and Deloitte Custody Services Limited is the custodian.

- Investment management fees of $410,256 (2016: $275,375) were paid to the Responsible Entity
- Scheme administration fees of $224,980 (2016: $140,415) were paid to the Responsible Entity
- Custodian fees of $340,233 (2016: $275,386) were paid to a related party of the Responsible Entity
- Other expenses include reimbursement to the Responsible Entity of $129,928 (2016: $49,899) of costs incurred by the Responsible Entity on behalf of the Scheme.

The Scheme did not hold any interests in related parties as at year end or throughout the current or prior years.

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

Holdings of units by related parties

		Number of Units Held	
AASB124.18A	Responsible Entity and its associates	**30/06/17**	**30/06/16**
	Deloitte Funds Management Limited	5,000	5,000
	Associates of Deloitte Funds Management Limited	50,000	50,000

AASB124.17A If an entity obtains key management personnel services from another entity ('the management entity'), the entity is not required to apply the requirements in paragraph 17 of AASB 124 'Related Party Disclosures' to the compensation paid or payable by the management entity to the management entity's employees or directors.

AASB124.18A Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.

21. Cash and cash equivalents

AASB107.45 For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	30/06/17	**30/06/16**
	$'000	**$'000**
Cash and bank balances	23,621	19,778
Bank overdraft	(538)	(378)
	23,083	19,400

Cash balances not available for use

AASB107.48 A scheme shall disclose, together with commentary by management, the amount of significant cash and cash equivalent balances held by the scheme that are not available for use by the Scheme.

Source

21. Cash and cash equivalents (cont.)

AASB1054.16

Reconciliation of profit for the period to net cash provided by operating activities

Where the direct method is used by a scheme to present its statement of cash flows, a reconciliation of the cash flows from operating activities to profit or loss must be disclosed.

	Year ended 30/06/17	Year ended 30/06/16
	$'000	**$'000**
Net Profit	-	-
Finance costs attributable to unitholders	4,226	8,829
Net profit attributable to unitholders	4,226	8,829
Net foreign exchange (gain)/loss	(101)	117
Net (gain)/loss arising on financial assets designated as FVTPL	(2,145)	(11,890)
Net (gain)/loss arising on financial assets classified as held for trading	129	-
(Gain)/loss on revaluation of investment property	191	(280)
Changes in net assets:		
(Increase)/decrease in income receivable	(353)	2,610
Increase/(decrease) in creditors and accruals	(110)	(3,898)
Net cash provided by operating activities	1,837	(4,512)

AASB107.43

21.3 Non-cash financing and investing activities

During the year income distributions totalling $3,125,000 (2016: $3,298,000) were reinvested by unitholders for additional units in the Scheme.

Other disclosures

AASB107.50

Additional information may be relevant to users in understanding the financial position and liquidity of a scheme. Disclosure of this information, together with a commentary by management, is encouraged and may include:

(a) The amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities (refer also note 19.12.2)

(b) The aggregate amounts of the cash flows from each of operating, investing and financing activities related to interests in joint ventures reported using proportionate consolidation

(c) The aggregate amount of cash flows that represent increases in operating capacity separately from those cash flows that are required to maintain operating capacity; and

(d) The amount of the cash flows arising from the operating, investing and financing activities of each reportable segment (refer also note 5).

AASB107.51

The separate disclosure of cash flows that represent increases in operating capacity and cash flows that are required to maintain operating capacity is useful in enabling the user to determine whether the scheme is investing adequately in the maintenance of its operating capacity.

AASB107.52

The disclosure of segmental cash flows enables users to obtain a better understanding of the relationship between the cash flows of the business as a whole and those of its component parts and the availability and variability of segmental cash flows.

22. Contingent liabilities and contingent assets

Contingent liabilities

AASB137.86

Unless the possibility of any outflow in settlement is remote, a scheme shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:

(a) An estimate of its financial effect, measured in the same manner as a provision

Source	22. Contingent liabilities and contingent assets (cont.)
	(b) An indication of the uncertainties relating to the amount or timing of any outflow; and
	(c) The possibility of any reimbursement.
AASB137.87	In determining which contingent liabilities may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar for a single statement about them to fulfil the requirements of paragraphs (a) and (b) above.
AASB137.91	Where any of the information above is not disclosed because it is not practicable to do so, that fact shall be stated.
	Contingent assets
AASB137.89, 91	Where an inflow of economic benefits is probable, a scheme shall disclose a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of their financial effect. Where any of this information is not disclosed because it is not practicable to do so, that fact shall be stated.
AASB137.90	It is important that disclosures for contingent assets avoid giving misleading indications of the likelihood of income arising.
	Exemptions
AASB137.92	In extremely rare cases, disclosure of some or all of the information illustrated above would be expected to seriously prejudice the position of the scheme in a dispute with other parties on the subject matter of the contingent liability or contingent asset. In such cases, a scheme need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.
	Provisions
AASB137.88	Where a provision and a contingent liability arise from the same set of circumstances, a scheme makes the required disclosures in a way that shows the link between the provision and the contingent liability.

23. Remuneration of auditors

ASIC-CI 2016/191

A scheme shall consider the extent to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 permits information about the remuneration of auditors to be rounded.

		Year ended 30/06/17	Year ended 30/06/16
		$	$
	Auditor's Remuneration		
AASB1054.10, 11	Auditing or reviewing the Financial Statements	40,000	35,000
	Other non-audit services		
	Compliance plan audit	6,000	6,000
	Distribution statement review	4,000	4,000
		50,000	45,000

The auditor of Deloitte Managed Investment Scheme is Deloitte Touche Tohmatsu.

Source	24. Events after the reporting period
AASB110.21	The financial report shall disclose for each material category of subsequent events (other than those events whose financial effects have already been brought to account): (a) The nature of the event; and (b) An estimate of its financial effect, or a statement that such an estimate cannot be made.
AASB110.22	Examples of events occurring after the end of the reporting period that do not provide evidence about conditions existing at the reporting date include: • A major business combination after the end of the reporting period or disposing of a major subsidiary • Announcing a plan to discontinue an operation • Major purchases of assets, classifications of assets as held for sale, other disposals of assets, or expropriation of major assets by government • Abnormally large changes after the reporting period in asset prices • Entering into significant commitments or contingent liabilities; and • Commencing major litigation arising solely out of events that occurred after the end of the reporting period.
AASB110.8, 19	The effects of events after the end of the reporting period providing evidence of conditions that existed at the end of the reporting period shall be brought to account rather than disclosed by way of note to the financial statements. If an entity receives information after the end of the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to these conditions, in the light of the new information.

25. Approval of financial reports

The financial reports were approved by the Directors of the Responsible Entity and authorised for issue on 8 September 2017.

Deloitte.