

MINERVA FINANCIAL GROUP TRUST

ABN 67 792 344 556

SPECIAL PURPOSE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

**MINERVA FINANCIAL GROUP TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The Trustee of Minerva Financial Group Trust (the "Trust") presents its Trustee's report together with the financial report of the Trust for the year ended 30 June 2019 and the auditor's report thereon.

Trustee

The Trustee of Minerva Financial Group Trust since its creation has been Liberty Fiduciary Limited (the "Trustee").

The directors of Liberty Fiduciary Limited at any time during or since the end of the financial year were:

Richard Longes (Chairman)
Peter Hawkins
Sherman Ma

The registered office and principal place of business of the Trustee of the Trust is Level 16, 535 Bourke Street, Melbourne, Victoria 3000.

Principal activities

The Trust's principal activity is investing in securitised trusts and warehouse trusts.

The Trust did not have any employees during the year.

Results and review of operations

The Trust's change in net assets attributable to unitholders for the year ended 30 June 2019 after distribution expense was nil (2018: nil).

The distribution by the Trust for the year ended 30 June 2019 was \$48,759,000 (2018: \$32,926,000) in accordance with the requirements of the Trust Deed.

Significant changes in the state of affairs

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

Events subsequent to balance date

There has not arisen in the interval between the end of the annual reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee, to affect significantly the operations of the Trust, the results of those operations or the state of affairs of the Trust, in future financial years.

Likely developments

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

**MINERVA FINANCIAL GROUP TRUST
TRUSTEE'S REPORT (cont.)
FOR THE YEAR ENDED 30 JUNE 2019**

Environmental regulation

The Trust's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Indemnification of officers

Under the Trust Deed, the Trustee, including its officers, is indemnified out of the Trust's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Trust.

In its capacity as Trustee of the Trust, the Trustee's liability is limited to and can only be enforced against the Trustee to the extent to which it can be satisfied out of the assets of the Trust, from which the Trustee is actually indemnified for the liability. The Trustee's right of indemnity does not apply to the extent that the liability arises from fraud, gross negligence or wilful default on the part of the Trustee. The Trust has not indemnified any auditor of the Trust.

Rounding off

The amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of Liberty Fiduciary Limited in its capacity as Trustee for Minerva Financial Group Trust.



Sherman Ma
Director

Dated at Melbourne on 19 September 2019.

MINERVA FINANCIAL GROUP TRUST
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Income			
Interest income		15,711	15,033
Distribution income		33,072	17,893
Total income		<u>48,783</u>	<u>32,926</u>
Expenses			
Interest expense		(24)	-
Total expenses		<u>(24)</u>	<u>-</u>
Profit before distribution expense		48,759	32,926
Distribution expense	8	<u>(48,759)</u>	<u>(32,926)</u>
Changes in net assets attributable to unitholders		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to unitholders		<u>-</u>	<u>-</u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the special purpose financial statements set out on pages 7 to 11.

**MINERVA FINANCIAL GROUP TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

The Trust's net assets attributable to unitholders are classified as a liability under AASB 132 Financial Instruments: Presentation. As such the Trust has no equity, and no items of changes in equity have been presented for the current or prior year.

The Statement of Changes in Equity is to be read in conjunction with the notes to the special purpose financial statements set out on pages 7 to 11.

**MINERVA FINANCIAL GROUP TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	5	1	1
Receivables	6	318,289	299,038
Investments	7	10,150	10,150
Total Assets		328,440	309,189
Liabilities			
Distribution payable	8	43,299	29,341
Payables	9	8,337	3,044
Total Liabilities		51,636	32,385
Net Assets attributable to unitholders		276,804	276,804
Represented by:			
Units on issue	10	276,804	276,804

The Statement of Financial Position is to be read in conjunction with the notes to the special purpose financial statements set out on pages 7 to 11.

**MINERVA FINANCIAL GROUP TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Movement in operating activities		-	-
Net cash from operating activities		-	-
Cash flows from investing activities			
Movement in investing activities		-	-
Net cash from investing activities		-	-
Cash flows from financing activities			
Movement in related party loans		-	-
Net cash from financing activities		-	-
Net increase in cash held		-	-
Cash at the beginning of the year		1	1
Cash at the end of the year	5	1	1

The Statement of Cash Flows is to be read in conjunction with the notes to the special purpose financial statements set out on pages 7 to 11.

MINERVA FINANCIAL GROUP TRUST
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 BASIS OF PREPARATION

(a) Statement of compliance

In the opinion of the Trustee, the Trust is not a reporting entity because there are no users dependent on general purpose financial reports. The financial report of the Trust has been drawn up as a special purpose financial report for distribution to the unitholder and other parties associated with the Trust.

The special purpose financial report has been prepared in accordance with the requirements of the Trust Deed. The Trust is a for profit entity for the purposes of preparing these financial statements. The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of all applicable Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB").

The special purpose financial report has been prepared in accordance with the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1048 Interpretation and Application of Standards and AASB 1054 Australian Additional Disclosures.

The Trust has adopted AASB 9 and AASB 15 from 1 July 2018. Under the transition methods chosen, comparative information is not restated. Changes to significant accounting policies are described in note 2.

The amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

(b) Basis of measurement

The financial statements have been prepared on the basis of historical cost except as otherwise stated.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Ultimate parent entity

The ultimate parent entity of Minerva Financial Group Trust is Quaker Partners LLC and the immediate parent entity is Vesta Funding BV.

MINERVA FINANCIAL GROUP TRUST
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2 CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the accounting policies set out in note 3, have been applied consistently to all periods presented in these financial statements.

(a) AASB 9 Financial Instruments

AASB 9 is mandatory for annual reporting periods commencing on or after 1 January 2018 and replaces AASB 139 Financial Instruments: Recognition and Measurement. In accordance with the transition requirements, comparatives are not restated.

Financial assets

Under AASB 9, the loans and receivables classification category was removed and a new classification category, amortised cost, was introduced. Financial assets of the Trust previously classified as loans and receivables, comprising cash and cash equivalents, receivables and the note issued to a related party, are now classified as amortised cost, based on the objective of the business model pertaining to those financial assets.

The transition to AASB 9 has had no impact on the measurement of any of the Trust's financial assets.

Financial liabilities

The classification of the Trust's financial liabilities remains unchanged under AASB 9. Financial liabilities continue to be subsequently measured at amortised cost.

Impairment of financial assets

AASB 9 introduced an expected credit loss (ECL) impairment model that replaced the incurred loss model and applies to all financial assets, except for those which are fair value through profit or loss (FVPL), and equity securities designated as at fair value through other comprehensive income (FVOCI), which are not subject to impairment assessment. The introduction of the ECL impairment model has had no financial impact on the assets of the Trust.

Impact of transition to AASB 9

The adoption of AASB 9 has had no impact on the Trust's opening statement of financial position at 1 July 2018.

(b) AASB 15 Revenue from Contracts with Customers

AASB 15 is mandatory for annual reporting periods commencing on or after 1 January 2018, and establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces previous revenue recognition guidance in AASB 118 Revenue. The Trust has assessed all revenue streams that fall within the scope of the standard, and determined that transition impacts are immaterial. The Trust has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at 1 July 2018. The adoption of AASB 15 has had no impact on the Trust's opening statement of financial position at 1 July 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as otherwise disclosed (see note 2).

(a) Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, receivables, investments in debt securities and payables.

MINERVA FINANCIAL GROUP TRUST
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(a) Non-derivative financial instruments (cont.)

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the statement of profit or loss and other comprehensive income, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment loss.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Cash and cash equivalents comprise cash balances held at bank.

(b) Financial assets

The note issued to a related party is recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, the note issued to a related party is stated at amortised cost based on the business model for managing it as it meets the definition of solely payments of principal and interest.

(c) Impairment

The Trust assesses whether objective evidence of impairment exists for financial assets and where objective evidence exists, the financial asset is recognised at the present value of its future cash flows.

Expected credit losses are measured on an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes.

(d) Investments

Investments are recognised at cost and subject to impairment testing. Any diminution in the value of an investment due to impairment is recognised as a loss in the statement of profit or loss and other comprehensive income in the year in which it arises.

(e) Interest income

Interest income is recognised using the effective interest method and is calculated on daily bank balances.

(f) Distribution income

Distribution income is recognised when the Trust becomes presently entitled.

(g) Interest expense

Interest expense is on a loan from a related party and is recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

**MINERVA FINANCIAL GROUP TRUST
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

3 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Distributions and taxation

Distributions are recognised as an expense on a gross basis including any withholding tax when the Residual Income Unitholder becomes presently entitled. The Trust fully distributes its taxable income, calculated in accordance with the Trust Deed and applicable taxation legislation. Refer to note 8 for a reconciliation of distributions.

Under current taxation legislation, the Trust is not subject to income tax as its taxable income is distributed in full to the Residual Income Unitholder. When required the Trust will comply with relevant withholding tax legislation.

4 AUDITOR'S REMUNERATION

Audit fees of \$12,500 (2018: \$12,000) for the Trust are paid by Liberty Financial Pty Ltd, a related party of the Trust. There were no non-audit fees (2018: nil).

	2019	2018
	\$'000	\$'000
5 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at bank	1	1
6 RECEIVABLES		
Loan to related party	-	9,836
Distribution receivable	32,881	17,893
Loan note issued to a related party	285,408	271,309
	318,289	299,038
All receivable balances are current and unsecured.		
7 INVESTMENTS		
Other investments - Residual Income Units	10,150	10,150
Investments are non-current.		
8 DISTRIBUTION PAYABLE		
Opening balance	29,341	5,509
Less amount settled in relation to prior year	(29,341)	(5,509)
Less tax on distribution expense	(5,460)	(3,585)
Add current year distributions	48,759	32,926
	43,299	29,341
Balance at the end of the financial year		

**MINERVA FINANCIAL GROUP TRUST
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$'000	\$'000
9 PAYABLES		
Loan from related party	3,752	631
Withholding tax payable	4,585	2,413
	8,337	3,044

All payable balances are current and unsecured.

10 UNITS ON ISSUE

Units on issue at the beginning of the year	276,804	276,804
Units on issue at the end of the year	276,804	276,804

11 COMMITMENTS AND CONTINGENT LIABILITIES

There are no outstanding commitments or contingent liabilities as at 30 June 2019 (2018: nil).

12 EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the annual reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee, to affect significantly the operations of the Trust, the results of those operations or the state of affairs of the Trust, in future financial years.

**MINERVA FINANCIAL GROUP TRUST
TRUSTEE'S DECLARATION
FOR THE YEAR ENDED 30 JUNE 2019**

In the opinion of the Trustee for the Minerva Financial Group Trust (the "Trust"), we report that:

- (a) the Trust is not a reporting entity;
- (b) the special purpose financial statements and notes, set out on pages 3 to 11 are drawn up in accordance with the Trust Deed as dated 31 May 2007, including:
 - (i) presenting fairly the financial position of the Trust as at 30 June 2019 and of its performance, as represented by the results of its operations and its cash flows, for the year ended 30 June 2019 in accordance with the basis of accounting described in note 1 (a);
 - (ii) complying with the Accounting Standards in Australia to the extent described in note 1 (a); and
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Liberty Fiduciary Limited in its capacity as Trustee for the Minerva Financial Group Trust:



Sherman Ma
Director

Dated at Melbourne on 19 September 2019.

**MINERVA FINANCIAL GROUP TRUST
DIRECTORY
AS AT 30 JUNE 2019**

Trust

Minerva Financial Group Trust (ABN 67 792 344 556)
Registered Office and Principal Place of Business
Level 16, 535 Bourke Street
Melbourne VIC 3000

Trustee

Liberty Fiduciary Limited (ABN 80 119 884 623)
Level 16, 535 Bourke Street
Melbourne VIC 3000
Ph: 03 8635 8888
Fax: 03 8635 9988



Independent Auditor's Report

To the Trustee of Minerva Financial Group Trust

Opinion

We have audited the **Financial Report** of Minerva Financial Group Trust (the Trust).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of Minerva Financial Group Trust as at 30 June 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the basis of preparation and accounting policies described in Note 1(a) to the financial statements.

The **Financial Report** comprises:

- The statement of financial position as at 30 June 2019;
- The statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Trustee's Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Special Purpose Financial Report* section of our report.

We are independent of the Trust in accordance with 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 fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 1(a) to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared to assist the Trustee and Trust Manager of Minerva Financial Group Trust in meeting the financial reporting requirements of the Master Trust Deed.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Trustee, Trust Manager and Unitholders of Minerva Financial Group Trust and should not be used by parties other than the Trustee, Trust Manager and Unitholders of Minerva Financial Group Trust. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the trustee of Minerva Financial Group Trust or for any purpose other than that for which it was prepared.

Other Information



Other Information is financial and non-financial information in Minerva Financial Group Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Trustee is responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Trustee and Trust Manager for the Financial Report

The Trustee and Trust Manager are responsible for:

- preparing the preparation and fair presentation of the Financial Report and have determined that the basis of preparation described in Note 1(a) to the Financial Report is appropriate to meet the needs of the Unitholders for the purpose of the Trustee and Trust Manager of Minerva Financial Group Trust meeting the financial reporting requirements of the Master Trust Deed;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error;
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Special Purpose 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. This description forms part of our Auditor's Report.


KPMG

Melbourne

19 September 2019