



THE VICTORIAN
PRIDE CENTRE

FOUNDERS OF THE VICTORIAN
PRIDE CENTRE FUND

ABN 96 472 500 839

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Directors of the Trustee, Vasco Trustees Limited present their report on the Founders of the Victorian Pride Centre Fund ('the Fund') for the year ended 30 June 2020.

1. Directors

The names of Directors of the Trustee 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 activities of the Fund are to lend money to Victorian Pride Centre Limited under the terms of a loan agreement to fund costs and expenses associated with the construction of the Victorian Pride Centre building. The loan will be secured by a registered mortgage (subordinated to, and possibly ranking equally, with one or more other investors or financiers to the project) over the property on which the Victorian Pride Centre will be constructed, and will provide a one-off repayment of principal and, subject to certain conditions, interest equal to CPI, plus a potential bonus return (based on the value of the property) at the end of the Fund Term, 6 October 2037.

As at the date of the report no loan has been drawdown and all funds are currently held in a Macquarie Bank Account.

The Fund was established on 1 August 2018 and issued the first units on the commencement date of 20 December 2018.

3. Operating Results

The operating profit of the Fund for the financial year ending 30 June 2020 was \$942 (2019: \$699).

4. Review of Operations

During the period since inception the Fund has issued 8 units.

The Fund issued the Information Memorandum on 7 December 2018.

As at 30 June 2020 the Fund's assets were comprised of cash on deposit held with Macquarie Bank.

The Trustee has changed its name from Vasco Investment Managers Limited to Vasco Trustees Limited to better reflect our activities as a corporate trustee and fiduciary. All other details remain unchanged.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2020

5. Review of Performance

Unit Class	2020 % p.a.	2019 % p.a.
Ordinary units	0.66	1.52

6. Unit Redemption Prices

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

	2020 \$	2019 \$
At 30 June	25,000	25,000
High during year	25,000	25,000
Low during year	25,000	25,000

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 Information Memorandum of the Fund issued on 7 December 2018, Founders who invest prior to the Close Date on 30 November 2020 are expected to receive an annual cash distribution equivalent to the banks cash rate from the date of acceptance of their application until the Close Date. After the Close Date, a single distribution will be made to Founders at the end of the Fund Term.

The following distributions are payable for the period to 30 June 2020:

Period	Distribution
30 June 2020	\$942

The total distributions declared for the financial year were \$942.

8. Applications Held

As at 30 June 2020, the value of pending unit allocations was nil.

9. Redemption Arrangements

As detailed in the Fund's Constitution the Trustee is not under any obligation to buy back, purchase or redeem units from unitholders. The Fund's Information Memorandum details that there will be no opportunity to withdraw from the Fund before the expiration of the Fund Term. If the loan amount is repaid before the expiration of the Fund Term, the Trustee may shorten the Fund Term and redeem Founders' units at that time. The Trustee may extend the Fund Term for the purpose of allowing Victorian Pride Centre Limited sufficient time to obtain financing to repay the loan.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 Trustee hold no options over interests in the Fund.

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 \$200,942. The Net Asset Value at the end of the reporting period was \$200,000.

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 Trustee has paid insurance premiums to insure each of the aforementioned Directors as well as officers of the Trustee 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 Trustee, other than conduct involving a willful breach of duty in relation to the Trustee.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Trustee has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Trustee or of any related body corporate against a liability incurred as such an officer or auditor.

17. Fees, Commissions or Other Charges by the Trustee, Investment Manager or Related Parties

Victorian Pride Centre Limited, the Sponsor of the Fund, has agreed to pay the following fees and costs of the Fund and will not be reimbursed from the Fund for these payments.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

TRUSTEE REPORT FOR THE YEAR ENDED 30 JUNE 2020

17. Fees, Commissions or Other Charges by the Trustee, Investment Manager or Related Parties (continued)

The Trustee is entitled to an establishment fee of \$7,500 (plus GST) and an annual trustee fee of \$9,500 (plus GST). The trustee fee is calculated daily and payable half yearly in two instalments in advance from processing of the first application to invest in the Fund and subject to an annual increase equivalent to the published CPI rate on 1 January of each year.

The Administration Manager is entitled to an annual administration fee of \$15,000 (plus GST) for the first and final years of the Fund Term and \$10,000 in every other year. The administration fee is subject to an increase equivalent to the published CPI rate on 1 January of each year.

18. Units held by the Trustee, Investment Manager or Related Parties

As at 30 June 2020, an Executive Director of the Sponsor held 2 units in the Fund.

19. Interests in the Fund

The movement of units on issue in the Fund during the year is set out in Note 7 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. Number of Interests on Issue

As at 30 June 2020, 8 units were on issue in the Fund.

21. Rounding of Amounts

The Fund is of a kind referred to in the *Australian Securities and Investments Commission's Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*. Consequently, amounts in the financial statements have been rounded to the nearest dollar in accordance with that legislative instrument, or in certain cases, the nearest thousand dollars.

22. 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.

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



Craig Mathew Dunstan

Director

Date: 8 September 2020

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

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

	Notes	2020 \$	2019 \$
Revenue and other income			
Bank interest	2	942	699
Total revenue and other income		942	699
Expenses			
Other expenses	4	-	450
Reimbursement from sponsor	5	-	(450)
Total expenses		-	-
Net profit attributed to unitholders		942	699
Distribution expenses	7 (b)	942	699
Total comprehensive income for the year attributable to unitholders net of distributions		-	-

The accompanying notes form part of these financial statements

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Notes	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	6	200,942	125,699
Total current assets		200,942	125,699
Total assets		200,942	125,699
Liabilities			
Distributions payable	7 (b)	942	699
Total liabilities		942	699
Net assets		200,000	125,000
Represented by:			
Issued units	7 (a)	200,000	125,000
Net assets attributable to unitholders		200,000	125,000

The accompanying notes form part of these financial statements

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

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

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or the end of the financial year.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

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

	Notes	2020	2019
		\$	\$
Cash flows from operating activities			
Interest received		942	699
Net cash provided by/(used in) operating activities		942	699
Cash flows from financing activities			
Proceeds from the issue of units		75,000	125,000
Distribution paid		(699)	-
Net cash provided by/ (used in) financing activities		75,699	125,000
Net increase/ (decrease) in cash and cash equivalents		75,243	125,699
Cash and cash equivalents at the beginning of year		125,699	-
Cash and cash equivalents at the end of year	6	200,942	125,699

The accompanying notes form part of these financial statements

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial report is for the Founders of the Victorian Pride Centre Fund ('the Fund'). The Fund is an unregistered managed investment scheme established and domiciled in Australia. The Trustee of the Fund is Vasco Trustees Limited, and Victorian Pride Centre Limited is appointed as the Sponsor of the Fund.

Basis of Preparation

(a) Statement of compliance

The Fund has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. Founders of the Victorian Pride Centre 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 Trustee on 8 September 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 Trustee 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.

(i) Fair value estimation

Investment properties are carried at values that are based on assumptions and estimates. If any of these assumptions or estimates were not correct this could have a material impact on the carrying amounts in the statement of financial position.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 Trustee 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) 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 January 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.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: REVENUE

Bank interest

	2020	2019
	\$	\$
Bank interest	942	699
	<u>942</u>	<u>699</u>

Cash on deposit is held in a Macquarie Bank cash management account (AUD). The interest rate paid by Macquarie to 4 July 2019 was 1.05% p.a. paid monthly on balances greater than \$5,000. From 5 July 2019 to 3 October 2019 the interest rate was 0.80%. From 4 October 2019 to 2 March 2020 the interest rate was reduced to 0.55%. From 24 March 2020, cash on deposit earned 0.05% p.a. on the total balance of the cash management account.

As an AFSL holder the Trustee is able to earn an additional 0.25% on client's accounts. This amount has been rebated to the Fund.

NOTE 3: TRUSTEE AND ADMINISTRATION FEES

The Sponsor has agreed to pay the fees and costs of the Fund described below and will not be reimbursed from the Fund for these payments.

The Trustee is entitled to an establishment fee of \$7,500 (plus GST) and an annual trustee fee of \$9,500 (plus GST). The trustee fee is calculated daily and payable half yearly in two instalments in advance from processing of the first application to invest in the Fund and subject to an annual increase equivalent to the published CPI rate on 1 January of each year.

The Administration Manager is entitled to an annual administration fee of \$15,000 (plus GST) for the first and final years of the Fund Term and \$10,000 in every other year. The administration fee is subject to an increase equivalent to the published CPI rate on 1 January of each year.

NOTE 4: OTHER EXPENSES

	2020	2019
	\$	\$
GST expense (non-claimable)	-	19
Administration expenses	-	431
	<u>-</u>	<u>450</u>

NOTE 5: REIMBURSEMENT FROM SPONSOR

	2020	2019
	\$	\$
Reimbursement from sponsor	-	(450)
	<u>-</u>	<u>(450)</u>

The Sponsor has agreed to pay the fees and costs of the Fund and will not be reimbursed from the Fund for these payments. The amount reflects the administration expenses related to the operation of the Fund incurred in January 2019 net of RITC claimable from ATO.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank

	2020	2019
	\$	\$
Macquarie Bank	200,942	125,699
	200,942	125,699

NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units in \$

	2020 Units	2020 \$	2019 Units	2019 \$
Opening balance	5	125,000	-	-
Units issued	3	75,000	5	125,000
Closing balance	8	200,000	5	125,000

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

	2020	2019
	\$	\$
Opening balance	-	-
Net operating profit/(loss) attributable to unitholders	942	699
Distributions payable	(942)	(699)
Closing balance	-	-

Withholding taxes applicable to the distributions payable during the 2020 financial year were nil. Total distributions payable for the financial year were \$942.

(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 lending money to Victorian Pride Centre Limited, who will use the loan from the Fund to meet the construction and costs of the Victorian Pride Centre project.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions. The Investment Manager regularly reviews the performance of the Fund, including asset allocation strategies, investment and risk management.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8: 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) Trustee

The Trustee of the Founders of the Victorian Pride Centre Fund is Vasco Trustees Limited.

The Trustee has changed its name from Vasco Investment Managers Limited to Vasco Trustees Limited to better reflect our activities as a corporate trustee and fiduciary. All other details remain unchanged.

The Trustee is entitled to an establishment fee of \$7,500 (plus GST) and an annual trustee fee of \$9,500 (plus GST). The trustee fee is calculated daily and payable half yearly in two instalments in advance from processing of the first application to invest in the Fund and subject to an annual increase equivalent to the published CPI rate on 1 January of each year.

The Sponsor has agreed to pay the fees and costs of the Fund and will not be reimbursed from the Fund for these payments.

(b) Sponsor

The Sponsor of the Founders of the Victorian Pride Centre Fund is Victorian Pride Centre Limited.

The Sponsor has agreed to pay the fees and costs of the Fund and will not be reimbursed from the Fund for these payments.

An Executive Director of the Sponsor held 2 units in the Fund.

(c) Administration Manager

The Administration Manager of the Founders of the Victorian Pride Centre Fund is Vasco Fund Services Pty Ltd.

The Administration Manager is entitled to an annual administration fee of \$15,000 (plus GST) for the first and final years of the Fund Term and \$10,000 in every other year. The administration fee is subject to an increase equivalent to the published CPI rate on 1 January of each year.

The Sponsor has agreed to pay the fees and costs of the Fund and will not be reimbursed from the Fund for these payments.

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

(d) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Trustee, Vasco Trustees Limited, and a Sponsor, Victorian Pride Centre Limited, to manage the activities of the Fund. The Directors of the Trustee 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 Trustee or Investment Manager. Payments made by the Fund to the Trustee and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

NOTE 10: 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 11: 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 loans which are not considered to be assets that are readily realisable.

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

(b) 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 interest revenue that is paid in arrears. The Fund's maximum exposure to credit risk is limited to the carrying amount of financial and loan assets recognized at the reporting date.

The Sponsor manages the exposure to credit risk on an ongoing basis.

The Fund will make a loan to a single borrower: Victorian Pride Centre Limited.

The loan will be secured by a registered mortgage over the site, the properties at 3/77 Fitzroy Street and 79-81 Fitzroy Street, St Kilda Victoria 3182, which may rank equally with, and is likely to be subordinated to, other contributions of funds to Victorian Pride Centre Limited.

(c) Property Market Risk

Property market risk is the risk that the Fund's assets may be impacted due to fluctuations in the property market. 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 should properties held as security be realised below the loan and receivable book values.

NOTE 12: TRUSTEE DETAILS

The registered office and the principal place of business of the Trustee are:

Vasco Trustees Limited

Level 5

488 Bourke Street

Melbourne Victoria 3000

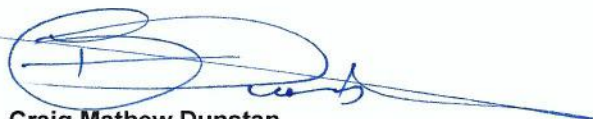
FOUNDERS OF THE VICTORIAN PRIDE CENTRE FUND

DIRECTORS' DECLARATION

In the opinion of the Directors of Vasco Trustees Limited:

- (a) The financial statements and notes of the Founders of the Victorian Pride Centre 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 Founders of the Victorian Pride Centre Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Craig Mathew Dunstan

Director

8 September 2020

