

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
(FORMERLY MAXIM PROPERTY SECURITIES FUND)  
ARSN 116 193 563**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
(FORMERLY MAXIM PROPERTY SECURITIES FUND)  
(ARSN 116 193 563)**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

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**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987), ("OMIFL" or "the Responsible Entity") of Folkestone Maxim A-REIT Securities Fund ("the Fund") present their report, together with the financial report of the Fund for the year ended 30 June 2014 and the Independent Auditor's Report thereon.

**Responsible Entity**

The registered office and principal place of business of the Responsible Entity is Level 13, 20 Hunter Street, Sydney, NSW 2000, Australia. The following persons held office as directors of One Managed Investment Funds Limited from 1 July 2013 to 30 June 2014:

Frank Tearle  
Justin Epstein  
Elizabeth Reddy

**Principal Activities**

The Fund is a registered managed investment scheme domiciled in Australia.

The principal activity of the Fund is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement ("PDS") and in accordance with the provisions of the Constitution.

The Fund did not have any employees during the year, and there has been no significant change in its activities other than disclosed in this report.

**Review of Operations**

**Results**

The results of the operations of the Fund are disclosed in the Statement of Comprehensive Income in this report. The Fund's net profit from operations before finance costs attributable to unitholders for the current year was \$2,553,435 (2013 profit \$1,938,220).

Distributions paid or payable in respect of the financial year were:

	2014		2013	
	\$	cent/unit	\$	cent/unit
Distribution paid 30 September	239,600	0.61	96,427	0.63
Distribution paid 31 December	290,029	0.84	98,356	0.66
Distribution paid 31 March	186,541	0.57	13,546	0.04
Distribution paid 8 February	-	-	80,994	0.54
Distribution payable – 30 June	287,555	0.92	317,066	0.79
	<b>1,003,725</b>	<b>2.94</b>	<b>606,389</b>	<b>2.66</b>

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

**Review of Operations (continued)**

*Net Value of the Fund's Assets*

The Fund's net assets were valued at \$19,293,282 as at 30 June 2014 (2013: \$22,993,668). The Fund calculates the net asset value of Fund units on a daily basis. The net asset value of the Fund is calculated by deducting from the value of the Fund's gross assets the value of the liabilities of the Fund excluding net assets attributable to unitholders.

The value of the Fund's assets as at the end of the financial year is disclosed in the Statement of Financial Position as total assets and the basis of valuation is included in Note 2 of the financial statements.

*Exit Price*

The unit exit price is calculated in accordance with the Constitution and is determined by the value of the assets of the Fund less its liabilities adjusted for estimated transaction costs, divided by the number of units on issue.

**Fees Paid to and Interests Held in the Fund by the Responsible Entity or its Associates**

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 14 of the financial statements.

No fees were paid out of the Fund property to the directors of the responsible entity during the year (2013: \$Nil).

The number of interests in the Fund held by the responsible entity or its associates as at the end of the year are disclosed in Note 14 of the financial statements.

**Significant Changes in State of Affairs**

In April 2014, the manager of the Fund, Maxim Asset Management Limited ("Maxim") was acquired by Folkestone Limited. The new name of the manager is Folkestone Maxim Asset Management Limited ("Folkestone").

As a result of the acquisition of the Fund's manager, the Fund changed its name from Maxim Property Securities Fund to Folkestone Maxim A-REIT Securities Fund.

In the opinion of the directors of the Responsible Entity there were no other significant changes in the state of affairs of the Fund that occurred during the financial year under review.

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

**Likely Developments**

The Fund will continue to be managed in accordance with its investment objectives and guidelines as set out in the current PDS and in accordance with the provisions of the Constitution.

Further information about likely developments in the operation of the Fund and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

**Environmental Regulation**

The Fund's operations are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

**Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 6 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the Statement of Financial Position and derived using the basis set out in Note 2 of the financial statements.

**Events Subsequent to Balance Date**

During the period 1 July 2014 and 5 September 2014, the Van Eyk Blueprint Listed Property and Infrastructure Fund redeemed all its unit holding in the Fund. The total amount redeemed was \$12,420,222 which will have a material effect on the net asset value of the Fund. The redemption is not expected to have a material effect on the results and cash flows for the Fund.

**Indemnification and insurance of officers and auditors**

During or since the financial year, the Fund has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or of any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Fund. In addition the Fund has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is included at page 6.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the directors



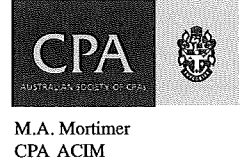
Frank Tearle  
Director  
One Managed Investment Funds Limited  
Sydney  
26 September 2014



# Bondy, Mortimer & Co

## Certified Practising Accountants

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**The Directors**  
**One Managed Investment Funds Limited**  
**(ABN 47 117 400 987)**  
**Level 13**  
**20 Hunter Street**  
**Sydney NSW 2000**

23<sup>rd</sup> September 2014

Dear Directors

**Auditor's Independence Declaration to One Managed Investment Funds Limited**  
**As responsible entity for Folkestone Maxim A-Reit Securities Fund**  
**(ARSN 116 193 563)**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of One Managed Investment Funds Limited as responsible entity for Folkestone Maxim A-Reit Securities Fund.

As lead auditor for the audit of the financial statements of Folkestone Maxim A-Reit Securities Fund for the financial year ended 30 June 2014, 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

A handwritten signature in black ink, appearing to be 'Mark Mortimer', written over a horizontal line.

Mark Mortimer  
Bondy Mortimer & Co.

**FOLKESTONE MAXIM A-REIT SECURITIES FUND**  
**(FORMERLY MAXIM PROPERTY SECURITIES FUND)**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Income</b>			
Dividend and trust distribution income		1,290,462	751,307
Interest income		54,373	38,357
Net change in fair value of financial assets	3	1,087,248	176,393
Net realised gains on sale of financial assets	3	485,039	1,264,636
Other income		201	984
<b>Net income</b>		<u>2,917,323</u>	<u>2,231,677</u>
<b>Expenses</b>			
Management and administration fees	2, 14	(280,640)	(181,556)
Transaction costs		(79,989)	(111,831)
Other operating expenses		(84)	(70)
WHT expense		(3,175)	-
<b>Operating expenses before finance costs</b>		<u>(363,888)</u>	<u>(293,457)</u>
<b>Net profit from operating activities</b>		<u>2,553,435</u>	<u>1,938,220</u>
<b>Finance costs</b>			
Distribution attributable to unitholders	5	(1,003,725)	(606,389)
Change in net assets attributable to unitholders	6	(1,549,710)	(1,331,831)
<b>Net profit/(loss) for the year</b>		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>-</u>	<u>-</u>

*The Statement of Comprehensive Income should be read in conjunction with the notes to the Financial Statements.*



**FOLKESTONE MAXIM A-REIT SECURITIES FUND**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Assets</b>			
Cash and cash equivalents	12(a)	225,734	176,389
Financial assets held at fair value through profit or loss	7	18,738,260	22,770,137
Balance due from brokers	8	256,543	462,821
Receivables	9	442,295	396,567
<b>Total assets</b>		<b>19,662,832</b>	<b>23,805,914</b>
<b>Liabilities</b>			
Distributions payable	5	287,555	317,066
Balance due to brokers	10	66,787	471,723
Payables	11	15,208	23,457
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>369,550</b>	<b>812,246</b>
<b>Net assets attributable to unitholders - Liability</b>	6	<b>19,293,282</b>	<b>22,993,668</b>

*The Statement of Financial Position is to be read in conjunction with the notes to the Financial Statements.*

**FOLKESTONE MAXIM A-REIT SECURITIES FUND**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Dividends and trust distributions received		1,235,100	529,932
Interest received		61,493	29,971
Management and administration fees paid		(288,889)	(167,345)
RITC received/(paid)		2,517	(4,745)
Transaction costs paid		(79,989)	(111,831)
Other expenses paid		(3,259)	(70)
Other income received		201	984
<b>Net cash inflow from operating activities</b>	12 (b)	<u>927,174</u>	<u>276,896</u>
<b>Cash flows from investing activities</b>			
Purchase of investments		(19,058,824)	(30,341,985)
Proceeds on sale of investments		24,464,327	16,086,226
<b>Net cash inflow/(outflow) from investing activities</b>		<u>5,405,503</u>	<u>(14,255,759)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		900,193	15,686,581
Payments for redemptions by unitholders		(6,787,832)	(1,643,587)
Distributions paid		(395,693)	(426,146)
<b>Net cash(outflow)/inflow from financing activities</b>		<u>(6,283,332)</u>	<u>13,616,848</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		49,345	(362,015)
Cash and cash equivalents at the beginning of the period		<u>176,389</u>	<u>538,404</u>
<b>Cash and cash equivalents at the end of the financial period</b>	12 (a)	<u>225,734</u>	<u>176,389</u>
<b>Non-cash financing activities</b>	12 (c)	<u>637,543</u>	<u>14,422</u>

*The Statement of Cash Flows is to be read in conjunction with the notes to the Financial Statements.*

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<b>Total equity at the beginning of the financial year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total recognised income and expense for the financial year</b>	<hr/> -	<hr/> -
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the financial year</b>	<hr/> -	<hr/> -

In accordance with AASB 132 'Financial Instruments: Presentation', net assets attributable to unitholders is classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

*The Statement of Changes in Equity is to be read in conjunction with the notes to the Financial Statements.*

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**1 General Information**

The financial report covers Folkestone Maxim A-Reit Securities Fund ("the Fund") as an individual entity. The Fund is a registered managed investment scheme, constituted on 23 September 2005.

The financial report is presented in the Australian currency.

The financial statements were authorised for issue by the directors on the date the Directors' Declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial report.

**2 Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

Certain comparative balances have been changed in order to achieve consistency and comparability, as well as to correct immaterial errors which were identified after the approval of the financial statements relating to the year ended 30 June 2013.

**(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

*Compliance with International Financial Reporting Standards*

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

**(b) Foreign Currency Translation**

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate ruling at the Statement of Financial Position date.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2 Summary of Significant Accounting Policies (continued)**

**(b) Foreign Currency Translation (continued)**

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains and losses on financial assets. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the Statement of Comprehensive Income.

**(c) Financial Instruments**

**(i) Classification**

The Fund designated all its debt and equity investments into the “fair value through profit and loss” category.

The category of financial assets and financial liabilities at fair value through profit and loss comprises:

- Financial instruments held-for-trading. These include futures, forward contracts, options, interest rate swaps and liabilities from short sales of financial instruments. All derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held-for-trading.
- Financial instruments designated at fair value through profit and loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These include investments in listed and unlisted property securities. The fair value through profit and loss classification is available for the majority of the financial assets and financial liabilities held by the Fund as the Fund’s performance is evaluated on a fair value basis and information about the Fund is provided on that basis to the directors of the responsible entity.
- Financial instruments designated at fair value through the profit and loss are not reclassified.

Financial assets that are classified as loans and receivables include balances due from brokers and accounts receivable.

Financial liabilities that are not at fair value through profit and loss include balances due to deferred trade settlement and payables.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2 Summary of Significant Accounting Policies (continued)**

**(c) Financial Instruments (continued)**

**(ii) Recognition**

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of AASB 139.

**(iii) Measurement**

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, all instruments classified at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

Financial assets and liabilities, other than those at fair value through profit and loss, are measured at amortised cost using the effective interest rate.

**(iv) Fair Value Measurement Principles**

The Fund values listed investments at the last bid (ask) share price.

If a quoted market price is not available on a recognised stock exchange or from a broker / dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2 Summary of Significant Accounting Policies (continued)**

**(c) Financial Instruments (continued)**

**(iv) Fair Value Measurement Principles (continued)**

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the Statement of Financial Position date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the Statement of Financial Position date. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

**(v) Derecognition**

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139.

The Fund uses the weighted average method to determine realised gains and losses on derecognition of financial assets not at fair value.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

**(vi) Specific Instruments**

**Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, current deposits with banks and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**Derivative Financial Instruments**

In accordance with its investment strategy, the Fund may enter into transactions using derivatives for hedging, tactical, transactional and/or cost reasons to reduce risk when it is appropriate.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2 Summary of Significant Accounting Policies (continued)**

**(d) Income and Expenses**

**Revenue**

Revenue is brought to account on an accruals basis except where stated.

**Distribution and Dividend Income**

For all listed and some unlisted securities, distribution and dividend income are recognised as at the date the securities are quoted ex-distribution. For other unlisted securities, where income is earned based on the number of days invested, distribution and dividend income is recognised on an accruals basis.

**Interest Income**

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest rate method and if not received at balance date, is reflected in the Statement of Financial Position as a receivable.

**Expenses**

All expenses including management fees and administration fees are brought to account on an accruals basis.

**(e) Receivables**

Receivables include accrued distribution income, interest income and placement fee income. Sales of securities are recorded at trade date and normally settle within three business days.

**(f) Due from/to Brokers**

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the period.

**(g) Payables**

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at balance date.

The distribution amount payable to investors as at year end is recognised separately on the Statement of Financial Position. Purchases of securities are recorded on trade date and normally settle within three business days. Purchases of securities that are unsettled at reporting date are included in payables.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**2 Summary of Significant Accounting Policies (continued)**

**(h) Distributions and Taxation**

Under current legislation the Fund is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders. The Fund will fully distribute its distributable income, calculated in accordance with the Fund's Constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the Constitution.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any current or future realised capital gains. If realised capital gains exceed realised capital losses the excess is distributed to the unitholders.

**(i) Unit Prices**

The unit price is based on unit price accounting outlined in the Fund's Constitution and Product Disclosure Statement.

**(j) Finance Costs**

Distributions paid and payable on units are recognised in the Statement of Comprehensive Income as finance costs and as a liability where not paid. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

**(k) Change in Net Assets Attributable to Unitholders**

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax-deferred income, accrued income not yet assessable and non-deductible expenses are reflected in the profit and loss as change in net assets attributable to unitholders.

These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2 Summary of Significant Accounting Policies (continued)**

**(l) Goods and Services Tax**

Management fees and other expenses are recognised net of the amount of goods and services tax ("GST") recoverable from the Australian Taxation Office ("ATO") as a reduced input tax credit ("RITC").

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis.

**(m) New and amended standards adopted by the Fund**

The Fund had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the annual reporting period commencing 1 July 2013. The affected policy is:

*(i) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

Any changes in accounting policies and adjustments to the amounts recognised in the financial statements as a result of adopting the standard above has been explained and summarised in Note 18.

**(n) New accounting standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

*(i) AASB 9 Financial Instruments (2009 or 2010 version), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendment to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2017 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**2 Summary of Significant Accounting Policies (continued)**

**(n) New accounting standards and interpretations not yet adopted (continued)**

*(ii) AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (effective for annual reporting periods beginning on or after 1 January 2014)*

AASB 2012-3 clarifies the offsetting criteria in AASB 132 Financial Instruments: Presentation and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legal enforceable right to set off' and that some gross settlement arrangements may be considered equivalent to net settlement. The standard is effective for annual reporting periods beginning on or after 1 January 2014. The directors do not expect this to have a significant impact on the Fund's financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**3 Changes in the Fair Value/Net Market Value of Investments**

	2014 \$	2013 \$
Net unrealised gain on financial instruments designated as at fair value through profit or loss	1,087,248	176,393
Net realised gain on financial instruments designated as at fair value through profit or loss	485,039	1,264,636
	<u>1,572,287</u>	<u>1,441,029</u>

**4 Auditor's Remuneration**

During the period the following fees were paid or payable for service provided by the auditor of the Fund. These fees were paid by Folkestone Maxim Asset Management Limited and were not paid by the Fund:

	2014 \$	2013 \$
Audit services	4,700	4,000
	<u>4,700</u>	<u>4,000</u>

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
(FORMERLY MAXIM PROPERTY SECURITIES FUND)  
(ARSN 116 193 563)**

**NOTES TO THE FINANCIAL STATEMENTS  
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**5 Distributions Paid and Payable**

	2014 \$	2014 CPU	2013 \$	2013 CPU
Distribution paid 30 September	239,600	0.61	96,427	0.63
Distribution paid 31 December	290,029	0.84	98,356	0.66
Distribution paid 31 March	186,541	0.57	13,546	0.04
Distribution paid 8 February	-	-	80,994	0.54
Distribution payable – 30 June	287,555	0.92	317,066	0.79
	<u>1,003,725</u>	<u>2.94</u>	<u>606,389</u>	<u>2.66</u>

**6 Net Assets Attributable to Unitholders**

	2014 No.	2014 \$	2013 No.	2013 \$
Opening balance	39,969,235	22,993,668	15,403,847	7,604,421
Applications	1,527,947	900,193	27,388,427	15,686,581
Units issued upon reinvestment of distribution	1,099,872	637,543	26,351	14,422
Redemptions	(11,496,368)	(6,787,832)	(2,849,390)	(1,643,587)
Change in net assets attributable to unitholders	-	1,549,710	-	1,331,831
Closing balance	<u>31,100,686</u>	<u>19,293,282</u>	<u>39,969,235</u>	<u>22,993,668</u>

*Capital risk management*

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders.

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**FOR THE YEAR ENDED 30 JUNE 2014**

**6 Net Assets Attributable to Unitholders (continued)**

The Fund monitors the level of monthly applications and redemptions relative to the liquid assets in the Fund. The ratio of liquid assets to net assets attributable to unitholders at 30 June 2014 and 30 June 2013 were as follows:

	2014	2013
	\$	\$
Liquid assets of the fund	18,337,822	21,731,361
Net assets attributable to unitholders	19,293,282	22,993,668
Ratio of liquid assets to net assets attributable to unitholders	<u>95.05%</u>	<u>94.51%</u>

**7 Investments**

	2014	2013
	\$	\$
<b>Financial Assets Held at Fair Value through Profit or Loss:</b>		
<i>Designated at fair value through profit or loss upon initial recognition:</i>		
<i>(i) Equity securities:</i>		
Australian equity securities listed on a prescribed stock exchange	18,112,088	21,554,972
<i>(ii) Unlisted unit trusts:</i>		
Units in Australian property trusts	24,172	340,265
<i>(iii) Convertible notes</i>	602,000	884,400
<i>(iv) Options</i>	-	(9,500)
<b>Total financial assets designated at fair value through profit or loss upon initial recognition</b>	<u>18,738,260</u>	<u>22,770,137</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>18,738,260</u>	<u>22,770,137</u>

The Fund aims to generate income returns and capital growth over the long term, as per the objectives stated in the Product Disclosure Statement by investing, primarily in listed Australian property securities.

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**8 Due from Brokers – Receivable for Securities Sold**

	2014	2013
	\$	\$
Investment receivable	256,543	462,821
	<u>256,543</u>	<u>462,821</u>

**9 Receivables**

	2014	2013
	\$	\$
Dividends and Trust distributions receivable	425,293	369,931
Interest receivable	11,410	18,529
GST receivable	5,592	8,107
	<u>442,295</u>	<u>396,567</u>

**10 Due to Brokers – Payable for Securities Purchased**

	2014	2013
	\$	\$
Investment payable (purchase)	66,787	471,723
	<u>66,787</u>	<u>471,723</u>

**11 Payables**

	2014	2013
	\$	\$
Management and administration fees payable	15,208	23,457
	<u>15,208</u>	<u>23,457</u>

**FOLKESTONE MAXIM A-REIT SECURITIES FUND**  
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(ARSN 116 193 563)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**12 Notes to the Statement of Cash Flows**

**(a) Cash and Cash Equivalents**

	2014	2013
	\$	\$
Current deposits with banks	195,669	117,744
Margin account	30,065	58,645
	<u>225,734</u>	<u>176,389</u>

**(b) Reconciliation of Net Cash Provided from Operating Activities to Net Profit**

	2014	2013
	\$	\$
Net profit	2,553,435	1,938,220
Add/(less) non-cash items:		
Changes in net fair value of investments	(1,087,248)	(176,393)
(Loss) on sale of investments	(485,039)	(1,264,636)
Changes in assets and liabilities during the financial year/ period		
(Increase) in receivables	(45,725)	(234,506)
(Decrease)/increase in payables	(8,249)	14,211
Net cash provided by operating activities	<u>927,174</u>	<u>276,896</u>

**(c) Non-Cash Financing Activities**

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan.

<u>637,543</u>	<u>14,422</u>
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**13 Commitments and Contingent Assets and Liabilities**

There were no commitments and contingent assets and liabilities as at 30 June 2014 and 30 June 2013.

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**14 Related Parties**

**Responsible Entity**

The Responsible Entity of Folkestone Maxim A-Reit Securities Fund is One Managed Investment Funds Limited (ABN 47 117 400 987). Accordingly, transactions with entities related to One Managed Investment Funds Limited are disclosed below.

The Responsible Entity has contracted services to Folkestone Maxim Asset Management Limited to act as investment manager for the Fund ("Investment Manager"). The contract is at normal commercial terms and conditions.

**Key Management Personnel**

(a) Directors

Key management personnel who were directors of the responsible entity, One Managed Investment Funds Limited for the year ended 30 June 2014 are as follows:

Frank Tearle  
Justin Epstein  
Elizabeth Reddy

(b) Other Key Management Personnel

Winston Sammut is a director of the Investment Manager. He is considered key management personnel through authorities given in the investment management agreement.

**Key Management Personnel Compensation**

No key management personnel receive any remuneration from the Fund.



**FOLKESTONE MAXIM A-REIT SECURITIES FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**14 Related Parties (continued)**

**Key Management Personnel Loan Disclosures**

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally-related entities at any time during the reporting period.

**Other Transactions with the Fund**

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous year and there were no contracts involving any director's interests subsisting at year end.

**Responsible Entity's / Investment Manager's Fees and Other Transactions**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Management fees and administration costs paid by the Fund	<b>280,640</b>	181,556
Management fees and administration costs payable by the Fund at the end of the reporting period	<b>15,208</b>	23,457

At balance date an amount of \$15,208 (2013: \$23,457) owing to the Investment Manager was included in accounts payable.

**Related Party Transactions**

All transactions with related parties are conducted on normal commercial terms and conditions. These transactions are subject to the same terms and conditions as those entered into by other Fund investors and are subject to corporate governance policies of the Responsible Entity and Folkestone Maxim Asset Management Limited.

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**14 Related Parties (continued)**

*Related Party Investments Held by the Fund*

The Fund made no investments in the Responsible Entity or the Investment Manager, but did acquire units in the following related party entities during the financial year:

- 250,000 units in Folkestone Education Trust
- 3,000,000 units in Folkestone Limited
- 1,000,000 units in Folkestone Social Infrastructure Trust

*Units in the Fund Held by Key Management Personnel*

Key management personnel and their associates have held units in the Fund during the financial year as follows:

Unitholder	2014				
	Number of units held units	Interest held %	Number of units acquired units	Number of units disposed units	Distribution paid/ payable by the Trust \$
Larnpace Pty Ltd	232,655	0.75%	10,936	-	6,336
Winston Sammut	7,962	0.03%	374	-	217
Unitholder	2013				
	Number of units held units	Interest held %	Number of units acquired units	Number of units disposed units	Distribution paid/ payable by the Trust \$
Larnpace Pty Ltd	221,719	0.55%	11,574	-	5,821
Winston Sammut	7,588	0.02%	396	-	199

**FOLKESTONE MAXIM A-REIT SECURITIES FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**15 Financial Risk Management**

The following disclosures in relation to the various risks of the Fund's portfolio have been based on the Fund's direct holdings. The Fund's investment portfolio comprises deposits with banks, long-term investments, accounts receivable and payable, and derivatives.

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed are market risk, credit risk and liquidity risk. The main purpose of non-derivative financial instruments is to generate returns on investments through distributions and changes in fair value. While derivative financial instruments are used to either reduce the market risk associated with the Fund's investment portfolio or to provide the Fund with its required exposure to investments without the need to purchase or sell those investments. Accordingly, derivative instruments are used as part of the Fund's overall investment strategy.

**(a) Market Risk**

Market risk embodies the potential for both losses and gains and includes price risk, currency risk and interest rate risk. The Fund's strategy on the management of investment risk is driven by the Fund's investment objective.

*Equity Price Risk*

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Fund's investment portfolio.

*Price Risk*

Price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**15 Financial Risk Management (continued)**

**(a) Market Risk (continued)**

*Price Risk (continued)*

As the majority of the Fund's financial instruments are carried at fair value with fair value changes recognised in the Statement of Comprehensive Income, all changes in market conditions will directly affect net investment income.

Price risk is mitigated by the construction of a diversified portfolio of investments by underlying fund manager, real estate sector and geographically.

*Price Sensitivity Analysis*

The following table illustrates the effect on operating profit before finance costs attributable to unitholders and liabilities attributable to unitholders from possible changes in market prices that were reasonably possible based on the risk that the Fund was exposed to at reporting date:

	Change in equity price %	Effect on net profit attributable to unitholders \$
2014	10%/-10%	1,813,626/(1,813,626)
2013	10%/-10%	2,189,524/(2,189,524)

*Currency Risk*

Whilst the Fund only invests in Australia, a number of the listed securities in which the Fund has an investment may hold direct securities outside Australia.

*Interest Rate Risk*

The majority of the Fund's financial assets are non-interest-bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than twelve months. Any excess cash and cash equivalents of the Fund are invested in short-term commercial paper or reverse repurchase agreements with the term to maturity of up to three or six months.

As the Fund has convertible notes, it is exposed to interest rate risk.

The Fund's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out on pages 28 and 29.

**FOLKESTONE MAXIM A-REIT SECURITIES FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**15 Financial Risk Management (continued)**

**(a) Market Risk (continued)**

*Interest Rate Risk (continued)*

2014	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents	12(a)	225,734	-	-	225,734
Investments	7	-	602,000	18,136,260	18,738,260
Balance due from brokers	8	-	-	256,543	256,543
Receivables	9	-	-	442,295	442,295
		225,734	602,000	18,835,098	19,662,832
<b>Financial liabilities</b>					
Distributions payable	5	-	-	287,555	287,555
Balance due to brokers	10	-	-	66,787	66,787
Payables	11	-	-	15,208	15,208
		-	-	369,550	369,550
2013	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents	12(a)	176,389	-	-	176,389
Investments	7	-	874,900	21,895,237	22,770,137
Balance due from brokers	8	-	-	462,821	462,821
Receivables	9	-	-	396,567	396,567
		176,389	874,900	22,754,625	23,805,914
<b>Financial liabilities</b>					
Distributions payable	5	-	-	317,066	317,066
Balance due to brokers	10	-	-	471,723	471,723
Payables	11	-	-	23,457	23,457
		-	-	812,246	812,246

Cash and cash equivalents had a weighted average interest rate of 1.37% as at 30 June 2014 (30 June 2013: 0.17%). Convertible notes representing fixed interest rate investments, had a weighted average interest rate of 7.19% as at 30 June 2014 (30 June 2013: 7.19%).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15 Financial Risk Management (continued)**

**(a) Market Risk (continued)**

*Interest Rate Risk (continued)*

The following table illustrates the effect on operating loss before finance costs attributable to unitholders and liabilities attributable to unitholders from possible changes in interest rates that were reasonably possible based on the risk that the Fund was exposed to at reporting date:

	Change in basis points %	Effect on net profit attributable to unitholders \$
2014	+10/-10	60,200/(60,200)
2013	+10/-10	87,490/(87,490)

**(b) Liquidity Risk**

The Fund's Constitution provides for the daily application and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time.

The Fund's financial instruments include investments in equity investments and derivative contracts traded over-the-counter.

The Fund's listed securities are considered to be readily realisable as they are mostly listed on major Australian stock exchanges.

*Maturity Analysis for Financial Liabilities*

Financial liabilities of the Fund comprise trade and other payables, distributions payable, and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

Net assets attributable to unitholders are entirely payable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**15 Financial Risk Management (continued)**

**(c) Credit Risk**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated. The Fund minimises its exposure to credit risk on derivatives by only trading with top-tier financial institutions and has limits on the level of instruments that it holds with each counterparty.

Credit risk is not considered to be significant to the Fund.

**16 Fair Value of Financial Assets and Liabilities**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The table below presents the Fund's assets measured and recognised at fair value at 30 June 2014 by level of the following fair value measurement hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

**FOLKESTONE MAXIM A-REIT SECURITIES FUND  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**16 Fair Value of Financial Assets and Liabilities (continued)**

At 30 June 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Assets</b>				
<i>Designated at fair value through profit or loss</i>				
Listed Australian equities	18,112,088	-	-	18,112,088
Unlisted Australian property trusts	-	24,172	-	24,172
Convertible notes	602,000	-	-	602,000
<b>Total financial assets</b>	<b>18,714,088</b>	<b>24,172</b>	<b>-</b>	<b>18,738,260</b>
<hr/>				
At 30 June 2013	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Assets</b>				
<i>Designated at fair value through profit or loss</i>				
Listed Australian equities	21,554,972	-	-	21,554,972
Unlisted Australian property trusts	-	340,265	-	340,265
Convertible notes	884,400	-	-	884,400
Options	(9,500)	-	-	(9,500)
<b>Total financial assets</b>	<b>22,429,872</b>	<b>340,265</b>	<b>-</b>	<b>22,770,137</b>

**17 Events Subsequent to Reporting Date**

During the period 1 July 2014 and 5 September 2014, the Van Eyk Blueprint Listed Property and Infrastructure Fund redeemed all its unit holding in the Fund. The total amount redeemed was \$12,420,222 which will have a material effect on the net asset value of the Fund. The redemption is not expected to have a material effect on the results and cash flows for the Fund.

**18 Changes in accounting policies**

As explained in Note 2(m), the Fund has adopted a number of new or revised accounting standards this year that have resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.



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**18 Changes in accounting policies (continued)**

**Fair value measurement**

AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant. As a result of this change, the fair value of derivative liabilities changed on transition to AASB 13, largely due to incorporating credit risk into the valuation.

On adoption of the standard, the fund has not changed its valuation inputs for listed financial assets or liabilities and continues to utilise quoted bid and ask prices. There has been no impact to the net gains/(losses) on financial instruments held at fair value through profit or loss.

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**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2014**

1. In the opinion of the directors of One Managed Investment Funds Limited, the responsible entity of Folkestone Maxim A-REIT Securities Fund ("the Fund"):
  - (a) the financial statements and notes set out on pages 7 to 32 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Fund as at 30 June 2014 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors of the responsible entity, One Managed Investment Funds Limited.



Frank Tearle  
Director  
One Managed Investment Funds Limited

Sydney  
26 September 2014



# Bondy, Mortimer & Co

## Certified Practising Accountants

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M.A. Mortimer  
CPA ACIM

### Independent Auditor's Report to the Unit Holders of FOLKESTONE MAXIM A-REIT SECURITIES FUND ARSN 116 193 563

We have audited the accompanying financial report of the Folkestone Maxim A-Reit Securities Fund, which comprises the statement of financial position as at 30<sup>th</sup> June 2014, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out in the attached Report.

#### *Directors' Responsibility for the Financial Report*

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987) as Responsible Entity of the fund, 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Notes to the attached Report, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of One Managed Investment Funds Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

*Opinion*

In our opinion:

- (a) the financial report of the Folkestone Maxim A-Reit Securities 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 30th June 2014 and of its performance for the year ended on that date; and
  - b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) The financial statements also comply with International Financial Reporting Standards as disclosed in Notes to the attached Report.
- (c) In addition, the Fund has from 1<sup>st</sup> July 2013 adopted *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*.
- (d) Finally, as also noted in the Report, a number of newly released standards including *AASB 9, AASB 2009-11, AASB 2010-7, AASB 2012-3, AASB 2012-6 and AASB 2013-9* have not been adopted at balance date, as they are either not mandatory, or are not considered to have a material impact on the recognition and measurement of the Fund's financial instruments, as fair value has been included in the financial report.



Mark Mortimer  
BONDY MORTIMER & CO  
Dated this 25<sup>th</sup> September 2014