

THE CALFER PROPERTY FUND

ARSN 628 011 325

FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2020

**THE CALFER PROPERTY FUND**  
**ARSN 628 011 325**  
**RESPONSIBLE ENTITY REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**THE CALFER PROPERTY FUND**  
**ARSN 628 011 325**  
**RESPONSIBLE ENTITY REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

The Directors of the Responsible Entity, Vasco Trustees Limited, present their report on The Calfer Property Fund ("the Fund") for the year ended 30 June 2020. In order to comply with the provisions of the *Corporations Act 2001* the Directors report as follows:

**1. Directors**

The names of Directors of the Responsible Entity in office at any time during the financial year were:

Craig Mathew Dunstan

Fiona Jean Dunstan

Stephen George Hawkins (retired 2 July 2019)

Jonathan William Martin

Reginald Bancroft (appointed 2 July 2019)

**2. Principal Activities**

The principal activity of the Fund is to invest in a portfolio of regionally based motels through the Calfer Property Trust ('the Trust') to provide investors with long term capital growth and income returns. The Fund is an unlisted registered managed investment scheme, incorporated and domiciled in Australia. Calfer Pty Ltd is the trustee and Investment Manager of the Trust.

The Fund was established on 16 August 2018 and commenced operations on 26 October 2018.

**3. Operating Results**

The operating profit of the Fund for the financial year ending 30 June 2020 was \$354,522 (2019: \$649,928).

**4. Review of Operations**

The Fund acquired all units in the Trust on 26 October 2018 and unitholders were transferred from the Trust to the Fund. The Fund has 11,063,028 units as a result of the transfer.

The Fund is the only unitholder of the Trust. The NAV of the Trust as at the end of the reporting period was \$2,667,910.

The Trust invests in Australian motels which broadly comprise facilities that provide accommodation for travellers with lodging and free parking facilities. The Trust focuses on Australian motel investments of \$1 million to \$5 million in regional centres, primarily in regional towns and cities in Victoria, New South Wales and Queensland. The Trust's portfolio is made up of thirteen motels. Three of the motels are operated by Calfer Pty Ltd and ten have been leased to third parties.

The negative effects of COVID-19 took a toll on the motels' profits and cash flow position during the financial year as a result of strict government regulation impacting rent received from the motels leased to third parties and income from the motels operated by Calfer Pty Ltd.

In March 2020, The Trust entered into a renegotiated facility agreement with Commonwealth Bank of Australia in order to refinance the Trust's expired bills matured accounts.

As at 30 June 2020 the Fund's investments comprised the following:

<b>Investment</b>	<b>\$</b>
Units in Calfer Property Trust	2,694,660
<b>Total</b>	<b>2,694,660</b>

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**5. Review of Performance**

Unit Class	2020 % p.a.	2019 % p.a.
Ordinary units	12.21	(18.07)

**6. Unit Redemption Prices**

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) are shown as follows:

	2020 \$	2019 \$
At 30 June	0.2412	0.2629
High during year	0.3713	0.2997
Low during year	0.2412	0.2629

The availability and timing of redemptions is subject to the terms of the Fund's Constitution.

**7. Distributions Paid or Recommended**

In accordance with the Replacement Product Disclosure Statement of the Fund, the Fund will only pay distributions from its cash from operations available for distribution. Distributions of income are intended to be paid quarterly and will depend on whether there is a surplus of income available. Distributions to unitholders take into account the number of units held by the unitholders and the number of days units were held at the time of the distribution calculation.

The Fund declared a distribution of \$595,060 for the period ended 30 June 2020.

**8. Applications Held**

As at 30 June 2020, there were no pending applications.

**9. Redemption Arrangements**

As detailed in the Fund's Constitution the Responsible Entity is not under any obligation to buy back, purchase or redeem units from unitholders. Consequently, no units were redeemed by the Responsible Entity during the reporting period.

As detailed in the Fund's Replacement Product Disclosure Statement there is no right for unitholders to withdraw from the Fund or to have their units redeemed.

**10. Options**

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options outstanding at the date of this report. The Directors and executives of the Responsible Entity hold no options over interests in the Fund.



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**11. Proceedings on Behalf of the Fund**

No person has applied to the court for leave to bring proceedings on behalf of the Fund, or to intervene in any proceedings to which the Fund is a party, for the purpose of taking responsibility on behalf of the Fund for all or any part of their proceedings.

**12. Value of Scheme Assets**

The Gross Asset Value of the Fund's assets at the end of the reporting period was \$4,012,497 (2019: \$4,020,066). The Net Asset Value at the end of the reporting period was \$2,667,910 (2019: \$2,908,448).

**13. Significant Changes in State of Affairs**

Apart from those matters referred to in the previous sections of this Report, there have been no other significant changes to the state of affairs of the Fund during the financial year.

**14. After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years other than as disclosed in this report.

**15. Future Developments**

There are no future developments to report on which are not otherwise disclosed in this report.

**16. Indemnifying Officers or Auditor**

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned Directors as well as officers of the Responsible Entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity.

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 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.

**17. Fees, Commissions or Other Charges by the Responsible Entity, Investment Manager or Related Parties**

Fees of \$59,579 (plus GST) were accrued and paid by the Fund to the Responsible Entity for the period. Fees of \$15,375 (plus GST) were accrued and paid by the Fund to the Administration Manager.

**18. Units held by the Responsible Entity, Investment Manager or Related Parties**

As at 30 June 2020, 3,470,528 units were held by directors of the trustee of the Trust or their related parties. Vasco Trustees Limited holds 11,063,028 units in the Calfer Property Trust in its capacity as Responsible Entity for The Calfer Property Fund.

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**19. Interests in the Fund**

The movement of units on issue in the Fund during the year is set out in Note 10 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in Note 1 to the financial statements.

**20. Environmental Issues**

The operations of the Fund are not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

**23. Lead auditor's declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on the following page.

Signed in accordance with a resolution of the Board of Directors of Vasco Trustees Limited by:

A handwritten signature in dark ink, appearing to read 'Craig Mathew Dunstan', with a long horizontal flourish extending to the right.

**Craig Mathew Dunstan**

Director

Date: 28 October 2020

## Auditor's Independence Declaration

To the Unitholders of The Calfer Property Fund

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of The Calfer Property Fund for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Darren Scammell  
Partner – Audit & Assurance

Melbourne, 28 October 2020



**THE CALFER PROPERTY FUND**  
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$	2019 \$
<b>Revenue and other income</b>			
Distribution income	2 (a)	732,811	1,128,797
Other income	2 (b)	294	294
Fair value adjustment to financial assets held at fair value through profit or loss		(251,645)	(369,535)
<b>Total revenue and other income</b>		<b>481,460</b>	<b>759,556</b>
<b>Expenses</b>			
Responsible entity fees	3	59,579	34,003
Administration fees	3	15,375	-
Audit fee	11	22,533	23,500
Other expenses	4	11,235	39,835
Custodian fees	5	18,216	12,290
<b>Total expenses</b>		<b>126,938</b>	<b>109,628</b>
<b>Operating gains attributable to unitholders</b>		<b>354,522</b>	<b>649,928</b>
<b>Finance costs attributable to unitholders</b>			
Distribution expenses		(595,060)	(1,057,321)
Increase in net assets attributable to unitholders	10 (b)	240,538	407,392
<b>Total comprehensive income attributable to unitholders</b>		<b>-</b>	<b>-</b>



**THE CALFER PROPERTY FUND**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Notes	2020 \$	2019 (Re-stated) \$	2019 (Originally reported) \$
<b>Current assets</b>				
Cash and cash equivalents	6 (a)	2,947	43,645	43,645
Accounts receivable	6 (b)	3,920	1,319	1,319
Distribution receivable	6 (c)	1,310,970	1,028,797	1,028,797
<b>Total current assets</b>		<b>1,317,837</b>	<b>1,073,761</b>	<b>1,073,761</b>
<b>Non-current assets</b>				
Investments	7	2,694,660	2,946,305	4,075,102
<b>Total non-current assets</b>		<b>2,694,660</b>	<b>2,946,305</b>	<b>4,075,102</b>
<b>Total assets</b>		<b>4,012,497</b>	<b>4,020,066</b>	<b>5,148,863</b>
<b>Current liabilities</b>				
Other expenses payable	8	4,657	2,022	-
Fees payable	9	42,865	52,275	54,297
Distribution payable		1,297,065	1,057,321	1,057,321
<b>Total current liabilities</b>		<b>1,344,587</b>	<b>1,111,618</b>	<b>1,111,618</b>
<b>Total liabilities</b>		<b>1,344,587</b>	<b>1,111,618</b>	<b>1,111,618</b>
<b>Net assets</b>		<b>2,667,910</b>	<b>2,908,448</b>	<b>4,037,245</b>
<b>Represented by:</b>				
Issued units	10 (a)	3,315,840	3,315,840	3,315,840
Undistributed profit/(loss) attributable to unitholders	10 (b)	(647,930)	(407,392)	721,405
<b>Total equity</b>		<b>2,667,910</b>	<b>2,908,448</b>	<b>4,037,245</b>

**THE CALFER PROPERTY FUND**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	Issued Units \$	Total comprehensive income \$	Total Equity \$
<b>Balance at 26 October 2018</b>		-	-	-
Issue of share capital		3,315,840	-	3,315,840
Total comprehensive income attributable to unitholders net of distributions		-	(407,392)	(407,392)
<b>Balance at 30 June 2019</b>		<b>3,315,840</b>	<b>(407,392)</b>	<b>2,908,448</b>
<b>Balance at 1 July 2019</b>		3,315,840	(407,392)	2,908,448
Issue of share capital		-	-	-
Total comprehensive income for the year		-	(240,538)	(240,538)
<b>Balance at 30 June 2020</b>		<b>3,315,840</b>	<b>(647,930)</b>	<b>2,667,910</b>

**THE CALFER PROPERTY FUND**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Bank interest		294	294
Distribution received		395,324	100,000
Fund expenses paid		(136,316)	(56,649)
Net cash (used in) operating activities	12	<b>259,302</b>	<b>43,645</b>
<b>Cash flows from financing activities</b>			
Distributions paid		(300,000)	-
Net cash provided by financing activities		<b>(300,000)</b>	<b>-</b>
Net increase in cash and cash equivalents		(40,698)	43,645
Cash and cash equivalents at the beginning of year		43,645	-
<b>Cash and cash equivalents at the end of year</b>	6 (a)	<b>2,947</b>	<b>43,645</b>



**THE CALFER PROPERTY FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The financial report is for the entity The Calfer Property Fund ("the Fund") and its controlled entities. The Fund is an open-ended registered managed investment scheme established and domiciled in Australia. The Responsible Entity of the Fund is Vasco Trustees Limited.

**Basis of Preparation**

**(a) Statement of compliance**

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial report of the Fund complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were approved by the Board of Directors of the Responsible Entity on 28 October 2020.

**(b) Basis of measurement**

The financial report is prepared on the historical cost basis except for the following material items in the statement of financial position:

Investment assets are measured at fair value.

**(c) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Fund's functional currency.

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

The preparation of financial statements requires the Directors of the Responsible Entity to undertake a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**(e) Liquidity**

The Responsible Entity acknowledges the net current deficiency of the Fund as at 30 June 2020 and notes liquidity may be managed via injections from the Calfer Property Trust in order to meet the current liabilities.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Significant accounting policies**

**(a) Financial instruments**

Financial assets and financial liabilities are recognised on the Fund's Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

**(i) Measurement**

Financial assets and financial liabilities are held at fair value through profit or loss.

Under this approach, financial assets and financial liabilities are generally measured initially at fair value excluding any transaction costs that are directly attributable to acquisition.

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in their fair value recognized in the statement of comprehensive income.

*Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets are based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices on the reporting date, while financial liabilities are priced at current offer prices.

*Fair value in an inactive or unquoted market*

The fair values of financial assets and liabilities that are not traded in an active market are determined through the valuation policy identified in the Information Memorandum for the Fund.

**(ii) Categorisation**

The Fund's investments are categorised as follows:

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

*Issued units*

The Fund issues units which have a limited life under the Fund's Constitution and are classified as a liability in accordance with AASB 132 *Financial Instruments: Presentation*.

Where the Fund buys back any of its units from unitholders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in liability attributable to the Fund's unitholders.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST, and accruals are shown exclusive of GST.

**(c) Income tax**

Under current legislation, the Fund is not liable for income tax provided its taxable income is fully distributed to unitholders.

**(d) Critical judgements and significant accounting estimates**

The preparation of financial statements requires the Directors of the Responsible Entity to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**(e) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Fund that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(f) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue is deferred when fees are received upfront but where associated services are yet to be performed. Any consideration deferred for more than one year is treated as a financing arrangement and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of Goods and Services Tax (GST).



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Trade Receivables**

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

**(h) Foreign Exchange**

Items included in the financial records are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars, which is the presentation currency of the Fund.

**(i) Provisions**

Provisions are recognised when the Fund has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(j) Restatement of comparatives**

The Responsible Entity has restated the comparative numbers below due to the distribution income receivable being included in the investment value of the Calfer Property Trust. This resulted in an overstatement of the Fund's financial position in the 2019 Financial Report by \$1,128,797. There is no detrimental effect flowing to unitholders.

<b>Account</b>	<b>FY2019</b>	<b>FY2019 restated</b>	<b>Difference</b>
Investments	4,075,102	2,946,305	(1,128,797)
Total assets	5,148,863	4,020,066	(1,128,797)
Net assets	4,037,245	2,908,448	(1,128,797)
Fair value adjustment to financial assets held at fair value through profit or loss	759,263	(369,535)	(1,128,797)
Total revenue	1,888,354	759,556	(1,128,797)
Operating gains attributable to unitholders	1,778,726	649,928	(1,128,797)
Decrease in net assets attributable to unitholders	(721,405)	407,392	1,128,797

**(k) New accounting standards and interpretations**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

**THE CALFER PROPERTY FUND**  
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**NOTE 2: REVENUE**

The Fund's revenue may be analysed under the following categories:

**(a) Distribution income**

	2020	2019
	\$	\$
Distribution from the Calfer Property Trust	732,812	1,128,797
	<u>732,812</u>	<u>1,128,797</u>

**(b) Other income**

	2020	2019
	\$	\$
Bank interest	294	294
	<u>294</u>	<u>294</u>

**Bank interest**

Cash on deposit is held by the Custodian (One Managed Investment Funds Limited) with St George Bank.

**NOTE 3: RESPONSIBLE ENTITY & ADMINISTRATION FEES**

	2020	2019
	\$	\$
Responsible Entity fees	59,579	34,003
Administration fees	15,375	-
	<u>74,954</u>	<u>34,003</u>

In accordance with the Constitution, Vasco Trustees Limited as Responsible Entity is entitled to receive an annual fee equal to the greater of 0.3% of the GAV or \$60,000 (plus GST). The responsible entity fee is calculated and paid monthly in arrears.

In accordance with the Administration Agreement, Vasco Fund Services Pty Ltd as Administration Manager is entitled to receive an annual fee of \$15,000 (plus GST) p.a. The administration fee is subject to an annual increase of 5% per annum on 1 January each year.

**NOTE 4: OTHER EXPENSES**

	2020	2019
	\$	\$
Tax return fees	3,750	10,000
Establishment fees	-	3,563
Other administration expenses	900	-
Accounting fees (Reversal of over-accrual as at 30 June 2019)	(1,750)	15,750
ASIC fees	2,340	2,225
Registry fees	1,236	4,361
GST expense (non-claimable)	4,755	3,936
Bank fees	4	-
	<u>11,235</u>	<u>39,835</u>



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**NOTE 5: CUSTODIAN FEES**

	2020	2019
	\$	\$
Custodian fees	18,216	12,290
	<u>18,216</u>	<u>12,290</u>

In accordance with the Custodian Agreement the custodian will be entitled to a monthly fee of \$1,500 (plus GST) calculated and payable quarterly in arrears subject to a CPI increase applied annually.

**NOTE 6: CURRENT ASSETS**

**(a) Cash and cash equivalents**

	2020	2019
	\$	\$
St. George Bank	2,947	43,625
	<u>2,947</u>	<u>43,625</u>

Cash on deposit is held by the Custodian with St George Bank.

**(b) Accounts receivable**

	2020	2019
	\$	\$
RITC receivable	3,920	1,319
	<u>3,920</u>	<u>1,319</u>

**(c) Distribution receivable**

	2020	2019
	\$	\$
Distribution from Calfer Property Trust FY2019	715,911	1,028,797
Distribution from Calfer Property Trust FY2020	595,059	-
	<u>1,310,970</u>	<u>1,028,797</u>

**NOTE 7: INVESTMENTS**

**(a) Investment in Calfer Property Trust**

	2020	2019
	\$	\$
Units: Calfer Property Trust	2,694,660	2,946,305
	<u>2,694,660</u>	<u>2,946,305</u>

The Fund holds a 100% interest in the Calfer Property Trust, an unregistered managed investment scheme and established and domiciled in Australia. The Trustee of the Calfer Property Trust is Calfer Pty Ltd.

**(b) Reconciliation of movement in balance**

	2020	2019
	\$	\$
Investment at cost	3,315,840	3,315,840
Fair value adjustment through profit or loss	(621,180)	(369,535)
	<u>2,694,660</u>	<u>2,946,305</u>



**THE CALFER PROPERTY FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8: OTHER EXPENSES PAYABLE**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Administration expenses	450	-
Other accrued expenses	4,207	2,022
	<b><u>4,657</u></b>	<b><u>2,022</u></b>

**NOTE 9: FEES PAYABLE**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Administration fees payable	2,625	-
Custodian fees payable	4,500	4,500
Responsible entity fees payable	10,000	4,150
Financial audit fees payable	17,500	15,000
Compliance audit fees payable	4,500	8,500
ASIC annual fees payable	1,240	2,225
Provision for tax return fees	2,500	10,000
Accounting fees payable	-	7,000
Registry fees payable	-	900
	<b><u>42,865</u></b>	<b><u>52,275</u></b>

**NOTE 10: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

**(a) Issued units**

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>
Opening balance	11,063,028	3,315,840	11,063,028	3,315,840
<b>Closing balance</b>	<b><u>11,063,028</u></b>	<b><u>3,315,840</u></b>	<b><u>11,063,028</u></b>	<b><u>3,315,840</u></b>

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

**(b) Undistributed profit/(loss attributable to unitholders after distributions)**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Opening balance	(407,392)	-
Net operating profit/(loss) attributable to unitholders	354,522	629,928
Distributions	(595,060)	(1,057,321)
<b>Closing balance</b>	<b><u>(647,930)</u></b>	<b><u>(407,392)</u></b>

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**NOTE 10: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)**

**(c) Capital management**

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with income distributions and capital growth over the longer term. The Fund aims to achieve this objective mainly through investing in regionally based motels through the Calfer Property Trust.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions.

**NOTE 11: REMUNERATION OF AUDITORS**

The auditor of the Fund for the financial year ending 30 June 2020 was Grant Thornton. The auditor of the Fund for the financial year ending 30 June 2019 was Crowe Sydney.

The fees paid or agreed to be paid by the Fund are disclosed below.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Remuneration of Auditors:</b>		
Audit services		
Audit of financial report	17,500	15,000
Other regulatory audit services	4,500	8,500
Adjustment for under-accrued audit fees for FY2019	533	-
	<b>22,533</b>	<b>23,500</b>

**NOTE 12: CASH FLOW INFORMATION**

Reconciliation of cash flows from operating activities with profit/ (loss) for the year

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
(Loss) for the year	(240,538)	(407,392)
<u>Adjustments:</u>		
Change in value of financial assets held at fair value through profit or loss	251,645	369,535
Distribution to unitholders	595,060	1,057,321
Adjustment to FY19 distribution to unitholders for distributions paid from the Trust to unitholders in July and August 2018	(55,315)	
Changes in assets and liabilities:		
(Increase) in distribution receivable	(282,173)	(1,028,797)
Increase/(decrease) in payables	(9,377)	52,978
Cash flows from operating activities	<b>259,302</b>	<b>43,645</b>



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**NOTE 13: RELATED PARTY TRANSACTIONS**

The Fund's related parties include those described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

**(a) Responsible Entity**

The Responsible Entity of The Calfer Property Fund is Vasco Trustees Limited.

Fees of \$57,097 (plus GST) were accrued and paid by the Fund to Vasco Trustees Limited for its role as Responsible Entity for the period, of which \$3,140 is claimable by the Fund as RITC.

The Responsible Entity held 100% of the units issued in the Calfer Property Trust in their capacity as Responsible Entity of The Calfer Property Fund.

**(b) Administration Manager**

The Administration Manager of The Calfer Property Fund is Vasco Fund Services Pty Limited.

Administration fees of \$15,375 (plus GST) were accrued and paid by the Fund to Vasco Fund Services Pty Limited for its role as Administration Manager of the Fund, of which \$1,153 is claimable by the Fund as RITC.

Vasco Fund Services Pty Limited is a related party of the Responsible Entity.

**(e) Key management personnel**

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Vasco Trustees Limited, to manage the activities of the Fund. The Directors of the Responsible Entity and Investment Manager are key management personnel of those corporate entities. No compensation is paid directly by the Fund to Directors or to any of the key management personnel of the Responsible Entity. Payments made by the Fund to the Responsible Entity do not specifically include any amounts attributable to the compensation of key management personnel.

**NOTE 14: CONTINGENT LIABILITIES**

As at 30 June 2020 there were no material contingent liabilities that the Directors are aware of.

**NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE**

As at the date of this report, there have been no events subsequent to the reporting date that require additional disclosure.

**NOTE 16: FINANCIAL RISK MANAGEMENT**

**(a) Liquidity Risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund holds investments in property assets through a sub trust which are not considered to be assets that are readily realisable.

In order to address this risk, the Responsible Entity retains broad discretion to restrict distributions, withdrawals and/or redemptions.



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**NOTE 16: FINANCIAL RISK MANAGEMENT (continued)**

**(b) Market Risk**

The Fund is exposed to market risk through its use of financial instruments and specifically to interest rate risk and property value risk, which results from both its operating and investing activities. Market risk is the risk that changes in market prices which will affect the Fund's income. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk is monitored by the Responsible Entity.

**(c) Property Value Risk**

Real estate assets form a significant part of the Calfer Property Trust, the Fund's sole investment, and are carried at the lower of cost and net realisable value within the accounts. The property market is closely monitored by the Board. In addition, in depth due diligence is performed over a property before it is developed and ongoing monitoring is undertaken as part of the compliance plan.

There are a number of uncertainties regarding the outlook for the Australian economy over the next few years. This includes the reluctance of business to commit to major new investments until sustained increase in demand are seen. Certain property sectors are experiencing all-time highs in market prices. Should conditions deteriorate, decline in property values may result in losses.

**(d) Credit Risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Fund. The Fund is exposed to this risk for various financial instruments, for example, placing money at financial institutions or rental revenue that is paid in arrears. The Fund's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	2,947	43,645
	<u><b>2,947</b></u>	<u><b>43,645</b></u>

The Responsible Entity manages the exposure to credit risk on an ongoing basis. The Fund's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

**(e) Interest Rate Risk**

The Fund's interest rate risk is monitored by the Responsible Entity.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	2,947	43,645

An increase or decrease of 100 basis points in interest rates as at the reporting date would have an insignificant effect on the net assets attributable to unitholders and operating results.

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**NOTE 17: RESPONSIBLE ENTITY DETAILS**

The registered office and the principal place of business of the Responsible Entity are:

Vasco Trustees Limited

Level 5

488 Bourke Street

Melbourne Victoria 3000

**THE CALFER PROPERTY FUND**  
**ARSN 628 011 325**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Vasco Trustees Limited:

- (a) The financial statements and notes of The Calfer Property Fund are in accordance with the *Corporations Act 2001*, including
  - (i) Giving a true and fair view of its financial position as at 30 June 2020 and its performance for this financial year ended on that date; and
  - (ii) Complying with Australian Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that The Calfer Property Fund will be able to pay its debts as and when they become due and payable.
- (c) The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as disclosed in note 1.

This declaration is made in accordance with a resolution of the Directors.



**Craig Mathew Dunstan**

Director

28 October 2020



# Independent Auditor's Report

## To the Unitholders of The Calfer Property Fund

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of The Calfer Property Fund (the Fund), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

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

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



**Information other than the financial report and auditor's report thereon**

The Directors of Vasco Trustees Limited (the Trustee) are responsible for the other information. The other information comprises the information included in the Fund's report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

**Responsibilities of the Directors for the financial report**

The Directors of Vasco Trustees Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Darren Scammell  
Partner – Audit & Assurance

Melbourne, 28 October 2020